

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

TREX COMPANY, INC.  
 (Exact name of registrant as specified in its charter)

Delaware  
 -----  
 (State or other jurisdiction of incorporation or organization)

54-1910453  
 -----  
 (I.R.S. Employer Identification No.)

20 SOUTH CAMERON STREET  
 WINCHESTER, VIRGINIA  
 -----  
 (Address of Principal Executive Offices)

22601  
 -----  
 (Zip Code)

TREX COMPANY, INC. 1999 EMPLOYEE STOCK PURCHASE PLAN  
 TREX COMPANY, INC. 1999 STOCK OPTION AND INCENTIVE PLAN  
 -----  
 (Full title of the plans)

ANTHONY J. CAVANNA  
 EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER  
 TREX COMPANY, INC.  
 20 SOUTH CAMERON STREET  
 WINCHESTER, VIRGINIA 22601  
 (540) 678-4070  
 -----  
 (Name, address and telephone number of agent for service)

Copy to:  
 RICHARD J. PARRINO, ESQ.  
 HOGAN & HARTSON L.L.P.  
 555 THIRTEENTH STREET, N.W.  
 WASHINGTON, D.C. 20004  
 (202) 637-5600

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
COMMON STOCK, PAR VALUE \$.01	300,000 (2)	\$13.875 (4)	\$ 4,162,500 (4)	\$1,157.18
Common Stock, PAR VALUE \$.01	500,000 (3)	\$13.875 (4)	\$ 6,937,500 (4)	\$1,928.62
Total	800,000		\$ 11,100,000 (4)	\$3,085.80

- (1) Pursuant to Rule 416 under the Securities Act of 1933, this Registration Statement covers, in addition to the number of shares of Common Stock shown above, an indeterminate number of shares of Common Stock which, by reason of certain events specified in each plan, may become subject to such plans.
- (2) Represents shares of Common Stock issuable pursuant to the Trex Company, Inc. 1999 Employee Stock Purchase Plan.
- (3) Represents shares of Common Stock issuable pursuant to the Trex Company, Inc. 1999 Stock Option and Incentive Plan.
- (4) Estimated pursuant to Rule 457(h) under the Securities Act solely for purposes of calculating the amount of the registration fee.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

Item 1. Plan Information.\*

Item 2. Registrant Information And Employee Plan Annual Information.\*

\* The documents containing the information specified in Part I will be sent or given to employees participating in the Trex Company, Inc. 1999 Employee Stock Purchase Plan and the Trex Company, Inc. 1999 Stock Option and Incentive Plan as specified by Rule 428(b)(1) under the Securities Act of 1933, as amended. According to the Note to Part I of Form S-8, such documents will not be filed with the SEC either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act. These documents and the documents incorporated by reference pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute the prospectus as required by Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation Of Documents By Reference.

The following documents which have been filed by Trex Company, Inc. (the "Company" or the "Registrant") with the Securities and Exchange Commission (the "SEC") are hereby incorporated into this registration statement by reference:

- (a) the Company's Prospectus dated April 8, 1999, which forms a part of the Company's Registration Statement on Form S-1 (File No. 333-63287), as amended as of April 8, 1999; and
- (b) the description of the Common Stock which is contained in the Registrant's Registration Statement on Form 8-A filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on November 25, 1998, as amended as of March 24, 1999, including any amendments or reports filed for the purpose of updating such description.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

In addition, any statement contained in a document incorporated or deemed to be incorporated by reference into this Registration Statement will be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in this Registration Statement or any other subsequently filed document which also is or is deemed to be incorporated into this Registration Statement modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable. The Common Stock is registered under Section 12 of the Exchange Act.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Delaware General Corporation Law. Section 145(a) of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law states that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the Delaware General Corporation Law provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, the person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection therewith.

Section 145(d) of the Delaware General Corporation Law states that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made with respect to a person who is a director or officer at the time of such determination (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors,

or if such directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders.

Section 145(f) of the Delaware General Corporation Law states that the indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 145.

Section 145(j) of the Delaware General Corporation Law states that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Certificate of Incorporation. Article XI of the Company's Restated Certificate of Incorporation provides that, to the fullest extent permitted by the Delaware General Corporation Law, the Company's directors will not be personally liable to the registrant or its stockholders for monetary damages resulting from a breach of their fiduciary duties as directors. However, nothing contained in such Article XI will eliminate or limit the liability of directors (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit.

By-Laws. The Amended and Restated By-Laws of the Company provide for the indemnification of the officers and directors of the Company to the fullest extent permitted by the Delaware General Corporation Law. Article XII of such By-Laws provides that each person who was or is made a party to (or is threatened to be made a party to) any civil or criminal action, suit or proceeding by reason of the fact that such person is or was a director or officer of the Company shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law against all expenses, liability and loss (including, without limitation, attorneys' fees) incurred by such person in connection therewith, if such person acted in good faith and in a manner such person reasonably believed to be or not opposed to the best interests of the Company and had no reason to believe that such person's conduct was illegal.

Insurance. The directors and officers of the Company are covered by insurance policies indemnifying against certain liabilities, including certain liabilities arising under the Securities Act, which might be incurred by them in such capacities and against which they cannot be indemnified by the Company.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

Exhibit No. -----	DESCRIPTION OF EXHIBIT -----
*4.1	Trex Company, Inc. 1999 Employee Stock Purchase Plan.
*4.2	Trex Company, Inc. 1999 Stock Option and Incentive Plan.
*4.3	Form of Trex Company, Inc. 1999 Stock Option and Incentive Plan Non-Incentive Stock Option Agreement.
*4.4	Description of the Registrant's Common Stock which is contained in the Registrant's Registration Statement on Form 8-A filed with the Securities and Exchange Commission pursuant to the Exchange Act, on November 25, 1998, as amended on March 24, 1999, including any amendments or reports filed for the purpose of updating such description and incorporated herein by reference.
*5.1	Opinion of Hogan & Hartson L.L.P. with respect to the legality of the Common Stock registered hereby.
*23.1	Consent of Ernst & Young LLP, independent accountants.
*23.2	Consent of Hogan & Hartson L.L.P. (contained in Exhibit 5.1)
*24.1	Power of Attorney (included on the signature page to this registration statement).

\* Filed herewith.

ITEM 9. UNDERTAKINGS.

(a) The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act, that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than for the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Winchester, Commonwealth of Virginia, on the 22nd day of April, 1999.

TREX COMPANY, INC.

By: /s/ Robert G. Matheny  
-----  
Robert G. Matheny  
President  
(Duly Authorized Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert G. Matheny and Anthony J. Cavanna, jointly and severally, each in his own capacity, his true and lawful attorneys-in-fact, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do so and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature  
-----

Title  
-----

Date  
-----

/s/ Robert G. Matheny

President (Principal Executive Officer),

April 22, 1999

-----  
Robert G. Matheny

Director

/s/ Anthony J. Cavanna

Chief Financial Officer (Principal

April 22, 1999

-----  
Anthony J. Cavanna

Financial and Accounting Officer),  
Director

/s/ Andrew U. Ferrari

Director

April 22, 1999

-----  
Andrew U. Ferrari

/s/ Roger A. Wittenberg

Director

April 22, 1999

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Roger A. Wittenberg

/s/ William H. Martin, III

Director

April 22, 1999

-----  
William H. Martin, III

/s/ William F. Andrews

Director

April 22, 1999

-----  
William F. Andrews

EXHIBIT INDEX

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*5.1	Opinion of Hogan & Hartson L.L.P. with respect to the legality of the Common Stock registered hereby.
*23.1	Consent of Ernst & Young LLP, independent accountants.
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\* Filed herewith.

## TREX COMPANY, INC.

## 1999 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the 1999 Employee Stock Purchase Plan of Trex Company, Inc.

1. Purpose. The purpose of the Plan is to provide employees of the Company  
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and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.
2. Definitions.  
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  - (a) "Board" shall mean the Board of Directors of the Company.  
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  - (b) "Code" shall mean the Internal Revenue Code of 1986, as amended.  
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  - (c) "Common Stock" shall mean the Common Stock of the Company.  
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  - (d) "Company" shall mean Trex Company, Inc., a Delaware corporation and any  
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entity which is treated as a "disregarded entity" pursuant to Section 7701 of the Code.
  - (e) "Compensation" shall mean all regular gross earnings (including scheduled  
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overtime) and commissions, and shall not include payments for unscheduled overtime, incentive compensation, incentive payments, bonuses and other compensation.
  - (f) "Continuous Status as an Employee" shall mean the absence of any  
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interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of a leave of absence agreed to in writing by the Company, provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.
  - (g) "Contributions" shall mean all amounts credited to the account of a  
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participant pursuant to the Plan.
  - (h) "Employee" shall mean any person, including an Officer, who is customarily  
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employed for at least twenty (20) hours per week and more than five (5) months in a calendar year by the Company.
  - (j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.  
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- (k) "Exercise Date" shall mean the last day of each Offering Period of the  
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Plan.
- (l) "Offering Date" shall mean the first business day of each Offering Period  
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of the Plan.
- (m) "Offering Period" shall mean a period of three (3) months commencing on the  
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first business day of January, April, July and October of each year.
- (n) "Officer" shall mean a person who is an officer of the Company within the  
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meaning of Section 16 of the Exchange Act and the rules and regulations  
promulgated thereunder.
- (o) "Plan" shall mean this Employee Stock Purchase Plan.  
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- (p) "Subsidiary" shall mean any company or other trade or business that is a  
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subsidiary of the Company (determined in accordance with the principles of  
Sections 424(e) and (f) of the Code and the regulations thereunder),  
whether or not such entity now exists or is hereafter organized or acquired  
by the Company or a Subsidiary.

### 3. Eligibility. -----

- (a) Any person who has been an Employee for six months as of the Offering Date  
for a given Offering Period shall be eligible to participate in such  
Offering Period under the Plan, subject to the requirements of Section 5(a)  
and the limitations imposed by Section 423(b) of the Code.
- (b) Any provisions of the Plan to the contrary notwithstanding, no Employee  
shall be granted an option under the Plan (i) if, immediately after the  
grant, such Employee (or any other person whose stock would be attributed  
to such employee pursuant to Section 424(d) of the Code) would own stock  
and/or hold outstanding options to purchase stock possessing five percent  
(5%) or more of the total combined voting power or value of all classes of  
stock of the Company or of any Subsidiary of the Company, or (ii) if such  
option would permit his or her rights to purchase stock under all employee  
stock purchase plans (described in Section 423 of the Code) of the Company  
and its Subsidiaries to accrue at a rate which exceeds Twenty-Five Thousand  
Dollars (\$25,000) of fair market value of such stock (determined at the  
time such option is granted) for each calendar year in which such option is  
outstanding at any time.

### 4. Offering Periods. -----

- (a) The Plan shall be implemented by a series of Offering Periods of three (3)  
months duration, other than the first Offering Period, with new Offering  
Periods commencing on the first business day of January, April, July and  
October of each year (or at such other time or times as may be determined  
by the Board of Directors). The first Offering Period shall commence on  
the date determined by the Board of Directors and end on the last business  
day of the calendar quarter in which such Offering Period commenced. The  
Plan shall continue until terminated in accordance with Section 19 hereof.  
The Board of

Directors of the Company shall have the power to change the duration and/or the frequency of Offering Periods with respect to future offerings without shareholder approval if such change is announced at least fifteen (15) days prior to the scheduled beginning of the first Offering Period to be affected. Eligible employees may not participate in more than one Offering Period at a time.

5. Participation.

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- (a) An eligible Employee may become a participant in the Plan by completing a subscription agreement on the form provided by the Company and filing it with the Company's payroll office at least fifteen (15) days prior to the applicable Offering Date, unless a later time for filing the subscription agreement is set by the Board for all eligible Employees with respect to a given offering. The subscription agreement shall set forth the percentage of the participant's Compensation (which shall be not less than one percent (1%) and not more than fifteen percent (15%) to be paid as Contributions pursuant to the Plan.
- (b) Payroll deductions shall commence on the first payroll following the Offering Date and shall end on the last payroll paid on or prior to the Exercise Date of the Offering Period to which the subscription agreement is applicable, unless sooner terminated by the participant as provided in Section 10.

6. Method of Payment of Contributions.

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- (a) The participant shall elect to have payroll deductions made on each payday during the Offering Period in an amount not less than one percent (1%) and not more than fifteen percent (15%) of such participant's Compensation on each such payday. All payroll deductions made by a participant shall be credited to his or her account under the Plan. A participant may not make any additional payments into such account.
- (b) A participant may discontinue his or her participation in the Plan as provided in Section 10, or, on one occasion only during the Offering Period, may decrease the rate of his or her Contributions during the Offering Period by completing and filing with the Company a new subscription agreement. The change in rate shall be effective as of the beginning of the next calendar month following the date of filing of the new subscription agreement, if the agreement is filed at least ten (10) business days prior to such date and, if not, as of the beginning of the next succeeding calendar month.
- (c) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) herein, a participant's payroll deductions may be decreased to 0% at such time during any Offering Period which is scheduled to end during the current calendar year. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

7. Grant of Option.

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- (a) On the Offering Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date a number of shares of the Company's Common Stock determined by dividing such Employee's Contributions accumulated prior to such Purchase Date and retained in the participant's account as of the Exercise Date by the option price which is the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date, or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Exercise Date; provided, however, that the maximum number of shares and such purchase shall be subject to the limitations set forth in Sections 3(b) and 12. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 7(b).
- (b) The option price per share of the shares offered in a given Offering Period shall be the lower of: (i) eighty-five percent (85%) of the fair market value of a share of the Common Stock of the Company on the Offering Date; or (ii) eighty-five percent (85%) of the fair market value of a share of the Common Stock of the Company on the Exercise Date. The fair market value of the Company's Common Stock on a given date shall be determined by the Board in its discretion as follows: if shares of Common Stock are listed on an established national or regional stock exchange, are admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or are publicly traded on an established securities market, the fair market value of the shares of Common Stock shall be the closing price of the shares of Common Stock on such exchange or in such market (the highest such closing price if there is more than one such exchange or market) (or if there is no such reported closing price, the fair market value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of the shares of Common Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the shares of Common Stock are not listed on such an exchange, quoted on such System or traded on such a market, fair market value shall be determined by the Board in good faith.

8. Exercise of Option. Unless a participant withdraws from the Plan as

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provided in Section 10, his or her option for the purchase of shares will be exercised automatically on the Exercise Date of the Offering Period, and the maximum number of full shares subject to the option will be purchased at the applicable option price with the accumulated Contributions in his or her account. The shares purchased upon exercise of an option hereunder shall be deemed to be transferred to the participant on the Exercise Date. During his or her lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Issuance of Share Certificates. On the Exercise Date, a participant will

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be credited with the number of shares of Common Stock purchased for the participant's account under the Plan during the Offering Period. Shares purchased under the Plan will be held in the custody of an agent (the "Agent") appointed by the Board of Directors. The Agent may

hold the shares purchased under the Plan in stock certificates in nominee names and may commingle shares held in its custody in a single account or stock certificate without identification as to individual participating employees. A participant may, at any time following the purchase of shares under the Plan, by written notice instruct the Agent to have all or part of such shares reissued in the participant's own name and have the stock certificate delivered to the participant. Any cash remaining to the credit of a participant's account under the Plan after a purchase by him or her of shares at the termination of each Offering Period which is insufficient to purchase a full share of Common Stock of the Company shall be carried over to the next Offering Period if the Employee continues to participate in the Plan, or if the Employee does not continue to participate, shall be returned to such participant. Any other monies left over in a participant's account after an Exercise Date shall be returned to the Employee.

10. Voluntary Withdrawal; Termination of Employment.  
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- (a) A participant may withdraw all but not less than all the Contributions credited to his or her account under the Plan at any time prior to the Exercise Date of the Offering Period by giving written notice to the Company. All of the participant's Contributions credited to his or her account will be paid to him or her promptly after receipt of his or her notice of withdrawal and his or her option for the current period will be automatically terminated, and no further Contributions for the purchase of shares will be made during the Offering Period.
- (b) Upon termination of the participant's Continuous Status as an Employee prior to the Exercise Date of an Offering Period for any reason, including retirement or death, the Contributions credited to his or her account will be returned to him or her or, in the case of his or her death, to the person or persons entitled thereto under Section 14, and his or her option will be automatically terminated.
- (c) In the event an Employee fails to remain in Continuous Status as an Employee of the Company for at least twenty (20) hours per week during the Offering Period in which the employee is a participant, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to his or her account will be returned to him or her and his or her option terminated.
- (d) A participant's withdrawal from an offering will not have any effect upon his or her eligibility to participate in a succeeding offering or in any similar plan which may hereafter be adopted by the Company.

11. Interest. No interest shall accrue on the Contributions of a participant  
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in the Plan.

12. Stock.  
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- (a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 300,000 shares, subject to adjustment upon

changes in capitalization of the Company as provided in Section 18. If the total number of shares which would otherwise be subject to options granted pursuant to Section 7(a) on the Offering Date of an Offering Period exceeds the number of shares then available under the Plan (after deduction of all shares for which options have been exercised or are then outstanding), the Company shall make a pro rata allocation of the shares remaining available for option grant in as uniform a manner as shall be practicable and as it shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares subject to the option to each Employee affected thereby and shall similarly reduce the rate of Contributions, if necessary.

(b) The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

13. Administration. The Board, or a committee named by the Board, shall -----  
supervise and administer the Plan and shall have full power to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of the Plan and not inconsistent with the Plan, to construe and interpret the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The composition of the committee shall be in accordance with the requirements to obtain or retain any available exemption from the operation of Section 16(b) of the Exchange Act pursuant to Rule 16b-3 promulgated thereunder.

14. Designation of Beneficiary.  
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(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to the end of an Offering Period but prior to delivery to him or her of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to the Exercise Date of an Offering Period. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant (and his or her spouse, if any) at the time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

15. Transferability. Neither Contributions credited to a participant's account -----  
nor any rights with regard to the exercise of an option or to receive shares under the Plan may be

assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 10.

16. Use of Funds. All Contributions received or held by the Company under the -----

Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such Contributions.

17. Reports. Individual accounts will be maintained for each participant in -----

the Plan. Statements of account will be given to participating Employees promptly following the Exercise Date, which statements will set forth the amounts of Contributions, the per share purchase price, the number of shares purchased and the remaining cash balance, if any.

18. Adjustments Upon Changes in Capitalization; Corporate Transactions. -----

(a) Adjustment. Subject to any required action by the shareholders of the -----

Company, the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but have not yet been placed under option (collectively, the "Reserves"), as well as the price per share of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Corporate Transactions. In the event of the proposed dissolution or -----

liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board. In the event of a proposed sale of all or substantially all of the assets of the Company, the merger of the Company with or into another corporation in which the Corporation is not the surviving corporation or upon any transaction (including, without limitation, a merger or reorganization in which the Company is the surviving corporation) approved by the Board that results in any person or entity owning more than 80 percent of the combined voting power of all classes of stock of the Company, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or

subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, to shorten the Offering Period then in progress by setting a new Exercise Date (the "New Exercise Date"). If the Board shortens the Offering Period then in progress in lieu of assumption or substitution in the event of a merger or sale of assets, the Board shall notify each participant in writing, at least ten (10) days prior to the New Exercise Date, that the Exercise Date for his or her option has been changed to the New Exercise Date and that his or her option will be exercised automatically on the New Exercise Date, unless prior to such date he or she has withdrawn from the Offering Period as provided in Section 10. For purposes of this Section 18(b), an option granted under the Plan shall be deemed to be assumed if, following the sale of assets or merger, the option confers the right to purchase, for each share of option stock subject to the option immediately prior to the sale of assets or merger, the consideration (whether stock, cash or other securities or property) received in the sale of assets, merger or other transaction by holders of Common Stock for each share of Common Stock held on the effective date of the transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration received in the sale of assets, merger or other transaction was not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock and the sale of assets or merger.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock, and in the event of the Company being consolidated with or merged into any other corporation.

20. Amendment or Termination.  
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- (a) The Board may at any time terminate or amend the Plan. Except as provided in Section 19, no such termination may affect options previously granted, nor may an amendment make any change in any option theretofore granted which adversely affects the rights of any participant. In addition, to the extent necessary to comply with Rule 16b-3 under the Exchange Act, or under Section 423 of the Code (or any successor rule or provision or any applicable law or regulation), the Company shall obtain shareholder approval in such a manner and to such a degree as so required.
- (b) Without shareholder consent and without regard to whether any participant rights may be considered to have been adversely affected, the Board (or its committee) shall be entitled to change the Offering Periods and Purchase Periods, change the option price per share

provided that such option price shall not be less than the lesser of eighty five percent (85%) of the fair market value of the Common Stock (i) on the Offering Date or (ii) on the Exercise Date, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

21. Notices. All notices or other communications by a participant to the

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Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with

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respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the option of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan; Effective Date. The Plan shall become effective upon the

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earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company. It shall continue in effect for a term of twenty (20) years unless sooner terminated under Section 20.

24. Additional Restrictions of Rule 16b-3. The terms and conditions of options

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granted hereunder to, and the purchase of shares by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such options shall contain, and the shares issued upon exercise thereof shall be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

TREX COMPANY, INC.  
1999 STOCK OPTION AND INCENTIVE PLAN

TABLE OF CONTENTS

	Page
	----
1. PURPOSE.....	1
2. DEFINITIONS.....	1
3. ADMINISTRATION OF THE PLAN.....	4
3.1. Board.....	4
3.2. Committee.....	4
3.3. Grants.....	5
3.4. No Liability.....	6
3.5. Applicability of Rule 16b-3.....	6
4. STOCK SUBJECT TO THE PLAN.....	6
4.1. Aggregate Limitation.....	6
4.2. Other Plan Limits.....	7
4.3. Payment Shares.....	7
4.4. Application of Aggregate Limitation.....	7
4.5. Per-Grantee Limitation.....	7
5. EFFECTIVE DATE AND TERM OF THE PLAN.....	8
5.1. Effective Date.....	8
5.2. Term.....	8
6. PERMISSIBLE GRANTEES.....	8
6.1. Employees and Service Providers.....	8
6.2. Multiple Grants.....	9
7. LIMITATIONS ON GRANTS OF INCENTIVE STOCK OPTIONS.....	9
8. AWARD AGREEMENT.....	9
9. OPTION PRICE.....	9
10. VESTING, TERM AND EXERCISE OF OPTIONS.....	10
10.1. Vesting and Option Period.....	10
10.2. Term.....	10
10.3. Acceleration.....	10
10.4. Termination of Employment or Other Relationship for a Reason Other than Death or Disability.....	10
10.5. Rights in the Event of Death.....	11
10.6. Rights in the Event of Disability.....	11
10.7. Rights in the Event of Retirement.....	11
10.8. Limitations on Exercise of Option.....	12
10.9. Method of Exercise.....	12
10.10. Rights as a Stockholder; Dividend Equivalents.....	13
10.11. Delivery of Stock Certificates.....	13
11. TRANSFERABILITY OF OPTIONS.....	13
11.1. General Rule.....	13
11.2. Family Transfers.....	13
12. RESTRICTED STOCK.....	14

12.1.	Grant of Restricted Stock or Restricted Stock Units.....	14
12.2.	Restrictions.....	14
12.3.	Restricted Stock Certificates.....	15
12.4.	Rights of Holders of Restricted Stock.....	15
12.5.	Rights of Holders of Restricted Stock Units.....	15
12.6.	Termination of Employment or Other Relationship for a Reason Other than Death or Disability.....	16
12.7.	Rights in the Event of Death.....	16
12.8.	Rights in the Event of Disability.....	17
12.9.	Delivery of Shares and Payment Therefor.....	17
13.	STOCK APPRECIATION RIGHTS.....	17
13.1.	Grant of Stock Appreciation Rights.....	17
13.2.	Nature of a Stock Appreciation Right.....	17
13.3.	Terms and Conditions Governing SARs.....	17
14.	UNRESTRICTED STOCK.....	18
15.	PARACHUTE LIMITATIONS.....	18
16.	REQUIREMENTS OF LAW.....	19
16.1.	General.....	19
16.2.	Rule 16b-3.....	19
17.	AMENDMENT AND TERMINATION OF THE PLAN.....	20
18.	EFFECT OF CHANGES IN CAPITALIZATION.....	20
18.1.	Changes in Stock.....	20
18.2.	Reorganization, Sale of Assets or Sale of Stock.....	21
18.3.	Adjustments.....	22
18.4.	No Limitations on Company.....	22
19.	DISCLAIMER OF RIGHTS.....	22
20.	NONEXCLUSIVITY OF THE PLAN.....	23
21.	WITHHOLDING TAXES.....	23
22.	CAPTIONS.....	23
23.	OTHER PROVISIONS.....	24
24.	NUMBER AND GENDER.....	24
25.	SEVERABILITY.....	24
26.	POOLING.....	24
27.	GOVERNING LAW.....	24

TREX COMPANY, INC.  
1999 STOCK OPTION AND INCENTIVE PLAN

Trex Company, Inc., a Delaware corporation (the "Company"), sets forth herein the terms of its 1999 Stock Option and Incentive Plan (the "Plan") as follows:

1. PURPOSE

The Plan is intended to enhance the Company's ability to attract and retain highly qualified officers, key employees, outside directors and other persons, and to motivate such officers, key employees, outside directors and other persons to serve the Company and its affiliates (as defined herein) and to expend maximum effort to improve the business results and earnings of the Company, by providing to such officers, key employees, outside directors and other persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, restricted stock, restricted stock units, unrestricted stock and stock appreciation rights in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein, except that stock options granted to outside directors and all Service Providers shall in all cases be non-qualified stock options.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

- 2.1. "Affiliate" of, or person "affiliated" with, a person means any company or other trade or business that controls, is controlled by or is under common control with such person within the meaning of Rule 405 of Regulation C under the Securities Act.
- 2.2. "Award Agreement" means the stock option agreement, restricted stock agreement, restricted stock unit agreement, stock appreciation right agreement or other written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of a Grant.
- 2.3. "Board" means the Board of Directors of the Company.
- 2.4. "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.
- 2.5. "Committee" means a committee of, and designated from time to time by resolution of, the Board, which shall consist of no fewer than two members of

the Board, none of whom shall be an officer or other salaried employee of the Company or any affiliate of the Company.

- 2.6. "Company" means Trex Company, Inc., a Delaware corporation and any entity which is treated as a "disregarded entity" pursuant to Section 7701 of the Code.
- 2.7. "Effective Date" means the date designated by the Board in its resolution adopting the Plan.
- 2.8. "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.
- 2.9. "Fair Market Value" means the closing price of a share of Stock reported on the New York Stock Exchange ("NYSE") on the date Fair Market Value is being determined, provided that if there should be no closing price reported on such date, the Fair Market Value of a share of Stock on such date shall be deemed equal to the closing price as reported by the NYSE for the last preceding date on which sales of shares were reported. Notwithstanding the foregoing, in the event that the shares of Stock are listed upon more than one established stock exchange, Fair Market Value means the closing price of a share of Stock reported on the exchange that trades the largest volume of shares on such date. If the Stock is not at the time listed or admitted to trading on a stock exchange, Fair Market Value means the mean between the lowest reported bid price and highest reported asked price of the Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by the Board and regularly reporting the market price of Stock in such market. If the Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, Fair Market Value shall be as determined in good faith by the Board.
- 2.10. "Grant" means an award of an Option, Restricted Stock, Restricted Stock Unit, Unrestricted Stock, or Stock Appreciation Right under the Plan.
- 2.11. "Grant Date" means, as determined by the Board or authorized Committee, (i) the date as of which the Board or such Committee approves a Grant or (ii) such other date as may be specified by the Board or such Committee.
- 2.12. "Grantee" means a person who receives or holds an Option, Restricted Stock, Restricted Stock Unit, Stock Appreciation Right or Unrestricted Stock under the Plan.
- 2.13. "Immediate Family Members" means the spouse, children, grandchildren, parents and siblings of the Grantee.

- 2.14. "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code.
- 2.15. "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.
- 2.16. "Option Period" means the period during which Options may be exercised as set forth in SECTION 10 hereof.
- 2.17. "Option Price" means the purchase price for each share of Stock subject to an Option.
- 2.18. "Outside Director" means a member of the Board who is not an officer or employee of the Company or any Subsidiary.
- 2.19. "Plan" means this Trex Company, Inc. 1999 Stock Option and Incentive Plan, as amended from time to time.
- 2.20. "Reporting Person" means a person who is required to file reports under Section 16(a) of the Exchange Act.
- 2.21. "Restricted Period" means the period during which Restricted Stock or Restricted Stock Units are subject to restrictions or conditions pursuant to SECTION 12.2 hereof.
- 2.22. "Restricted Stock" means shares of Stock, awarded to a Grantee pursuant to SECTION 12 hereof, that are subject to restrictions and to a risk of forfeiture.
- 2.23. "Restricted Stock Unit" means a unit awarded to a Grantee pursuant to SECTION 12 hereof, which represents a conditional right to receive a share of Stock in the future, and which is subject to restrictions and to a risk of forfeiture.
- 2.24. "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.
- 2.25. "Service Provider" means a consultant or adviser to the Company, a manager of the Company's properties or affairs, or other similar service provider or Affiliate of the Company, and employees of any of the foregoing, as such persons may be designated from time to time by the Board pursuant to SECTION 6 hereof.
- 2.26. "Stock" means the common stock, par value \$0.01 per share, of the Company.

- 2.27. "Stock Appreciation Right" or "SAR" means a right granted to a Grantee pursuant to SECTION 13 hereof.
- 2.28. "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.
- 2.29. "Termination Date" means the date upon which an Option shall terminate or expire, as set forth in SECTION 10.2 hereof.
- 2.30. "Unrestricted Stock" means an award of Stock granted to a Grantee pursuant to SECTION 14 hereof.

3. ADMINISTRATION OF THE PLAN

3.1. BOARD

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation, bylaws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Grant or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Grant or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's certificate of incorporation, bylaws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Grant or any Award Agreement shall be final and conclusive. As permitted by law, the Board may delegate its authority under the Plan to a member of the Board or an executive officer of the Company; provided, however, that, unless otherwise provided by resolution of the Board, only the Board or the Committee may make a Grant to an executive officer of the Company and establish the number of shares of Stock that may be subject to Grants with respect to any fiscal period.

3.2. COMMITTEE.

The Board from time to time may delegate to a Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in SECTION 3.1 hereof and in other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's certificate of incorporation, bylaws and applicable law. In the event that the Plan, any Grant or any Award

Agreement provides for any action to be taken or determination to be made by the Board, such action may be taken by or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this SECTION 3.2. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. As permitted by law, the Committee may delegate the authority delegated to it under the Plan to a member of the Board of Directors or an executive officer of the Company; provided, however, that, unless otherwise provided by the Board, only the Board or the Committee may make a Grant to a Reporting Person of the Company and establish the number of shares of Stock that may be subject to Grants during any fiscal period.

### 3.3. GRANTS.

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority (i) to designate Grantees, (ii) to determine the types of Grants to be made to a Grantee, (iii) to determine the number of shares of Stock to be subject to a Grant, (iv) to establish the terms and conditions of each Grant, including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof, including lapse relating to a change in control of the Company) relating to the vesting, exercise, transfer or forfeiture of a Grant or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options, (v) to prescribe the form of each Award Agreement evidencing a Grant, (vi) to make Grants alone, in addition to, in tandem with, or in substitution or exchange for any other Grant or any other award granted under another plan of the Company or a Subsidiary, and (vii) to amend, modify or supplement the terms of any outstanding Grant. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Grants to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy or custom. As a condition to any subsequent Grant, the Board shall have the right, at its discretion, to require Grantees to return to the Company any Grants previously awarded under the Plan. Subject to the terms and conditions of the Plan, any such subsequent Grant shall be upon such terms and conditions as are specified by the Board at the time the subsequent Grant is made.

The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any affiliate thereof or any confidentiality obligation with respect to the Company or any affiliate thereof or otherwise in competition with the Company, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the

Company may annul a Grant if the Grantee is an employee of the Company or an affiliate thereof and is terminated "for cause" as defined in the applicable Award Agreement. The Board may permit or require the deferral of any award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents.

3.4. NO LIABILITY.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Grant or Award Agreement.

3.5. APPLICABILITY OF RULE 16B-3.

Those provisions of the Plan that make express reference to Rule 16b-3 under the Exchange Act shall apply only to Reporting Persons.

4. STOCK SUBJECT TO THE PLAN

4.1. AGGREGATE LIMITATION.

Subject to adjustment as provided in SECTION 18 hereof, the aggregate number of shares of Stock available for issuance under the Plan pursuant to Options or other Grants shall be one million four hundred thousand (1,400,000) shares and shares may be authorized but unissued shares, treasury shares or issued and outstanding shares that are purchased in the open market. Any shares of Stock granted under the Plan which are forfeited to the Company because of the failure to meet an award contingency or condition shall again be available for issuance pursuant to new awards granted under the Plan. Any shares of Stock covered by an award (or portion of an award) granted under the Plan which is forfeited or canceled, expires or is settled in cash shall be deemed not to have been issued for purposes of determining the maximum number of shares of Stock available for issuance under the Plan. If any stock option is exercised by tendering shares of Stock, either actually or by attestation, to the Company as full or partial payment in connection with the exercise of a stock option under the Plan or any prior plan of the Company as hereinabove described, only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed issued for purposes of determining the maximum number of shares of Stock available for issuance under the Plan. Shares of Stock issued under the Plan through the settlement, assumption or substitution of outstanding awards or obligations to grant future awards resulting from the acquisition of another entity shall not reduce the maximum number of shares available for issuance under the Plan.

#### 4.2. OTHER PLAN LIMITS.

Subject to adjustment as provided in SECTION 18 hereof, the following additional limitations are imposed under the Plan. The maximum number of shares of Stock that may be delivered through stock options intended to be Incentive Stock Options shall be one million four hundred thousand (1,400,000). Subject to adjustment as provided in SECTION 19 hereof, the maximum number of shares of Stock that may be issued in conjunction with awards granted pursuant to SECTION 12 and 14 hereof shall be two hundred fifty thousand (250,000); provided, however, that shares issued in satisfaction of other compensation obligations of the Company shall not count against this maximum number.

#### 4.3. PAYMENT SHARES.

Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Board may use available shares of Stock as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company, including the plan of any entity acquired by the Company, and such payment shares shall not count against the limitation on the maximum number of shares specified in SECTION 4.2.

#### 4.4. APPLICATION OF AGGREGATE LIMITATION.

The Board may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares of Stock previously counted in connection with a Grant.

#### 4.5. PER-GRANTEE LIMITATION.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act:

(i) no person eligible for a Grant under SECTION 6 hereof may be awarded Options for purposes of the Plan exercisable for greater than five hundred thousand (500,000) shares of Stock (subject to adjustment as provided in SECTION 18 hereof);

(ii) the maximum number of shares of Unrestricted Stock and Restricted Stock that may be awarded under the Plan (including for this purpose any shares of Stock represented by Restricted Stock Units) to any person eligible for a Grant under SECTION 12 and 14 hereof if such Grant is intended to qualify as performance-based under Code Section 162(m) is two hundred fifty

thousand (250,000) for purposes of the Plan (subject to adjustment as provided in SECTION 18 hereof);

(iii) the maximum number of shares of Stock that may be the subject of SARs awarded to any Grantee under SECTION 13 hereof is two hundred fifty thousand (250,000) for purposes of the Plan (subject to adjustment as provided in SECTION 18 hereof).

## 5. EFFECTIVE DATE AND TERM OF THE PLAN

### 5.1. EFFECTIVE DATE.

The Plan shall be effective as of the Effective Date, subject to approval of the Plan by the stockholders of the Company, within one year before or after the date upon which the Plan was adopted by the Board. Such approval shall be by a majority of the votes cast on the proposal at a meeting of stockholders, provided that a quorum is present. Upon approval of the Plan by the stockholders of the Company as set forth above, all Grants made under the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Company had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within the time period set forth above, any Grants made hereunder shall be null and void and of no effect.

### 5.2. TERM.

The Plan has no termination date; however, no Incentive Stock Option may be granted under the Plan on or after April 7, 2009.

## 6. PERMISSIBLE GRANTEES

### 6.1. EMPLOYEES AND SERVICE PROVIDERS.

Subject to the provisions of SECTION 7 hereof, Grants may be made under the Plan to any employee of the Company or any Subsidiary, including any such employee who is an officer or director of the Company, to an Outside Director, to a Service Provider or employee of a Service Provider providing, or who has provided, services to the Company or any Subsidiary, and to any other individual whose participation in the Plan is determined by the Board to be in the best interests of the Company, as the Board shall determine and designate from time to time.

## 6.2. MULTIPLE GRANTS.

An eligible person may receive more than one Grant, subject to such restrictions as are provided herein.

## 7. LIMITATIONS ON GRANTS OF INCENTIVE STOCK OPTIONS

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

## 8. AWARD AGREEMENT

Each Grant pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements issued from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing a Grant of Options shall specify whether such Options are intended to be non-qualified stock options or Incentive Stock Options, and in the absence of such specification such options shall be deemed non-qualified stock options.

## 9. OPTION PRICE

The Option Price of each Option shall be no less than the Fair Market Value of a share of Stock on the date of grant and stated in the Award Agreement evidencing such Option; provided, however, that in the event that a Grantee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to ownership of more than ten percent (10%) of the Company's outstanding shares of Stock), the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

10. VESTING, TERM AND EXERCISE OF OPTIONS

10.1. VESTING AND OPTION PERIOD.

Subject to SECTIONS 10.2 and 18 hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions as shall be determined by the Board and stated in the Award Agreement. For purposes of this SECTION 10.1, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number. The period during which any Option shall be exercisable shall constitute the "Option Period" with respect to such Option.

10.2. TERM.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and thereafter stated in the Award Agreement relating to such Option; provided, however, that in the event that the Grantee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to ownership of more than ten percent (10%) of the outstanding shares of Stock), an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its date of grant.

10.3. ACCELERATION.

Any limitation on the exercise of an Option contained in any Award Agreement may be rescinded, modified or waived by the Board, in its sole discretion, at any time and from time to time after the Grant Date of such Option, so as to accelerate the time at which the Option may be exercised.

10.4. TERMINATION OF EMPLOYMENT OR OTHER RELATIONSHIP FOR A REASON OTHER THAN DEATH OR DISABILITY.

Unless otherwise provided by the Board, upon the termination of a Grantee's employment or other relationship with the Company and its Subsidiaries other than by reason of death, "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) or retirement, any Option or portion thereof held by such Grantee that has not vested in accordance with the provisions of SECTION 10.1 hereof shall terminate immediately, and any Option or portion thereof that has vested in accordance with the provisions of SECTION 10.1 hereof but has not been exercised shall terminate at the close of business on the 90th day following the

Grantee's termination of employment or other relationship (or, if such 90th day is a Saturday, Sunday or holiday, at the close of business on the next preceding day that is not a Saturday, Sunday or holiday). Upon termination of an Option or portion thereof, the Grantee shall have no further right to purchase shares of Stock pursuant to such Option or portion thereof. Whether a leave of absence or leave on military or government service shall constitute a termination of employment or other relationship for purposes of the Plan shall be determined by the Board, whose determination shall be final and conclusive. For purposes of the Plan, a termination of employment, service or other relationship shall not be deemed to occur if the Grantee is immediately thereafter employed with the Company, a Subsidiary or a Service Provider, or is engaged as a Service Provider or an Outside Director. Whether a termination of a Grantee's employment or other relationship with the Company and its Subsidiaries shall have occurred shall be determined by the Board, whose determination shall be final and conclusive.

10.5. RIGHTS IN THE EVENT OF DEATH.

Unless otherwise provided by the Board, if a Grantee dies while employed by or providing services to the Company, all Options granted to such Grantee that have not previously terminated shall fully vest on the date of death, and the executors or administrators or legatees or distributees of such Grantee's estate shall have the right, at any time within one year after the date of such Grantee's death and prior to termination of the Option pursuant to SECTION 10.2 hereof, to exercise any Option held by such Grantee at the date of such Grantee's death.

10.6. RIGHTS IN THE EVENT OF DISABILITY.

Unless otherwise provided by the Board, if a Grantee's employment or other relationship with the Company is terminated by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Grantee, such Grantee's Options that have not previously terminated shall fully vest, and shall be exercisable for a period of one year after such termination of employment or other relationship, subject to earlier termination of the Option as provided in SECTION 10.2 hereof. Whether a termination of employment or other relationship is considered to be by reason of "permanent and total disability" for purposes of the Plan shall be determined by the Board, whose determination shall be final and conclusive.

10.7. RIGHTS IN THE EVENT OF RETIREMENT.

Unless otherwise provided by the Board, if a Grantee retires under the terms of any Company retirement plan applicable to the Grantee or as determined by the Board, the Grantee shall be considered retired and all Options granted to such Grantee that have not previously terminated shall fully vest on the date of

retirement, and the Grantee shall have the right, at any time within three years after the date of such Grantee's retirement and prior to termination of the Option pursuant to SECTION 10.2 hereof, to exercise any Option held by such Grantee at the date of such Grantee's retirement.

#### 10.8. LIMITATIONS ON EXERCISE OF OPTION.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the stockholders of the Company as provided herein, or after ten years following the date upon which the Option is granted, or after the occurrence of an event referred to in SECTION 18 hereof which results in termination of the Option.

#### 10.9. METHOD OF EXERCISE.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, addressed to the attention of the Board. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares of Stock for which the Option is being exercised. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number set forth in the applicable Award Agreement and (ii) the maximum number of shares of Stock available for purchase under the Option at the time of exercise. Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option shall be made (i) in cash or in cash equivalents acceptable to the Company; (ii) to the extent permitted by law and at the Board's discretion, through the actual or constructive tender to the Company of shares of Stock, which shares of Stock, if acquired from the Company, shall have been held for at least six months prior to such tender and which shall be valued, for purposes of determining the extent to which the Option Price has been paid thereby, at their Fair Market Value on the date of exercise; or (iii) to the extent permitted by law and at the Board's discretion, by a combination of the methods described in clauses (i) and (ii). The Board may provide, by inclusion of appropriate language in an Award Agreement, that payment in full of the Option Price need not accompany the written notice of exercise, provided that the notice is accompanied by delivery of an unconditional and irrevocable undertaking by a licensed broker acceptable to the Company as the agent for the individual exercising the Option to deliver promptly to the Company sufficient funds to pay the Option Price and directs that the certificate or certificates for the shares of Stock for which the Option is exercised be delivered to a licensed broker acceptable to the Company as the agent for the individual exercising the Option and, at the time such certificate or certificates are delivered, the broker tenders to the Company cash (or cash equivalents acceptable to the

Company) equal to the Option Price for the shares of Stock purchased pursuant to the exercise of the Option plus the amount (if any) of federal or other taxes which the Company may in its judgment be required to withhold with respect to the exercise of the Option. An attempt to exercise any Option granted hereunder other than as set forth above shall be invalid and of no force and effect.

10.10. RIGHTS AS A STOCKHOLDER; DIVIDEND EQUIVALENTS.

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to such individual. Except as provided in SECTION 18 hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance. However, the Board may, on such conditions as it deems appropriate, provide that a Grantee will receive a benefit in lieu of cash dividends that would have been payable on any or all shares of Stock subject to the Grant if such shares of Stock had been outstanding. Without limitation, the Board may provide for payment to the Grantee of amounts representing such dividends, either currently or in the future, or for the investment of such amounts on behalf of the Grantee.

10.11. DELIVERY OF STOCK CERTIFICATES.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a Stock certificate or certificates evidencing such Grantee's ownership of the shares of Stock subject to the Option.

11. TRANSFERABILITY OF OPTIONS

11.1. GENERAL RULE

Except as provided in SECTION 11.2 hereof, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in SECTION 11.2 hereof, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

11.2. FAMILY TRANSFERS.

To the extent permitted by the Board and under such rules and conditions as imposed by the Board, a Grantee may transfer all or part of an Option that is not an

Incentive Stock Option to (i) any Immediate Family Member, (ii) a trust or trusts for the exclusive benefit of any Immediate Family Member or (iii) a partnership or limited liability company in which Immediate Family Members are the only partners or members, provided that (x) there may be no consideration for any such transfer, and (y) subsequent transfers of transferred Options or transfers of an interest in a trust, partnership, or limited liability company to which an Option has been transferred are prohibited except those in accordance with this SECTION 11.2 or by will or the laws of descent and distribution. Following such transfer, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to the transfer, provided that, for purposes of this SECTION 11.2, the term "Grantee" shall be deemed to refer to the transferee. The events of termination of employment or other relationship referred to in SECTION 10.4 hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent and for the periods specified in SECTION 10.4, 10.5, 10.6 or 10.7 hereof.

## 12. RESTRICTED STOCK

### 12.1. GRANT OF RESTRICTED STOCK OR RESTRICTED STOCK UNITS.

The Board from time to time may grant Restricted Stock or Restricted Stock Units to persons eligible to receive Grants under SECTION 6 hereof, subject to such restrictions, conditions and other terms as the Board may determine.

### 12.2. RESTRICTIONS.

At the time a Grant of Restricted Stock or Restricted Stock Units is made, the Board shall establish a period of time (the "Restricted Period") applicable to such Restricted Stock or Restricted Stock Units. Unless otherwise determined by the Board, unless the Grant is being made in consideration of compensation due under another plan, or unless vesting is subject to performance, the Restricted Period will be a minimum of three years. Each Grant of Restricted Stock or Restricted Stock Units may be subject to a different Restricted Period. At the time a Grant of Restricted Stock or Restricted Stock Units is made, the Board may, in its sole discretion, prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Restricted Stock Units. Such performance objectives shall be established in writing by the Board by not later than the 90th day of the period of service to which such performance objectives relate and while the outcome is substantially uncertain. Performance objectives may be stated either on an absolute or relative basis and may be based on any of the following criteria: earnings per share, total stockholder return, operating earnings, growth in assets, return on equity, return on capital, market share, stock price, net income, cash flow, sales growth (in general, by type of

product and by type of customer), retained earnings, completion of acquisitions, completion of divestitures and asset sales, cost or expense reductions, introduction or conversion of product brands and achievement of specified management information systems objectives. Performance objectives may include positive results, maintaining the status quo or limiting economic losses. Subject to the fifth sentence of this SECTION 12.2, the Board also may, in its sole discretion, shorten or terminate the Restricted Period or waive any other restrictions applicable to all or a portion of the Restricted Stock or Restricted Stock Units. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Board with respect to such Restricted Stock or Restricted Stock Units.

#### 12.3. RESTRICTED STOCK CERTIFICATES.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, Stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee's benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends complying with the applicable securities laws and regulations and making appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

#### 12.4. RIGHTS OF HOLDERS OF RESTRICTED STOCK.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such shares of Stock and the right to receive any dividends declared or paid with respect to such shares of Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares or other similar transaction shall be subject to the restrictions applicable to the original Grant.

#### 12.5. RIGHTS OF HOLDERS OF RESTRICTED STOCK UNITS.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock Units shall have no rights as stockholders of the Company. The Board may provide in an Award Agreement evidencing a Grant of Restricted Stock Units that the holder of such Restricted Stock Units shall be entitled to receive,

upon the Company's payment of a cash dividend on its outstanding shares of Stock, a cash payment for each Restricted Stock Unit held equal to the per-share dividend paid on the shares of Stock. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of a share on the date that such dividend is paid.

12.6. TERMINATION OF EMPLOYMENT OR OTHER RELATIONSHIP FOR A REASON OTHER THAN DEATH OR DISABILITY.

Unless otherwise provided by the Board, upon the termination of a Grantee's employment or other relationship with the Company and its Subsidiaries, in either case other than, in the case of individuals, by reason of death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), any Restricted Stock or Restricted Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Restricted Stock Units, the Grantee shall have no further rights with respect to such Grant, including, but not limited to, any right to vote Restricted Stock or any right to receive dividends with respect to Restricted Stock or Restricted Stock Units. Whether a leave of absence or leave on military or government service shall constitute a termination of employment or other relationship for purposes of the Plan shall be determined by the Board, whose determination shall be final and conclusive. For purposes of the Plan, a termination of employment, service or other relationship shall not be deemed to occur if the Grantee is immediately thereafter employed with the Company or any other Service Provider, or is engaged as a Service Provider or an Outside Director. Whether a termination of a Grantee's employment or other relationship with the Company and its Subsidiaries shall have occurred shall be determined by the Board, whose determination shall be final and conclusive.

12.7. RIGHTS IN THE EVENT OF DEATH.

Unless otherwise provided by the Board, if a Grantee dies while employed by the Company or a Service Provider, or while serving as a Service Provider, all Restricted Stock or Restricted Stock Units granted to such Grantee shall fully vest on the date of death unless the Board provided otherwise in the Award Agreement relating to such Restricted Stock or Restricted Stock Units. Upon such vesting, the shares of Stock represented thereby shall be deliverable in accordance with the terms of the Plan to the executors, administrators, legatees or distributees of the Grantee's estate.

12.8. RIGHTS IN THE EVENT OF DISABILITY.

Unless otherwise provided by the Board, if a Grantee's employment or other relationship with the Company or a Service Provider, or service as a Service Provider, is terminated by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Grantee, such Grantee's then unvested Restricted Stock or Restricted Stock Units shall be fully vested. Whether a termination of employment, service or other relationship is to be considered by reason of "permanent and total disability" for purposes of the Plan shall be determined by the Board, whose determination shall be final and conclusive.

12.9. DELIVERY OF SHARES AND PAYMENT THEREFOR.

Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to Restricted Stock or Restricted Stock Units shall lapse, and, unless otherwise provided in the Award Agreement, upon payment by the Grantee to the Company, in cash or by check, of the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or Restricted Stock Units or (ii) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or Restricted Stock Units, a certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

13. STOCK APPRECIATION RIGHTS

13.1. GRANT OF STOCK APPRECIATION RIGHTS.

The Board may from time to time grant SARs to persons eligible to receive grants under SECTION 6 hereof, subject to the provisions of this SECTION 13 and to such restrictions, conditions and other terms as the Board may determine.

13.2. NATURE OF A STOCK APPRECIATION RIGHT.

An SAR shall confer on the Grantee a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR, as determined by the Board. Unless the Board provides otherwise in the Award Agreement, the grant price of an SAR shall not be less than the Fair Market Value of a share of Stock on the Grant Date.

13.3. TERMS AND CONDITIONS GOVERNING SARs.

The Board shall determine at the Grant Date or thereafter the time or times at which and the circumstances under which an SAR may be exercised in whole or in

part (including exercise based on achievement of performance objectives or future service requirements), the time or times at which and the circumstances under which an SAR shall cease to be exercisable, the method of exercise, the method of settlement, form of consideration payable in settlement, whether or not an SAR shall be in tandem or in combination with any other Grant, and any other terms and conditions of any SAR.

14. UNRESTRICTED STOCK

The Board may, in its sole discretion, grant Stock (or sell Stock at par value or such other higher purchase price determined by the Board) free of restrictions other than those required under federal or state securities laws ("Unrestricted Stock") to persons eligible to receive grants under SECTION 6 hereof. Unrestricted Stock may be granted or sold as described in the preceding sentence in respect of past services or other valid consideration, or in lieu of any cash compensation due to such Grantee.

15. PARACHUTE LIMITATIONS

If the Grantee is a "disqualified individual" (as defined in Section 280G(c) of the Code), any Option, Restricted Stock, Restricted Stock Unit or SAR and any other right to receive any payment or benefit under the Plan shall not vest or become exercisable (i) to the extent that the right to vest or any other right to any payment or benefit, taking into account all other rights, payments or benefits to or for the Grantee, would cause any payment or benefit to the Grantee under the Plan to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment") and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under any Award Agreements, the Plan, and all other rights, payments or benefits to or for the Grantee would be less than the maximum after-tax amount that could be received by the Grantee without causing the payment or benefit to be considered a Parachute Payment. In the event that, but for the provisions of this SECTION 15, the Grantee would be considered to have received a Parachute Payment under any Award Agreements that would have the effect of decreasing the after-tax amount received by the Grantee as described in clause (ii) of the preceding sentence, then the Grantee shall have the right, in the Grantee's sole discretion, to designate any rights, payments or benefits under any Award Agreements, the Plan, any other agreements and any benefit arrangements to be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under any Award Agreements be deemed to be a Parachute Payment.

## 16. REQUIREMENTS OF LAW

### 16.1. GENERAL.

The Company shall not be required to sell or issue any shares of Stock under any Grant if the sale or issuance of such shares of Stock would constitute a violation by the Grantee, any other person exercising a right emanating from such Grant, or the Company of any provision of any law or regulation of any governmental authority, including, without limitation, any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares of Stock subject to a Grant upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares of Stock hereunder, no shares of Stock may be issued or sold to the Grantee or any other person exercising a right emanating from such Grant unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Grant. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any Restricted Stock or shares of Stock underlying Restricted Stock Units, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock covered by such Grant, the Company shall not be required to sell or issue such shares of Stock unless the Board has received evidence satisfactory to it that the Grantee or any other person exercising a right emanating from such Grant may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any such determination by the Board shall be final, binding and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or an SAR or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option (or SAR that may be settled in shares of Stock) shall not be exercisable until the shares of Stock covered by such Option (or SAR) are registered or are exempt from registration, the exercise of such Option (or SAR) under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

### 16.2. RULE 16B-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Grants pursuant to the Plan and the exercise of Options and SARs granted hereunder will

qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, such provision or action shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify the Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

#### 17. AMENDMENT AND TERMINATION OF THE PLAN

The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Stock as to which Grants have not been made. Except as permitted under this SECTION 17 or SECTION 18 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the Grantee, alter or impair rights or obligations under any Grant theretofore awarded under the Plan.

#### 18. EFFECT OF CHANGES IN CAPITALIZATION

##### 18.1. CHANGES IN STOCK.

Subject to SECTION 18.2 hereof, in the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, spin-off, split-up, share combination or other change in the corporate structure of the Company affecting the shares of Stock, (a) such adjustment may be made in the number and class of shares which may be delivered under SECTION 4 hereof and the Grant limits under SECTION 4 hereof, and in the number and class of or price of shares subject to outstanding Grants as may be determined to be appropriate and equitable by the Board, in its sole discretion, to prevent dilution or enlargement of existing rights; and (b) the Board or, if another legal entity assumes the obligations of the Company hereunder, the board of directors, compensation committee or similar body of such other legal entity shall either (i) make appropriate provision for the protection of outstanding Grants by the substitution on an equitable basis of appropriate equity interests or awards similar to the Grants, provided that the substitution neither enlarges nor diminishes the value and rights under the Grants, or (ii) upon written notice to the Grantees, provide that Grants shall be exercised distributed, canceled or exchanged for value pursuant to such terms and conditions (including the waiver of any existing terms or conditions) as shall be specified in the notice. Any adjustment of an Incentive Stock Option under this SECTION 18.1 shall be made in such a manner so as not to constitute a "modification" within the meaning of Section 424(h)(3) of the Code. The conversion of any convertible securities of the Company shall not be treated as a change in the corporate structure of the Company affecting the shares of Stock. Subject to any contrary language in an Award Agreement evidencing a Grant of Restricted Stock, any

restrictions applicable to such Restricted Stock shall apply as well to any replacement shares received by the Grantee as a result of the merger, reorganization or other transaction referred to in this SECTION 18.1.

18.2. REORGANIZATION, SALE OF ASSETS OR SALE OF STOCK.

Upon the dissolution or liquidation of the Company or upon a merger, consolidation or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, or upon a sale of substantially all of the assets of the Company to another entity, or upon any transaction (including, without limitation, a merger or reorganization in which the Company is the surviving entity) approved by the Board that results in any person or entity (or person or entities acting as a group or otherwise in concert) owning eighty percent (80%) or more of the combined voting power of all classes of securities of the Company, (i) all outstanding Restricted Stock and Restricted Stock Units shall be deemed to have vested, and all restrictions and conditions applicable to such Restricted Stock and Restricted Stock Units shall be deemed to have lapsed, immediately prior to the occurrence of such transaction, and (ii) all Options and SARs outstanding hereunder shall become immediately exercisable for a period of fifteen days immediately prior to the scheduled consummation of such transaction. Any exercise of an Option or SAR during such fifteen-day period shall be conditioned upon the consummation of the transaction and shall be effective only immediately before the consummation of the transaction.

This SECTION 18.2 shall not apply to any transaction to the extent that (A) provision is made in writing in connection with such transaction for the continuation of the Plan or the assumption of the Options, SARs, Restricted Stock and Restricted Stock Units theretofore granted, or for the substitution for such Options, SARs, Restricted Stock and Restricted Stock Units of new options, stock appreciation rights, restricted stock and restricted stock units covering the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares or units and exercise prices, in which event the Plan and Options, SARs, Restricted Stock and Restricted Stock Units theretofore granted shall continue in the manner and under the terms so provided or (B) a majority of the full Board determines that such transaction shall not trigger application of the provisions of this SECTION 18.2 subject to SECTION 26 hereof and limited by any "change in control" provision in any employment agreement or Award Agreement applicable to the Grantee. Upon consummation of any such transaction, the Plan and all outstanding but unexercised Options and SARs shall terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the Plan or the assumption of such Options and SARs theretofore granted, or for the substitution for such Options and SARs of new options and stock appreciation rights covering the shares of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and

kinds of shares or units and exercise prices, in which event the Plan and Options and SARs theretofore granted shall continue in the manner and under the terms so provided. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders.

#### 18.3. ADJUSTMENTS.

Adjustments under this SECTION 18 related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

#### 18.4. NO LIMITATIONS ON COMPANY.

The making of Grants pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

#### 19. DISCLAIMER OF RIGHTS

No provision in the Plan or in any Grant or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any affiliate thereof, or to interfere in any way with any contractual or other right or authority of the Company or Service Provider either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company or any affiliate thereof. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement or employment agreement, no Grant awarded under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of the Plan. No Grantee shall have any of the rights of a stockholder with respect to the shares of Stock subject to an Option

or SAR except to the extent such shares of Stock shall have been issued upon the exercise of the Option or SAR.

20. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of Stock options otherwise than under the Plan.

21. WITHHOLDING TAXES

The Company or a Subsidiary, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to Restricted Stock or Restricted Stock Units or upon the exercise of an Option or SAR or the grant of Unrestricted Stock. At the time of such vesting, lapse or exercise, the Grantee shall pay to the Company or the Subsidiary, as the case may be, any amount that the Company or the Subsidiary may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Subsidiary, which may be withheld by the Company or the Subsidiary, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Subsidiary to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Subsidiary shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Subsidiary as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this SECTION 21 may satisfy such Grantee's withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirement.

22. CAPTIONS

The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

23. OTHER PROVISIONS

Each Grant awarded under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

24. NUMBER AND GENDER

With respect to words used in this Plan, the singular form shall include the plural form and, the masculine gender shall include the feminine gender, as the context requires.

25. SEVERABILITY

If any provision of the Plan or any Award Agreement shall be finally determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

26. POOLING

Notwithstanding anything in the Plan to the contrary, if any action described in the Plan would cause a transaction to be ineligible for pooling of interests accounting that would, but for the action under the Plan, be eligible for such accounting treatment, the Board shall modify or adjust such action so that the transaction will be eligible for pooling of interests accounting, if the Company intends to use such accounting in the transaction. Such modification or adjustment may include payment of cash or issuance to a Grantee of shares of Stock of equivalent Fair Market Value.

27. GOVERNING LAW

The validity and construction of this Plan and the instruments evidencing the Grants awarded hereunder shall be governed by the laws of the State of Delaware (without giving effect to the choice of law provisions thereof).

\* \* \* \*

The Plan was duly adopted and approved by the Board of Directors of the Company as of the 12th day of March, 1999.

The Plan was duly approved by the stockholders of the Company on the 7th day of April, 1999.

TREX COMPANY, INC.  
1999 Stock Option and Incentive Plan  
Non-Incentive Stock Option Agreement

Grant Date: \_\_\_\_\_ Stock Option Exercise Price: \$ \_\_\_\_\_  
Last Date to Exercise: \_\_\_\_\_ /1/

Number of Shares of Common Stock  
Covered by Grant of Options: \_\_\_\_\_

We are pleased to inform you that the Board of Directors or the Compensation Committee of the Board of Directors has granted you an option to purchase Trex Company, Inc. common stock. Your grant has been made under the Company's 1999 Stock Option and Incentive Plan (the "Plan"), which, together with the terms contained in this Agreement, sets forth the terms and conditions of your grant and is incorporated herein by reference. A copy of the Plan is attached. Please review it carefully. If any provisions of the Agreement should appear to be inconsistent with the Plan, the Plan will control.

This stock option grant has  
been executed and delivered as of  
\_\_\_\_\_, \_\_, \_\_\_\_ on behalf of  
Trex Company, Inc.

\_\_\_\_\_  
Name:  
Title:

ACCEPTED AND AGREED TO:

\_\_\_\_\_  
Name of Optionee:

This is not a stock certificate or a negotiable instrument. Transferable only pursuant to Section 11.2 of the Plan.

\_\_\_\_\_  
/1/ Certain events can cause an earlier termination of the Option. See "Exercise" below.

1. Vesting:

Subject to the terms of the Plan, the Option becomes vested as to 25% of the shares of Stock purchasable pursuant to the Option on the first anniversary of the date of grant of the Option, if Optionee has been providing services to the Company or a Subsidiary continuously from the Optionee's date of grant to the first anniversary of the date of grant (the "Anniversary Date") and, so long as continuous provision of services has not been interrupted, the Option becomes vested as to an additional 25% of the shares of Stock subject to the Option on each of the next three (3) Anniversary Dates.

2. Exercise:

You may exercise this Option, in whole or in part, to purchase a whole number of vested shares at any time of not less than 100 shares, unless the number of shares purchased is the total number available for purchase under the Option, by following the exercise procedures as set forth in the Plan. All exercises must take place before the last Date to Exercise, or such earlier date following your death, disability or your ceasing to provide services as described below under "Service Requirements." The number of shares you may purchase as of any date cannot exceed the total number of shares vested by that date, less any shares you have previously acquired by exercising this Option.

3. Service Requirements:

If your services terminate, all further vesting of shares under this grant stops, and all unvested shares are canceled. You will have ninety (90) days after your provision of services ceases to exercise your vested options (unless your services are terminated for "Cause"), and in the event of your death or permanent and total disability you or your estate will have a period of one year to exercise any options, whether or not any such option was otherwise exercisable at the time of your death or permanent and total disability. Your Option will terminate upon termination of your services for "Cause." Cause means, as determined by the Board, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between Optionee and the Company or any of its Affiliates. If the Company enters into a transaction which would result in the Plan being terminated in accordance with Section 18.2 of the Plan, the Option may be exercised, in whole or in part, during the fifteen-day period occurring before such termination as the Board in its sole discretion shall determine and designate, and in any event immediately before the occurrence of such termination, whether or not such Option was otherwise exercisable at the time such termination occurs, such exercise being contingent on the transaction occurring.

4. Taxes and Withholding:

This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the exercise or sale of shares arising from this grant, the Company shall have the right to require such payments from you, or withhold such amounts from other payments due to you from the Company, a Subsidiary or an Affiliate.

5. Transferability:

The Option may be transferred in a manner consistent with Section 11.2 of the Plan.

6. Non-Competition With the Company:

Covenants of the Optionee. By accepting the benefits of this Agreement, the Optionee acknowledges that (i) the principal business of the Company is the manufacturing and sale of wood-plastic composite lumber (the "Present Business"); (ii) the Optionee constitutes one of a limited number of persons who have developed the Present Business; (iii) the Optionee's work for the Company has given and will continue to give the Optionee access to the confidential affairs and proprietary information of the Company not readily available to the public; and (iv) the agreements and covenants of the Optionee contained in this Section 6 are essential to the business and goodwill of the Company. Accordingly, in consideration of the benefits being provided by this Agreement, the Optionee is subject to the agreements and covenants set forth in this Section 6.

Covenant Against Competition. While the Optionee is employed by the Company and for a period of one (1) year after the termination of the Optionee's employment with the Company for any reason (such period commencing on the date hereof is hereinafter referred to as the "Restricted Period"), the Optionee shall not, directly or indirectly, own, manage, operate, join or control, or participate in the ownership, management, operation or control of, or be a proprietor, director, officer, stockholder, member, partner or an employee or agent of, or a consultant to any business, firm, corporation, partnership or other entity which engages in (A) the Present

Business, or (B) any other principal line of business developed by the Company after the date hereof but prior to the date of termination of Optionee's employment with the Company (a "New Business") in any state of the United States and Canada; provided, however, that the Optionee may own, directly or indirectly, solely as an investment, securities of any business, firm, corporation, partnership or other entity which are traded on any national securities exchange or the Nasdaq National Market if the Optionee (A) is not a controlling person of, or a member of a group which controls, such entity and (B) does not, directly or indirectly, own 1% or more of any class of securities of such entity.

Confidential Information. From and after the date of this Agreement, the Optionee shall not at any time, directly or indirectly, disclose to any person, business, firm, corporation, partnership or other entity any confidential or proprietary information concerning the Company, its business, its suppliers or its customers. All information, whether written or otherwise, regarding the Company's business, including, but not limited to, information regarding customers, customer lists, costs, prices, earnings, systems, operating procedures, prospective and executed contracts and other business arrangements, and sources of supply are presumed to be confidential information of the Company for purposes of this Agreement. The Optionee shall return to the Company all books, records, lists and other written, typed or printed materials, whether furnished by the Company or prepared by the Optionee, which contain any information relating to the Company, its business, its suppliers or its customers, promptly upon termination of the Optionee's service with the Company, and the Optionee shall neither make nor retain any copies of such material without the prior written consent of the Company.

Cumulative Provisions. The covenants and agreements contained in this Section 6 are independent of each other and are cumulative.

Acknowledgments. By accepting the benefits this Agreement, the Optionee acknowledges the broad scope of the covenants contained in this Section 6, but agrees that such covenants are reasonable in light of the scope of the Optionee's duties and knowledge of the Company. The Optionee further acknowledges and agrees that the covenants contained in this Section 6 do not unreasonably restrict his employment opportunities or unduly burden or deprive the Optionee of a means of earning a livelihood.

Remedies for Breach. By accepting the benefits of this Agreement, the Optionee acknowledges and agrees that his obligations to the Company are unique and that any breach or threatened breach of such obligations may result in irreparable harm and substantial damages to the Company. Accordingly, in the event of a breach or threatened breach by the Optionee of any of the provisions of this Section 6, the Company shall have the right, in addition to exercising any other remedies at law or equity which may be available to it under this Agreement or otherwise, to obtain ex parte, preliminary, interlocutory,

temporary or permanent injunctive relief, specific performance and other equitable remedies in any court of competent jurisdiction, to prevent the Optionee from violating such provision or provisions or to prevent the continuance of any violation thereof, together with an award or judgment for any

and all damages, losses, liabilities, expenses and costs incurred by the Company as a result of such breach or threatened breach including, but not limited to, attorneys' fees incurred by the Company in connection with, or as a result of, the enforcement of these covenants. The Optionee expressly waives any requirement based on any statute, rule or procedure or other source that the Company post a bond as a condition of obtaining any of the above-described remedies. In addition to the foregoing remedies, if the Optionee should take actions in competition with the Company, as specified in this Section 6, the Company shall have the right to cause a forfeiture of the rights of the Optionee, including, but not limited to, the right to cause the Optionee to forfeit: (i) any outstanding Option, and (ii) any gain recognized by the Optionee upon the exercise of an Option during the period commencing twelve (12) months prior to the Optionee's termination of employment or other relationship with the Company due to taking actions in competition with the Company and ending twelve (12) months following such termination of employment or other relationship.

Divisibility. By accepting the benefits of this Agreement, the Optionee agrees that the provisions of this Section 6 are divisible and separable so that if any provision or provisions hereof shall be held to be unreasonable, unlawful or unenforceable, such holding shall not impair the remaining provisions hereof. If any provision hereof is held to be unreasonable, unlawful or unenforceable in duration, geographical scope or character of restriction by any court of competent jurisdiction, such provision shall be modified to the extent necessary in order that any such provision or portion thereof shall be legally enforceable to the fullest extent permitted by law, and the parties hereto do hereby expressly authorize any court of competent jurisdiction to enforce any such provision or portion thereof or to modify any such provision or portion thereof in order that any such provision or portion thereof shall be enforced by such court to the fullest extent permitted by applicable law.



Definition of the Company. For the purposes of this Section 6 only, any reference to the "Company" shall be deemed to include the Company, any division, affiliate or subsidiary of the Company and any and all subsidiaries, divisions or affiliates acquired or formed by any of such entities after the date hereof.

Non-Integration. The provisions of this Section 6 shall be independent of any similar provisions contained in any employment agreement, stock option agreement or other agreement between an Optionee and the Company.

\* \* \* \* \*

[LETTERHEAD OF HOGAN &amp; HARTSON L.L.P. APPEARS HERE]

April 22, 1999

Board of Directors  
Trex Company, Inc.  
20 South Cameron Street  
Winchester, Virginia 22601

Gentlemen:

This firm has acted as special counsel to Trex Company, Inc., a Delaware corporation (the "Company"), in connection with its registration, pursuant to a registration statement on Form S-8 (the "Registration Statement"), of 800,000 shares (the "Shares") of common stock, par value \$.01 per share, of the Company, issuable under the Trex Company, Inc. Plans (as defined below). Of such Shares, 300,000 shares are issuable under the Trex Company, Inc. 1999 Employee Stock Purchase Plan (the "Stock Purchase Plan") and 500,000 shares are issuable under the Trex Company, Inc. 1999 Stock Option and Incentive Plan (the "Stock Incentive Plan" and, together with the Stock Purchase Plan, the "Plans"). This letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. (S)229.601(b)(5), in connection with such registration.

For purposes of this opinion letter, we have examined copies of the following documents:

1. An executed copy of the Registration Statement.
2. A copy of the Stock Purchase Plan, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
3. A copy of the Stock Incentive Plan, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
4. The Restated Certificate of Incorporation of the Company, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
5. The Amended and Restated By-Laws of the Company, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
6. A certificate of good standing of the Company issued by the Secretary of State of the State of Delaware dated April 13, 1999.
7. Resolutions of the Board of Directors of the Company adopted on March 12, 1999, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
8. Resolutions of the stockholders of the Company adopted on March 12, 1999 and April 7, 1999, as certified by an officer of the Company on the date hereof as then being complete, accurate and in effect.
9. A certificate of an officer of the Company, dated April 22, 1999, as to certain facts relating to the Company.

In our examination of the aforesaid documents, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity, accuracy and completeness of all documents submitted to us as originals, and the conformity with the original documents of all

documents submitted to us as certified, telecopies, photostatic, or reproduced copies. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

This opinion letter is based as to matters of law solely on Delaware corporate law. We express no opinion herein as to any other laws, statutes, regulations, or ordinances.

Based upon, subject to, and limited by the foregoing, we are of the opinion that the Shares, when issued and delivered in the manner and on the terms contemplated in the Registration Statement and the Plans (with the Company having received the consideration therefor as specified in the Plans, the form of which consideration is in accordance with applicable law), will be validly issued, fully paid and non-assessable under Delaware corporate law.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the filing of the Registration Statement on or about the date of this opinion letter, and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement. In giving this consent, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Hogan & Hartson L.L.P.

HOGAN & HARTSON L.L.P.

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement on Form S-8 pertaining to the Trex Company, Inc. 1999 Employee Stock Purchase Plan and the Trex Company, Inc. 1999 Stock Option and Incentive Plan and to the incorporation by reference therein of our reports with respect to the financial statements of: Trex Company, Inc. dated January 27, 1999 (except for the first paragraph of Note 1, as to which the date is March 22, 1999); TREX Company, LLC dated January 21, 1999 (except for Note 11, as to which the date is April 7, 1999, and Note 12, as to which the date is February 8, 1999); and the Mobil Composite Products Division of Mobil Oil Corporation dated June 24, 1998 included in Amendment No. 5 to the Registration Statement (Form S-1 No. 333-63287) and related Prospectus of Trex Company, Inc., filed with the Securities and Exchange Commission on April 8, 1999.

/s/ Ernst & Young, LLP

April 20, 1999  
Vienna, Virginia