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

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 6, 2012

TREX COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-14649
(Commission
File Number)

54-1910453
(I.R.S. Employer
Identification Number)

160 Exeter Drive
Winchester, Virginia
(Address of principal executive offices)

22603-8605
(Zip Code)

(540) 542-6300
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On January 6, 2012, Trex Company, Inc. (the “Company”), as borrower; Branch Banking and Trust Company (“BB&T”), as a Lender, Administrative Agent, Swing Line Lender, Letter of Credit Issuer and a Collateral Agent; Wells Fargo Capital Finance, LLC (“Wells Fargo”) as a Lender and a Collateral Agent; and BB&T Capital Markets (“BB&T Capital”), as Lead Arranger, entered into an Amended and Restated Credit Agreement (the “Amended Credit Agreement”) to amend the Credit Agreement dated as of November 4, 2009 between the Company and BB&T, BB&T Capital, and TD Bank, N.A. (“T.D. Bank”) (the “Prior Credit Agreement”).

Under the Prior Credit Agreement, BB&T and TD Bank provided the Company with one or more revolving loans in a collective maximum principal amount of \$60,000,000 (the “Prior Revolver Loans”); and one or more reducing revolver loans in a collective maximum principal amount of \$25,000,000 (the “Prior Reducing Revolver Loans”). On October 28, 2011, the Prior Credit Agreement was amended to, among other things, extend the termination date, and reduce the maximum principal amounts of the Prior Revolver Loans from \$60,000,000 to \$40,000,000 and the Prior Reducing Revolver Loans from \$25,000,000 to \$15,000,000. Prior to the execution of such amendment, TD Bank, N.A. assigned all of its commitment obligations under the Prior Credit Agreement to BB&T.

Under the Amended Credit Agreement, the Lenders have agreed to provide the Company with one or more revolving loans in a collective maximum principal amount of \$100,000,000 (the “Revolver Loans”).

Included within the Revolver Loan limit are sublimits for a Letter of Credit Facility in an amount not to exceed \$15,000,000 (the “Letter of Credit Facility”); and Swing Advances in an aggregate principal amount at any time outstanding not to exceed \$5,000,000 (the “Swing Advance Loan”). The Revolver Loans, the Letter of Credit Facility and the Swing Advance Loan are collectively referred to herein as the “Loans”. The Loans were obtained for the purpose of raising working capital and refinancing existing indebtedness of the Company.

The Revolver Loans, Swing Advances, and Letter of Credit Facility

The Revolver Loans, the Swing Advances and the Letter of Credit Facility provide the Company, in the aggregate, the ability to borrow a principal amount not to exceed \$100,000,000 at any one time outstanding (the “Revolving Loan Limit”) (subject to certain Borrowing Base requirements as described in the Credit Agreement which include limits on Eligible Accounts and Inventory as described in the Credit Agreement and any written agreement which may be executed from time to time by the Company and each of the Collateral Agents). The Company is not obligated to borrow any amount under the Revolving Loan Limit, and as of the date of this Current Report on Form 8-K has no outstanding balance. Within the Revolving Loan Limit, the Company may borrow, repay, and reborrow, at any time or from time to time while the Revolving Loans are in effect.

Base Rate Advances (as defined in the Credit Agreement) under the Revolver Loans and the Swing Advances accrue interest at the Base Rate plus the Applicable Margin (as defined in the Credit Agreement) and Euro-Dollar Advances for the Revolver Loans and Swing Advances accrue interest at the Adjusted London InterBank Offered Rate plus the Applicable Margin (as defined in the Amended Credit Agreement). Repayment of all then outstanding principal, interest, fees and costs is due on January 9, 2015, provided that Borrower may, prior to January 9, 2013, request that the Lenders extend the termination date to January 9, 2016, and the Lenders may elect to do so, in their sole and individual discretion.

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Letter of Credit

The Letter of Credit Facility provides that upon application by the Company, BB&T shall issue to the Company's credit one or more letters of credit in the aggregate amount of up to \$15,000,000, or such lesser amount as may be required by law. The Company shall reimburse BB&T for all amounts payable, including interest, under a Letter of Credit at the earlier of (i) the date set forth in the application or (ii) on business day after the payment under such Letter of Credit by BB&T.

Modification to Amended and Restated Credit Line Deed of Trust

The Modification to Amended and Restated Credit Line Deed of Trust (the "Modified Virginia Deed of Trust") grants the Lenders additional security interest in the real property owned by the Company located in the County of Frederick, Virginia and the City of Winchester, Virginia (the "Winchester Property"). Under the Modified Virginia Deed of Trust, the Company grants to the trustee named in the Virginia Deed of Trust certain collateral, all as more specifically described in the Virginia Deed of Trust, together with all reasonable costs and expenses incurred by BB&T as Collateral Agent for the Lenders in connection with the collection of such awards, payments and proceeds, including, without limitation, reasonable attorneys' fees.

The Virginia Deed of Trust, as modified, secures the Company's obligations under the Amended Credit Agreement and other Loan Documents (as defined in the Credit Agreement).

Deed of Trust

The Deed of Trust (the "Nevada Deed of Trust") grants to the Lenders a security interest in the real property owned by the Company located in the City of Fernley, County of Lyon, State of Nevada (the "Nevada Property"). Under the Nevada Deed of Trust, the Company grants to the trustee named in the Nevada Deed of Trust certain collateral, all as more specifically described in the Nevada Deed of Trust, together with all reasonable costs and expenses incurred by BB&T as Collateral Agent for the Lenders in connection with the collection of such awards, payments and proceeds, including, without limitation, reasonable attorneys' fees.

The Nevada Deed of Trust secures the Company's obligations under the Amended Credit Agreement and other Loan Documents (as defined in the Amended Credit Agreement).

Amended and Restated Security Agreement

Under the terms of the Amended and Restated Security Agreement, the Company, subject to certain permitted encumbrances, as collateral security for the above-stated loans and all other present and future indebtedness of the Company owing to the Lenders grants to BB&T, as Collateral Agent for the Lenders a continuing security interest in certain collateral, all as more specifically described in the Amended and Restated Security Agreement

The security interests granted to the Collateral Agent in the Amended and Restated Security Agreement for the ratable benefit of the Lenders secures: (a) the payment and performance of the Obligations (as defined in the Credit Agreement); and (b) certain reasonable costs and expenses as more specifically described therein

All capitalized terms used in this section but not otherwise defined herein or in the Credit Agreement shall have the meanings provided for by the Uniform Commercial Code.

Item 1.02 Termination of a Material Definitive Agreement.

The information set forth under Item 1.01 of this report is incorporated by reference in this Item 1.02.

Effective as of January 9, 2012, the following were terminated:

1. that certain Deed of Trust dated November 4, 2009 granting a security interest in the real property owned by the Company located in the County of De Soto, Mississippi;
2. that certain Reducing Revolver Note dated October 28, 2011 payable by the Company to BB&T in the amount of the lesser of 15,000,000 or the outstanding reducing revolver advances made by BB&T;

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3. that certain Swing Advance Note dated November 4, 2009 payable by the Company to BB&T in the amount of the lesser of \$5,000,000 or the outstanding swing advances made by BB&T; and
4. that certain Revolver Note dated October 28, 2011 payable by the Company to BB&T in the amount of the lesser of \$40,000,000 or the outstanding revolver advances made by BB&T .

No additional fees were due or owing as a result of the termination of the aforementioned agreements.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
4.1	Amended and Restated Credit Agreement dated as of January 6, 2012 between the Company and Branch Banking and Trust Company, as a Lender, Administrative Agent, Swing Line Lender, Letter of Credit Issuer and a Collateral Agent; Wells Fargo Capital Finance, LLC, as a Lender and a Collateral Agent; and BB&T Capital Markets, as Lead Arranger. FILED HEREWITH
4.2	Revolver Note dated January 6, 2012 payable by the Company to Branch Banking and Trust Company in the amount of the lesser of \$55,000,000 or the outstanding revolver advances made by Branch Banking and Trust Company. FILED HEREWITH
4.3	Revolver Note dated January 6, 2012 payable by the Company to Wells Fargo Capital Finance, LLC in the amount of the lesser of \$45,000,000 or the outstanding revolver advances made by Wells Fargo Capital Finance, LLC. FILED HEREWITH
4.4	Swing Advance Note dated January 6, 2012 payable by the Company to Branch Banking and Trust Company in the amount of the lesser of \$5,000,000 or the outstanding swing advances made by Branch Banking and Trust Company. FILED HEREWITH
4.5	Amended and Restated Security Agreement dated as of January 6, 2012 between the Company, as debtor, and Branch Banking and Trust Company as Collateral Agent for Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC. FILED HEREWITH.
4.6	Modification to Amended and Restated Credit Line Deed of Trust, dated as of January 6, 2012, by and among the Company as grantor, BB&T-VA Collateral Service Corporation, as trustee, and Branch Banking and Trust Company, as Collateral Agent for Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Beneficiary relating to real property partially located in the County of Frederick, Virginia and partially located in the City of Winchester, Virginia. FILED HEREWITH
4.7	Deed of Trust, dated as of January 6, 2012, by and among the Company as grantor, First American Title Insurance Company, as trustee, and Branch Banking and Trust Company, as Collateral Agent for Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Beneficiary relating to real property located in the County of Fernley, Nevada. FILED HEREWITH

EXHIBIT INDEX

TREX COMPANY, INC.

Current report on Form 8-K

<u>Exhibit No.</u>	<u>Description</u>
4.1	Amended and Restated Credit Agreement dated as of January 6, 2012 between the Company and Branch Banking and Trust Company, as a Lender, Administrative Agent, Swing Line Lender, Letter of Credit Issuer and a Collateral Agent; Wells Fargo Capital Finance, LLC, as a Lender and a Collateral Agent; and BB&T Capital Markets, as Lead Arranger. FILED HEREWITH
4.2	Revolver Note dated January 6, 2012 payable by the Company to Branch Banking and Trust Company in the amount of the lesser of \$55,000,000 or the outstanding revolver advances made by Branch Banking and Trust Company. FILED HEREWITH
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4.4	Swing Advance Note dated January 6, 2012 payable by the Company to Branch Banking and Trust Company in the amount of the lesser of \$5,000,000 or the outstanding swing advances made by Branch Banking and Trust Company. FILED HEREWITH
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4.6	Modification to Amended and Restated Credit Line Deed of Trust, dated as of January 6, 2012, by and among the Company as grantor, BB&T-VA Collateral Service Corporation, as trustee, and Branch Banking and Trust Company, as Collateral Agent for Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Beneficiary relating to real property partially located in the County of Frederick, Virginia and partially located in the City of Winchester, Virginia. FILED HEREWITH
4.7	Deed of Trust, dated as of January 6, 2012, by and among the Company as grantor, First American Title Insurance Company, as trustee, and Branch Banking and Trust Company, as Collateral Agent for Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Beneficiary relating to real property located in the County of Fernley, Nevada. FILED HEREWITH

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

January 6, 2012

among

TREX COMPANY, INC.,
as Borrower,

The Lenders Listed Herein

and

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent, Swing Line Lender and Letter of Credit Issuer

BRANCH BANKING AND TRUST COMPANY and
WELLS FARGO CAPITAL FINANCE, LLC,
as Collateral Agents

and

BB&T CAPITAL MARKETS,
as Lead Arranger

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT is dated as of January 6, 2012, among TREX COMPANY, INC., a Delaware corporation, as borrower; the LENDERS listed on the signature pages hereof; BRANCH BANKING AND TRUST COMPANY, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer; BRANCH BANKING AND TRUST COMPANY and WELLS FARGO CAPITAL FINANCE, LLC, as Collateral Agents; and BB&T CAPITAL MARKETS, as Lead Arranger.

The Borrower, the Lenders from time to time party thereto, the Swing Line Lender, the Letter of Credit Issuer, the Administrative Agent and the Lead Arranger are parties to a Credit Agreement dated as of November 4, 2009 (the "Prior Credit Agreement"), pursuant to which such Lenders, the Swing Line Lender and the Letter of Credit Issuer have made certain credit facilities available to the Borrower. The parties now desire to make certain modifications to such credit facilities as more particularly described herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the receipt and sufficiency of which consideration are hereby acknowledged, the parties hereto hereby amend and restate the Prior Credit Agreement in its entirety, and agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

The terms as defined in this Section 1.01 shall, for all purposes of this Agreement and any amendment hereto (except as otherwise expressly provided or unless the context otherwise requires), have the meanings set forth herein:

"Accounts" has the meaning set forth in the Security Agreement.

"Acquisition" means any transaction or series of related transactions for the purpose of, or resulting in, directly or indirectly, (a) the acquisition by the Borrower or any Subsidiary of all or substantially all of the assets of a Person (other than a Subsidiary) or of any business or division of a Person (other than a Subsidiary), (b) the acquisition by the Borrower or any Subsidiary of more than 50% of any class of Voting Stock (or similar ownership interests) of any Person (provided that formation or organization of any Wholly-Owned Subsidiary shall not constitute an "Acquisition" to the extent that the amount of the Investment in such entity is permitted under Sections 5.06 and 5.09), or (c) a merger, consolidation, amalgamation or other combination by the Borrower or any Subsidiary with another Person (other than a Subsidiary) if the Borrower or such Subsidiary is the surviving entity; provided, that in any merger involving the Borrower, the Borrower must be the surviving entity.

"Adjusted London InterBank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100th of 1%) by dividing (i) the applicable London InterBank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

“Administrative Agent” means BB&T, in its capacity as administrative agent for the Lenders, and its successors and permitted assigns in such capacity.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Advances” means the Revolver Advances or the Swing Advances, as the context may require. “Advance” means any one of such Advances, as the context may require.

“Affiliate” of any Person means (i) any other Person which directly, or indirectly through one or more intermediaries, controls such Person, (ii) any other Person which directly, or indirectly through one or more intermediaries, is controlled by or is under common control with such Person, or (iii) any other Person of which such Person owns, directly or indirectly, 10% or more of the common stock or equivalent equity interests. As used herein, the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Amended and Restated Credit Agreement, together with all amendments and supplements hereto.

“Applicable Concentration Limit” has the meaning as determined from time to time by written agreement executed by the Borrower and each of the Collateral Agents.

“Applicable Laws” means all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

“Applicable Margin” has the meaning set forth in Section 2.06(a).

“Applicable Percentage” means with respect to any Lender, the percentage of the total Revolver Commitments represented by such Lender’s Revolver Commitment. If the Revolver Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolver Commitments most recently in effect, giving effect to any assignments.

“Applicable Subsidiary” means any Subsidiary that is a Domestic Subsidiary or a Direct Foreign Subsidiary.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Asset Based Lending Credit Line Sweep Services Agreement” means an agreement between the Administrative Agent and the Borrower that provides for (i) automatic

borrowings hereunder and (ii) automatic application of certain amounts deposited in the Operating Account to all or a portion of the outstanding Obligations from time to time, all as more particularly set forth in such agreement.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.07), and accepted by the Administrative Agent, in substantially the form of Exhibit K or any other form approved by the Administrative Agent.

“Authority” has the meaning set forth in Section 8.02.

“Bank Product Reserve Amount” means, as of any date of determination, the Dollar amount of reserves that the Collateral Agents have determined it is necessary or appropriate to establish (based upon the Bank Products providers’ reasonable determination of their credit exposure to the Borrower and its Subsidiaries in respect of Bank Products) in respect of Bank Products then provided or outstanding. Notwithstanding the forgoing, in the event that an agreement between the Borrower and the provider of a particular Bank Product expressly limits the amount of any reserve that may be established in connection with such Bank Product, the “Bank Product Reserve Amount” with respect to such Bank Product shall not exceed such amount.

“Bank Products” means any: (1) Hedging Agreements; and (2) other services or facilities provided to any Loan Party by BB&T and/or Wells Fargo or any Affiliate thereof (but excluding Cash Management Services) with respect to (a) credit cards, (b) purchase cards, (c) merchant services constituting a line of credit, and (d) lockbox services.

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. §§101, et seq.), as amended from time to time.

“Base Rate” means for any Base Rate Advance for any day, the rate per annum equal to the Prime Rate as of such day. For purposes of determining the Base Rate for any day, changes in the Prime Rate shall be effective on the date of each such change.

“Base Rate Advance” means, with respect to any Advance, such Advance when such Advance bears or is to bear interest at a rate based upon the Base Rate.

“BB&T” means Branch Banking and Trust Company, and its successors.

“Borrower” means Trex Company, Inc., a Delaware corporation, and its successors and permitted assigns.

“Borrowing” means a borrowing hereunder consisting of Advances made to the Borrower: (i) at the same time by all of the Lenders, in the case of Revolver Advances, or (ii) by Swing Line Lender, in the case of Swing Advances. A Borrowing is a “Revolver Borrowing” if made pursuant to Section 2.01(a), or a “Swing Line Borrowing” if made pursuant to Section 2.01(b).

“Borrowing Base” shall mean, based on the most recent Borrowing Base Certification Report which as of the date of a determination of the Borrowing Base has been received by the Collateral Agents, the sum of:

(a) an amount equal to 85% of the net dollar amount of Eligible Accounts as at the date of determination; plus

(b) an amount equal to the least of (i) 60% of the cost of Eligible Inventory, (ii) 80% of the net orderly liquidation value (within 90-days scope) of Eligible Inventory based on an appraisal conducted by an appraisal company selected by the Collateral Agents, and (iii) the Inventory Sublimit; plus

(c) subject to the last paragraph of this definition, an amount equal to the lesser of (i) \$25,000,000, and (ii) the sum of (1) 80% of the net orderly liquidation value of Eligible Equipment and Machinery owned by the Borrower as of the Closing Date based on an appraisal conducted by an appraisal company selected by the Collateral Agents, plus (2) 75% of the “as-is” appraised value (based on a 12-month marketing period) of Eligible Real Estate as of the Closing Date based on an appraisal conducted by an appraisal company selected by the Collateral Agents, as such lesser amount (A) shall be reduced monthly based on a level seven-year amortization for Eligible Equipment and Machinery and on a level fifteen-year amortization for Eligible Real Estate (and subject to further reduction based on reductions in appraised values reflected in any post-closing appraisals), and (B) shall be reduced by the amount of any Extraordinary Receipt received by or paid to or for the account of any Loan Party in connection with any Eligible Equipment and Machinery or Eligible Real Estate; minus

(d) the Dilution Reserve and other Reserves.

The Borrower acknowledges and agrees that the Collateral Agents may from time to time obtain updated appraisals of the Eligible Equipment and Machinery. If any such appraisal reflects a lower net orderly liquidation value of the Eligible Equipment and Machinery that was owned by the Borrower as of the Closing Date, the Collateral Agents may in their Permitted Discretion reduce the Borrowing Base allowance set forth in clause (ii)(1) of paragraph (c) above accordingly; provided, however, that should the Borrower have obtained additional Eligible Equipment and Machinery since the Closing Date, any such reduction may be offset by an amount equal to 80% of the net orderly liquidation value of such additional Eligible Equipment and Machinery based on such appraisal. In no event, however, shall such portion of the Borrowing Base allowance set forth in clause (ii)(1) of paragraph (c) above exceed the amount originally calculated under clause (ii)(1) of paragraph (c) above as of the Closing Date, as reduced monthly in accordance with clause (ii)(A) of such paragraph (c).

“Borrowing Base Certification Report” means a report in the form attached hereto as Exhibit B, and otherwise satisfactory to the Collateral Agents, certified by the chief financial officer or other authorized financial officer of the Borrower regarding the Eligible Inventory, the Eligible Accounts, Eligible Equipment and Machinery and Eligible Real Estate. Upon receipt by the Collateral Agents, a Borrowing Base Certification Report shall be subject to the Collateral Agents’ satisfactory review, acceptance or correction.

“Capital Expenditures” means for any period the sum of all capital expenditures incurred during such period by the Borrower and its Consolidated Subsidiaries, as determined in accordance with GAAP.

“Capital Securities” means, with respect to any Person, any and all shares, interests (including membership interests and partnership interests), participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital (including any instruments convertible into equity), whether now outstanding or issued after the Closing Date.

“Cash Equivalents” means (a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States of any agency thereof, (b) prime commercial paper (rated A1 or better by Standard & Poor’s Rating Group or P1 or better by Moody’s Investors Service, Inc.) with maturities of ninety (90) days or less, or (c) time deposits with, including certificates of deposit issued by, any office located in the United States of any bank or trust company which is organized under the laws of the United States or any state thereof and has capital, surplus and undivided profits aggregating at least \$250,000,000, provided in each case that such investment matures within one year from the date of acquisition thereof by the Borrower.

“Cash Management Services” means any one or more of the following types of services or facilities provided to any Loan Party by BB&T and/or Wells Fargo or any Affiliates thereof: (a) automated clearing house transactions, (b) cash management services, including, without limitation, controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) foreign exchange facilities, (d) credit or debit cards, and (e) merchant services not constituting a Bank Product.

“CERCLA” means the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq. and its implementing regulations and amendments.

“CERCLIS” means the Comprehensive Environmental Response Compensation and Liability Information System established pursuant to CERCLA.

“Change in Control” means the occurrence after the Closing Date of any of the following: (i) any Person or two or more Persons acting in concert (excluding the Persons that are officers and directors of the Borrower on the Closing Date) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of the Voting Stock of the Borrower; or (ii) as of any date a majority of the board of directors of the Borrower consists of individuals who were not either (A) directors of the Borrower as of the corresponding date of the previous year, (B) selected or nominated to become directors by the board of directors of the Borrower of which a majority consisted of individuals described in clause (A), or (C) selected or nominated to become directors by the board of directors of the Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B).

“Change of Law” shall have the meaning set forth in Section 8.02.

“Closing Certificate” has the meaning set forth in Section 3.01(d).

“Closing Date” means January 9, 2012.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code. Any reference to any provision of the Code shall also be deemed to be a reference to any successor provision or provisions thereof.

“Collateral” means, collectively, (a) (i) all of the present and future property and assets of the Borrower and each Guarantor including, but not limited to, machinery and equipment, inventory and other goods, accounts, accounts receivable, bank accounts, brokerage accounts, general intangibles, financial assets, investment property, license rights, patents, trademarks, copyrights, chattel paper, insurance proceeds, contract rights, hedge agreements, documents, instruments, indemnification rights, tax refunds, and cash, (ii) 100% of the capital stock and equity interests of the Guarantors and of the current and future Domestic Subsidiaries of the Borrower and the Guarantors; and (iii) 65% of the capital stock and equity interests of any current or future Foreign Subsidiaries; and (b) any other property which secures the Obligations pursuant to the Collateral Documents.

“Collateral Agent” and “Collateral Agents” have the meanings set forth in Section 7.01(b).

“Collateral Agents Letter” means that certain letter agreement dated of even date herewith among the Administrative Agent, the Collateral Agents and the Borrower, relating to the terms of this Agreement and certain rights of the Collateral Agents, together with all amendments and modifications thereto agreed to by the Administrative Agent, the Collateral Agents and the Borrower.

“Collateral Documents” means, collectively, the Security Agreement, the Deeds of Trust, any Pledge Agreement and all other agreements (including control agreements), instruments and other documents, whether now existing or hereafter in effect, pursuant to which any Loan Party shall grant or convey (or shall have granted or conveyed) to the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) (on behalf of the Secured Parties) a Lien in, or any other Person shall acknowledge any such Lien in, property as security for all or any portion of the Obligations, as any of them may be amended, modified, restated or supplemented from time to time.

“Collateral Reserve Account” means the separate deposit account of the Borrower established with BB&T and maintained in accordance with Section 5.33 hereof, into which all proceeds of the Borrower’s Accounts shall be deposited and over which the Administrative Agent shall have sole control. The term “Collateral Reserve Account” shall also be deemed to include any substitute or replacement account.

“Compliance Certificate” has the meaning set forth in Section 5.01(d).

“Consolidated Debt” means, as of any date of determination, the total of all Debt of the Borrower and its Consolidated Subsidiaries outstanding on such date, after (i) eliminating all offsetting debits and credits between the Borrower and its Consolidated Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Borrower and its Consolidated Subsidiaries in accordance with GAAP and

(ii) subtracting an amount equal to the cash and Cash Equivalents in excess of \$10,000,000 held by the Borrower on such date of determination. Notwithstanding the foregoing, all convertible debt shall be stated at its face amount and not the amount otherwise adjusted pursuant to the effect of FASB APB 14-1.

“Consolidated EBITDA” means, for any period of determination, the net income (excluding extraordinary non-cash gains and extraordinary non-cash losses as determined in accordance with GAAP and excluding the Net Income Exclusions) plus interest, taxes, depreciation and amortization of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis for such period.

“Consolidated Net Income” means, for any period, the net income (or loss) of the Borrower and its Consolidated Subsidiaries (excluding extraordinary non-cash gains and extraordinary non-cash losses as determined in accordance with GAAP and excluding the Net Income Exclusions) for such period, as set forth in the financial statements required to be delivered pursuant to Sections 5.01(a) or (b) for such period.

“Consolidated Debt to Consolidated EBITDA Ratio” means the ratio of Consolidated Debt to Consolidated EBITDA.

“Consolidated Subsidiary” means at any date any Subsidiary or other entity the accounts of which, in accordance with GAAP, would be consolidated with those of the Borrower in its consolidated financial statements as of such date.

“Consolidated Net Worth” means, as of any date of determination, (a) the stockholders’ equity appearing on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries; minus (b) the sum of the following: (i) any and all loans and other advances to and investments in the Borrower’s Affiliates (other than DENPLAX, S.A.), Subsidiaries, owners, employees, officers, shareholders, directors and other related entities, and (ii) notes, notes receivable, accounts, accounts receivable, intercompany receivables and other amounts owing from the Borrower’s Affiliates (other than DENPLAX, S.A.), Subsidiaries, owners, employees, officers, shareholders, directors and other related entities. Notwithstanding the foregoing, Consolidated Net Worth shall be adjusted for the Net Income Exclusions.

“Controlled Account” means the separate deposit account of the Borrower established with BB&T and maintained in accordance with Section 5.37 hereof, over which the Administrative Agent shall have sole control.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any Loan Party, are treated as a single employer under Section 414 of the Code.

“Credit Party Expenses” means, without limitation:

(a) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agents and their respective Affiliates (but excluding any such expenses incurred by any other Lender) in connection with (i) the syndication of the credit facilities provided for herein, (ii) the preparation, negotiation, execution, delivery, administration

and management of this Agreement and the other Loan Documents, (iii) the preparation, negotiation, execution, delivery, administration and management of any amendments, modifications or waivers of the provisions of this Agreement and the other Loan Documents (whether or not the transactions contemplated thereby shall be consummated), (iv) the enforcement or protection of the Administrative Agent's, the Collateral Agents' and their respective Affiliates' rights in connection with this Agreement or the Loan Documents or efforts to preserve, protect, collect, or enforce the Collateral, (v) any workout, restructuring or negotiations in respect of the Obligations, and (vi) any bankruptcy or other insolvency proceeding concerning any Loan Party, in each case including without limitation (1) the reasonable fees, charges and disbursements of separate counsel for the Administrative Agent and the Collateral Agents, and of outside accountants, consultants, other advisors and appraisers for the Administrative Agent and the Collateral Agents, (2) costs or expenses (including taxes, and insurance premiums) required to be paid by the Administrative Agent or any Collateral Agent under any of the Loan Documents, (3) fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, real estate surveys, real estate title policies and endorsements and environmental audits, and (4) the costs of all related travel, meals and lodging;

(b) all fees and expenses incurred by the Administrative Agent, the Collateral Agents and their respective Affiliates in connection with field examinations, audits and appraisals (including trademark appraisals) relating to any Loan Party or the Collateral, including without limitation (i) a fee of \$1,000 per day, per auditor, plus out-of-pocket expenses for each field examination or audit of the Borrower performed by personnel employed by Agent, and (ii) the cost of all related travel, meals, and lodging; provided, however, that so long as no Default or Event of Default shall have occurred and be continuing, the Loan Parties shall not be obligated to reimburse the Administrative Agent or any Collateral Agent for more than four field examinations during any calendar year;

(c) all other fees and expenses described in the Fee Letter;

(d) with respect to the Letter of Credit Issuer and its Affiliates, all reasonable out-of-pocket expenses incurred in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder; and

(e) all reasonable out-of-pocket expenses incurred by the Secured Parties who are not the Collateral Agents, the Letter of Credit Issuer or any Affiliate of any of them, after the occurrence and during the continuance of an Event of Default.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases,

(v) all obligations of such Person to reimburse any bank or other Person in respect of amounts payable under a banker's acceptance, (vi) all Redeemable Preferred Securities of such Person, (vii) all obligations (absolute or contingent) of such Person to reimburse any bank or other Person in respect of amounts which are available to be drawn or have been drawn under a letter of credit or similar instrument, (viii) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (ix) all Debt of others Guaranteed by such Person, (x) all obligations of such Person with respect to interest rate protection agreements, foreign currency exchange agreements or other hedging agreements (valued as the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable hedging agreement, if any), (xi) all obligations of such Person under any synthetic lease, tax retention operating lease, sale and leaseback transaction, asset securitization, off-balance sheet loan or other off-balance sheet financing product, (xii) all obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property, and (xiii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person. The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Debt provide that such Person is not liable therefor.

"Deeds of Trust" means, collectively, the Winchester Deed of Trust and the Nevada Deed of Trust.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived in writing, become an Event of Default.

"Default Rate" means, on any day, the sum of 2% plus the Base Rate plus the Applicable Margin.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Advances, participations in Letter of Credit Obligations or participations in Swing Advances required to be funded by it hereunder within one Domestic Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Domestic Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Dilution" means, as of any date of determination, a percentage, based upon the experience of the immediately prior 12-month period (or such other period as may be determined by the Collateral Agents from time to time in their Permitted Discretion), that is the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to the Borrower's Accounts during such period, by (b) the Borrower's billings with respect to Accounts during such period.

“Dilution Reserve” means, as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Accounts by 1 percentage point for each percentage point by which Dilution is in excess of 5.0%, as determined by the Collateral Agents in their Permitted Discretion.

“Direct Foreign Subsidiary” means any Foreign Subsidiary of a Loan Party or a Domestic Subsidiary not held through one or more intermediate Subsidiaries.

“Disposition” or “Dispose” means the sale, transfer, license (other than any license of intellectual property), lease or other disposition (including any Sale/Leaseback Transaction) of any property by any Loan Party or any Subsidiary thereof (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding the sale of Inventory as permitted by Section 5.13(d)(i).

“Dollars” or “\$” means dollars in lawful currency of the United States of America.

“Domestic Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in North Carolina are authorized or required by law to close.

“Domestic Subsidiary” means any Subsidiary which is organized under the laws of any state or territory of the United States of America.

“Eligible Account” means an Account that (a)(i) except as otherwise provided in any written agreement executed from time to time by the Borrower and each of the Collateral Agents, has payment terms of 170 days or less, (ii) is not more than 30 days from the due date of the original invoice, and (iii) except as otherwise provided in any written agreement executed from time to time by the Borrower and each of the Collateral Agents, is not more than 170 days from the date of the original invoice, and (b) complies with each of the representations and warranties respecting Eligible Accounts made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by the Collateral Agents in their Permitted Discretion to address the results of any audit performed by the Collateral Agents from time to time after the Closing Date. In determining the amount to be included, Eligible Accounts shall be calculated net of customer deposits and unapplied cash. An Account shall not be included as an Eligible Account unless:

1. such Account arises in the ordinary course of the Borrower’s business from the sale of goods or rendition of services and is on normal and customary terms in the Borrower’s business (which customary terms include customer incentives);
2. the sale of goods or services reflected in such Account is final and such goods and services have been provided to the carrier for shipment to the account debtor on such Account and payment for such is owing;
3. the invoices comprising such Account are not subject to any known claims, credits, adjustments, allowances, returns or disputes of any kind;

4. the account debtor on such Account is not insolvent or the subject of any bankruptcy proceedings;

5. the account debtor on such Account has its principal place of business in the United States; provided, however, that the foregoing eligibility requirement shall not apply to (a) Accounts in an aggregate amount of \$4,000,000 or less that are stated in Dollars and are due from account debtors that have their principal place of business in Canada, and (b) Accounts stated in Dollars which are fully supported by letters of credit issued or confirmed by (i) United States banks or (ii) other financial institutions acceptable to the Collateral Agents in their Permitted Discretion;

6. the account debtor on such Account is not an Affiliate of the Borrower and is not a supplier to the Borrower and such Account is not otherwise exposed to risk of setoff, defense, counterclaim or recoupment;

7. such Account is not subject to any Lien of any kind other than the lien and security interest in favor of the Administrative Agent;

8. such Account does not arise out of a sale on a bill-and-hold, guaranteed sale, sale or return, sale on approval or consignment basis (excluding sales pursuant to The Home Depot Consignment Agreements or the Lowe's Consignment Agreements) and such Account is not subject to any known right of return, set-off or charge-back;

9. such Account is payable by an account debtor having not more than the Applicable Concentration Limit of the aggregate dollar amount of all then existing Eligible Accounts, or, to the extent that an Account is payable by an account debtor having more than Applicable Concentration Limit of the aggregate dollar amount of all then existing Eligible Accounts, only that portion of the Accounts payable by such account debtor equal to Applicable Concentration Limit of the aggregate dollar amount of all then existing Eligible Accounts shall be Eligible Accounts;

10. such Account does not arise out of a C.O.D. sale;

11. such Account does not arise out of a conditional sales agreement or other agreement pursuant to which the Borrower has retained title to the goods sold or a Lien thereon to secure payment of such Account;

12. such Account is not payable by an account debtor (or its Affiliates) having 50% or more in face value of such account debtor's (and its Affiliates) then existing Accounts with the Borrower ineligible hereunder;

13. such Account is payable in Dollars;

14. the account debtor on such Account is not (i) the United States or any department, agency, or instrumentality of the United States (exclusive, however, of Accounts with respect to which the Borrower has complied, to the reasonable satisfaction of the Collateral Agents, with the Assignment of Claims Act, 31 USC §3727), or (ii) any state of the United States;

15. such Account does not represent the right to receive progress payments or other advance billings that are due prior to the completion of performance by the Borrower of the subject contract for goods or services; and

16. such Account does not represent an Account that the Borrower has determined in good faith may not be valid or collectible or may be doubtful in amount, and such Account is not otherwise unacceptable to the Collateral Agents in their Permitted Discretion.

Notwithstanding the foregoing, no Accounts acquired or arising in connection with an Acquisition shall be included as an Eligible Account until the completion of a field examination of such Accounts, in each case, reasonably satisfactory to the Collateral Agents (which field examination may be conducted prior to the closing of such Acquisition).

“Eligible Assignee” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by (i) the Collateral Agents, and (ii) unless a Default or Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided, that notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower or any of the Borrower’s Affiliates or Subsidiaries.

“Eligible Equipment and Machinery” means equipment and machinery owned by the Borrower that complies with each of the representations and warranties respecting Eligible Equipment and Machinery made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by the Collateral Agents in their Permitted Discretion to address the results of any audit or appraisal performed by the Collateral Agents from time to time after the Closing Date. An item of equipment or machinery shall not be included in Eligible Equipment and Machinery unless (i) the Borrower has good, valid and marketable title thereto, (ii) it is held for use and is operational in the ordinary course of the Borrower’s business, (iii) the Borrower has possession thereof and it is physically located in the continental United States on premises owned by the Borrower (or, if such premises are owned by a third Person, such Person has waived or subordinated any Lien it may have in a form satisfactory to the Collateral Agents and their respective counsels), (iv) it is not subject to any Lien of any kind other than the lien and security interest of the Administrative Agent, and (v) it is not otherwise unacceptable to the Collateral Agents in their Permitted Discretion.

“Eligible Inventory” means finished goods and polyethylene raw materials Inventory owned by the Borrower that complies with each of the representations and warranties respecting Eligible Inventory made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Collateral Agents in their Permitted Discretion to address the results of any audit or appraisal performed by Collateral Agents from time to time after the Closing Date. An item of Inventory shall not be included in Eligible Inventory unless (i) the Borrower has good, valid and marketable title thereto, (ii) it is held for use or sale in the ordinary course of the Borrower’s business, (iii) the Borrower has possession thereof and it is physically located in the continental United States on premises owned by the Borrower (or, if such premises are owned by a third Person, such Person has waived or subordinated any

landlord's or warehouseman's Lien it may have in a form satisfactory to the Collateral Agents and their respective counsels), (iv) it has not been returned to the Borrower by any purchaser thereof, (v) it is of a kind normally and customarily sold by the Borrower and which is not, because of age, unmerchantability, obsolescence or any other condition or circumstance, materially impaired in condition, value, or marketability in the good faith opinion of the Borrower, (vi) it is not subject to any Lien of any kind other than the lien and security interest of the Administrative Agent, (vii) it meets all standards imposed by any Governmental Authority having regulatory authority over such inventory, its use and/or sale, (viii) it has not been consigned to any Person, (ix) it does not bear, incorporate or is otherwise subject to any trademark, patent or copyright which is not owned by the Borrower, unless such trademark, patent or copyright is licensed to the Borrower on terms and conditions satisfactory to the Collateral Agents, or unless such goods are private label goods manufactured for The Home Depot or Lowe's, (x) no warehouse receipt or other document of title has been issued with respect thereto, (xi) it is not Excess Inventory, (xii) it does not consist of goods that are obsolete or slow moving, restrictive or custom items, work-in-process, raw materials (other than polyethylene raw materials) or goods that constitute spare parts, packaging and shipping materials, supplies used or consumed in the Borrower's business, bill and hold goods, defective goods, "seconds," or Inventory acquired on consignment, and (xiii) it is not otherwise unacceptable to the Collateral Agents in their Permitted Discretion. Inventory will be valued on a first-in, first-out basis as determined in accordance with GAAP applied on a consistent basis.

Notwithstanding clause (iii) above, if (1) any of the Borrower's inventory (which otherwise meets the requirements of this definition) is located on premises owned by a third Person for which the Administrative Agent has not received a landlord's or warehouseman's Lien waiver or subordination in form satisfactory to the Collateral Agents and their respective counsels, and (2) the aggregate value of all inventory of the Borrower located at such premises does not exceed \$500,000, then the value of such inventory may be included as Eligible Inventory. Notwithstanding clauses (iii), (viii) and (x) above, (A) so long as The Home Depot Consignment Agreements remain in full force and effect, up to \$5,000,000 in aggregate value of the Borrower's inventory (which otherwise meets the requirements of this definition) consigned to The Home Depot may be included as Eligible Inventory, and (B) so long as the Lowe's Consignment Agreements remain in full force and effect, up to \$5,000,000 in aggregate value of the Borrower's inventory (which otherwise meets the requirements of this definition) consigned to Lowe's may be included as Eligible Inventory,

Notwithstanding the foregoing, no Inventory acquired in connection with an Acquisition shall be included as Eligible Inventory until the completion of an appraisal and field examination of such Inventory, in each case, reasonably satisfactory to the Collateral Agents (which appraisal and field examination may be conducted prior to the closing of such Acquisition).

"Eligible Real Estate" means, collectively, (a) the Nevada Property, and (b) the Winchester Property, but in each case only if (i) the Nevada Deed of Trust or the Winchester Deed of Trust, as applicable, is effective, (ii) the applicable conditions with respect to such Property set forth in Section 3.01 have been satisfied, and (iii) such Property complies with each of the representations, warranties, covenants and agreements respecting such Property made in the Loan Documents.

“Environmental Authority” means any foreign, federal, state, local or regional government that exercises any form of jurisdiction or authority under any Environmental Requirement.

“Environmental Authorizations” means all licenses, permits, orders, approvals, notices, registrations or other legal prerequisites for conducting the business of a Loan Party or any Subsidiary of a Loan Party required by any Environmental Requirement.

“Environmental Judgments and Orders” means all judgments, decrees or orders arising from or in any way associated with any Environmental Requirements, whether or not entered upon consent or written agreements with an Environmental Authority or other entity arising from or in any way associated with any Environmental Requirement, whether or not incorporated in a judgment, decree or order.

“Environmental Laws” means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“Environmental Liabilities” means any liabilities, whether accrued, contingent or otherwise, arising from and in any way associated with any Environmental Requirements.

“Environmental Notices” means notice from any Environmental Authority or by any other person or entity, of possible or alleged noncompliance with or liability under any Environmental Requirement, including without limitation any complaints, citations, demands or requests from any Environmental Authority or from any other person or entity for correction of any violation of any Environmental Requirement or any investigations concerning any violation of any Environmental Requirement.

“Environmental Proceedings” means any judicial or administrative proceedings arising from or in any way associated with any Environmental Requirement.

“Environmental Releases” means releases as defined in CERCLA or under any applicable federal, state or local environmental law or regulation and shall include, in any event and without limitation, any release of petroleum or petroleum related products.

“Environmental Requirements” means any legal requirement relating to health, safety or the environment and applicable to a Loan Party, any Subsidiary of a Loan Party or the Properties, including but not limited to any such requirement under CERCLA or similar state legislation and all federal, state and local laws, ordinances, regulations, orders, writs, decrees and common law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law and all rules and regulations from time to time promulgated thereunder. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

“Euro-Dollar Advance” means, with respect to any Advance, such Advance during Interest Periods when such Advance bears or is to bear interest at a rate based upon the London InterBank Offered Rate.

“Euro-Dollar Business Day” means any Domestic Business Day on which dealings in Dollar deposits are carried out in the London interbank market.

“Euro-Dollar Reserve Percentage” has the meaning set forth in Section 2.06(c).

“Event of Default” has the meaning set forth in Section 6.01.

“Excess Inventory” means Inventory of a particular type determined by the Collateral Agents to be in excess of a twelve (12) month supply of the Borrower’s requirements therefor, unless a greater level of Inventory shall be approved in writing by the Collateral Agents.

“Excess Liquidity” means, as of any date of determination thereof by the Collateral Agents, the sum of (a) the Borrower’s unrestricted cash and Cash Equivalents (including without limitation funds on deposit in the Collateral Reserve Account and the Controlled Account) which are subject to a first priority (and exclusive) Lien in favor of the Administrative Agent, plus (b) an amount equal to the remainder of (i) the lesser of (A) the aggregate Revolver Commitments, and (B) the Borrowing Base, minus (ii) the sum of (A) the aggregate outstanding principal amount of all Revolver Advances, Swing Advances and Letter of Credit Obligations, plus (B) applicable Reserves (without duplication of Reserves deducted in the calculation of the Borrowing Base), plus (C) the aggregate amount, if any, of all trade payables of the Borrower aged in excess of historical levels with respect thereto and all book overdrafts of the Borrower in excess of historical practices with respect thereto, in each case as determined by the Collateral Agents in their Permitted Discretion.

“Excess Liquidity Requirement” means (a) \$140,000,000 prior to the date on which the Senior Subordinated Notes have been redeemed in full, and (b) \$40,000,000 thereafter.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a

Change of Law) to comply with Section 2.12(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.12(e).

“Existing Letters of Credit” means the following existing letters of credit issued by the Letter of Credit Issuer for the account of the Borrower: account number 9531192564-00003 (in the stated amount of \$108,756).

“Extraordinary Receipt” means any cash received by or paid to or for the account of any Loan Party or any Subsidiary thereof not in the ordinary course of business, including tax refunds, pension plan reversions, proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings), condemnation awards (and payments in lieu thereof), indemnity payments and any purchase price adjustments. Notwithstanding the foregoing, other than any such amounts relating to any Eligible Equipment and Machinery or Eligible Real Estate, “Extraordinary Receipt” (i) shall not include the first \$250,000 in such cash received during any Fiscal Year, (ii) provided the aggregate amount of such cash received during any Fiscal Year does not exceed \$800,000, shall not include such cash received during such Fiscal Year in the amount of \$50,000 or less with respect to any individual occurrence, and (iii) if the aggregate amount of such cash received during any Fiscal Year exceeds \$800,000, shall include all such cash received in excess of \$800,000 during such Fiscal Year, regardless of the amount per occurrence.

“Facing Fee” has the meaning given such term in Section 2.07(d).

“FASB” means the Financial Accounting Standards Board.

“Fee Letter” means that certain letter agreement dated November 8, 2011, among the Administrative Agent, the Lead Arranger and the Borrower, relating to the terms of this Agreement, and certain fees from time to time payable by the Borrower to the Lead Arranger, the Lenders and the Administrative Agent, together with all amendments and modifications thereto.

“Financing” means (i) any transaction or series of transactions for the incurrence by a Loan Party of any Debt or for the establishment of a commitment to make advances which would constitute Debt of a Loan Party and not by its terms subordinate and junior to other Debt of a Loan Party, (ii) an obligation incurred in a transaction or series of transactions in which assets of a Loan Party are sold and leased back, or (iii) a sale of accounts or other receivables or any interest therein.

“Fiscal Quarter” means any fiscal quarter of the Borrower.

“Fiscal Year” means any fiscal year of the Borrower.

“Fixed Charge Coverage Ratio” means, as of any date of measurement, the ratio of (i) the sum of Consolidated EBITDA for the four-quarter period ending on such date minus cash taxes for such four-quarter period minus Capital Expenditures for such four-quarter period minus Restricted Payments (other than those described in clause (ii) of the definition thereof) made in cash for such four-quarter period, to (ii) the sum of current maturities of long-term debt

of the Borrower and its Consolidated Subsidiaries for such four-quarter period (which, for purposes of this definition, shall also include the monthly reductions described in clause (ii)(A) of paragraph (c) of the definition of “Borrowing Base”) and consolidated interest expense for such four-quarter period, in each case as measured for Borrower and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP. Notwithstanding the foregoing, if, in accordance with the terms of the Indenture, the conditions to the exercise by the holders of the Senior Subordinated Notes of their right to convert all or any portion of such Senior Subordinated Notes have been satisfied, the principal balance of such Senior Subordinated Notes shall not be included in the calculation of the current maturities of long-term debt of the Borrower and its Consolidated Subsidiaries for purposes of determining the Fixed Charge Coverage Ratio. Further notwithstanding the foregoing, the principal balance of Senior Subordinated Notes that are within one year of their stated maturity date shall not be included in the calculation of the current maturities of long-term debt of the Borrower.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America, applied on a basis consistent with those which, in accordance with Section 1.02, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to secure, purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to provide collateral security, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guaranteed Obligations” means the Obligations, including without limitation, any and all liabilities, indebtedness and obligations of any and every kind and nature, heretofore, now or hereafter owing, arising, due or payable from the Borrower to one or more of the Lenders, the Letter of Credit Issuer, the Hedge Counterparties, any Secured Party, the Administrative Agent, or any of them, arising under or evidenced by this Agreement, the Notes, the Collateral Documents or any other Loan Document.

“Guarantors” shall mean, collectively, each direct and indirect Domestic Subsidiary acquired, formed or otherwise in existence after the Closing Date and required to become a party to this Agreement as a Guarantor pursuant to Section 5.24.

“Hazardous Materials” means (a) solid or hazardous waste, as defined in the Resource Conservation and Recovery Act of 1980, 42 U.S.C. §6901 et seq. and its implementing regulations and amendments, or in any applicable state or local law or regulation, (b) any “hazardous substance,” “pollutant” or “contaminant,” as defined in CERCLA, or in any applicable state or local law or regulation, (c) gasoline, or any other petroleum product or by-product, including crude oil or any fraction thereof, (d) toxic substances, as defined in the Toxic Substances Control Act of 1976, or in any applicable state or local law or regulation and (e) insecticides, fungicides, or rodenticides, as defined in the Federal Insecticide, Fungicide, and Rodenticide Act of 1975, or in any applicable state or local law or regulation, as each such Act, statute or regulation may be amended from time to time.

“Hedge Counterparty” means BB&T and/or Wells Fargo, or any of their Affiliates, as applicable.

“Hedge Transaction” of any Person shall mean any transaction (including an agreement with respect thereto) now existing or hereafter entered into by such Person that is a rate swap, basis swap, forward rate transaction, commodity swap, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collateral transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“Hedging Agreement” means each agreement between the Borrower and a Hedge Counterparty that governs one or more Hedge Transactions entered into pursuant to Section 5.30, which agreement shall consist of a “Master Agreement” in a form published by the International Swaps and Derivatives Association, Inc., together with a “Schedule” thereto in the form the Collateral Agents shall approve in writing, and each “Confirmation” thereunder confirming the specific terms of each such Hedge Transaction.

“Hedging Obligations” of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedge Transactions, (ii) any and all cancellations,

buy backs, reversals, terminations or assignments of any Hedge Transactions and (iii) any and all renewals, extensions and modifications of any Hedge Transactions and any and all substitutions for any Hedge Transactions.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indenture” means the Indenture dated as of June 18, 2007, between the Borrower, as Issuer, and The Bank of New York, as Trustee, as supplemented by the Supplemental Indenture dated as of June 18, 2007, between the Borrower, as Issuer, and The Bank of New York, as Trustee, as further amended and supplemented from time to time.

“Interest Payment Date” means the first day of each month.

“Interest Period” means with respect to each Borrowing, a calendar month (commencing on the first day of each calendar month and ending on the last day of each calendar month regardless of whether a Borrowing is outstanding on either date); provided, that:

- (a) the initial Interest Period shall mean the period commencing on the Closing Date and ending January 31, 2012; and
- (b) the last Interest Period under this Agreement shall end on the Termination Date.

“Inventory” has the meaning set forth in the Security Agreement.

“Inventory Sublimit” means (a) \$47,500,000 during the first, second and third Fiscal Quarters of each Fiscal Year, and (b) \$55,000,000 during the fourth Fiscal Quarter of each Fiscal Year.

“Investment” means any investment in any Person, whether by means of (i) purchase or acquisition of all or substantially all of the assets of such Person (or of a division or line of business of such Person), (ii) purchase or acquisition of obligations or securities of such Person, (iii) capital contribution to such Person, (iv) loan or advance to such Person, (v) making of a time deposit with such Person, (vi) Guarantee or assumption of any obligation of such Person or (vii) by any other means.

“Joinder Agreement” means a Joinder and Reaffirmation Agreement substantially in the form of Exhibit J.

“Lead Arranger” means BB&T Capital Markets, and its successors.

“Lender” means each lender listed on the signature pages hereof as having a Revolver Commitment, and its successors and assigns. Unless the context otherwise requires, each reference to a Lender shall include the Swing Line Lender.

“Lending Office” means, as to each Lender, its office located at its address set forth on the signature pages hereof (or identified on the signature pages hereof as its Lending Office) or such other office as such Lender may hereafter designate as its Lending Office by notice to the Borrower and the Administrative Agent.

“Letter of Credit” means a letter of credit issued by the Letter of Credit Issuer for the account of the Borrower pursuant to Article XI, and shall include the Existing Letters of Credit.

“Letter of Credit Application Agreement” shall mean, with respect to a Letter of Credit, such form of application therefor (whether in a single or several documents) as the Letter of Credit Issuer may employ in the ordinary course of business for its own account, whether or not providing for collateral security, with such modifications thereto as may be agreed upon by the Letter of Credit Issuer and the Borrower and are not materially adverse to the interests of the Lenders; provided, however, that in the event of any conflict between the terms of any Letter of Credit Application Agreement and this Agreement with respect to (i) any fees payable in connection with any Letter of Credit, (ii) the interest rate applicable to unreimbursed drawings under any Letter of Credit, or (iii) the collateral securing any Letter of Credit, the terms of this Agreement shall control.

“Letter of Credit Fee” has the meaning set forth in Section 2.07(c).

“Letter of Credit Issuer” means BB&T, in its capacity as issuer of each Letter of Credit pursuant to Article XI, and its successors and permitted assigns in such capacity.

“Letter of Credit Obligations” means, at any particular time, the sum of (a) the Reimbursement Obligations at such time, (b) the aggregate maximum amount available for drawing under the Letters of Credit at such time and (c) the aggregate maximum amount available for drawing under Letters of Credit the issuance of which has been authorized by the Letter of Credit Issuer but which have not yet been issued.

“Lien” means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, or preferential arrangement which has the practical effect of constituting a security interest or encumbrance, servitude or encumbrance of any kind in respect of such asset to secure or assure payment of a Debt or a Guarantee, whether by consensual agreement or by operation of statute or other law, or by any agreement, contingent or otherwise, to provide any of the foregoing. For the purposes of this Agreement, the Borrower, any Guarantor or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Loan Documents” means this Agreement, the Notes, the Letter of Credit Application Agreements, the Collateral Documents, the Asset Based Lending Credit Line Sweep Services Agreement, the Collateral Agents Letter, any side letter executed by the Borrower and each of the Collateral Agents, the Fee Letter, the Hedging Agreements, any other document evidencing or securing the Advances or the Letters of Credit, and any other document or instrument delivered by any Loan Party from time to time in connection with this Agreement, the Notes, the Letter of Credit Application Agreements, the Collateral Documents, the Asset Based

Lending Credit Line Sweep Services Agreement, the Collateral Agents Letter, any side letter executed by the Borrower and each of the Collateral Agents, the Fee Letter, the Hedging Agreements, the Advances or the Letters of Credit, as such documents and instruments may be amended, modified, restated or supplemented from time to time.

“Loan Parties” means, collectively, the Borrower and the Guarantors.

“Lockbox Agreement” means any agreement on the Administrative Agent’s standard form to be executed by the Borrower relating to the provision for lockbox services and requirements.

“London InterBank Offered Rate” has the meaning set forth in Section 2.06(c).

“Lowe’s” means Lowe’s Companies, Inc., a North Carolina corporation.

“Lowe’s Consignment Agreements” means, collectively, (i) the Master Standard Buying Agreement dated January 5, 2007, between Lowe’s and the Borrower, and (ii) the Consignee Agreement dated March 2008, among Lowe’s, BB&T and the Borrower.

“Margin and Fee Rate Report” has the meaning given such term in Section 5.01(n).

“Margin Stock” means “margin stock” as defined in Regulations T, U or X of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the financial condition, operations, business or properties of the Borrower and its consolidated Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent, the Collateral Agents or the Lenders under the Loan Documents, or the ability of the Borrower or any other Loan Party to perform its obligations under the Loan Documents to which it is a party, as applicable, or (c) the legality, validity or enforceability of any Loan Document.

“Material Contract” has the meaning given such term in Section 4.33.

“Multiemployer Plan” shall have the meaning set forth in Section 4001(a)(3) of ERISA.

“Net Cash Proceeds” means:

(a) with respect to any Disposition by any Loan Party or any Applicable Subsidiary thereof, or any Extraordinary Receipt received or paid to the account of any Loan Party or any Applicable Subsidiary thereof, the excess, if any, of (i) the sum of cash and Cash Equivalents received in connection with such transaction (including any cash or Cash

Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) the principal amount of any Debt that is secured by the applicable asset and that is required to be repaid in connection with such transaction (other than Debt hereunder or under the Loan Documents), (B) the reasonable and customary out-of-pocket expenses incurred by such Loan Party or such Applicable Subsidiary in connection with such transaction, and (C) income taxes reasonably estimated to be actually payable within two years of the date of the relevant transaction as a result of any gain recognized in connection therewith; provided that, if the amount of any estimated taxes pursuant to clause (C) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Cash Proceeds; and

(b) with respect to the sale or issuance of any Capital Securities by any Loan Party or any Applicable Subsidiary thereof, or the incurrence or issuance of any Debt by any Loan Party or any Applicable Subsidiary thereof, the excess of (i) the sum of the cash and Cash Equivalents received in connection with such transaction over (ii) the underwriting discounts and commissions, and other reasonable and customary out-of-pocket expenses, incurred by such Loan Party or such Subsidiary in connection therewith.

“Net Income Exclusions” means the items listed on Schedule 1.01.

“Nevada Deed of Trust” means the Deed of Trust dated as of January 6, 2012, from the Borrower to the trustee named therein for the benefit of the Administrative Agent (on behalf of the Secured Parties), covering the Nevada Property, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Nevada Property” means the real estate and personal property relating to the facility owned by the Borrower and located in Lyon County, Nevada.

“Notes” means, collectively, the Revolver Notes and the Swing Advance Note, and any and all amendments, consolidations, modifications, renewals, substitutions, restatements and supplements thereto or replacements thereof. “Note” means any one of such Notes.

“Notice of Borrowing” has the meaning set forth in Section 2.02.

“Notice of Conversion” has the meaning set forth in Section 2.03.

“Obligations” means the collective reference to all of the following indebtedness obligations and liabilities: (a) the due and punctual payment by the Borrower of: (i) the principal of and interest on the Notes (including without limitation, any and all Revolver Advances and Swing Advances), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and any renewals, modifications, restatements, or extensions thereof, in whole or in part; (ii) each payment required to be made by the Borrower under this Agreement and the Letter of Credit Application Agreements, when and as due, including payments in respect of reimbursement of disbursements, interest thereon, and obligations, if any, to provide cash collateral and any renewals, modifications or extensions thereof, in whole or in part; and (iii) all other monetary obligations of the Borrower to the Secured Parties under this Agreement and the other Loan Documents to which the Borrower is or

is to be a party and any renewals, modifications or extensions thereof, in whole or in part; (b) the due and punctual performance of all other obligations of the Borrower under this Agreement and the other Loan Documents to which the Borrower is or is to be a party, and any renewals, modifications or extensions thereof, in whole or in part; (c) the due and punctual payment (whether at the stated maturity, by acceleration or otherwise) of all obligations (including any and all Hedging Obligations arising under Hedging Agreements and obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due), indebtedness and liabilities of the Borrower, now existing or hereafter incurred under, arising out of or in connection with any and all Hedging Agreements and any renewals, modifications or extensions thereof (including, all obligations, if any, of the Borrower as guarantor under this Agreement in respect of Hedging Agreements), and the due and punctual performance and compliance by the Borrower with all of the terms, conditions and agreements contained in any Hedging Agreement and any renewals, modifications or extensions thereof; (d) the due and punctual payment and performance of all indebtedness, liabilities and obligations of any one or more of the Borrower and Guarantors arising out of or relating to any Bank Products; (e) the due and punctual payment and performance of all indebtedness, liabilities and obligations of any one or more of the Borrower and Guarantors arising out of or relating to any Cash Management Services; and (f) the due and punctual payment and performance of all obligations of each of the Guarantors under this Agreement and the other Loan Documents to which they are or are to be a party and any and all renewals, modifications, restatements or extensions thereof, in whole or in part

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Officer’s Certificate” has the meaning set forth in Section 3.01(e).

“Operating Account” shall mean the Borrower’s demand deposit account at any time with the Administrative Agent. The term “Operating Account” shall be deemed to include any substitute or replacement account at the Administrative Agent.

“Operating Documents” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the bylaws, operating agreement, partnership agreement, limited partnership agreement, shareholder agreement or other applicable documents relating to the operation, governance or management of such entity.

“Organizational Action” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, any corporate, organizational or partnership action (including any required shareholder, member or partner action), or other similar official action, as applicable, taken by such entity.

“Organizational Documents” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the articles of incorporation, certificate of incorporation, articles of organization, certificate of limited partnership or other applicable organizational or charter documents relating to the creation of such entity.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Participant” has the meaning set forth in Section 9.07(d).

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001, as amended from time to time, and any successor statute, including the rules or regulations promulgated thereunder, in each case as in effect from time to time.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Discretion” means a determination made in the exercise of reasonable (from the perspective of a secured lender) business judgment.

“Person” means a natural person, a corporation, a limited liability company, a partnership (including without limitation, a joint venture), an unincorporated association, a trust or any other entity or organization, including, but not limited to, a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (i) maintained by a member of the Controlled Group for employees of any member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding 5 plan years made contributions.

“Pledge Agreement” means any Pledge Agreement pursuant to which the Borrower and, if applicable, any Pledgor Subsidiary pledges to the Collateral Agent for the benefit of the Secured Parties, among other things, (i) all of the capital stock and equity interests of the Guarantors and of each other current or future Domestic Subsidiary; and (ii) sixty-five percent (65%) of the capital stock and equity interests of each current or future Direct Foreign Subsidiary.

“Pledgor Subsidiary” has the meaning set forth in Section 5.24.

“Prime Rate” refers to that interest rate so denominated and set by BB&T from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by BB&T. BB&T lends at interest rates above and below the Prime Rate.

“Proceeds” shall have the meaning given to it under the UCC and shall include without limitation the collections and distributions of Collateral, cash or non-cash.

“Properties” means all real property owned, leased or otherwise used or occupied by a Loan Party or any Subsidiary of a Loan Party, wherever located. “Property” means any one of such Properties.

“Quarterly Payment Date” means each March 31, June 30, September 30 and December 31, or, if any such day is not a Domestic Business Day, the next succeeding Domestic Business Day.

“Redeemable Preferred Securities” of any Person means any preferred stock or similar Capital Securities (including, without limitation, limited liability company membership interests and limited partnership interests) issued by such Person which is at any time prior to the Termination Date either (i) mandatorily redeemable (by sinking fund or similar payments or otherwise) or (ii) redeemable at the option of the holder thereof.

“Register” has the meaning set forth in Section 9.07(c).

“Reimbursement Obligations” means the reimbursement or repayment obligations of the Borrower to the Letter of Credit Issuer pursuant to Section 11.05 with respect to amounts drawn on Letters of Credit.

“Related Fund” means, with respect to any Lender that is a Fund that invests in lender loans, any other fund that invests in lender loans and is advised or managed by the same investment advisor as such Lender.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Required Lenders” means (i) for any period during which there are two or fewer non-Affiliated Lenders, all Lenders, and (ii) during any other period, Lenders having at least 66-2/3% of the aggregate amount of the Revolver Commitments of all of the Lenders or, if the Revolver Commitments are no longer in effect, Lenders holding at least 66-2/3% of the aggregate outstanding principal amount of the Revolver Notes and the Letter of Credit Obligations; provided, however, that each Collateral Agent shall always be a Required Lender. The unfunded Revolver Commitments of, and the outstanding Advances held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Reserves” means such reserves as the Collateral Agents may from time to time establish against the Borrowing Base and/or the Revolver Commitment in such amounts, and with respect to such matters, as the Collateral Agents in their Permitted Discretion shall deem necessary or appropriate, including (i) reserves in an amount equal to the Bank Product Reserve Amount, (ii) reserves with respect to (A) sums that any Loan Party is required to pay under this Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, or, in the case of leased assets, rents or other amounts payable under such leases) and has failed to pay

when due, and (B) amounts owing by any Loan Party to any Person to the extent secured by a Lien on, or trust over, any of the Collateral, which Lien or trust, in the Permitted Discretion of the Collateral Agents, likely would have a priority superior to the Administrative Agent's Liens (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for ad valorem, excise, sales, or other taxes where given priority under applicable law) in and to such item of the Collateral, (iii) reserves with respect to events, conditions, contingencies or risks which without limitation do or may affect the Borrowing Base, the business prospects of the Borrower or any account debtor on any Eligible Account, or the security interest of the Administrative Agent (on behalf the Secured Parties), including enforceability, perfection and the priority thereof, in each case as such reserves may be increased, reduced, eliminated, or otherwise adjusted from time to time by the Collateral Agents in their Permitted Discretion, and (iv) reserves with respect to environmental issues affecting the Eligible Real Estate. Notwithstanding the forgoing, in the event that an agreement between the Borrower and the provider of a particular Bank Product expressly limits the amount of any reserve that may be established in connection with such Bank Product, the "Reserves" with respect to such Bank Product shall not exceed such amount.

"Restricted Payment" means (i) any dividend or other distribution on any shares of the Borrower's Capital Securities (except dividends payable solely in shares of its Capital Securities); or (ii) any payment on account of the purchase, redemption, retirement or acquisition of (a) any shares of the Borrower's Capital Securities (except shares acquired upon the conversion thereof into other shares of its Capital Securities) or (b) any option, warrant or other right to acquire shares of the Borrower's Capital Securities.

"Revolver Advance" shall mean an advance made to the Borrower under this Agreement pursuant to Section 2.01(a) or, if the context so requires, a Swing Advance made to the Borrower under this Agreement pursuant to Section 2.01(b).

"Revolver Commitment" means, with respect to each Lender, (i) the applicable amount set forth opposite the name of such Lender on the signature pages hereof, or (ii) as to any Lender which enters into an Assignment and Assumption (whether as transferor Lender or as assignee thereunder), the amount of such Lender's Revolver Commitment after giving effect to such Assignment and Assumption, in each case as such amount may be reduced from time to time pursuant to Sections 2.08 and 2.09, and as such amount may be increased pursuant to Section 2.14.

"Revolver Notes" means the promissory notes of the Borrower, substantially in the form of Exhibit C hereto, evidencing the obligation of the Borrower to repay the Revolver Advances, together with all amendments, consolidations, modifications, renewals, substitutions and supplements thereto or replacements thereof and "Revolver Note" means any one of such Revolver Notes.

"Sale/Leaseback Transaction" means any arrangement with any Person providing, directly or indirectly, for the leasing by any Loan Party or any of its Subsidiaries of real or personal property which has been or is to be sold or transferred by any Loan Party or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of any Loan Party or such Subsidiary.

“Sanctioned Entity” shall mean (i) a country or a government of a country, (ii) an agency of the government of a country, (iii) an organization directly or indirectly controlled by a country or its government, (iv) a person or entity resident in or determined to be resident in a country, that is subject to a country sanctions program administered and enforced by OFAC described or referenced at <http://www.ustreas.gov/offices/enforcement/ofac/> or as otherwise published from time to time.

“SEC” means the United States Securities and Exchange Commission, and any successor thereto.

“Secured Parties” shall mean collectively: (1) the Administrative Agent, (2) each Collateral Agent, (3) each Lender (including in such Lender’s capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable), (4) each Affiliate of any Lender in such Affiliate’s capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable, (5) the Swing Line Lender, (6) the Letter of Credit Issuer, and (7) the successors and assigns of the foregoing.

“Security Agreement” means the Amended and Restated Security Agreement dated as of even date herewith, by and among the Borrower, the Guarantors and the Administrative Agent for the benefit of the Secured Parties, to be executed and delivered in connection herewith.

“Senior Subordinated Notes” means the 6.0% Convertible Senior Subordinated Notes due July 1, 2012, in the aggregate original maximum principal amount of \$97,500,000.00 issued by the Borrower and outstanding from time to time under the Indenture.

“Stated Termination Date” means January 9, 2015, as such date may be extended pursuant to Section 2.05.

“Subordinated Debt” means Debt subordinated to the Obligations by subordination agreements reasonably satisfactory to the Required Lenders in their sole discretion.

“Subsidiary” of any Person means a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interest having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swing Advance” means an Advance made by the Swing Line Lender pursuant to Section 2.01(b), which must be a Base Rate Advance.

“Swing Advance Note” means the promissory note of the Borrower, substantially in the form of Exhibit D, evidencing the obligation of the Borrower to repay the Swing Advances, together with all amendments, consolidations, modifications, renewals, and supplements thereto.

“Swing Line Lender” means BB&T, in its capacity as the maker of each Swing Advance pursuant to Section 2.01(b), and its successors and permitted assigns in such capacity.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Termination Date” means the earliest to occur of (i) the Stated Termination Date, (ii) the date the Revolver Commitments of all of the Lenders are terminated pursuant to Section 6.01 following the occurrence of an Event of Default, and (iii) the date the Borrower terminates the Revolver Commitments of all of the Lenders entirely pursuant to Section 2.08.

“The Home Depot” means Home Depot U.S.A., Inc., a Delaware corporation.

“The Home Depot Consignment Agreements” means, collectively, (i) the Product Handling Agreement dated March 13, 2006, between The Home Depot and the Borrower, and (ii) the letter agreement dated March 16, 2007, among The Home Depot, BB&T and the Borrower.

“Third Parties” means all lessees, sublessees, licensees and other users of the Properties, excluding those users of the Properties in the ordinary course of the Borrower’s business and on a temporary basis.

“Total Unused Revolver Commitments” means, at any date, an amount equal to: (A) the aggregate amount of the Revolver Commitments of all of the Lenders at such time, less (B) the sum of the aggregate outstanding principal amount of the Revolver Advances of all of the Lenders at such time and the Letter of Credit Obligations.

“UCC” has the meaning set forth in the Security Agreement.

“Undrawn Amounts” means, as of any date, the aggregate undrawn amount of all Letters of Credit then issued and outstanding.

“Unused Commitment” means, at any date, with respect to any Lender, an amount equal to its Revolver Commitment less the sum of (a) the aggregate outstanding principal amount of its Revolver Advances (excluding for purposes of Section 2.07 from such Revolver Advances, its Applicable Percentage of Swing Advances (and in the case of BB&T, excluding from BB&T’s Revolver Advances all Swing Advances)), and (b) its Applicable Percentage of Letter of Credit Obligations.

“Voting Stock” means securities (as such term is defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to cast votes in any election of any corporate directors (or Persons performing similar functions).

“Wells Fargo” means Wells Fargo Capital Finance, LLC, and its successors.

“Wholly-Owned Subsidiary” means any Subsidiary all of the Capital Securities of which are at the time directly or indirectly owned by the Borrower or any Loan Party.

“Winchester Deed of Trust” means the Amended and Restated Credit Line Deed of Trust dated as of November 4, 2009, from the Borrower to the trustee named therein for the benefit of BB&T as Administrative Agent (on behalf of the Secured Parties), covering the Winchester Property, as it may be amended, restated, supplemented or otherwise modified from time to time (including by the Winchester Deed of Trust Amendment).

“Winchester Deed of Trust Amendment” shall mean the Modification to Amended and Restated Credit Line Deed of Trust by and among the Borrower, the trustee named therein and BB&T as Administrative Agent, increasing the principal amount secured by the Winchester Deed of Trust to \$16,350,000 and otherwise in form and substance satisfactory to the Collateral Agents.

“Winchester Property” means the real estate owned by the Borrower and personal property relating to the Borrower’s facility located in Winchester, Virginia.

“Winchester Title Policy” shall mean ALTA Loan Policy Number VMDL.E811553646 dated November 4, 2009, issued by First American Title Insurance Company, and any amendments or endorsements thereto.

SECTION 1.02. Accounting Terms and Determinations.

Unless otherwise specified herein, all terms of an accounting character used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP, applied on a basis consistent (except for changes concurred in by the Borrower’s independent public accountants or otherwise required by a change in GAAP) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Administrative Agent for distribution to the Lenders, unless with respect to any such change concurred in by the Borrower’s independent public accountants or required by GAAP, in determining compliance with any of the provisions of this Agreement or any of the other Loan Documents: (i) the Borrower shall have objected to determining such compliance on such basis at or prior the time of delivery of such financial statements, or (ii) the Required Lenders shall so object in writing within thirty (30) calendar days after the delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the most recent financial statements provided by the Borrower prior to such change (which, if objection is made in respect of the first financial statements delivered under Section 5.01 hereof, shall mean the financial statements referred to in Section 4.04).

SECTION 1.03. Use of Defined Terms.

All terms defined in this Agreement shall have the same meanings when used in any of the other Loan Documents, unless otherwise defined therein or unless the context shall otherwise require.

SECTION 1.04. Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time; (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights; and (g) titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

ARTICLE II
THE CREDIT

SECTION 2.01. Commitments to Make Advances.

(a) Revolver Advances. Each Lender severally agrees, on the terms and conditions set forth herein, to make Revolver Advances to the Borrower from time to time before the Termination Date; provided, that, immediately after each such Revolver Advance is made, the aggregate outstanding principal amount of Revolver Advances by such Lender together with such Lender's Applicable Percentage of the aggregate outstanding principal amount of all Swing Advances and Letter of Credit Obligations shall not exceed the amount of the Revolver Commitment of such Lender at such time; provided further that the aggregate principal amount of all Revolver Advances, together with the aggregate principal amount of all Letter of Credit Obligations and Swing Advances shall not exceed the remainder of (1) the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments of all of the Lenders at such time, minus (2) Reserves (without duplication of Reserves deducted in the calculation of the Borrowing Base). Except as otherwise provided in the Asset Based Lending Credit Line Sweep Services Agreement, each Revolver Borrowing under this Section 2.01(a) shall be in an

aggregate principal amount of \$500,000 or any larger multiple of \$100,000 (except that any such Revolver Borrowing may be in the aggregate amount of the Total Unused Revolver Commitments) and shall be made from the several Lenders ratably in proportion to their respective Revolver Commitments. Within the foregoing limits, the Borrower may borrow under this Section 2.01(a), repay or, to the extent permitted by Section 2.10, prepay Revolver Advances and reborrow under this Section 2.01(a) at any time before the Termination Date.

(b) Swing Advances. In addition to the foregoing, the Swing Line Lender shall from time to time, upon the request of the Borrower, if the applicable conditions precedent in Article III have been satisfied, make Swing Advances to the Borrower in an aggregate principal amount at any time outstanding not exceeding \$5,000,000; provided, that, immediately after such Swing Advance is made, the conditions set forth in Section 2.01(a) shall have been satisfied. Except as otherwise provided in the Asset Based Lending Credit Line Sweep Services Agreement, each Swing Line Borrowing under this Section 2.01(b) shall be in an aggregate principal amount of \$100,000 or any larger multiple of \$50,000. Within the foregoing limits, the Borrower may borrow under this Section 2.01(b), prepay and reborrow under this Section 2.01(b) at any time before the Termination Date. Solely for purposes of calculating fees under Section 2.07(a), Swing Advances shall not be considered a utilization of the Revolver Commitment of BB&T or any other Lender hereunder. All Swing Advances shall be made as Base Rate Advances. On the fifth Domestic Business Day following the making of any Swing Borrowing under this Section 2.01(b), such Swing Borrowing shall automatically be refinanced by a Revolver Borrowing under Section 2.02. If for any reason a Swing Borrowing cannot be refinanced by such a Revolver Borrowing on such fifth Domestic Business Day, then each Lender other than Swing Line Lender shall purchase a participating interest in such Swing Advances in an amount equal to its ratable share (based upon its respective Revolver Commitment) of such Swing Advances. On such fifth Domestic Business Day, each Lender will immediately transfer to the Swing Line Lender, in immediately available funds, the amount of its participation. Whenever, at any time after the Swing Line Lender has received from any such Lender its participating interest in a Swing Advance, the Administrative Agent receives any payment on account thereof, the Administrative Agent will distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); provided, however, that in the event that such payment received by the Administrative Agent is required to be returned, such Lender will return to the Administrative Agent any portion thereof previously distributed by the Administrative Agent to it. Each Lender's obligation to purchase such participating interests shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which such Lender or any other Person may have against the Swing Line Lender requesting such purchase or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or Event of Default or the termination of the Revolver Commitments; (iii) any adverse change in the condition (financial, business or otherwise) of any Loan Party or any other Person; (iv) any breach of this Agreement by the Borrower, any other Loan Party or any other Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.02. Method of Borrowing Advances.

(a) Except as otherwise provided in the Asset Based Lending Credit Line Sweep Services Agreement, the Borrower shall give the Administrative Agent notice in the form attached hereto as Exhibit A (a "Notice of Borrowing") prior to 11:00 A.M. (Eastern time) at least two (2) Domestic Business Days before each Revolver Borrowing (or on the Domestic Business Day of any requested Swing Line Borrowing), specifying:

- (i) the date of such Borrowing, which shall be a Domestic Business Day,
- (ii) the aggregate amount of such Borrowing,
- (iii) whether such Borrowing will be a Revolver Borrowing or a Swing Line Borrowing; and
- (iv) in the case of a Revolver Borrowing, whether the Advances comprising such Borrowing are to be Base Rate Advances or Euro-Dollar Advances.

(b) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of the contents thereof and (unless such Borrowing is a Swing Line Borrowing) of such Lender's ratable share of such Borrowing and such Notice of Borrowing, once received by the Administrative Agent, shall not thereafter be revocable by the Borrower.

(c) Not later than 11:00 A.M. (Eastern time) on the date of each Revolver Borrowing, each Lender shall make available its ratable share of such Borrowing, in Federal or other funds immediately available in Winston-Salem, North Carolina, to the Administrative Agent at its address referred to in or specified pursuant to Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article III has not been satisfied: (1) in the case of a Revolver Borrowing, the Administrative Agent will disburse the funds so received from the Lenders to the Borrower; and (2) in the case of a Swing Line Borrowing, the Swing Line Lender will make available to the Borrower the amount of any such Swing Line Borrowing.

(d) In the event that a Notice of Borrowing fails to specify whether the Advances comprising a Revolver Borrowing are to be Base Rate Advances or Euro-Dollar Advances, such Advances shall be made as Euro-Dollar Advances. If the Borrower is otherwise entitled under this Agreement to repay any Advances maturing at the end of an Interest Period applicable thereto with the proceeds of a new Borrowing, and the Borrower fails to repay such Advances using its own moneys and fails to give a Notice of Borrowing in connection with such new Borrowing, a new Borrowing shall be deemed to be made on the date such Advances mature in an amount equal to the principal amount of the Advances so maturing, and the Advances comprising such new Borrowing shall be Euro-Dollar Advances.

SECTION 2.03. Conversion Elections.

By delivering a notice (a "Notice of Conversion"), which shall be substantially in the form of Exhibit E, to the Administrative Agent on or before 12:00 P.M., Eastern time, on a Domestic Business Day, the Borrower may from time to time irrevocably elect, by notice one Domestic Business Day prior, that all, or any portion in an aggregate principal amount of

\$500,000 or any larger integral multiple of \$100,000 be, (i) in the case of Base Rate Advances, converted into Euro-Dollar Advances or (ii) in the case of Euro-Dollar Advances, converted into Base Rate Advances; provided, however, that each such conversion shall be pro rated among the applicable outstanding Advances of all Lenders that have made such Advances.

SECTION 2.04. Notes.

The Revolver Advances of each Lender shall be evidenced by a single Revolver Note payable to the order of such Lender for the account of its Lending Office in an amount equal to the original principal amount of such Lender's Revolver Commitment. Upon the request of the Swing Line Lender, the Swing Advances may be evidenced by a single Swing Advance Note payable to the order of the Swing Line Lender in the original principal amount of \$5,000,000. Upon receipt of each Lender's Notes pursuant to Section 3.01, the Administrative Agent shall deliver such Notes to such Lender. Each Lender shall record, and prior to any transfer of its Notes shall endorse on the schedules forming a part thereof appropriate notations to evidence, the date, amount and maturity of, and effective interest rate for, each Advance made by it thereunder, the date and amount of each payment of principal made by the Borrower with respect thereto and such schedule shall be conclusive evidence, in the absence of manifest error, of the principal amount owing and unpaid on such Lender's Notes; provided, that the failure of any Lender to make, or any error in making, any such recordation or endorsement shall not affect the obligation of the Borrower hereunder or under the Notes or the ability of any Lender to assign its Notes. Each Lender is hereby irrevocably authorized by the Borrower so to endorse its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required.

SECTION 2.05. Maturity of Advances; Extension Option.

Each Advance included in any Borrowing shall mature, and the principal amount thereof, together with all accrued unpaid interest thereon, shall be due and payable on the Termination Date. On or prior to the first anniversary of the Closing Date, the Borrower may, by notice to the Administrative Agent (who shall promptly notify the Lenders) request that the Administrative Agent and the Lenders extend the Stated Termination Date by one year, and the Administrative Agent and the Lenders may, each in their sole and individual discretion, elect to do so, it being understood that (a) no such extension shall be effective unless all Lenders unanimously agree to the extension, and (b) any Lender that has not responded to such extension request within fifteen (15) Domestic Business Days following the date of the Administrative Agent's notice of such extension request to the Lenders, shall be deemed to have rejected such request. In the event that such extension request is accepted by all Lenders, this Agreement shall be automatically amended as of the first anniversary of the Closing Date to provide that the Stated Termination Date is extended to January 9, 2016. Any extension pursuant to this Section 2.05 shall be effective as of the date of the amendment to this Agreement effecting such extension and shall be conditioned upon (x) no Default or Event of Default having occurred and then being in existence, and (y) the continued accuracy of the representations and warranties set forth in Article IV in all material respects, in each case as of the date of such amendment. The extension request shall expire if not made on or prior to the first anniversary of the Closing Date and no extension pursuant to this Section 2.05 shall take effect prior to the first anniversary of the Closing Date.

SECTION 2.06. Interest Rates.

(a) “Applicable Margin” shall be determined quarterly based upon the Consolidated Debt to Consolidated EBITDA Ratio, determined as of the last day of each Fiscal Quarter for the Fiscal Quarter then ending as follows:

<u>Consolidated Debt to Consolidated EBITDA Ratio</u>	<u>Euro-Dollar Advances</u>	<u>Base Rate Advances</u>	<u>Letters of Credit</u>
Greater than 3.00 to 1.0	2.50%	1.50%	1.95%
Greater than or equal to 2.00 to 1.0 but less than or equal to 3.00 to 1.0	2.25%	1.25%	1.725%
Less than 2.00 to 1.0	2.00%	1.00%	1.25%

The Applicable Margin shall be determined effective as of the date (herein, the “Rate Determination Date”) which is the first calendar day of the first calendar month after the day the Administrative Agent receives the Margin and Fee Rate Report for the Fiscal Quarter for which the Consolidated Debt to Consolidated EBITDA Ratio is being determined, and the Applicable Margin so determined shall remain effective from such Rate Determination Date until the date which is the first calendar day of the first calendar month after the day the Administrative Agent receives the Margin and Fee Rate Report for the Fiscal Quarter in which such Rate Determination Date falls (which latter date shall be a new Rate Determination Date); provided, that (i) for the period from and including the Closing Date to but excluding the Rate Determination Date next following the Closing Date, the Applicable Margin shall be 2.25% for Euro-Dollar Advances, 1.25% for Base Rate Advances and 1.725% for Letters of Credit, and (ii) if on any Rate Determination Date the Borrower shall have failed to deliver to the Lender the Margin and Fee Rate Report required to be delivered pursuant to Section 5.01(l) with respect to the Fiscal Quarter most recently ended prior to such Rate Determination Date, then for the period beginning on such Rate Determination Date and ending on the earlier of the date on which the Borrower shall deliver to the Administrative Agent the Margin and Fee Rate Report to be delivered pursuant to Section 5.01(l) with respect to such Fiscal Quarter, the Advances shall bear interest at a rate per annum determined as if the Consolidated Debt to Consolidated EBITDA Ratio was greater than 3.00 to 1.0; provided, that (A) at the election of the Required Lenders, the principal amount of the Advances shall bear interest at the Default Rate upon the failure by the Borrower to deliver any Margin and Fee Rate Report as and when due, and (B) for all purposes of calculating the Default Rate, the Applicable Margin shall be determined as if the Consolidated Debt to Consolidated EBITDA Ratio was greater than 3.00 to 1.0 (i) after the occurrence and during the continuance of an Event of Default (other than an Event of Default under Sections 6.01(a), (g) or (h)), if the Required Lenders elect to do so, and (ii) after the occurrence and during the continuance of an Event of Default described in Sections 6.01(a), (g) or (h), automatically whether or not the Required Lenders elect to do so. Any change in the Applicable Margin on any Rate Determination Date shall result in a corresponding change, effective on and as of such Rate Determination Date, in the interest rate applicable to the Advances and in the

fees applicable to each Letter of Credit outstanding on such Rate Determination Date; provided, that no Applicable Margin shall be decreased pursuant to this Section 2.06 if a Default or Event of Default is in existence on the Rate Determination Date.

(b) Each Base Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Advance is made until it becomes due, at a rate per annum equal to the Base Rate for such day plus the Applicable Margin. Such interest shall be payable on each Interest Payment Date while such Base Rate Advance is outstanding and on the date such Base Rate Advance is repaid. Any overdue principal of and, to the extent permitted by applicable law, overdue interest on any Base Rate Advance shall bear interest, payable on demand, for each day until paid in full at a rate per annum equal to the Default Rate.

(c) Each Euro-Dollar Advance shall bear interest on the outstanding principal amount thereof, for each Interest Period applicable thereto, at a rate per annum equal to the sum of: (1) the Applicable Margin, plus (2) the Adjusted London InterBank Offered Rate for such Interest Period. Such interest shall be payable on each Interest Payment Date while such Euro-Dollar Advance is outstanding and on any date such Euro-Dollar Advance is repaid. Any overdue principal of and, to the extent permitted by applicable law, overdue interest on any Euro-Dollar Advance shall bear interest, payable on demand, for each day until paid in full at a rate per annum equal to the Default Rate.

The "London InterBank Offered Rate" applicable to any Euro-Dollar Advance means, for each Interest Period of such Euro-Dollar Advance, the rate per annum determined on the basis of the rate for deposits in Dollars offered for a term of one month, which rate appears on the display designated as Reuters Screen LIBOR01 Page (or such other successor page as may replace Reuters Screen LIBOR01 Page or such other service or services as may be nominated by the British Banker's Association for the purpose of displaying London InterBank Offered Rates for U.S. dollar deposits) determined as of 11:00 A.M. London, England time, on the first day of such Interest Period (or on the immediately preceding Euro-Dollar Business Day if the first day of such Interest Period is not a Euro-Dollar Business Day), provided, that if no such offered rates appear on such page, the "London InterBank Offered Rate" for such Interest Period will be the arithmetic average (rounded upward, if necessary, to the next higher 1/100th of 1%) of rates quoted by not less than two (2) major lenders in New York City, selected by the Administrative Agent, at approximately 10:00 A.M., New York City time, on the first day of such Interest Period (or on the immediately preceding Euro-Dollar Business Day if the first day of such Interest Period is not a Euro-Dollar Business Day), for deposits in Dollars offered by leading European banks for a period comparable to such Interest Period in an amount comparable to the principal amount of such Euro-Dollar Advance.

"Euro-Dollar Reserve Percentage" means, for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on any Euro-Dollar Advance is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents). The Adjusted London InterBank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(d) The Administrative Agent shall determine each interest rate applicable to the Advances hereunder in accordance with the terms of this Agreement. The Administrative Agent shall give prompt notice to the Borrower and the Lenders by telecopy of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(e) After the occurrence and during the continuance of an Event of Default (other than an Event of Default under Sections 6.01(a), (g) or (h)), the principal amount of the Advances (and, to the extent permitted by applicable law, all accrued interest thereon) may, at the election of the Required Lenders, bear interest at the Default Rate; provided, however, that automatically whether or not the Required Lenders elect to do so, (i) any overdue principal of and, to the extent permitted by law, overdue interest on the Advances shall bear interest payable on demand, for each day until paid at a rate per annum equal to the Default Rate, and (ii) after the occurrence and during the continuance of an Event of Default described in Sections 6.01(a), (g) or (h), the principal amount of the Advances (and, to the extent permitted by applicable law, all accrued interest thereon) shall bear interest payable on demand for each day until paid at a rate per annum equal to the Default Rate.

SECTION 2.07. Fees.

(a) The Borrower shall pay to the Administrative Agent for the ratable account of each Lender an unused commitment fee equal to the product of: (i) the aggregate of the daily average amounts of such Lender's Unused Commitment, times (ii) a per annum percentage equal to the Applicable Fee Rate. Such unused commitment fee shall accrue from and including the Closing Date to and including the Termination Date. Unused commitment fees shall be payable quarterly in arrears on each Quarterly Payment Date and on the Termination Date; provided, that should the Revolver Commitments of all of the Lenders be terminated at any time prior to the Termination Date for any reason, the entire accrued and unpaid fee shall be paid on the date of such termination.

(b) The "Applicable Fee Rate" shall be determined quarterly based upon the Consolidated Debt to Consolidated EBITDA Ratio, determined as of the last day of each Fiscal Quarter for the Fiscal Quarter then ending, as follows:

<u>Consolidated Debt to Consolidated EBITDA Ratio</u>	<u>Applicable Fee Rate</u>
Greater than 3.00 to 1.0	0.500%
Greater than or equal to 2.00 to 1.0 but less than or equal to 3.00 to 1.0	0.375%
Less than 2.00 to 1.0	0.250%

The Applicable Fee Rate shall be determined effective as of the date (herein, the "Fee Determination Date") which is the first calendar day of the first calendar month after the day the Administrative Agent receives the Margin and Fee Rate Report for the Fiscal Quarter for which the Consolidated Debt to Consolidated EBITDA Ratio is being determined, and the Applicable Fee Rate so determined shall remain effective from such Fee Determination Date until the date which is the first calendar day of the first calendar month after the day the Administrative Agent receives the Margin and Fee Rate Report for the Fiscal Quarter in which such Fee Determination Date falls (which latter date shall be a new Fee Determination Date); provided, that (i) for the period from and including the Closing Date to but excluding the Fee Determination Date next following the Closing Date, the Applicable Fee Rate shall be 0.375%, (ii) if, on any Fee Determination Date, the Borrower shall have failed to deliver to the Lender the Margin and Fee Rate Report required to be delivered pursuant to Section 5.01(l) with respect to the Fiscal Quarter most recently ended prior to such Fee Determination Date, then for the period beginning on such Fee Determination Date and ending on the earlier of the date on which the Borrower shall deliver to the Administrative Agent the Margin and Fee Rate Report to be delivered pursuant to Section 5.01(l) with respect to such Fiscal Quarter, the Applicable Fee Rate shall be determined as if the Consolidated Debt to Consolidated EBITDA Ratio was greater than or equal to 3.00 to 1.0, and (iii) the Applicable Fee Rate shall be determined as if the Consolidated Debt to Consolidated EBITDA Ratio was greater than 3.00 to 1.0 (A) after the occurrence and during the continuance of an Event of Default (other than an Event of Default under Sections 6.01(a), (g) or (h)), if the Required Lenders elect to do so, and (B) after the occurrence and during the continuance of an Event of Default described in Sections 6.01(a), (g) or (h), automatically whether or not the Required Lenders elect to do so. In no event shall the Applicable Fee Rate be decreased pursuant to this Section 2.07 if a Default or Event of Default is in existence on the Fee Determination Date.

(c) The Borrower shall pay to the Administrative Agent for the ratable account of each Lender, with respect to each Letter of Credit, a per annum letter of credit fee (the "Letter of Credit Fee") equal to the product of: (i) the aggregate average daily Undrawn Amounts, times (ii) a per annum percentage equal to the Applicable Margin for Letters of Credit (determined in accordance with the pricing grid set forth in Section 2.06(a)). Such Letter of Credit Fees shall be payable in arrears for each Letter of Credit on each Quarterly Payment Date during the term of each respective Letter of Credit and on the termination thereof (whether at its stated expiry date or earlier).

(d) The Borrower shall pay to the Administrative Agent for the account of the Letter of Credit Issuer a facing fee (the "Facing Fee") with respect to each Letter of Credit equal to the product of: (i) the face amount of such Letter of Credit, times (ii) one-eighth ($1/8^{\text{th}}$) of one percent (0.125%). Such Facing Fee shall be due and payable on such date as may be agreed upon by the Letter of Credit Issuer and the Borrower. The Borrower shall pay to the Letter of Credit Issuer, for its own account, transfer fees, drawing fees, modification fees, extension fees and such other fees and charges as may be provided for in any Letter of Credit Application Agreement or otherwise charged by the Letter of Credit Issuer. No Lender shall be entitled to any portion of the Facing Fees or any other fees payable by the Borrower to the Letter of Credit Issuer pursuant to this Section 2.07(d).

(e) The Borrower shall pay to the Administrative Agent, for the account and sole benefit of the Administrative Agent, such fees and other amounts at such times as are set forth in the Fee Letter.

SECTION 2.08. Termination or Reduction of Commitments.

The Borrower may, upon at least three (3) Domestic Business Day's irrevocable notice to the Administrative Agent, terminate at any time, or proportionately reduce from time to time by an aggregate amount of at least \$10,000,000 or any larger multiple of \$1,000,000, the Revolver Commitments of all of the Lenders; provided, however: (1) each termination or reduction, as the case may be, shall be permanent and irrevocable; (2) no such termination or reduction shall be in an amount greater than the sum of the Total Unused Revolver Commitments on the date of such termination or reduction; and (3) no such reduction pursuant to this Section 2.08 shall result in the aggregate Revolver Commitments of all of the Lenders being reduced to an amount less than \$60,000,000, unless the Revolver Commitments of all of the Lenders are terminated in their entirety, in which case all accrued fees (as provided under Section 2.07) shall be payable on the effective date of such termination. Each reduction shall be made ratably among the Lenders in accordance with their respective Revolver Commitments.

SECTION 2.09. Termination of Commitments on the Termination Date.

The Revolver Commitments of all of the Lenders shall terminate on the Termination Date and any Advances then outstanding (together with accrued interest thereon) shall be due and payable on such date.

SECTION 2.10. Optional Prepayments.

(a) The Borrower may, upon at least one (1) Domestic Business Day's notice to the Administrative Agent, prepay any Borrowing in whole at any time, or from time to time in part, in amounts aggregating at least \$100,000 or any larger integral multiple of \$50,000 (or any lesser amount equal to the outstanding balance of such Borrowing), by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment, plus (except with respect to any such prepayment made on an Interest Payment Date) a breakage fee in an amount sufficient to compensate the Lenders for any loss or expense arising from the liquidation or reemployment of London InterBank Offered Rate-based funds obtained by it to maintain the amount prepaid or from fees payable to terminate the deposits from which such funds were obtained. Each such optional prepayment of a Revolver Borrowing shall be applied first to any Swing Advances outstanding, and then to prepay ratably the Revolver Advances of the several Lenders included in such Revolver Borrowing.

(b) Upon receipt of a notice of prepayment pursuant to this Section 2.10, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share of such prepayment and such notice, once received by the Administrative Agent, shall not thereafter be revocable by the Borrower.

SECTION 2.11. Mandatory Prepayments.

(a) On each date on which the Revolver Commitments of all of the Lenders are reduced or terminated pursuant to Section 2.08 or Section 2.09, the Borrower shall repay or prepay such principal amount of the outstanding Revolver Borrowings (together with interest accrued thereon and any amount due under Article VIII), as may be necessary so that after such payment the aggregate unpaid principal amount of the Revolver Advances and Letter of Credit Obligations do not exceed the aggregate amount of the Revolver Commitments as then reduced. Each such payment or prepayment shall be applied first to any Swing Advances outstanding, and then ratably to the Revolver Advances of the several Lenders outstanding on the date of payment or prepayment in the following order or priority: (i) first, to Base Rate Advances, and (ii) second, to Euro-Dollar Advances.

(b) In the event that the aggregate principal amount of all Revolver Advances, together with the aggregate principal amount of the Letter of Credit Obligations at any one time outstanding shall at any time exceed the remainder of (i) the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments of all of the Lenders at such time, minus (2) Reserves (without duplication of Reserves deducted in the calculation of the Borrowing Base), the Borrower shall immediately repay the Revolver Advances in an amount no less than such excess amount. Each such payment or prepayment shall be applied ratably to the Revolver Advances of the several Lenders outstanding on the date of payment or prepayment in the following order or priority: (i) first, to Base Rate Advances, and (ii) second, to Euro-Dollar Advances. Notwithstanding anything contained herein to the contrary, at no time shall the aggregate outstanding principal amount of Revolver Advances made by any Lender, together with such Lender's Applicable Percentage of the aggregate outstanding principal amount of all Swing Advances and Letter of Credit Obligations exceed the amount of the Revolver Commitment of such Lender at such time.

(c) The Borrower shall repay or prepay each outstanding Borrowing, and shall repay or otherwise reduce the Letter of Credit Obligations, such that the outstanding principal amount of all Advances and the outstanding Letter of Credit Obligations shall be \$0 on April 30, 2012; provided, however, that Letters of Credit in an aggregate stated amount not to exceed \$5,000,000 may remain issued and outstanding on and after April 30, 2012, so long as such Letters of Credit are cash-collateralized in a manner satisfactory to the Letter of Credit Issuer. On and after April 30, 2012, unless and until all outstanding Senior Subordinated Notes have been redeemed in full, no additional Borrowings shall be made (and no additional Letters of Credit shall be issued, except for Letters of Credit in an aggregate stated amount not to exceed \$5,000,000 that are cash-collateralized in a manner satisfactory to the Letter of Credit Issuer) hereunder, other than any Borrowing the proceeds of which are used solely to redeem all or any portion of the outstanding Senior Subordinated Notes. Any Senior Subordinated Notes purchased by or on behalf of the Borrower shall be considered to have been "redeemed" for purposes of this Section 2.11(c), so long as (i) such Senior Subordinated Notes, once purchased, are continuously held by or on behalf of the Borrower and are not resold or remarketed, and (ii) such Senior Subordinated Notes are actually redeemed, defeased or otherwise repaid in full on or prior to their maturity date.

(d) If the Loan Parties and their respective Subsidiaries Dispose of any property which results in the realization of Net Cash Proceeds in excess of \$250,000 in the aggregate during any Fiscal Year, the Borrower shall promptly (but in no event more than five (5) Domestic Business Days after receipt of such Net Cash Proceeds) prepay an aggregate principal amount of Advances equal to all such Net Cash Proceeds; provided however, that so long as no Default or Event of Default has occurred and is continuing, Net Cash Proceeds relating to the Disposition of obsolete or retired equipment in the ordinary course of business shall not be included to the extent the Borrower delivers to the Administrative Agent a certificate stating that the applicable Loan Party or Applicable Subsidiary thereof intends to use such Net Cash Proceeds to acquire like assets useful to its business within 180 days of the receipt of such Net Cash Proceeds, it being expressly agreed that Net Cash Proceeds not so reinvested shall count against the \$250,000 threshold set forth above.

(e) Upon the sale or issuance by any Loan Party or any Subsidiary thereof of any of its Capital Securities (other than any sales or issuances of Capital Securities to another Loan Party), the Borrower shall prepay an aggregate principal amount of Advances equal to all Net Cash Proceeds received therefrom immediately upon receipt thereof by such Loan Party or such Subsidiary.

(f) Upon the incurrence or issuance by any Loan Party or any Subsidiary thereof of any Debt (other than Debt expressly permitted to be incurred or issued pursuant to Section 5.27), the Borrower shall prepay an aggregate principal amount of Advances equal to all Net Cash Proceeds received therefrom immediately upon receipt thereof by such Loan Party or such Subsidiary.

(g) Subject to the provisions of the Collateral Documents relating to the application of proceeds of insurance with respect to any Collateral, upon any Extraordinary Receipt received by or paid to or for the account of any Loan Party or any Subsidiary thereof, and not otherwise included in paragraphs (b), (c) or (d) of this Section 2.11, the Borrower shall prepay an aggregate principal amount of Advances equal to all Net Cash Proceeds received therefrom immediately upon receipt thereof by such Loan Party or such Subsidiary.

Any repayment or prepayment made pursuant to this Section 2.11 shall not affect any Loan Party's obligation to continue to make payments under any Hedging Agreement, which shall remain in full force and effect notwithstanding such repayment or prepayment, subject to the terms of such Hedging Agreement.

SECTION 2.12. General Provisions as to Payments.

(a) The Borrower shall make each payment of principal of, and interest on, the Advances, and of fees hereunder without any set off, counterclaim or any deduction whatsoever, not later than 11:00 A.M. (Eastern time) on the date when due, in Federal or other funds immediately available in Winston-Salem, North Carolina, to the Administrative Agent at its address referred to in Section 9.01. The Administrative Agent will promptly distribute to the Swing Line Lender each such payment received on account of the Swing Advances and to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders.

(b) Whenever any payment of principal of, or interest on, the Base Rate Advances or of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of or interest on, the Euro-Dollar Advances shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(c) Funding by Lenders; Presumption by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate reasonably determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Euro-Dollar Advances. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Advance included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(d) Payments by the Borrower; Presumptions by the Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate reasonably determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) Taxes.

(i) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required by applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (A) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), the Administrative Agent, Letter of Credit Issuer or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (B) the Borrower shall make such deductions and (C) the Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(ii) Payment of Other Taxes by the Borrower. Without limiting the provisions of paragraph (i) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(iii) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent, the Letter of Credit Issuer and each Lender, within ten (10) calendar days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent, the Letter of Credit Issuer or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Letter of Credit Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the Letter of Credit Issuer, shall be conclusive absent manifest error.

(iv) Evidence of Payments. At the Administrative Agent's request, as soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(v) Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that the Borrower is resident for tax purposes in the United States of America, any Foreign Lender shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(A) duly completed copies of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(B) duly completed copies of Internal Revenue Service Form W-8ECI,

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (1) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (3) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN, or

(D) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made.

(vi) Treatment of Certain Refunds. If the Administrative Agent or a Lender determines, in its reasonable discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

SECTION 2.13. Computation of Interest and Fees.

Interest shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Utilization fees, unused commitment fees and any other fees payable hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.14. Increase to Revolver Commitments.

(a) Provided no Default or Event of Default has occurred and is then continuing, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Borrower may, from time to time, request increases in the aggregate Revolver Commitments of all Lenders; provided that (i) each such request shall be in a minimum amount of \$10,000,000 and in increments of \$5,000,000 thereafter, and (ii) the aggregate amount by which the Revolver Commitments may be increased is \$25,000,000.

(b) Each Lender shall be afforded a reasonable time (such time period to be determined by the Administrative Agent in consultation with the Borrower and the Lenders) after receipt of such notice to perform its customary due diligence and underwriting procedures, and shall be entitled (but not obligated) to increase its Revolver Commitment on a pro rata basis with the other Lenders so as to maintain its Applicable Percentage. Within such time period, each Lender shall notify the Administrative Agent whether or not it agrees to an increase in its Revolver Commitment and, if so, whether by an amount equal to, greater than, or less than its ratable portion of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Revolver Commitment.

(c) The Administrative Agent shall notify the Borrower and each Lender of the Lenders' responses to the request made hereunder. To achieve the full amount of the requested increase in the Revolver Commitments of all Lenders, and subject to the approval of the Administrative Agent and the Lenders (such approval not to be unreasonably withheld, conditioned or delayed), the Borrower may also invite additional financial institutions to become Lenders hereunder.

(d) If the increased Revolver Commitments are provided in accordance with this Section 2.14, the Administrative Agent and the Borrower (in consultation with the Lenders) shall determine the closing date and the final allocation of the increased Revolver Commitments among the Lenders. The Borrower, the Administrative Agent and the Lenders (including any additional Lender) shall execute and deliver an amendment to this Agreement and such additional Revolving Notes and other documents as may be required by the Administrative Agent to consummate the increase in the Revolver Commitments.

(e) Upon the closing of any such increase in the Revolver Commitments, the Borrower shall be obligated to pay additional arrangement fees and upfront fees of the type described in the Fee Letter, such fees to be determined by the Lead Arranger and the Administrative Agent (in consultation with the Lenders), and agreed to by the Borrower, and such other fees as may be required by any additional Lender and agreed to by the Borrower.

ARTICLE III
CONDITIONS TO BORROWINGS

SECTION 3.01. Conditions to Closing and First Borrowing.

The obligation of each Lender to make an Advance on the Closing Date (and the obligation of the Letter of Credit Issuer to issue a Letter of Credit on the Closing Date) is subject to the satisfaction of the conditions set forth in Section 3.02 and the following additional conditions:

(a) receipt by the Administrative Agent from each of the parties hereto of a duly executed counterpart of this Agreement signed by such party;

(b) receipt by the Administrative Agent of a duly executed Revolver Note for each Lender, and a duly executed Swing Advance Note for the Swing Line Lender, in each case complying with the provisions of Section 2.04;

(c) receipt by the Administrative Agent of (i) an opinion of Woods Rogers PLC, as counsel to the Borrower, dated as of the Closing Date (or such other date as may be specified by the Administrative Agent) in form and substance satisfactory to the Lenders, and (ii) an opinion of McDonald Carano Wilson LLP, as special Nevada counsel to the Borrower, dated as of the Closing Date (or such other date as may be specified by the Administrative Agent), in form and substance satisfactory to the Lenders;

(d) receipt by the Administrative Agent of a certificate (the "Closing Certificate"), dated the date of the first Borrowing, substantially in the form of Exhibit F hereto, signed by a chief financial officer or other authorized officer of the Borrower, to the effect that, to his knowledge, (i) no Default or Event of Default has occurred and is continuing on the date of the first Borrowing and (ii) the representations and warranties of the Borrower contained in Article IV are true on and as of the date of the first Borrowing hereunder;

(e) receipt by the Administrative Agent of all documents which the Administrative Agent or any Lender may reasonably request relating to the existence of the Borrower, the authority for and the validity of this Agreement, the Notes and the other Loan Documents, and any other matters relevant hereto, all in form and substance satisfactory to the Lenders, including without limitation a certificate of incumbency of the Borrower (the "Officer's Certificate"), signed by the Secretary, an Assistant Secretary, a member, manager, partner, trustee or other authorized representative of the Borrower, substantially in the form of Exhibit F hereto, certifying as to the names, true signatures and incumbency of the officer or officers of the Borrower, authorized to execute and deliver the Loan Documents, and certified copies of the following items: (i) the Borrower's Organizational Documents; (ii) the Borrower's Operating Documents; (iii) a certificate of the Secretary of State of the Borrower's State of organization as to the good standing or existence of the Borrower, and (iv) the Organizational Action taken by the board of directors of the Borrower or the members, managers, trustees, partners or other applicable Persons authorizing the Borrower's execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which the Borrower is a party;

(f) receipt by the Administrative Agent of a Notice of Borrowing;

(g) the Security Agreement, the Nevada Deed of Trust, the Virginia Deed of Trust Amendment and the other Collateral Documents, each in form and content satisfactory to the Lenders, shall have been duly executed by the Borrower and such documents shall have been delivered to the Administrative Agent and shall be in full force and effect and each document (including each Uniform Commercial Code financing statement) required by law or reasonably requested by the Collateral Agents to be filed, registered or recorded in order to create in favor of the Administrative Agent for the benefit of the Secured Parties, upon filing, recording or possession by the Administrative Agent, as the case may be, a valid, legal and perfected first-priority security interest in and lien on the Collateral described in the Collateral Documents shall have been delivered to the Administrative Agent; Borrower shall also deliver or cause to be delivered the certificates (with undated stock powers executed in blank) for all shares of stock or other equity interests pledged to the Administrative Agent for the benefit of the Secured Parties pursuant to any Pledge Agreement;

(h) the Collateral Agents shall have received the results of a search of the Uniform Commercial Code filings made with respect to the Borrower in the state in which the Borrower is organized, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence satisfactory to the Collateral Agents that the Liens (other than any Liens permitted by Section 5.10) indicated in any such financing statement have been released;

(i) receipt by the Collateral Agents of a Borrowing Base Certification Report, dated as of November 30, 2011;

(j) receipt by the Collateral Agents of insurance certificates evidencing the insurance required under this Agreement.

(k) the Borrower shall have paid all fees required hereunder and under the Fee Letter to be paid as of the Closing Date, and shall have reimbursed the Administrative Agent and the Collateral Agents for all reasonable fees, costs and expenses of closing the transactions contemplated hereunder and under the other Loan Documents, including the reasonable legal, audit and other document preparation costs incurred by the Administrative Agent and the Collateral Agents;

(l) all required field examinations and appraisals (including trademark appraisals) shall have been completed to satisfaction of the Collateral Agents;

(m) the Collateral Agents shall have received MAI appraisals of the Nevada Property and the Winchester Property, which appraisals shall comply with all rules and regulations of any Governmental Authorities regulating the Lenders, shall be in form and substance satisfactory to the Collateral Agents in all respects, and shall state a fair market value of the applicable real property in an amount satisfactory to the Collateral Agents;

(n) with respect to the Nevada Property, the Collateral Agents shall have received:

(i) evidence that the Nevada Deed of Trust has been recorded in the appropriate real estate records;

(ii) a current survey satisfactory to the Collateral Agents, showing no encroachments that are not satisfactory to the Collateral Agents and prepared by a certified land surveyor (using certification language satisfactory to the Collateral Agents), which survey shall designate, without limitation, (i) the dimensions of the property, (ii) the dimensions and location of the buildings and other improvements constructed thereon, (iii) the dimensions of the parking spaces as well as the total number of parking spaces, (iv) the location of all easements of record affecting the property, specifying the holder of such easement and the pertinent recording information, (v) any and all building restrictions and/or setback lines, and (vi) means of ingress and egress. Such survey shall also depict any portion of the property that is located in a special flood hazard area;

(iii) a binding commitment for an ALTA policy of mortgagee title insurance (such title policy to be issued not more than 15 days after the Closing Date) insuring the lien of the Nevada Deed of Trust as a first priority deed of trust lien on the property, in the amount of \$10,200,000, issued by a title insurance company acceptable to the Collateral Agents, without exception for possible filed or unfiled mechanics' and materialmen's Liens, containing only such exceptions as are acceptable to the Collateral Agents, and containing such endorsements and affirmative coverage as are requested by the Collateral Agents, and copies of all instruments that appear as exceptions to title on such policy;

(iv) a report from a qualified environmental engineer or consultant acceptable to the Collateral Agents with respect to an environmental investigation and audit of the property (the scope of which shall be defined by the Collateral Agents) (the "Nevada Environmental Report"), showing no contamination by Hazardous Materials, no violation of any Environmental Law, and that no portion of the property constitutes "wetlands" under any Environmental Law, except as approved by the Collateral Agents; and

(v) such other certificates, affidavits, opinions, agreements and documents as the Collateral Agents may reasonably require with respect to such Property, each of which shall be in form and substance reasonably acceptable to the Collateral Agents.

(o) with respect to the Winchester Property, the Collateral Agents shall have received:

(i) evidence that the Winchester Deed of Trust Amendment has been recorded in the appropriate real estate records;

(ii) a binding commitment to issue an endorsement to the Winchester Title Policy (such final endorsement to be issued not more than 15 days after the Closing Date) which (i) updates the date of the Winchester Title Policy to the date of recordation of the Winchester Deed of Trust Amendment, (ii) increases the amount of insurance to \$16,350,000, (iii) revises the description of the insured mortgage to reference the Winchester Deed of Trust Amendment, and (iv) is otherwise in form and substance satisfactory to the Collateral Agents;

(iii) a report from a qualified environmental engineer or consultant acceptable to the Collateral Agents with respect to an environmental investigation and audit of the property (the scope of which shall be defined by the Collateral Agents) (the "Winchester Environmental Report"), showing no contamination by Hazardous Materials, no violation of any Environmental Law, and that no portion of the property constitutes "wetlands" under any Environmental Law, except as approved by the Collateral Agents; and

(iv) such other certificates, affidavits, opinions, agreements and documents as the Collateral Agents may reasonably require with respect to such Property, each of which shall be in form and substance reasonably acceptable to the Collateral Agents.

(p) the Borrower shall have delivered to the Collateral Agents evidence satisfactory to the Collateral Agents that all insurance required by the terms of this Agreement or any of the other Loan Documents is in full force and effect and the Collateral Agents or the Administrative Agent, as applicable, is named as loss payee or additional insured, as appropriate, on all such insurance.

(q) each Collateral Agent shall have completed (i) Patriot Act searches, OFAC/PEP searches and customary individual background checks for each Loan Party, and (ii) OFAC/PEP searches and customary individual background searches for each Loan Party's senior management and key principals, in each case, the results of which shall be satisfactory to each Collateral Agent.

(r) on the Closing Date, the sum of (a) the aggregate funds on deposit in the Collateral Reserve Account and the Controlled Account in excess of \$25,000,000, plus (b) an amount equal to the remainder of (i) the lesser of (A) the aggregate Revolver Commitments, and (B) the Borrowing Base, minus (ii) the sum of (A) the aggregate outstanding principal amount of all Revolver Advances, Swing Advances and Letter of Credit Obligations, plus (B) applicable Reserves (without duplication of Reserves deducted in the calculation of the Borrowing Base), shall not be less than \$60,000,000.

(s) receipt of such other documents or items as the Administrative Agent, the Collateral Agents, the Lenders or their counsel may reasonably request.

SECTION 3.02. Conditions to All Borrowings.

The obligation of each Lender to make a Revolver Advance on the occasion of each Revolver Borrowing, the obligation of the Swing Line Lender to make a Swing Advance and the obligation of the Letter of Credit Issuer to issue a Letter of Credit are subject to the satisfaction of the following conditions:

(a) in the case of a Revolver Borrowing or a Swing Line Borrowing, receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.02;

(b) the fact that, immediately before and after such Borrowing (or issuance of a Letter of Credit, as the case may be), no Default or Event of Default shall have occurred and be continuing;

(c) the fact that the representations and warranties of the Loan Parties contained in Article IV of this Agreement shall be true on and as of the date of such Borrowing (or issuance of a Letter of Credit, as the case may be); and

(d) the fact that, immediately after such Borrowing (or issuance of a Letter of Credit, as the case may be), (i) the aggregate outstanding principal amount of the Revolver Advances of each Lender together with such Lender's Applicable Percentage of the aggregate outstanding principal amount of all Swing Line Advances and Letter of Credit Obligations, will not exceed the amount of its Revolver Commitment; (ii) the aggregate outstanding principal amount of the Revolver Advances together with the aggregate outstanding principal amount of all Letter of Credit Obligations, will not exceed the remainder of (A) the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments of all of the Lenders at such time, minus (B) Reserves (without duplication of Reserves deducted in the calculation of the Borrowing Base).

Each Borrowing, each issuance of a Letter of Credit and each Notice of Conversion hereunder shall be deemed to be a representation and warranty by the Loan Parties on the date of such Borrowing, Letter of Credit and Notice of Conversion, as to the truth and accuracy of the facts specified in clauses (b), (c) and (d) of this Section 3.02.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

The Borrower and the Guarantors represent and warrant that:

SECTION 4.01. Existence and Power.

The Borrower is a corporation, and each Guarantor is a corporation, limited liability company or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, as the case may be, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary, and has all organizational powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

SECTION 4.02. Organizational and Governmental Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of this Agreement, the Notes, the Collateral Documents and the other Loan Documents to which such Loan Party is a party (i) are within such Loan Party's organizational powers, (ii) have been duly authorized by all necessary Organizational Action, (iii) require no action by or in respect of, or filing with, any Governmental Authority, (iv) do not contravene, or constitute a default under, any provision of Applicable Law or of the Organizational Documents and Operating Documents of such Loan Party or of any agreement, judgment, injunction, order, decree or other instrument binding upon such Loan Party or any of its Applicable Subsidiaries, and (v) do not result in the creation or

imposition of any Lien on any asset of such Loan Party or any of its Applicable Subsidiaries, except for a Lien in favor of the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) pursuant to the Collateral Documents.

SECTION 4.03. Binding Effect.

This Agreement constitutes a valid and binding agreement of the Loan Parties enforceable in accordance with its terms, and the Notes, the Collateral Documents and the other Loan Documents, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Loan Parties to such Loan Document enforceable in accordance with their respective terms; provided, that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

SECTION 4.04. Financial Information.

(a) The audited consolidated balance sheet of the Borrower as of December 31, 2010, and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended, reported on by Ernst & Young, LLP, copies of which have been delivered to the Administrative Agent for delivery to each of the Lenders, and the unaudited consolidated financial statements of the Borrower for the interim period ended September 30, 2011, copies of which have been delivered to each of the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated.

(b) Since December 31, 2010, there has been no event, act, condition or occurrence having a Material Adverse Effect.

SECTION 4.05. Litigation.

Except as set forth on Schedule 4.05, there is no action, suit or proceeding pending, or to the knowledge of the Loan Parties threatened, against or affecting the Loan Parties or any of their respective Applicable Subsidiaries before any court or arbitrator or any Governmental Authority which (a) in any manner draws into question the validity or enforceability of this Agreement, the Notes, the Collateral Documents or any of the other Loan Documents, (b) could impair the ability of the Loan Parties to perform their respective obligations under, this Agreement, the Notes, the Collateral Documents or any of the other Loan Documents, or (c) has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 4.06. Compliance with ERISA.

(a) The Loan Parties and each member of the Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance with the applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or a Plan under Title IV of ERISA.

(b) Neither the Loan Parties nor any member of the Controlled Group is or ever has been obligated to contribute to any Multiemployer Plan.

(c) The assets of the Loan Parties or any Applicable Subsidiary of any Loan Party do not and will not constitute “plan assets,” within the meaning of ERISA, the Code and the respective regulations promulgated thereunder. The execution, delivery and performance of this Agreement, and the borrowing and repayment of amounts hereunder, do not and will not constitute “prohibited transactions” under ERISA or the Code.

SECTION 4.07. Compliance with Laws; Payment of Taxes.

The Loan Parties and their respective Applicable Subsidiaries are in compliance with all Applicable Laws, regulations and similar requirements of Governmental Authorities, except where such compliance is being contested in good faith through appropriate proceedings or where non-compliance, alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. There have been filed on behalf of the Loan Parties and their respective Applicable Subsidiaries all Federal, state and local income, excise, property and other tax returns which are required to be filed by them and all taxes due pursuant to such returns or pursuant to any assessment received by or on behalf of the Loan Parties or any Applicable Subsidiary have been paid. The charges, accruals and reserves on the books of the Loan Parties and their respective Applicable Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Loan Parties, adequate. No Loan Party has been given or been requested to give a waiver of the statute of limitation relating to the payment of Federal, state, local or foreign taxes.

SECTION 4.08. Subsidiaries.

Each of the Subsidiaries of each Loan Party is a corporation, a limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary, and has all organizational powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. No Loan Party has any Subsidiaries except those Subsidiaries listed on Schedule 4.24 and as set forth in any Compliance Certificate provided to the Administrative Agent and Lenders pursuant to Section 5.01(d) after the Closing Date, which accurately sets forth each such Subsidiary’s complete name and jurisdiction of organization.

SECTION 4.09. Investment Company Act, Etc.

No Loan Party nor any Applicable Subsidiary of a Loan Party is an “investment company” within the meaning of the Investment Company Act of 1940, as amended. No Loan Party nor any Applicable Subsidiary of a Loan Party is a “holding company,” or a “subsidiary company” of a “holding company,” or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company,” as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

SECTION 4.10. All Consents Required.

All approvals, authorizations, consents, orders or other actions of any Person or of any Governmental Authority (if any) required in connection with the due execution, delivery and performance by the Loan Parties of this Agreement and any Loan Document to which any Loan Party is a party, have been obtained.

SECTION 4.11. Ownership of Property; Liens.

Each of the Loan Parties and their respective Applicable Subsidiaries has title or the contractual right to possess its properties sufficient for the conduct of its business and none of such properties is subject to any Lien except as permitted in Section 5.10.

SECTION 4.12. No Default or Event of Default.

No Loan Party nor any of its respective Applicable Subsidiaries is in default under or with respect to any agreement, instrument or undertaking to which it is a party or by which it or any of its property is bound, except where such default, alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 4.13. Full Disclosure.

All information heretofore furnished by the Loan Parties to the Administrative Agent, the Collateral Agents or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the Loan Parties to the Administrative Agent, the Collateral Agents or any Lender will be, true, accurate and complete in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. The Loan Parties have disclosed to the Lenders in writing any and all facts which, alone or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 4.14. Environmental Matters.

(a) No Loan Party nor any Applicable Subsidiary of a Loan Party is subject to any Environmental Liability which could reasonably be expected to have a Material Adverse Effect and no Loan Party nor any Subsidiary of a Loan Party has been designated as a potentially responsible party under CERCLA. None of the Properties has been identified on any current or proposed (i) National Priorities List under 40 C.F.R. § 300, (ii) CERCLIS list or (iii) any list arising from a state statute similar to CERCLA.

(b) To the best knowledge of the Loan Parties and except as disclosed in the Nevada Environmental Report or the Winchester Environmental Report, no Hazardous Materials have been or are being used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, managed or otherwise handled at, or shipped or transported to or from the Properties or are otherwise present at, on, in or under the Properties, or, to the best of the knowledge of the Loan Parties, at or from any adjacent site or facility, except for Hazardous Materials, such as petroleum products, cleaning solvents, pesticides and other materials used, produced,

manufactured, processed, treated, recycled, generated, stored, disposed of, and managed or otherwise handled in the ordinary course of business of such Loan Party or Applicable Subsidiary of a Loan Party in compliance with all applicable Environmental Requirements.

(c) Each of the Loan Parties and their respective Applicable Subsidiaries has procured all Environmental Authorizations necessary for the conduct of the business contemplated on such Property, and is in compliance in all material respects with all Environmental Requirements in connection with the operation of the Properties and the Loan Party's, and each of their respective Subsidiary's, respective businesses.

SECTION 4.15. Compliance with Laws.

Each Loan Party and each Applicable Subsidiary of a Loan Party is in material compliance with all Applicable Laws, including, without limitation, all Environmental Laws and all regulations and requirements of the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. (including with respect to timely filing of reports), except where non-compliance, alone or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 4.16. Capital Securities.

All Capital Securities, debentures, bonds, notes and all other securities of each Loan Party and their respective Applicable Subsidiaries presently issued and outstanding are validly and properly issued in accordance with all Applicable Laws, including, but not limited to, the "Blue Sky" laws of all applicable states and the federal securities laws. The issued shares of Capital Securities of each of the Loan Party's respective Subsidiaries are owned by the Loan Parties free and clear of any Lien or adverse claim, except for a Lien in favor of the Collateral Agent pursuant to the Collateral Documents.

SECTION 4.17. Margin Stock.

No Loan Party nor any of its respective Subsidiaries is engaged principally, or as one of its important activities, in the business of purchasing or carrying any Margin Stock, and no part of the proceeds of any Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, or be used for any purpose which violates, or which is inconsistent with, the provisions of Regulation X of the Board of Governors of the Federal Reserve System. Following the application of the proceeds from each Advance, not more than 25% of the value of the assets, either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis, will be "Margin Stock."

SECTION 4.18. Insolvency.

After giving effect to the execution and delivery of the Loan Documents and the making of the Advances under this Agreement, no Loan Party will be "insolvent," within the meaning of such term as defined in §101 of Title 11 of the United States Code or Section 2 of either the Uniform Fraudulent Transfer Act or the Uniform Fraudulent Conveyance Act, or any other applicable state law pertaining to fraudulent transfers, as each may be amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

SECTION 4.19. Security Documents.

(a) Upon execution by the applicable Loan Parties, the Security Agreement shall be effective to create in favor of the Administrative Agent (including in its capacity as a Collateral Agent, as applicable), for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Security Agreement) and, upon filing of one or more Uniform Commercial Code financing statements in the appropriate jurisdictions and execution and delivery of control agreements in form and substance satisfactory to the Collateral Agents, the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) shall have a fully perfected first priority Lien on, and security interest in, all right, title and interest of the applicable Loan Parties in such Collateral and the Proceeds thereof that can be perfected upon filing of one or more Uniform Commercial Code financing statements and execution and delivery of such control agreements, in each case, except as previously disclosed to the Collateral Agents in writing, prior and superior in any right to any other Person.

(b) Upon execution by the Borrower, each Deed of Trust shall be effective to create in favor of the Administrative Agent (including in its capacity as a Collateral Agent, as applicable), for the ratable benefit of the Secured Parties, a legal, valid and enforceable lien in the Property covered thereby, and, upon recording such Deed of Trust with the appropriate real estate records, the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) shall have a fully perfected first priority Lien on all right, title and interest of the Borrower as grantor thereunder, in such Property, in each case, subject to the provisions of such Deed of Trust, prior and superior in any right to any other Person.

SECTION 4.20. Labor Matters.

There are no strikes, lockouts, slowdowns or other labor disputes against any Loan Party or any Applicable Subsidiary of any Loan Party pending or, to the knowledge of any Loan Party, threatened. The hours worked by and payment made to employees of the Loan Parties and each Applicable Subsidiary of any Loan Party have been in compliance with the Fair Labor Standards Act and any other applicable federal, state or foreign law dealing with such matters. All payments due from the Loan Parties or any of their respective Applicable Subsidiaries, or for which any claim may be made against the Loan Parties or any of their respective Applicable Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Loan Party or such Applicable Subsidiary, as appropriate. No Loan Party nor any Applicable Subsidiary of a Loan Party is party to a collective bargaining agreement.

SECTION 4.21. Patents, Trademarks, Etc.

The Loan Parties and their respective Applicable Subsidiaries own, or are licensed to use, all patents, trademarks, trade names, copyrights, technology, know-how and processes, service marks and rights with respect to the foregoing that are material to the businesses, assets, operations, properties or condition (financial or otherwise) of the Loan Parties and their

respective Applicable Subsidiaries taken as a whole. Except as disclosed on Schedule 4.21, the Loan Parties and their respective Applicable Subsidiaries conduct their business without infringement or claim of infringement of any material license, patent, trademark, trade name, service mark, copyright, trade secret or any other intellectual property right of others and there is no infringement or claim of infringement by others of any material license, patent, trademark, trade name, service mark, copyright, trade secret or other intellectual property right of the Loan Parties and their respective Applicable Subsidiaries, in each case which could reasonably be expected to have a Material Adverse Effect.

SECTION 4.22. Insurance.

The Loan Parties and each of their Applicable Subsidiaries has (either in the name of such Loan Party or in such Applicable Subsidiary's name), with financially sound and reputable insurance companies, insurance in at least such amounts and against at least such risks (including on all its property, and public liability and worker's compensation) as are usually insured against in the same general area by companies of established repute engaged in the same or similar business.

SECTION 4.23. Anti-Terrorism Laws.

None of the Loan Parties, nor any of their respective Subsidiaries, is in violation of any laws relating to terrorism or money laundering, including, without limitation, the Patriot Act.

SECTION 4.24. Ownership Structure.

As of the Closing Date, Part I of Schedule 4.24 is a complete and correct list of all Subsidiaries of the Borrower and of each Loan Party setting forth for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each Person holding any Capital Securities in such Subsidiary, (iii) the nature of the Capital Securities held by each such Person, and (iv) the percentage of ownership of such Subsidiary represented by such Capital Securities. Except as disclosed in Part I of Schedule 4.24, as of the Closing Date (i) the Borrower and its Subsidiaries own, free and clear of all Liens and has the unencumbered right to vote, all outstanding Capital Securities in each Person shown to be held by it on such Schedule, (ii) all of the issued and outstanding Capital Securities of each Person is validly issued, fully paid and nonassessable and (iii) there are no outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional Capital Securities of any type in, any such Person. Except as listed on Part II of Schedule 4.24, neither the Loan Parties nor their respective Subsidiaries are engaged in any joint venture or partnership with any other Person. Except as listed on Part III of Schedule 4.24, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or permit the issuance of Capital Securities of the Loan Parties or their respective Subsidiaries.

SECTION 4.25. Reports Accurate; Disclosure.

All information, exhibits, financial statements, documents, books, records or reports furnished or to be furnished by the Loan Parties to the Administrative Agent, the Collateral Agents or any Lender in connection with this Agreement or any Loan Document, including without limitation all reports furnished pursuant to Section 4.04, are true, complete and accurate in all material respects; it being recognized by the Administrative Agent and the Lenders that the projections and forecasts provided by the Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may differ from the projected or forecasted results. Neither this Agreement, nor any Loan Document, nor any agreement, document, certificate or statement furnished by the Borrower to the Administrative Agent, the Collateral Agents or the Lenders in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

SECTION 4.26. Location of Offices.

The Borrower's name is Trex Company, Inc. The location of the Borrower (within the meaning of Article 9 of the Uniform Commercial Code) is Delaware. The Borrower has not changed its name, identity, structure, existence or state of formation, whether by amendment of its Organizational Documents, by reorganization or otherwise, and has not changed its location (within the meaning of Article 9 of the Uniform Commercial Code) within the four (4) months preceding the Closing Date or any subsequent date on which this representation is made.

SECTION 4.27. Affiliate Transactions.

Except as permitted by Section 5.23. or as disclosed on Schedule 4.27, neither the Borrower nor any Subsidiary nor any other Loan Party is a party to or bound by any agreement or arrangement (whether oral or written) to which any Affiliate of the Borrower, any Subsidiary or any other Loan Party is a party.

SECTION 4.28. Broker's Fees.

Except as set forth in the Fee Letter, no broker's or finder's fee, commission or similar compensation will be payable with respect to the transactions contemplated hereby. Except as set forth in the Fee Letter, no other similar fees or commissions will be payable by any Loan Party for any other services rendered to the Borrower or any of its Subsidiaries ancillary to the transactions contemplated hereby.

SECTION 4.29. Survival of Representations and Warranties, Etc.

All statements contained in any certificate, financial statement or other instrument delivered by the Borrower, any Subsidiary or any other Loan Party to the Administrative Agent, the Collateral Agents or any Lender pursuant to or in connection with this Agreement or any of the other Loan Documents (including, but not limited to, any such statement made in or in connection with any amendment thereto or any statement contained in any certificate, financial

statement, Borrowing Base Certification Report, collateral report or other instrument delivered by or on behalf of any Loan Party prior to the Closing Date and delivered to the Administrative Agent, the Collateral Agents or any Lender in connection with the underwriting or closing of the transactions contemplated hereby) shall constitute representations and warranties made by the Loan Parties as of the date of such certificate, financial statement or other instrument in favor of the Administrative Agent, the Collateral Agents and each of the Lenders under this Agreement. All such representations and warranties shall survive the effectiveness of this Agreement, the execution and delivery of the Loan Documents and the making of the Advances.

SECTION 4.30. Loans and Investments.

No Loan Party nor any of its respective Subsidiaries has made a loan, advance or Investment which is outstanding or existing on the Closing Date except as set forth on Schedule 4.30.

SECTION 4.31. No Default or Event of Default.

No event has occurred and is continuing and no condition exists, or would result from any Advance or from the application of the proceeds therefrom, which constitutes or would reasonably be expected to constitute a Default or Event of Default.

SECTION 4.32. USA PATRIOT ACT; OFAC.

(a) No Loan Party nor any Affiliate of a Loan Party is (i) a Person that resides or has a place of business in a country or territory named on such lists or which is designated as a Non-Cooperative Jurisdiction by the Financial Action Task Force on Money Laundering ("FATF"), or whose subscription funds are transferred from or through such a jurisdiction; (ii) a "Foreign Shell Bank" within the meaning of the Patriot Act, i.e., a foreign lender that does not have a physical presence in any country and that is not affiliated with a lender that has a physical presence and an acceptable level of regulation and supervision; or (iii) a person or entity that resides in or is organized under the laws of a jurisdiction designated by the United States Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns.

(b) No Loan Party or any Affiliate of a Loan Party (i) is a Sanctioned Entity, (ii) has more than 10% of its assets located in Sanctioned Entities, or (iii) derives more than 10% of its operating income from investments in, or transactions with, Sanctioned Entities. The proceeds of any Advance will not be used and have not been used to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Entity. No Loan Party nor any Affiliate of a Loan Party is in violation of or violates any of the country or list based economic and trade sanctions administered and enforced by OFAC that are described or referenced at <http://www.ustreas.gov/offices/enforcement/ofac/> or as otherwise published from time to time.

SECTION 4.33. Material Contracts.

Schedule 4.33 is, as of the Closing Date, a true, correct and complete listing of all contracts to which any Loan Party is a party, the breach of or failure to perform which, either by

a Loan Party or other party to such contract, could reasonably be expected to have a Material Adverse Effect (“Material Contract”). The Borrower, its Applicable Subsidiaries and the other Loan Parties that is a party to any Material Contract has performed and is in compliance with all of the material terms of such Material Contract, and no Loan Party has knowledge of any default or event of default that exists with respect to any such Material Contract.

SECTION 4.34. No Burdensome Restrictions.

No contract, lease, agreement or other instrument to which any Loan Parties or any of its respective Applicable Subsidiaries is a party or by which any of its property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of Applicable Law have had or are reasonably expected to have a Material Adverse Effect.

SECTION 4.35. Eligible Assets.

To the best of the Borrower’s knowledge, as to (a) each parcel of Real Estate that is identified by the Borrower as Eligible Real Estate in a Borrowing Base Certification Report submitted to the Collateral Agents, such Real Estate is not, as of the date of such Borrowing Base Certification Report, excluded as ineligible by virtue of one or more of the excluding criteria (other than Collateral Agent-discretionary criteria) set forth in the definition of Eligible Real Estate, (b) each item of equipment and machinery that is identified by the Borrower as Eligible Equipment and Machinery in a Borrowing Base Certification Report submitted to the Collateral Agents, such equipment or machinery is not, as of the date of such Borrowing Base Certification Report, excluded as ineligible by virtue of one or more of the excluding criteria (other than Collateral Agent-discretionary criteria) set forth in the definition of Eligible Equipment and Machinery, (c) each Account that is identified by the Borrower as an Eligible Account in a Borrowing Base Certification Report submitted to the Collateral Agents, such Account is, as of the date of such Borrowing Base Certification Report, (i) a bona fide existing payment obligation of the applicable account debtor created by the sale and delivery of Inventory or the rendition of services to such account debtor in the ordinary course of the Borrower’s business, (ii) owed to the Borrower, and (iii) not excluded as ineligible by virtue of one or more of the excluding criteria (other than Collateral Agent-discretionary criteria) set forth in the definition of Eligible Account, and (d) each item of Inventory that is identified by the Borrower as Eligible Inventory in a Borrowing Base Certification Report submitted to the Collateral Agents, such Inventory is, as of the date of such Borrowing Base Certification Report, (i) of good and merchantable quality, free from known defects, and (ii) not excluded as ineligible by virtue of one or more of the excluding criteria (other than Collateral Agent-discretionary criteria) set forth in the definition of Eligible Inventory.

SECTION 4.36. Designated Senior Indebtedness.

The Obligations and all other indebtedness, liabilities and obligations of the Loan Parties now existing or hereafter arising hereunder or under any of the other Loan Documents, as such indebtedness, liabilities and obligations may be amended, extended, increased, restated, supplemented or otherwise modified from time to time, are Designated Senior Indebtedness (as defined in the Indenture).

ARTICLE V
COVENANTS

The Borrower and Guarantors hereby agree, jointly and severally, that, so long as any Lender has any Commitment hereunder or any Obligation remains unpaid:

SECTION 5.01. Information.

The Borrower will deliver to the Collateral Agents, who will then promptly deliver to each of the Lenders:

(a) as soon as available and in any event within ninety (90) calendar days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, shareholders' equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and satisfactory in form to the Administrative Agent, all as audited by Ernst & Young, LLP, or other independent public accountants reasonably acceptable to the Administrative Agent, and certified by such independent public accountants to be free of any "going concern" or like exceptions and qualifications not acceptable to the Required Lenders; provided, that the Borrower may deliver, in lieu of the foregoing consolidated annual financial statements only, the annual report of the Borrower for the applicable Fiscal Year on Form 10-K filed with the SEC, but only so long as the consolidated financial statements contained in such annual report are substantially the same in content as the consolidated financial statements required by this Section 5.01(a);

(b) as soon as available and in any event within forty-five (45) calendar days after the end of the first three Fiscal Quarters of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the related statement of income and statement of cash flows for such Fiscal Quarter and for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of the previous Fiscal Year, all in reasonable detail and satisfactory in form to the Administrative Agent, and all reviewed by Ernst & Young, LLP or other independent public accountants reasonably acceptable to the Administrative Agent and certified (subject to normal year-end adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer of the Borrower; provided, that the Borrower may deliver, in lieu of the foregoing quarterly consolidated financial statements only, the quarterly report of the Borrower for the applicable Fiscal Quarter on Form 10-Q filed with the SEC, but only so long as the consolidated financial statements contained in such quarterly report are substantially the same in content as the consolidated financial statements required by this Section 5.01(b).

(c) as soon as available and in any event within thirty (30) calendar days after the end of each calendar month (except with respect to any calendar month that is the last month of a Fiscal Quarter), a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such calendar month (together with an executive summary discussion and analysis) and the related statement of income and statement of cash flows for

such calendar month and for the portion of the Fiscal Year ended at the end of such calendar month, setting forth in each case in comparative form the figures for the corresponding calendar month and the corresponding portion of the previous Fiscal Year, all certified (subject to normal year-end adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer of the Borrower;

(d) simultaneously with the delivery of each set of financial statements referred to in clause (a) above for each Fiscal Year and each set of financial statements referred to in clause (b) above for each Fiscal Quarter, a certificate, substantially in the form of Exhibit H and with compliance calculations in form and content satisfactory to the Collateral Agents (a "Compliance Certificate"), of the chief financial officer or other authorized officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Loan Parties were in compliance with the requirements of Sections 5.03, 5.05, 5.06, 5.07, 5.08, 5.09, 5.13 and 5.27 on the date of such financial statements, (ii) setting forth the identities of the respective Subsidiaries on the date of such financial statements, (iii) stating whether any Default or Event of Default exists on the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Loan Parties are taking or propose to take with respect thereto, and (iv) stating whether, since the date of the most recent previous delivery of financial statements pursuant to clauses (a) or (b) above, any event has occurred or condition exists that has had or could reasonably be expected to have a Material Adverse Effect, and, if so, the nature of such event or condition;

(e) simultaneously with the delivery of each set of annual financial statements referred to in paragraph (a) above, a statement of the firm of independent public accountants which reported on such statements to the effect that nothing has come to their attention to cause them to believe that the Borrower has failed to comply with the requirements of Section 5.05(a), (b) or (c) as of the date of such financial statements;

(f) within five (5) Domestic Business Days after the Borrower becomes aware of the occurrence of any Default or Event of Default, or any event that results in a Material Adverse Effect, a certificate of the chief financial officers or authorized officers of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(g) promptly after the same become publicly available, but only upon request of the Administrative Agent, copies of all periodic and other reports, proxy statements and other materials filed with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be;

(h) if and when the Borrower or any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice;

(i) promptly after the Borrower knows of the commencement thereof, notice of any litigation, dispute or proceeding (and any material development in respect of such proceedings) involving a claim against a Loan Party and/or any Subsidiary of a Loan Party for \$1,000,000 or more;

(j) as soon as available and in any event by the twentieth (20th) calendar day of each calendar month (but dated as of the last day of the preceding calendar month), or, during any period beginning on any date that Excess Liquidity falls below \$15,000,000 and continuing until the date that Excess Liquidity has been above \$15,000,000 for at least 90 consecutive days, as soon as available and in any event by the second Business Day of each calendar week (but dated as of the last day of the preceding calendar week), (i) an aging of the Borrower's accounts receivable, showing the age of such accounts receivable, identifying the Persons who are the account debtors for such accounts receivable (specifying the amount and age of the accounts receivable owing from each such account debtor), together with a reconciliation and supporting documentation for any reconciling items noted, (ii) a detailed calculation of those Accounts that are not eligible for the Borrowing Base, (iii) a report listing all Inventory and Eligible Inventory of the Borrower, the cost thereof, specifying raw materials, work-in-process, finished goods and inventory-in-transit, and containing such other information and accompanied by such supporting documents as the Collateral Agents, in their Permitted Discretion may from time to time prescribe, (iv) a detailed Inventory system/perpetual report specifying the cost of the Borrower's Inventory, by category, together with a detailed report as to the Borrower's Inventory reserves, (v) a detailed calculation of Inventory categories that are not eligible for the Borrowing Base, (vi) a summary aging, by vendor, of the Borrower's accounts payable and any book overdraft balance and an aging, by vendor, of any held checks, if applicable, (vii) a detailed report regarding the Borrower's cash and Cash Equivalents, (viii) an Account roll-forward, in a format acceptable to the Collateral Agents in their Permitted Discretion, tied to the beginning and ending account receivable balances of the Borrower's general ledger, (ix) notice of all claims, offsets, or disputes asserted by account debtors with respect to Borrower's Accounts, in excess of an amount determined in the sole discretion of the Collateral Agents, (x) a reconciliation of Accounts, trade accounts payable, and Inventory of the Borrower's general ledger accounts to its monthly financial statements including any book reserves related to each category, and (xi) a report as to any sales or dispositions of Eligible Equipment and Machinery and Eligible Real Estate, together with a report as to any equipment and machinery or Real Estate collateral that was previously included in the Borrowing Base but no longer meets all applicable eligibility criteria, the statements in which, in each instance listed above, shall be certified as to truth and accuracy by the chief financial officer or other authorized financial officer of the Borrower;

(k) as soon as available and in any event by the twentieth (20th) calendar day of each calendar month (but dated as of the last day of the preceding calendar month), or, during any period beginning on any date that Excess Liquidity falls below \$15,000,000 and continuing until the date that Excess Liquidity has been above \$15,000,000 for at least 90 consecutive days, as soon as available and in any event by the second Business Day of each calendar week (but dated as of the last day of the preceding calendar week), a Borrowing Base Certification Report, in form and content reasonably satisfactory to the Collateral Agents, the statements in which, in each instance, shall be certified as to truth and accuracy by the chief financial officer or other authorized financial officer of the Borrower;

(l) upon the request of the Collateral Agents, a detailed list of Borrower's customers, with address and contact information;

(m) upon the request of the Collateral Agents, (i) copies of invoices together with corresponding shipping and delivery documents, and credit memos together with corresponding supporting documentation, with respect to invoices and credit memos in excess of an amount determined in the sole discretion of the Collateral Agents, from time to time, and (ii) copies of purchase orders and invoices for Inventory acquired by the Borrower;

(n) simultaneously with the delivery of each set of financial statements referred to in clause (b) above, for each Fiscal Quarter, a report (the "Margin and Fee Rate Report") substantially in the form attached hereto as Exhibit I, reflecting the information needed for a determination of the Consolidated Debt to Consolidated EBITDA Ratio, the Applicable Margin and the Applicable Fee Rate in such form as Administrative Agent shall in its sole discretion approve, together with the Borrower's calculation of the Consolidated Debt to Consolidated EBITDA Ratio, Applicable Margin and Applicable Fee Rate, all for the preceding Fiscal Quarter. Such Margin and Fee Rate Report shall be certified as to truth and accuracy by the chief financial officer or other authorized financial officer of the Borrower;

(o) promptly upon receipt thereof, copies of each report submitted to the Borrower or its Consolidated Subsidiaries by independent public accountants in connection with any annual, interim or special audit made by them of the books of the Borrower or its Consolidated Subsidiaries, including, without limitation, each report submitted to the Borrower or its Consolidated Subsidiaries concerning its accounting practices and systems and any final comment letter submitted by such accountants to management in connection with the annual audit of the Borrower or its Consolidated Subsidiaries;

(p) on or prior to the date of the consummation thereof, (i) the occurrence of any Disposition of property or assets for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.11(d), (ii) the occurrence of any sale of capital stock or other Capital Securities for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.11(e), (iii) the incurrence or issuance of any Debt for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.11(f), and (iv) the receipt of any Extraordinary Receipt for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.11(g);

(q) notice of the occurrence of any default or event of default under the Indenture, under any other agreement or note evidencing any Debt having an aggregate principal amount in excess of \$500,000, or under any Material Contract, and the action which the Borrower is taking or proposes to take with respect thereto;

(r) as soon as available and in any event within thirty (30) calendar days after the beginning of each Fiscal Year, an annual operating budget of the Borrower for such Fiscal Year, in form and substance satisfactory to the Collateral Agents; and

(s) from time to time such additional information regarding the assets, financial position or business of the Borrower, its Subsidiaries, and each Loan Party as the Administrative Agent, at the request of any Lender, or the Collateral Agents may reasonably request.

SECTION 5.02. Inspection of Property, Books and Records.

The Borrower will (i) keep, and will cause each of its Applicable Subsidiaries to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities; (ii) permit, and will cause each Applicable Subsidiary of the Borrower and each Loan Party to permit, with reasonable prior notice which notice shall not be required in the case of an emergency or during the existence of a Default or Event of Default, the Collateral Agents or their respective designees, at the expense of the Borrower and the Loan Parties (subject to the limitation on Credit Party Expenses relating to field examinations), to perform periodic appraisals (including trademark appraisals), inspections, field audits and investigations of the Borrower, the Loan Parties and the Collateral (including, without limitation, verification of the Accounts and Inventory of the Borrower) and the records pertaining thereto, from time to time; and (iii) permit, and will cause each Subsidiary to permit, representatives of any Lender at the Borrower's expense to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants. The Loan Parties agree to cooperate and assist in such visits and inspections, in each case at such reasonable times and as often as may reasonably be desired. Notwithstanding the foregoing, prior to the occurrence of any uncured or unwaived Default or Event of Default, the Borrower shall not be liable for expenses relating to more than four field examinations per year.

SECTION 5.03. [Reserved].

SECTION 5.04. Sale/Leasebacks.

The Loan Parties shall not, nor shall they permit any Applicable Subsidiary to, enter into any Sale/Leaseback Transaction.

SECTION 5.05. Financial Covenants.

(a) Minimum Consolidated Net Worth. The Borrower will maintain Consolidated Net Worth, measured as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ended December 31, 2011, of not less than \$85,000,000.

(b) Fixed Charge Coverage Ratio. The Borrower will not permit the Fixed Charge Coverage Ratio to be less than 1.15 to 1.0, measured as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ended December 31, 2011.

(c) Consolidated Debt to Consolidated EBITDA Ratio. The Borrower will not permit the Consolidated Debt to Consolidated EBITDA Ratio to exceed (i) 4.25 to 1.0 measured as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ended December 31, 2011

(and in the case of Consolidated EBITDA, for the four-quarter period ending on such date), prior to the date on which the Senior Subordinated Notes have been redeemed in full, and (ii) 3.5 to 1.0 measured as of the end of each Fiscal Quarter (and in the case of Consolidated EBITDA, for the four-quarter period ending on such date) after the date on which the Senior Subordinated Notes have been redeemed in full.

SECTION 5.06. Acquisitions.

No Loan Party nor any Applicable Subsidiary of a Loan Party shall make any Acquisition, or take any action to solicit the tender of securities or proxies in respect thereof in order to effect any Acquisition, unless (a) the line or lines of business of the Person to be acquired are substantially the same as or reasonably related to one or more line or lines of business conducted by the Borrower, (b) after giving effect to such Acquisition, no Default or Event of Default shall have occurred and be continuing, and the Borrower shall be in actual and pro-forma compliance with the covenants set forth in Section 5.05 (as calculated as of the most recently ended Fiscal Quarter for which the Borrower is then required to have delivered quarterly financial statements in accordance with Section 5.01(b) as if such Acquisition and all related transactions (including the making of any Advances hereunder in connection therewith and the assumption or incurrence of all Debt related to such Acquisition) had been consummated as of the last day of such Fiscal Quarter), (c) Excess Liquidity shall be at least \$15,000,000 on each day from the 30th day prior to the consummation of such Acquisition through and including the 30th day after the consummation thereof, as calculated on a pro forma basis as if such Acquisition (including the making of any Advances hereunder in connection therewith) had been consummated on the 30th day prior to the actual consummation thereof, and (d) the aggregate consideration (including all Debt of such Person being acquired that is not discharged by the seller at the time of such Acquisition, all Debt as to which any Loan Party or any Applicable Subsidiary of a Loan Party takes subject, and all other liabilities (including contingent earn-out payments) paid or to be paid in connection with such Acquisition) paid in connection with any single Acquisition shall not exceed \$10,000,000 and in connection with all Acquisitions made during any Fiscal Year shall not exceed \$20,000,000; provided, that the limitation in this clause (d) on Acquisitions made during any Fiscal Year shall not apply so long as the Borrower maintains Excess Liquidity (as calculated on a pro forma basis after giving effect to any proposed Acquisition) greater than the Excess Liquidity Requirement.

SECTION 5.07. Loans or Advances.

No Loan Party nor any Applicable Subsidiary of a Loan Party shall make loans or advances to any Person except: (a) deposits required by government agencies or public utilities; (b) loans or advances to the Borrower or any Guarantor that is a Consolidated Subsidiary; provided, if requested by the Administrative Agent in writing, all such Debt shall be unsecured and subordinated in right of payment to the payment in full of the Obligations pursuant to the terms of the applicable promissory notes or an intercompany subordination agreement that in any such case is reasonably satisfactory to Administrative Agent; (c) loans and advances, if any, outstanding on the Closing Date and set forth on Schedule 5.07; and (d) unsecured loans or advances not otherwise permitted under this Section 5.07, which when aggregated with all loans and advances made by the Loan Parties and Applicable Subsidiaries of the Loan Parties not otherwise permitted under this Section 5.07 and the total Investments made by the Loan Parties

and Subsidiaries of Loan Parties under Section 5.09(vi) do not exceed \$1,000,000 in the aggregate outstanding; provided, that after giving effect to the making of any loans, advances or deposits permitted by clause (a), (b), (c) or (d) of this Section, no Default or Event of Default shall have occurred and be continuing. All loans or advances permitted under this Section 5.07 shall be evidenced by written promissory notes and all such notes shall be subject to the Administrative Agent's first priority Lien pursuant to the Security Agreement.

SECTION 5.08. Restricted Payments.

The Loan Parties shall not declare or make any Restricted Payment unless (i) after giving effect to the making of such Restricted Payment, no Default or Event of Default shall have occurred and be continuing, and the Borrower shall be in actual and pro-forma compliance with the covenants set forth in Section 5.05 (as calculated as of the most recently ended Fiscal Quarter for which the Borrower is then required to have delivered quarterly financial statements in accordance with Section 5.01(b) as if such Restricted Payment and all related transactions (including the making of any Advances hereunder in connection therewith) had been consummated as of the last day of such Fiscal Quarter), (ii) Excess Liquidity shall be at least \$15,000,000 on each day from the 30th day prior to the making of such Restricted Payment through and including the 30th day after the making of such Restricted Payment, as calculated on a pro forma basis as if such Restricted Payment (including the making of any Advances hereunder in connection therewith) had been made on the 30th day prior to the actual making thereof, and (iii) the aggregate amount of Restricted Payments made during any Fiscal Year shall not exceed \$25,000,000; provided, that the limitation in this clause (iii) shall not apply so long as the Borrower maintains Excess Liquidity (as calculated on a pro forma basis after giving effect to any proposed Restricted Payment) greater than the Excess Liquidity Requirement.

SECTION 5.09. Investments.

No Loan Party nor any Applicable Subsidiary of a Loan Party shall make Investments in any Person except as permitted by Sections 5.06 and Section 5.07(a) through (d) and except Investments in (i) direct obligations of the United States Government maturing within one year, (ii) certificates of deposit issued by a commercial bank whose credit is satisfactory to the Administrative Agent, (iii) commercial paper rated A-1 or the equivalent thereof by Standard & Poor's Corporation or P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in either case maturing within 12 months after the date of acquisition, (iv) tender bonds the payment of the principal of and interest on which is fully supported by a letter of credit issued by a United States Bank whose long-term certificates of deposit are rated at least AA or the equivalent thereof by Standard & Poor's Corporation and AA or the equivalent thereof by Moody's Investors Service, Inc., (v) Investments existing on the Closing Date and set forth on Schedule 5.09; and (vi) Investments not otherwise permitted under this Section 5.09, made in the ordinary course of business and consistent with practices existing on the Closing Date, which when aggregated with all Investments made by the Loan Parties and Subsidiaries of Loan Parties not otherwise permitted under this Section 5.09 and the aggregate outstanding loans and advances made by the Loan Parties and Applicable Subsidiaries of Loan Parties under Section 5.07(d) do not exceed \$1,000,000; provided, that after giving effect to such Investment and at any time after any such Investment is made, no Default or Event of Default exists.

SECTION 5.10. Negative Pledge.

No Loan Party nor any Applicable Subsidiary of a Loan Party will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement encumbering assets (other than Collateral) securing Debt outstanding on the date of this Agreement, in each case as described and in the principal amounts set forth on Schedule 5.10;

(b) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business that are not yet due and payable or that are being contested in good faith and with due diligence by appropriate proceedings and with respect to which (i) the Loan Party has established reserves reasonably satisfactory to the Administrative Agent and the Required Lenders and (ii) the Collateral Agents are satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of the Administrative Agent's Liens;

(c) pledges or deposits made in the ordinary course of business to secure payment of workers' compensation, to participate in any fund in connection with workers' compensation, unemployment insurance, old-age pensions or other social security programs, or for other similar purposes;

(d) Liens of mechanics, materialmen, warehousemen, carriers or other like liens, securing obligations incurred in the ordinary course of business that: (1) are not yet due and payable and which in no event shall become a Lien prior to any of the Administrative Agent's Liens; or (2) are being contested diligently in good faith pursuant to appropriate proceedings and with respect to which the Loan Party has established reserves reasonably satisfactory to the Administrative Agent and the Required Lenders and which in no event shall become a Lien prior to any of the Administrative Agent's Liens;

(e) good faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of ten percent (10%) of the aggregate amount due thereunder, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(f) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of clauses (a) through (e) of this Section; provided, that (i) such Debt is not secured by any additional assets, and (ii) the amount of such Debt secured by any such Lien is not increased;

(g) any Lien imposed as a result of a taking under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority;

(h) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are necessary for the conduct of the

activities of the Borrower and its Subsidiaries or which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of the Borrower and its Applicable Subsidiaries and other easements, covenants, restrictions, reservations, exceptions and other matters shown on any title insurance commitment or survey provided to the Collateral Agents prior to the date hereof and not objected to by the Collateral Agents prior to the date hereof; and

(i) Liens securing the Obligations created or arising under the Loan Documents.

SECTION 5.11. Maintenance of Existence, etc.

Except as otherwise permitted by Section 5.12, each Loan Party shall maintain its organizational existence and carry on its business in substantially the same manner and in substantially the same line or lines of business or line or lines of business reasonably related to the business now carried on and maintained. Any Loan Party pledging Collateral under the Collateral Documents shall be organized as a corporation, limited liability company, limited partnership or other legal entity.

SECTION 5.12. Dissolution.

No Loan Party shall suffer or permit dissolution or liquidation either in whole or in part or redeem or retire any shares of its own Capital Securities, except: (a) through corporate or company reorganization to the extent permitted by Section 5.13; (b) Restricted Payments permitted by Section 5.08; and (c) dissolution or liquidation of any Loan Party other than the Borrower so long as (i) all of the assets of such Loan Party have been transferred to the Borrower or such assets will become assets of the Borrower by operation of law, and (ii) if requested by the Administrative Agent, the Borrower shall execute and deliver such documents or instruments as shall be reasonably requested by the Administrative Agent to confirm that the Administrative Agent's security interest in any Collateral pledged by such Loan Party shall continue in full force and effect after such dissolution or liquidation.

SECTION 5.13. Consolidations, Mergers and Sales of Assets.

No Loan Party will, nor will it permit any Applicable Subsidiary of a Loan Party to, consolidate or merge with or into, or sell, lease or otherwise dispose of all or any substantial part of its assets to, any other Person, or discontinue or eliminate any business line or segment, provided, that (a) pursuant to the consummation of an Acquisition permitted under Section 5.06 (but not otherwise) a Loan Party may merge with another Person if (i) such Person was organized under the laws of the United States of America or one of its states, (ii) the Loan Party is the Person surviving such merger, (iii) immediately after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing, (b) Loan Parties may merge with one another, provided that if the Borrower merges with another Loan Party, the Borrower is the Person surviving such merger; (c) Subsidiaries of a Loan Party (excluding Loan Parties) may merge with one another; and (d) so long as no Event of Default shall exist or would result therefrom, the foregoing limitation on the sale, lease or other transfer of assets and on the discontinuation or elimination of a business line or segment shall not prohibit (i) sales of

Inventory in the ordinary course of business and for fair value; and (ii) any other transfer of assets or the discontinuance or elimination of a business line or segment (in a single transaction or in a series of related transactions); provided that that aggregate value of the assets so transferred by all Loan Parties and all Applicable Subsidiaries of Loan Parties, and all other assets utilized in all other business lines or segments so discontinued by all Loan Parties and all Applicable Subsidiaries of Loan Parties, shall not exceed \$500,000 in the aggregate during any Fiscal Year.

SECTION 5.14. Use of Proceeds.

No portion of the proceeds of any Advance will be used by the Borrower or any Subsidiary (a) directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock, or (b) for any purpose in violation of any applicable law or regulation. Except as otherwise provided herein, the proceeds of the Advances shall be used: (i) to refinance certain existing indebtedness of the Borrower, including the Borrower's indebtedness under the Prior Credit Agreement and the Senior Subordinated Notes; (ii) for working capital and other lawful corporate purposes, and (iii) to pay fees and expenses incurred in connection with this Agreement. No part of the proceeds of any Advance will be used, whether directly or indirectly, for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulations T, U or X.

SECTION 5.15. Compliance with Laws; Payment of Taxes.

Each Loan Party will, and will cause each Applicable Subsidiary of a Loan Party and each member of the Controlled Group to, comply in all material respects with applicable laws (including but not limited to Environmental Laws, ERISA and the Patriot Act), regulations and similar requirements of governmental authorities (including but not limited to the PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings diligently pursued. Each Loan Party will, and will cause each Applicable Subsidiary of a Loan Party to, pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which, if unpaid, might become a Lien against the property of a Loan Party or any Applicable Subsidiary of a Loan Party, except liabilities being contested in good faith by appropriate proceedings diligently pursued and with respect to which (a) the Borrower shall have set up reserves in accordance with GAAP, and (b) the Collateral Agents are satisfied that, while any such contest is pending, there will be no impairment of the enforceability, validity, or priority of any of the Administrative Agent's Liens. Each Loan Party will, and will cause each Applicable Subsidiary of a Loan Party to, comply with all material terms and conditions of all Material Contracts to which it is a party.

SECTION 5.16. Insurance.

In addition to any insurance requirements set forth in the Collateral Documents, each Loan Party will maintain, and will cause each Applicable Subsidiary of a Loan Party to maintain (either in the name of such Loan Party or in such Applicable Subsidiary's own name), with financially sound and reputable insurance companies, insurance on all its Property in at least such amounts (and with such risk retentions and with such deductibles) and against at least such risks as are usually insured against in the same general area by companies of established repute

engaged in the same or similar business, and the Borrower will maintain not less than \$64,000,000 of business interruption insurance at all times (or such lesser amount as the Collateral Agents may agree to in their Permitted Discretion). Upon request, the Loan Parties shall promptly furnish the Collateral Agents copies of all such insurance policies or certificates evidencing such insurance and such other documents and evidence of insurance as the Collateral Agents shall request. Subject to the terms of the Security Agreement, the Administrative Agent shall be named as loss payee and additional insured on all such insurance policies insuring the Collateral (as defined in the Security Agreement).

SECTION 5.17. Change in Fiscal Year.

No Loan Party will make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Fiscal Year without the consent of the Required Lenders.

SECTION 5.18. Maintenance of Property.

Each Loan Party shall, and shall cause each Applicable Subsidiary of a Loan Party to, maintain all of its properties and assets in good condition, repair and working order, ordinary wear and tear excepted, except as otherwise provided in any of the Collateral Documents.

SECTION 5.19. Environmental Notices.

Each Loan Party shall furnish to the Lenders and the Administrative Agent prompt written notice of all material Environmental Liabilities, pending or threatened Environmental Proceedings, Environmental Notices, Environmental Judgments and Orders, and Environmental Releases at, on, in, under or in any way affecting the Properties of which any Loan Party has notice.

SECTION 5.20. Environmental Matters.

No Loan Party or any Applicable Subsidiary of a Loan Party will, nor will any Loan Party permit any Third Party to, use, produce, manufacture, process, treat, recycle, generate, store, dispose of, manage at, or otherwise handle or ship or transport to or from the Properties any Hazardous Materials except for Hazardous Materials such as cleaning solvents, pesticides and other similar materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed, managed or otherwise handled in minimal amounts in the ordinary course of business in strict compliance with all applicable Environmental Requirements.

SECTION 5.21. Environmental Release.

Each Loan Party agrees that, upon the occurrence of an Environmental Release at, under or on any of the Properties owned by any Loan Party, it will act immediately to investigate the extent of, and to take appropriate remedial action to eliminate, such Environmental Release, whether or not ordered or otherwise directed to do so by any Environmental Authority.

SECTION 5.22. Additional Covenants, Etc.

In the event that at any time this Agreement is in effect or any Note remains unpaid any Loan Party shall enter into any agreement, guarantee, indenture or other instrument governing, relating to, providing for commitments to advance or guaranteeing any Financing or to amend any terms and conditions applicable to any Financing, which agreement, guarantee, indenture or other instrument includes covenants, warranties, representations, defaults or events of default (or any other type of restriction which would have the practical effect of any of the foregoing, including, without limitation, any "put" or mandatory prepayment of such debt) or other terms or conditions not substantially as, or in addition to those, provided in this Agreement or any other Loan Document, or more favorable to the lender or other counterparty thereunder than those provided in this Agreement or any other Loan Document, the Loan Party shall promptly so notify the Administrative Agent and the Lenders. Thereupon, if the Collateral Agents shall request by written notice to the Loan Party (after a determination has been made by the Required Lenders that any of the above referenced documents or instruments contains any provisions which either individually or in the aggregate are more favorable than one of the provisions set forth herein), the Loan Parties, the Administrative Agent, the Collateral Agents and the Lenders shall enter into an amendment to this Agreement providing for substantially the same such covenants, warranties, representations, defaults or events of default or other terms or conditions as those provided for in such agreement, guarantee, indenture or other instrument, to the extent required and as may be selected by the Collateral Agents, such amendment to remain in effect, unless otherwise specified in writing by the Collateral Agents, for the entire duration of the term of such Financing (to and including the date to which the same may be extended at the option of the Loan Party); provided, that if any such agreement, guarantee, indenture or other instrument shall be subsequently modified, supplemented, amended or restated so as to modify, amend or eliminate from such agreement, guarantee, indenture or other instrument any such covenant, warranty, representation, default or event of default or other term or condition so made a part of this Agreement, then unless otherwise required by the Collateral Agents pursuant to this Section, the Loan Documents shall be modified so as to conform the provisions previously incorporated pursuant to this Section 5.22 to such provisions as subsequently modified, supplemented, amended or restated.

SECTION 5.23. Transactions with Affiliates.

No Loan Party nor any Applicable Subsidiary of a Loan Party shall enter into, or be a party to, any transaction with any Affiliate of a Loan Party or such Applicable Subsidiary (which Affiliate is not a Loan Party or a Applicable Subsidiary of a Loan Party), except as permitted by law and in the ordinary course of business and pursuant to reasonable terms which are no less favorable to the Loan Party or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person which is not an Affiliate, and except for the transactions described in Schedule 4.27.

SECTION 5.24. Joinder of Subsidiaries.

(a) The Loan Parties shall cause any Person which becomes a Domestic Subsidiary of a Loan Party after the Closing Date to become a party to, and agree to be bound by the terms of, this Agreement and the other Loan Documents (including without limitation the Security

Agreement) as a Guarantor pursuant to a Joinder Agreement, satisfactory to the Administrative Agent in all respects and executed and delivered to the Administrative Agent within ten (10) Domestic Business Days after the day on which such Person became a Domestic Subsidiary. The Loan Parties shall also cause the items specified in Section 3.01(c), (e) and (h) to be delivered to the Administrative Agent concurrently with the instrument referred to above, modified appropriately to refer to such instrument and such Subsidiary.

(b) The Loan Parties shall, or shall cause any Subsidiary (the "Pledgor Subsidiary") to, pledge: (a) the lesser of 65% or the entire interest owned by the Loan Parties and such Pledgor Subsidiary, of the Capital Securities or equivalent equity interests in any Person which becomes a Direct Foreign Subsidiary after the Closing Date; and (b) the entire interest owned by the Loan Parties and such Pledgor Subsidiary, of the Capital Securities or equivalent equity interests in any Person which becomes a Domestic Subsidiary after the Closing Date, all pursuant to a Pledge Agreement executed and delivered by the Loan Parties or such Pledgor Subsidiary to the Administrative Agent within ten (10) Domestic Business Days after the day on which such Person became a Subsidiary and shall deliver to the Administrative Agent such shares of the Capital Securities together with stock powers executed in blank. The Loan Parties shall also cause the items specified in Section 3.01(c), (e), (g), (h) and (j) to be delivered to the Administrative Agent concurrently with such Pledge Agreement, modified appropriately to refer to such Pledge Agreement, the pledgor and such Subsidiary.

(c) Once any Subsidiary becomes a party to this Agreement in accordance with Section 5.24(a) or any Capital Securities (or equivalent equity interests) of a Subsidiary are pledged to the Administrative Agent in accordance with Section 5.24(b), such Subsidiary thereafter shall remain a party to this Agreement and the Capital Securities (or equivalent equity interests) in such Subsidiary (including, without limitation, all initial Subsidiaries) shall remain subject to the pledge to the Collateral Agent, as the case may be, even if such Subsidiary ceases to be a Subsidiary; provided, that if a Subsidiary ceases to be a Subsidiary of the Borrower as a result of the Borrower's transfer or sale of one hundred percent (100%) of the Capital Securities of such Subsidiary in accordance with and to the extent permitted by the terms of Section 5.13, the Administrative Agent and the Lenders agree to release such Subsidiary from this Agreement and release the Capital Securities of such Subsidiary from the applicable Pledge Agreement.

SECTION 5.25. No Restrictive Agreement.

No Loan Party will, nor will any Loan Party permit any of its Applicable Subsidiaries to, enter into, after the date of this Agreement, any indenture, agreement, instrument or other arrangement that, directly or indirectly, prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, any of the following by the Loan Party or any such Subsidiary: the incurrence or payment of Debt, the granting of Liens (except as permitted by Section 5.10), the declaration or payment of Restricted Payments or other distributions in respect of Capital Securities of the Loan Party or any Subsidiary, the making of loans, advances or Investments or the sale, assignment, transfer or other disposition of property, real, personal, intangible or tangible.

SECTION 5.26. Partnerships and Joint Ventures.

No Loan Party shall become a general partner in any general or limited partnership or a joint venturer in any joint venture, except for any Investment permitted by Section 5.09.

SECTION 5.27. Additional Debt.

No Loan Party or Applicable Subsidiary of a Loan Party shall directly or indirectly issue, assume, create, incur or suffer to exist any Debt or the equivalent (including obligations under capital leases), except for: (a) the Debt owed to the Lenders under the Loan Documents; (b) the Debt existing and outstanding on the Closing Date described on Schedule 5.27; (c) Debt subordinated to the Obligations by subordination agreement(s) satisfactory to Collateral Agent in their sole discretion; (d) Debt under the Indenture evidenced by the Senior Subordinated Notes; and (e) unsecured Debt not otherwise permitted under this Section 5.27, the aggregate outstanding principal amount of which when aggregated with all outstanding unsecured Debt of the Loan Parties and Applicable Subsidiaries of Loan Parties not otherwise permitted under this Section 5.27 shall not, at any time, exceed \$1,000,000.

The Borrower will not, and will not permit any Subsidiary to, (a) redeem, purchase prior to maturity, pay, or prepay any Subordinated Debt (other than Senior Subordinated Notes or as otherwise permitted by Section 5.08), (b) amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt or (c) designate any Debt of the Borrower or any Applicable Subsidiary as "Senior Indebtedness," "Senior Debt" or any similar designation under any agreement governing any Subordinated Debt of the Borrower or any Applicable Subsidiary, other than the Obligations; provided, that the Borrower shall be permitted on one occasion to repay Subordinated Debt with the proceeds of additional Subordinated Debt (the "Substitute Subordinated Debt") incurred contemporaneously with such repayment, provided: (1) such Substitute Subordinated Debt is in a principal amount no less than the principal amount of the Subordinated Debt being repaid; (2) the Borrower provides the Administrative Agent with written notice of such repayment no less than fifteen (15) calendar days prior to such repayment; (3) such repayment is made no less than sixty (60) calendar days prior to the maturity date of the Subordinated Debt being repaid; and (4) prior to such repayment, the holder of such Substitute Subordinated Debt executes and delivers to the Administrative Agent a subordination agreement satisfactory to the Required Lenders in their sole discretion.

SECTION 5.28. Modifications of Organizational Documents.

The Borrower shall not, and shall not permit any Loan Party or Applicable Subsidiary thereof to, amend, supplement, restate or otherwise modify its Organizational Documents or Operating Documents or other applicable document which modification is adverse to the interests of the Administrative Agent, the Letter of Credit Issuer or the Lenders under the Loan Documents.

SECTION 5.29. ERISA Exemptions.

The Loan Parties shall not permit any of their respective assets to become or be deemed to be “plan assets” within the meaning of ERISA, the Code or the respective regulations promulgated thereunder.

SECTION 5.30. Hedge Transactions.

The Loan Parties will not, and will not permit any of their Applicable Subsidiaries to, enter into any Hedge Transaction, other than Hedge Transactions entered into in the ordinary course of business to hedge or mitigate risks to which the Loan Parties are exposed in the conduct of their business or the management of their liabilities. Solely for the avoidance of doubt, the Borrower acknowledges that a Hedge Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedge Transaction under which any Loan Party is or may become obliged to make any payment (i) in connection with the purchase by any third party of any common stock or any Debt or (ii) as a result of changes in the market value of any common stock or any Debt) is not a Hedge Transaction entered into in the ordinary course of business to hedge or mitigate risks.

SECTION 5.31. Performance of Loan Documents.

Each Loan Party will at its own expense duly fulfill and comply with all obligations on its part to be fulfilled or complied with under or in connection with the Collateral, and all documents related thereto and will do nothing to impair the rights of any Loan Party or the Administrative Agent, as agent for the Secured Parties, or of the Secured Parties in, to and under the Collateral. Each Loan Party shall clearly and unambiguously identify each item of the Collateral in its computer or other records to reflect that the Administrative Agent, as agent for the Secured Parties, has the Lien therein granted by the Loan Parties pursuant to the Loan Documents.

SECTION 5.32. Operating Leases.

No Loan Party nor any Applicable Subsidiary of a Loan Party shall create, assume or suffer to exist any operating lease except operating leases which: (a) (i) are entered into in the ordinary course of business, and (ii) the aggregate indebtedness, liabilities and obligations of the Loan Parties under all such operating leases during any period of four (4) consecutive Fiscal Quarters shall at no time exceed \$15,000,000; and (b) are between the Borrower or any Guarantor, as landlord, and the Borrower or any Guarantor as tenant.

SECTION 5.33. Lockbox Agreement and Collateral Reserve Account.

The Borrower agrees that it will (a) on or prior to the Closing Date, execute and deliver to the Administrative Agent a Lockbox Agreement, (b) notify, or cause to be notified, all account debtors on the Borrower’s Accounts to forward all remittances to the lockbox in accordance with such Lockbox Agreement, and (c) pay all costs of such lockbox, including set up and administration thereof. The Borrower shall at all times maintain the Collateral Reserve Account and cause the Proceeds of the Borrower’s Accounts to be deposited in the Collateral Reserve Account. The Borrower acknowledges and agrees that, upon the occurrence and during the

continuance of any Default or Event of Default, and during any other period beginning on the date that Excess Liquidity falls below \$15,000,000 and continuing until the date that Excess Liquidity has been above \$15,000,000 for at least 90 consecutive days, the Administrative Agent (at its election or at the direction of the Collateral Agents) shall have the right to apply moneys on deposit in the Collateral Reserve Account to the repayment of the Obligations.

SECTION 5.34. Deposit Accounts.

The Loan Parties shall maintain their primary demand deposit and cash management accounts with BB&T.

SECTION 5.35. Designated Senior Indebtedness.

The Obligations and all other indebtedness, liabilities and obligations of the Loan Parties now existing or hereafter arising hereunder or under any of the other Loan Documents, as such indebtedness, liabilities and obligations may be amended, extended, increased, restated, supplemented or otherwise modified from time to time, at all times shall be, Designated Senior Indebtedness (as defined in the Indenture).

SECTION 5.36. Modifications of Indenture and Senior Subordinated Notes.

The Borrower shall not, and shall not permit any Loan Party or Applicable Subsidiary thereof to, amend, supplement, restate or otherwise modify the Indenture or the Senior Subordinated Notes without the prior consent of the Administrative Agent and the Collateral Agents.

SECTION 5.37. Controlled Account.

The Borrower shall maintain on deposit in the Controlled Account (i) from the Closing Date through June 5, 2012, an amount not less than \$25,000,000, and (ii) from June 6, 2012, and thereafter, until the Senior Subordinated Notes have been retired in full, an amount not less than 50% of the outstanding principal balance of the Senior Subordinated Notes as of June 5, 2012.

SECTION 5.38. Evidence of Insurance.

The Borrower shall provide to the Collateral Agents, within ten (10) days after the Closing Date, (a) a certificate evidencing the Borrower's liability insurance coverage, together with a copy of the "additional insured" endorsement to the Borrower's liability insurance policies, and (b) a copy of the "lenders loss payable" endorsement to the Borrower's property insurance policies, in each case in form and substance satisfactory to the Collateral Agents.

ARTICLE VI
DEFAULTS

SECTION 6.01. Events of Default.

If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower (i) shall fail to pay when due any principal of any Advance (including, without limitation, any Advance or portion thereof to be repaid pursuant to Section 2.11), (ii) shall fail to pay when due any Reimbursement Obligation with respect to any Letter of Credit, or (iii) shall fail to pay any interest on any Advance within three (3) Business Days after such interest shall become due; or any Loan Party shall fail to pay any fee or other amount payable hereunder within three (3) Business Days after such fee or other amount becomes due; or

(b) any Loan Party shall fail to observe or perform any covenant contained in Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10, 5.12, 5.13, 5.14, 5.17, 5.23, 5.24, 5.25, 5.26, 5.27, 5.28, 5.29, 5.30, 5.32, 5.33, 5.35 or 5.37; or

(c) any Loan Party shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by clause (a) or (b) above or clauses (n) or (p) below); provided, that such failure continues for fifteen (15) calendar days after the earlier of (i) the first day on which any Loan Party has knowledge of such failure or (ii) written notice thereof has been given to the Borrower by the Administrative Agent at the request of any Lender; or

(d) any representation, warranty, certification or statement made or deemed made by the Loan Parties in Article IV of this Agreement or in any financial statement, material certificate or other material document or report delivered pursuant to this Agreement by any Loan Party shall prove to have been untrue or misleading in any material respect when made (or deemed made); or

(e) any Loan Party or any Subsidiary of a Loan Party shall fail to make any payment in respect of Debt (other than the Notes) having an aggregate principal amount in excess of \$250,000 after expiration of any applicable cure or grace period; or

(f) any event or condition shall occur which results in the acceleration of the maturity of Debt outstanding of any Loan Party or any Subsidiary of a Loan Party in an aggregate principal amount in excess of \$250,000 or the mandatory prepayment or purchase of such Debt by any Loan Party (or its designee) or such Subsidiary of a Loan Party (or its designee) prior to the scheduled maturity thereof, or enables the holders of such Debt or commitment to provide such Debt or any Person acting on such holders' behalf to accelerate the maturity thereof, terminate any such commitment or require the mandatory prepayment or purchase thereof prior to the scheduled maturity thereof; or

(g) any Loan Party or any Subsidiary of a Loan Party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, administrator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or shall admit in writing its inability, to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(h) an involuntary case or other proceeding shall be commenced against any Loan Party or any Subsidiary of a Loan Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, administrator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) calendar days; or an order for relief shall be entered against any Loan Party or any Subsidiary of a Loan Party under the federal bankruptcy laws as now or hereafter in effect; or

(i) any Loan Party or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by any Loan Party, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) calendar days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

(j)(1) one or more judgments or orders for the payment of money in an aggregate amount in excess of \$250,000 shall be rendered against any Loan Party or any Subsidiary of a Loan Party, and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) calendar days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect, or (2) any Loan Party or Subsidiary of a Loan Party shall have made payments in settlement of any litigation or threatened proceeding in excess of \$5,000,000 in the aggregate without the prior approval of the Required Lenders, which consent shall not be unreasonably withheld, conditioned or delayed; or

(k) one or more federal tax Liens shall be filed against any Loan Party or any Subsidiary of a Loan Party under Section 6323 of the Code or one or more Liens of the PBGC shall be filed against any Loan Party or any Subsidiary of a Loan Party under Section 4068 of ERISA, in either case which (i) are in an aggregate amount of less than \$250,000 and are not paid or otherwise discharged within thirty (30) days, or (ii) are in an aggregate amount of \$250,000 or more; or

(l) a Change in Control shall occur; or

(m) the Administrative Agent, as agent for the Secured Parties, shall fail for any reason to have a valid first priority security interest in any of the Collateral; or there shall have occurred uninsured damage to, or loss, theft or destruction of, any part of the Collateral in excess of \$2,500,000 in the aggregate during any Fiscal Year; or

(n) a default or event of default shall occur and be continuing under any of the Collateral Documents, any Letter of Credit or any Letter of Credit Application Agreement or any

Loan Party shall fail to observe or perform any obligation to be observed or performed by it under any Collateral Document, any Letter of Credit or any Letter of Credit Application Agreement, and such default, event of default or failure to perform or observe any obligation continues beyond any applicable cure or grace period provided in such Collateral Document, any Letter of Credit or any Letter of Credit Application Agreement; or

(o) a material default or event of default shall occur and be continuing under any of the Material Contracts or any Loan Party shall fail to observe or perform any material obligation to be observed or performed by it under any Material Contract, and such material default, event of default or failure to perform or observe any obligation continues beyond any applicable cure or grace period provided in such Material Contract; or

(p)(i) any of the Guarantors shall fail to pay when due any Guaranteed Obligations or shall fail to pay any fee or other amount payable hereunder when due (in either case after giving effect to any applicable grace period); or (ii) any Guarantor shall disaffirm, contest or deny its obligations under Article X; or

(q) if the Borrower, except as permitted by Section 5.12 or 5.13, at any time fails to own (directly or indirectly, through Wholly-Owned Subsidiaries) 100% of the outstanding shares of the voting stock, voting membership interests or equivalent equity interests of each Guarantor that was a Wholly-Owned Subsidiary at the time it became a Guarantor under this Agreement; or

(r) any Loan Party shall (or shall attempt to) disaffirm, contest or deny its obligations under any Loan Document; or

(s) the occurrence of any default or event of default shall have occurred under the Indenture or the Senior Subordinated Notes; or

(t) the occurrence of any event, act or condition which the Required Lenders determine either does or has a reasonable probability of causing a Material Adverse Effect,

then, and in every such event, the Administrative Agent shall (i) if requested by the Required Lenders, by notice to the Borrower terminate the Revolver Commitments of all of the Lenders and they shall thereupon terminate; (ii) if requested by the Swing Line Lender, by notice to the Borrower, terminate the Swing Line facility set forth in Section 2.01(b); (iii) if requested by the Required Lenders, by notice to the Letter of Credit Issuer, instruct the Letter of Credit Issuer to declare an Event of Default under the Letter of Credit Application Agreements; and (iv) if requested by the Required Lenders, by notice to the Borrower declare the Notes (together with accrued interest thereon) and all other amounts payable hereunder and under the other Loan Documents to be, and the Notes, including without limitation the Swing Advance Note (together with all accrued interest thereon) and all other amounts payable hereunder and under the other Loan Documents shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties; provided, that if any Event of Default specified in clause (g) or (h) above occurs with respect to any Loan Party or any Subsidiary of a Loan Party, without any notice to any Loan Party or any other act by the Administrative Agent or the Lenders, the Revolver Commitments of all of the

Lenders shall thereupon automatically terminate and the Swing Line facility set forth in Section 2.01(b) shall thereupon automatically terminate and the Notes, including without limitation the Swing Advance Note (together with accrued interest thereon) and all other amounts payable hereunder and under the other Loan Documents shall automatically become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties. Notwithstanding the foregoing, the Administrative Agent shall have available to it all rights and remedies provided under the Loan Documents (including, without limitation, the rights of a secured party pursuant to the Collateral Documents) and in addition thereto, all other rights and remedies at law or equity, and the Administrative Agent shall exercise any one or all of them at the request of the Required Lenders.

SECTION 6.02. Notice of Default.

The Administrative Agent shall give notice to the Borrower of any Default under Section 6.01(c) promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

SECTION 6.03. Cash Cover.

If any Event of Default shall have occurred and be continuing, the Borrower shall, if requested by the Collateral Agents, pay to the Administrative Agent, for the benefit of the Lenders an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent) equal to 105% of the aggregate Undrawn Amounts available under the Letters of Credit; provided, that if any Event of Default specified in clause (g) or (h) above occurs, the Borrower shall be obligated to pay such amount to the Administrative Agent forthwith without any notice to the Borrower or any other act by the Administrative Agent.

SECTION 6.04. Allocation of Proceeds.

If an Event of Default has occurred and not been waived, and the maturity of the Notes has been accelerated pursuant to Article VI hereof, all payments received by the Administrative Agent hereunder or under the other Loan Documents, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower or any other Loan Party hereunder or under the other Loan Documents, shall be applied by the Administrative Agent in the following order:

(a) To payment of that portion of the Obligations constituting fees, indemnities, Credit Party Expenses and other amounts (including reasonable fees, charges and disbursements of counsel to the Collateral Agents and amounts payable under Article VIII and Section 2.12) payable to the Collateral Agents in their respective capacity as such, ratably among them in proportion to the amounts described in this clause payable to them; and then

(b) To payment of that portion of the Obligations constituting indemnities, Credit Party Expenses and other amounts (other than principal, interest and fees) payable to the Lenders and the Letter of Credit Issuer (including reasonable fees, charges and disbursements of counsel to the respective Lenders and the Letter of Credit Issuer and amounts payable under Article VIII and Section 2.12), ratably among them in proportion to the amounts described in this clause payable to them; and then

(c) To the extent that Swing Advances have not been refinanced by a Revolver Advance, payment to the Swing Line Lender of that portion of the Obligations constituting accrued and unpaid interest on the Swing Advances; and then

(d) To payment of that portion of the Obligations constituting accrued and unpaid interest on the Advances and other Obligations, and fees (including unused commitment fees, Letter of Credit Fees and Facing Fees), ratably among the Lenders and the Letter of Credit Issuer in proportion to the respective amounts described in this clause payable to them; and then

(e) To the extent that Swing Advances have not been refinanced by a Revolver Advance, to payment to the Swing Line Lender of that portion of the Obligations constituting unpaid principal of the Swing Advances; and then

(f) To payment of that portion of the Obligations constituting unpaid principal of the Advances and Reimbursement Obligations, ratably among the Lenders and the Letter of Credit Issuer in proportion to the respective amounts described in this clause held by them; and then

(g) To the Administrative Agent for the account of the Letter of Credit Issuer (for the benefit of the Letter of Credit Issuer and the Lenders), in respect of outstanding Letters of Credit pursuant to Section 6.03; and then

(h) To payment of all other Obligations (excluding any Obligations arising from Cash Management Services and Bank Products), ratably among the Secured Parties in proportion to the respective amounts described in this clause held by them; and then

(i) To payment of all other Obligations arising from Bank Products and Cash Management Services to the extent secured under the Collateral Documents, ratably among the Secured Parties in proportion to the respective amounts described in this clause held by them; and then

(j) The balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Loan Parties or as otherwise required by law.

Subject to Article XI, amounts used to cash collateralize the aggregate Undrawn Amount of Letters of Credit pursuant to clause (g) above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE VII
THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENTS

SECTION 7.01. Appointment and Authority.

(a) Each of the Lenders hereby irrevocably appoints BB&T to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

(b) Each of the Lenders hereby irrevocably appoints each of the Administrative Agent and Wells Fargo to act on its behalf as a “collateral agent” hereunder and the other Loan Documents (in such capacity, each a “Collateral Agent” and collectively the “Collateral Agents”) and authorizes the Collateral Agents to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agents by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders (including in its capacity as a Hedge Counterparty, or as the provider of Bank Products or Cash Management Services, if applicable, and on behalf of any Affiliate thereof acting in such capacities) and the Letter of Credit Issuer hereby irrevocably authorizes the Administrative Agent (in such capacity and/or in its capacity as a Collateral Agent) to act as the agent of such Lenders (and such Affiliates) and the Letter of Credit Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto.

(c) The provisions of this Article are solely for the benefit of the Administrative Agent, the Collateral Agents and the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

SECTION 7.02. Rights as a Lender.

The Person serving as the Administrative Agent or as a Collateral Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent or a Collateral Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent or a Collateral Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent or a Collateral Agent hereunder and without any duty to account therefor to the Lenders

SECTION 7.03. Exculpatory Provisions.

The Administrative Agent and the Collateral Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, neither the Administrative Agent nor either Collateral Agent:

(a) shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent or the Collateral Agents are required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided, that neither the Administrative Agent nor either Collateral Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent or such Collateral Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent, either Collateral Agent or any of their respective Affiliates in any capacity.

Neither the Administrative Agent nor either Collateral Agent shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent or such Collateral Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.05 and 6.01) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent and the Collateral Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent or the Collateral Agents, as applicable, by the Borrower or a Lender.

Neither the Administrative Agent nor any Collateral Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or the Collateral Agents.

SECTION 7.04. Reliance by Administrative Agent and Collateral Agents.

The Administrative Agent and each Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent and each Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to

have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Advance. The Administrative Agent and each Collateral Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 7.05. Delegation of Duties.

The Administrative Agent and the Collateral Agents may perform any and all of their duties and exercise their rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent or the Collateral Agents, as applicable. The Administrative Agent, the Collateral Agents and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent or the Collateral Agents, as applicable, and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent or Collateral Agent, as applicable.

SECTION 7.06. Resignation of Administrative Agent or Collateral Agent.

The Administrative Agent or either Collateral Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation of the Administrative Agent, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor Administrative Agent, which shall be a bank with an office in the United States of America, or an Affiliate of any such bank with an office in the United States of America. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) calendar days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided, that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring

Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. If the resignation of a Collateral Agent would result in no Person being designated as a Collateral Agent hereunder, the Person serving as Administrative Agent shall automatically also become the Collateral Agent. After the retiring Administrative Agent's or Collateral Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent or Collateral Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent or Collateral Agent was acting as Administrative Agent or Collateral Agent, as applicable.

SECTION 7.07. Non-Reliance on Administrative Agent, Collateral Agents and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Collateral Agents or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Collateral Agents or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 7.08. No Other Duties, etc.

Anything herein to the contrary notwithstanding, none of the Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Collateral Agent or a Lender hereunder.

SECTION 7.09. Other Agents.

The Borrower and each Lender hereby acknowledges that any Lender designated as an "Agent" on the signature pages hereof (other than the Administrative Agent and the Collateral Agents) shall not have any obligations, duties or liabilities hereunder other than in its capacity as a Lender.

SECTION 7.10. Collateral Matters.

(a) Each Lender (including in its capacity as a Hedge Counterparty, or as the provider of Bank Products or Cash Management Services, if applicable) and the Letter of Credit Issuer hereby irrevocably authorizes and directs the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) to enter into the Collateral Documents for the benefit of such Lender and the Letter of Credit Issuer. Each Lender and the Letter of Credit Issuer hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that,

except as otherwise set forth in Section 9.05(a), any action taken by the Required Lenders, in accordance with the provisions of this Agreement or the Collateral Documents, and the exercise by the Required Lenders of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of Lenders and the Letter of Credit Issuer. The Administrative Agent is hereby authorized (but not obligated) on behalf of all of Lenders and the Letter of Credit Issuer, without the necessity of any notice to or further consent from any Lender or the Letter of Credit Issuer from time to time prior to, an Event of Default, to take any action with respect to any Collateral or Collateral Documents which may be necessary to perfect and maintain perfected the Liens upon the Collateral granted pursuant to the Collateral Documents.

(b) Each Lender (including in its capacity as a Hedge Counterparty, or as the provider of Bank Products or Cash Management Services, if applicable) and the Letter of Credit Issuer hereby irrevocably authorize the Administrative Agent, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) under any Loan Document (A) upon termination of the Revolver Commitments and payment in full of all Obligations (other than (1) contingent indemnification obligations and (2) obligations and liabilities under Hedging Agreements as to which arrangements satisfactory to the applicable Hedge Counterparty shall have been made) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to Agent and the Letter of Credit Issuer shall have been made), (B) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, (C) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders, or (D) in connection with any foreclosure sale or other disposition of Collateral after the occurrence of an Event of Default; and

(ii) to subordinate any Lien on any property granted to or held by the Administrative Agent (including in its capacity as a Collateral Agent, as applicable) under any Loan Document to the holder of any Lien on such property that is expressly permitted by this Agreement or any other Loan Document to have priority to the Administrative Agent's Lien therein.

Upon request by the Administrative Agent at any time, each Lender and the Letter of Credit Issuer will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Collateral pursuant to this Section 7.10.

(c) Subject to paragraph (b) above, the Administrative Agent may (and is hereby irrevocably authorized by each Lender and the Letter of Credit Issuer, to) execute such documents as may be necessary to evidence the release or subordination of the Liens granted to the Administrative Agent for the benefit of the Secured Parties herein or pursuant hereto upon the applicable Collateral; provided that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's opinion, would expose the Administrative Agent to or create any liability or entail any consequence other than the release or subordination of such Liens without recourse or warranty and (ii) such release or subordination shall not in any manner discharge, affect or impair the Obligations or any Liens

upon (or obligations of the Borrower or any other Loan Party in respect of) all interests retained by the Borrower or any other Loan Party, including the proceeds of the sale, all of which shall continue to constitute part of the Collateral. In the event of any sale or transfer of Collateral, or any foreclosure with respect to any of the Collateral, the Administrative Agent shall be authorized to deduct all expenses reasonably incurred by the Administrative Agent from the proceeds of any such sale, transfer or foreclosure.

(d) The Collateral Agents shall have no obligation whatsoever to any Lender, the Letter of Credit Issuer or any other Person to assure that the Collateral exists or is owned by the Borrower or any other Loan Party or is cared for, protected or insured or that the Liens granted to the Administrative Agent in any of the Collateral Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the Administrative Agent in this Section 7.10 or in any of the Collateral Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agents may act in any manner they may deem appropriate, in their sole discretion, given each Collateral Agent's own interest in the Collateral as one of Lenders and that the Collateral Agents shall have no duty or liability whatsoever to Lenders or the Letter of Credit Issuer.

(e) Each Lender and the Letter of Credit Issuer hereby appoints each other Lender as agent for the purpose of perfecting the Lenders' and the Letter of Credit Issuer's security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender or the Letter of Credit Issuer (other than either Collateral Agent) obtain possession of any such Collateral, such Lender or the Letter of Credit Issuer shall notify the Collateral Agents thereof, and, promptly upon the Collateral Agents' request therefor shall deliver such Collateral to the Collateral Agents or in accordance with the Collateral Agents' instructions.

(f) Each reference in this Agreement to any action, determination, decision, consent, approval, satisfaction, acceptance, exercise of discretion or other act of, by or with respect to the "Collateral Agents" shall be deemed to refer to such action, determination, decision, consent, approval, satisfaction, acceptance, exercise of discretion or other act of or by the Collateral Agents taken, made or exercised, as the case may be, on the basis of the unanimous judgment or determination by the Collateral Agents or, in the case of any disagreement or discrepancy between the Collateral Agents, to the more conservative judgment or determination of the two Collateral Agents.

ARTICLE VIII CHANGE IN CIRCUMSTANCES; COMPENSATION

SECTION 8.01. Basis for Determining Interest Rate Inadequate or Unfair.

If any Lender advises the Administrative Agent that the London InterBank Offered Rate as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lender of funding any Euro-Dollar Advances, the Administrative Agent shall forthwith give

notice thereof to the Borrower and the Lenders, whereupon until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, (a) the obligations of the Lenders to make Euro-Dollar Advances shall be suspended, (b) all outstanding Euro-Dollar Advances shall be converted automatically to Base Rate Advances, and (c) with respect to any Borrowing of Euro-Dollar Advances for which a Notice of Borrowing has already been given, such Borrowing shall instead be made as Base Rate Advances unless the Borrower notifies the Administrative Agent, at least two (2) Euro-Dollar Business Days before the date of such Borrowing, that it elects not to borrow on such date.

SECTION 8.02. Illegality.

If, after the date hereof, the adoption of any applicable law, rule, treaty or regulation, or any change in any existing or future law, rule, treaty or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof (any such authority, bank or agency being referred to as an “Authority” and any such event being referred to as a “Change of Law”), or compliance by any Lender (or its Lending Office) with any formal request or directive of any Authority shall make it unlawful or impossible for any Lender (or its Lending Office) to make, maintain or fund its Euro-Dollar Advances and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make or permit continuations or conversions of Euro-Dollar Advances shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such Lender shall reasonably determine that it may not lawfully continue to maintain and fund any of its portion of the outstanding Euro-Dollar Advances to maturity and shall so specify in such notice, the Borrower shall immediately prepay in full the then outstanding principal amount of the Euro-Dollar Advances of such Lender. Concurrently with prepaying such Euro-Dollar Advances, the Borrower shall borrow a Base Rate Advance in an equal principal amount from such Lender (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Advances of the other Lenders), and such Lender shall make such a Base Rate Advance.

SECTION 8.03. Increased Cost and Reduced Return.

(a) If after the date hereof, a Change of Law or compliance by any Lender (which for purposes of this Section 8.03 shall include the Letter of Credit Issuer) (or its Lending Office) with any formal request or directive of any Authority:

(i) shall subject any Lender (or its Lending Office) to any tax of any kind whatsoever with respect to this Agreement, any Euro-Dollar Advances made by it, or shall change the basis of taxation of payments to any Lender (or its Lending Office) in respect thereof (except for changes in the rate of tax on the overall net income of such Lender or its Lending Office imposed by the jurisdiction in which such Lender’s principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any such requirement included in an applicable Euro-Dollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (or its Lending Office); or

(iii) shall impose on any Lender (or its Lending Office) or the London interbank market any other condition, cost or expense affecting this Agreement, any Euro-Dollar Advances made by such Lender or participation therein;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) of making or maintaining any Advance (or of maintaining its obligation to make any such Advance), or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount deemed by such Lender, in its reasonable discretion, to be material, then, upon demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will reasonably compensate such Lender for such additional or increased cost or reduction suffered.

(b) If any Lender shall have determined that after the date hereof the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any existing or future law, rule or regulation, or any change in the interpretation or administration thereof, or compliance by any Lender (or its Lending Office) with any formal request or directive regarding capital adequacy of any Authority, has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed by such Lender, in its reasonable discretion, to be material, then from time to time, upon demand by such Lender, the Borrower shall pay to such Lender such additional amount or amounts as will reasonably compensate such Lender for such reduction.

(c) Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided, that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the event giving rise to such increased costs or

reductions and of such Lender's intention to claim compensation therefor (except that, if the event giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 8.04. Base Rate Advances Substituted for Affected Euro-Dollar Advances.

If (i) the obligation of any Lender to make or maintain a Euro-Dollar Advance has been suspended pursuant to Section 8.02 or (ii) any Lender has demanded compensation under Section 8.03, and the Borrower shall, by at least five (5) Euro-Dollar Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(a) all Advances which would otherwise be made by such Lender as or permitted to be continued as or converted into Euro-Dollar Advances shall instead be made as or converted into Base Rate Advances, (in all cases interest and principal on such Advances shall be payable contemporaneously with the related Euro-Dollar Advances of the other Lenders), and

(b) after its portion of the Euro-Dollar Advance has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Advance shall be applied to repay its Base Rate Advance instead.

In the event that the Borrower shall elect that the provisions of this Section shall apply to any Lender, the Borrower shall remain liable for, and shall pay to such Lender as provided herein, all amounts due such Lender under Section 8.03 in respect of the period preceding the date of conversion of such Lender's portion of any Advance resulting from the Borrower's election.

ARTICLE IX
MISCELLANEOUS

SECTION 9.01. Notices Generally.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

- (i) if to the Borrower or any other Loan Party:
- Trex Company , Inc.
160 Exeter Drive
Winchester, Virginia 22603
Attention: Chief Financial Officer and Chief Legal Officer
Telecopier Nos. (540) 542-6902 and (540) 542-6887
Telephone Nos. (540) 542-6939 and (540) 542- 6356

with a copy (which shall not constitute notice) to:

Woods Rogers PLC
10 South Jefferson Street, Suite 1400
Roanoke, VA 24011
Attention: Nicole F. Ingle, Esquire
Telecopier No. (540) 983-7711
Telephone No. (540) 983-7561

- (ii) if to BB&T as the Administrative Agent or a Collateral Agent:

Branch Banking and Trust Company
200 West Second Street, 17th Floor
Winston-Salem, NC 27101
Attention: Matthew W. Rush, Senior Vice President
Telecopier No. (336) 733-2740
Telephone No. (336) 733-2422

with a copy (which shall not constitute notice) to:

Troutman Sanders LLP
1001 Haxall Point
Richmond, VA 23219
Attention: Christopher E. Vinyard
Telecopier No.: (804) 698-5126
Telephone No.: (804) 697-1249

- (iii) if to Wells Fargo as a Collateral Agent:

Wells Fargo Capital Finance, LLC
1100 Abernathy Road, Suite 1600
Atlanta, GA 30328
Attention: Portfolio Manager - Trex
Telecopier No.: (770) 804-0785
Telephone No.: (770) 508-1300

with a copy (which shall not constitute notice) to:

Greenberg Traurig LLP
3290 Northside Pkwy., Suite 400
Atlanta, GA 30327
Attention: Michael Leveille
Telecopier No.: (678) 553-7314
Telephone No.: (678) 553-2100

- (iv) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. No Waivers.

No failure or delay by the Administrative Agent, the Collateral Agents or any Lender in exercising any right, power or privilege hereunder or under any Note or other Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.03. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall, jointly and severally, pay all Credit Party Expenses, as and when incurred or chargeable.

(b) Indemnification by the Loan Parties. The Loan Parties shall, jointly and severally, indemnify the Administrative Agent (and any sub-agent thereof), the Collateral Agents (and any sub-agent thereof), the Letter of Credit Issuer and each Lender, and each Related Party

of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Advance or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Environmental Releases on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. To the extent that a Loan Party for any reason fails to pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Collateral Agents (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Collateral Agents (or any sub-agent thereof), or such Related Party, as the case may be, such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Collateral Agents (or any sub-agent thereof), in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or the Collateral Agents (or any sub-agent thereof) in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Sections 9.10 and 9.13.

(d) WAIVER OF CONSEQUENTIAL DAMAGES, ETC. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE LOAN PARTIES SHALL NOT ASSERT, AND HEREBY WAIVE, ANY CLAIM AGAINST ANY INDEMNITEE, ON ANY THEORY OF LIABILITY, FOR INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, ANY ADVANCE OR

THE USE OF THE PROCEEDS THEREOF. NO INDEMNITEE REFERRED TO IN PARAGRAPH (B) ABOVE SHALL BE LIABLE FOR ANY DAMAGES ARISING FROM THE USE BY UNINTENDED RECIPIENTS OF ANY INFORMATION OR OTHER MATERIALS DISTRIBUTED BY IT THROUGH TELECOMMUNICATIONS, ELECTRONIC OR OTHER INFORMATION TRANSMISSION SYSTEMS IN CONNECTION WITH THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY UNLESS SUCH DAMAGES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE.

(e) Payments. All amounts due under this Section shall be payable on demand and, if owed by the Borrower or any other Loan Party, shall bear interest at the rate otherwise in effect hereunder with respect to Revolver Advances (including the Default Rate, if then applicable) until paid in full.

SECTION 9.04. Setoffs; Sharing of Set-Offs; Application of Payments.

(a) If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided, that the failure to give such notice shall not affect the validity of such setoff and application.

(b) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Advances or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Advances and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Advances and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Advances and other amounts owing them; provided, that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by a Loan Party pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

SECTION 9.05. Amendments and Waivers.

(a) Any provision of this Agreement, the Notes or any other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Lenders (and, if the rights or duties of the (y) Administrative Agent are affected thereby, by the Administrative Agent, or (z) of any Collateral Agent are affected thereby, by such Collateral Agent); provided, that no such amendment or waiver shall, unless signed by all the Lenders, (i) increase the Revolver Commitment of any Lender or subject any Lender to any additional obligation, (ii) reduce the principal of or decrease the rate of interest on any Advance or decrease any fees hereunder, (iii) defer the date fixed for any payment of principal of (including any extension of the Stated Termination Date, except as contemplated in the definition of such term) or interest on any Advance or any fees hereunder, (iv) reduce the amount of principal, decrease the amount of interest or decrease the amount of fees due on any date fixed for the payment thereof, (v) change the percentage of the Revolver Commitments or of the aggregate unpaid principal amount of the Notes, or the percentage of Lenders, which shall be required for the Lenders or any of them to take any action under this Section or any other provision of this Agreement, (vi) change the manner of application of any payments made under this Agreement or the other Loan Documents, (vii) release or substitute all or any material portion of the Collateral held as security for the Obligations, (viii) change or modify the definition of "Required Lenders," (ix) change the definition of the term "Borrowing Base" or any component definition thereof if as a result thereof the amounts available to be borrowed by the Borrower would be increased without the consent of each Lender; provided, that the foregoing shall not limit the discretion of the Collateral Agents to change, establish or eliminate any reserves, (x) release any guaranty given to support payment of the Guaranteed Obligations, or (xi) release or subordinate any Lien of the Administrative Agent in any Collateral.

Notwithstanding the foregoing (1) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Revolver Commitments of such Lender may not be increased or extended without the consent of such Lender, and (2) the Hedging Agreement, the Fee Letter and the agreements evidencing the Bank Products and Cash Management Services may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

(b) No Loan Party will solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of this Agreement unless each Lender shall be informed thereof by the Borrower, or by the Administrative Agent, and shall be afforded an opportunity to consider the same and shall be supplied by the Borrower, or by the Administrative Agent, if the Borrower so requests and to the extent already furnished to the Administrative Agent, with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Agreement shall be delivered by the Borrower to the Administrative Agent for delivery to each Lender forthwith following the date on which the same shall have been executed and delivered by the requisite percentage of Lenders. No Loan Party will, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, to any Lender (in its capacity as such) as consideration for or as an inducement to the entering into by such Lender of any waiver or amendment of any of the terms and provisions of this Agreement unless such remuneration is concurrently paid, on the same terms, ratably to all such Lenders.

SECTION 9.06. Margin Stock Collateral.

Each of the Lenders represents to the Administrative Agent and each of the other Lenders that it in good faith is not, directly or indirectly (by negative pledge or otherwise), relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.07. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder, and (ii) no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (A) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (B) by way of the sale of a participation in accordance with the provisions of paragraph (d) of this Section or (C) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolver Commitment and the Revolver Advances at the time owing to it); provided, that

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Revolver Commitments, and the Revolver Advances at the time owing to it, or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Revolver Commitments (which for this purpose includes Revolver Advances outstanding thereunder) or, if the Revolver Commitments are not then in effect, the principal outstanding balance of the Revolver Advances of the assigning Lender subject to such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than the Minimum Amount (as defined herein), unless each of the Administrative Agent, the Collateral Agents and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consent (each such consent not to be unreasonably withheld or delayed) (As used herein, "Minimum Amount" shall mean \$5,000,000; provided, that after the occurrence and during the continuance of a Default or Event of Default, Minimum Amount shall mean \$3,000,000);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Revolver Advances and the Revolver Commitments assigned;

(iii) any assignment of a Revolver Commitment must be approved by the Administrative Agent and the Collateral Agents unless the Person that is the proposed assignee is itself a Lender with a Revolver Commitment (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and

(iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance thereof by the Administrative Agent and the Collateral Agents and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 9.07, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from any further obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 8.03 and 9.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting, solely for this purpose, as an agent of the Borrower, shall maintain at one of its offices in Winston-Salem, North Carolina a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolver Commitments of, and principal amounts of the Revolver Advances owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower, the Administrative Agent or the Collateral Agents, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Revolver Commitment and/or the Revolver Advances owing to it); provided, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Collateral Agents and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided, that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 9.05(a) (i) through (x) (inclusive) that affects such Participant. Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 8.01 through 8.04 inclusive to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.04 as though it were a Lender, provided such Participant agrees to be subject to Section 9.04 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 8.03 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.12 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.12 as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided, that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.08. Confidentiality.

Each of the Administrative Agent, the Collateral Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Collateral Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Collateral Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information

SECTION 9.09. Representation by Lenders.

Each Lender hereby represents that it is a commercial lender or financial institution which makes loans in the ordinary course of its business and that it will make its Advances hereunder for its own account in the ordinary course of such business; provided, however, that, subject to Section 9.07, the disposition of the Note or Notes held by that Lender shall at all times be within its exclusive control.

SECTION 9.10. Obligations Several.

The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or commitment of any other Lender hereunder. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement or any other Loan Document and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

SECTION 9.11. Survival of Certain Obligations.

Sections 8.03(a), 8.03(b) and 9.03, and the obligations of the Loan Parties thereunder, shall survive, and shall continue to be enforceable notwithstanding the termination of this Agreement and the Revolver Commitments of all of the Lenders, and the payment in full of the principal of and interest on all Advances.

SECTION 9.12. Virginia Law.

This Agreement and each Note shall be construed in accordance with and governed by the law of the Commonwealth of Virginia, without reference to choice of law provisions.

SECTION 9.13. Severability.

In case any one or more of the provisions contained in this Agreement, the Notes or any of the other Loan Documents should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

SECTION 9.14. Interest.

In no event shall the amount of interest due or payable hereunder or under the Notes exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made to any Lender by the Borrower or inadvertently received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify such Lender in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Lenders not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

SECTION 9.15. Interpretation.

No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

SECTION 9.16. Counterparts.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.17. WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION.

THE BORROWER, EACH OF THE OTHER LOAN PARTIES, AND EACH OF THE LENDERS, THE COLLATERAL AGENTS AND THE ADMINISTRATIVE AGENT (1) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, (2) SUBMITS TO PERSONAL JURISDICTION IN THE COMMONWEALTH OF VIRGINIA, THE COURTS THEREOF AND THE UNITED STATES DISTRICT COURTS SITTING THEREIN, FOR THE ENFORCEMENT OF THIS AGREEMENT, THE NOTES AND THE OTHER LOAN DOCUMENTS, (3) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE COMMONWEALTH OF VIRGINIA FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS, AND (4) AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN THE MANNER PRESCRIBED IN SECTION 9.01 FOR THE GIVING OF NOTICE TO THE BORROWER. NOTHING HEREIN CONTAINED, HOWEVER, SHALL: (I) PREVENT THE ADMINISTRATIVE AGENT FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST ANY SECURITY AND AGAINST THE BORROWER OR ANY OTHER LOAN PARTY PERSONALLY, AND AGAINST ANY ASSETS OF THE BORROWER OR ANY OTHER LOAN PARTY, WITHIN ANY OTHER STATE OR JURISDICTION; OR (II) AFFECT THE RIGHT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 9.18. Independence of Covenants.

All covenants under this Agreement and the other Loan Documents shall be given independent effect so that if a particular action or condition is not permitted by any covenant (a "Restrictive Covenant"), the fact that such action or condition would be permitted by an exception to, or would be otherwise allowed by, another covenant, shall not prevent a violation of such Restrictive Covenant if such action is taken or such condition exists.

SECTION 9.19. Electronic Transactions.

The Borrower, the Administrative Agent, the Collateral Agents and Lenders agree that the electronic reporting of the information described in Section 5.01 (the "Required Information"), shall constitute an agreement under the Uniform Electronic Transfer Act (the "Act"), in effect in the Commonwealth of Virginia; and any dispute or controversy relating to such reporting shall be interpreted in accordance with the provisions of the Act. With respect to

such reporting, Borrower acknowledges that, the Administrative Agent, the Collateral Agents and Lenders shall not be responsible (i) for any failure, interruption, or delay in the performance of the internet; (ii) for any unauthorized, inadvertent, or fraudulent access, use or disclosure to third parties of the Required Information should it occur by error of transmission of the Borrower or reply thereto by, the Administrative Agent, the Collateral Agents or Lenders or otherwise; or (iii) for the Administrative Agent, the Collateral Agents or the Lenders' failure to maintain security measures at the time of transmission or reply thereto to prevent unauthorized access, misappropriation and use of Required Information by third parties, unless the same shall be determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such party. Borrower expressly assumes the risk of unauthorized access, use or misappropriation by third parties of the Required Information transmitted to, the Administrative Agent, the Collateral Agents and Lenders via the internet and will hold harmless and indemnify, the Administrative Agent, the Collateral Agents and Lenders from any claim or expense, including reasonable attorneys' fees associated therewith, unless the same shall be determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such party. Until the Administrative Agent, the Collateral Agents and Lenders shall receive written notice otherwise from Borrower, the following persons may be contacted by the Administrative Agent, the Collateral Agents and Lenders with any questions or issues about the Required Information:

<u>Primary Contact Person</u>	<u>Secondary Contact Person</u>
<u>Brian Bertaux</u> Name	<u>Jim Cline</u> Name
<u>Director of Financial Planning</u> Title	<u>Vice President and CFO</u> Title
<u>(540) 542-6980</u> Telephone Number	<u>(540) 542-6939</u> Telephone Number
<u>bbertaux@trex.com</u> Email	<u>jcline@trex.com</u> Email

ARTICLE X
GUARANTY

SECTION 10.01. Unconditional Guaranty.

Each Guarantor hereby irrevocably, unconditionally and jointly and severally guarantees, each as a primary obligor and not merely as a surety, to the Administrative Agent, the Collateral Agents, the Lenders and the other Secured Parties the due and punctual payment of the principal of and the premium, if any, and interest on the Guaranteed Obligations and any and all other amounts due under or pursuant to the Loan Documents, when and as the same shall become due and payable (whether at stated maturity or by optional or mandatory prepayment or by

declaration, redemption or otherwise) in accordance with the terms of the Loan Documents. The Guarantors' guaranty under this Section is an absolute, present and continuing guarantee of payment and not of collectibility, and is in no way conditional or contingent upon any attempt to collect from the Borrower, any of the Guarantors or any other guarantor of the Guaranteed Obligations (or any portion thereof) or upon any other action, occurrence or circumstances whatsoever. In the event that the Borrower or any Guarantor shall fail so to pay any such principal, premium, interest or other amount to the Administrative Agent, the Collateral Agents, a Lender or any other Secured Party, the Guarantors will pay the same forthwith, without demand, presentment, protest or notice of any kind (all of which are waived by the Guarantors to the fullest extent permitted by law), in lawful money of the United States, at the place for payment specified in the Loan Documents or specified by the Administrative Agent in writing, to the Administrative Agent for the benefit of the applicable Secured Party(ies) The Guarantors further agree, on demand, to pay to the Administrative Agent, the Collateral Agents, the Lenders and the other Secured Parties the reasonable costs and expenses incurred by such Administrative Agent, the Collateral Agents, Lender or other Secured Party in connection with enforcing the rights of the Administrative Agent, the Collateral Agents, Lenders and the other Secured Parties against the Borrower and any or all of the Guarantors (whether in a bankruptcy proceeding or otherwise) following any default in payment of any of the Guaranteed Obligations or the obligations of the Guarantors hereunder (taking into account any applicable notice, grace and/or cure periods), including, without limitation, the reasonable fees and expenses of counsel to the Administrative Agent, the Collateral Agents, such Lenders and the other Secured Parties.

SECTION 10.02. Obligations Absolute.

The obligations of the Guarantors hereunder are and shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of this Agreement, any of the Guaranteed Obligations or any of the Loan Documents, shall not be subject to any counterclaim, set-off, deduction or defense based upon any claim any of the Guarantors may have against the Borrower, any other Guarantor or the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party, hereunder or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, to the fullest extent permitted by law, any circumstance or condition whatsoever (whether or not any of the Guarantors shall have any knowledge or notice thereof), including, without limitation:

(a) any amendment or modification of or supplement to any of the Loan Documents or any other instrument referred to herein or therein, or any assignment or transfer of any thereof or of any interest therein, or any furnishing or acceptance of additional security for any of the Guaranteed Obligations;

(b) any waiver, consent or extension under any Loan Document or any such other instrument, or any indulgence or other action or inaction under or in respect of, or any extensions or renewals of, any Loan Document, any such other instrument or any Guaranteed Obligation;

(c) any failure, omission or delay on the part of the Administrative Agent or the Collateral Agents to enforce, assert or exercise any right, power or remedy conferred on or available to the Administrative Agent, the Collateral Agents or any Lender against the Borrower or any Guarantor, any Subsidiary of the Borrower or any Subsidiary of any Guarantor;

(d) any bankruptcy, insolvency, readjustment, composition, liquidation or similar proceeding with respect to the Borrower, any Guarantor, any Subsidiary of the Borrower or any Subsidiary of any Guarantor or any property of the Borrower, any Guarantor or any such Subsidiary or any unavailability of assets against which the Guaranteed Obligations, or any of them, may be enforced;

(e) any merger or consolidation of the Borrower, any Subsidiary of the Borrower or any Guarantor or any of the Guarantors into or with any other Person or any sale, lease or transfer of any or all of the assets of any of the Guarantors, the Borrower or any Subsidiary of the Borrower or any Guarantor to any Person;

(f) any failure on the part of the Borrower, any Guarantor or any Subsidiary of the Borrower or any Guarantor for any reason to comply with or perform any of the terms of any agreement with any of the Guarantors;

(g) any exercise or non-exercise by the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party, of any right, remedy, power or privilege under or in respect of any of the Loan Documents or the Guaranteed Obligations, including, without limitation, under this Section;

(h) any default, failure or delay, willful or otherwise, in the performance or payment of any of the Guaranteed Obligations;

(i) any furnishing or acceptance of security, or any release, substitution or exchange thereof, for any of the Guaranteed Obligations;

(j) any failure to give notice to any of the Guarantors of the occurrence of any breach or violation of, or any event of default or any default under or with respect to, any of the Loan Documents or the Guaranteed Obligations;

(k) any partial prepayment, or any assignment or transfer, of any of the Guaranteed Obligations; or

(l) any other circumstance (other than payment in full) which might otherwise constitute a legal or equitable discharge or defense of a guarantor or which might in any manner or to any extent vary the risk of such Guarantor.

The Guarantors covenant that their respective obligations hereunder will not be discharged except by complete performance of the obligations contained in the Loan Documents and this Agreement and the final payment in full of the Guaranteed Obligations. The Guarantors unconditionally waive, to the fullest extent permitted by law (A) notice of any of the matters referred to in this Section 10.02, (B) any and all rights which any of the Guarantors may now or hereafter have arising under, and any right to claim a discharge of the Guarantor's obligations hereunder by reason of the failure or refusal by the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party to take any action pursuant to any statute permitting a

Guarantor to request that the Administrative Agent, the Collateral Agents or any Lender attempt to collect the Guaranteed Obligations from the Borrower, any of the Guarantors or any other guarantor (including without limitation any rights under Sections 49-25 or 49-26 of the Code of Virginia of 1950, as amended, or any similar or successor provisions), (C) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party against the Guarantors, including, without limitation, presentment to or demand of payment from the Borrower, any of the Subsidiaries of the Borrower or any Guarantor, or any of the other Guarantors with respect to any Loan Document or this agreement, notice of acceptance of the Guarantors' guarantee hereunder and/or notice to the Borrower, any of the Subsidiaries of the Borrower or any Guarantor, or any Guarantor of default or protest for nonpayment or dishonor, (D) any diligence in collection from or protection of or realization upon all or any portion of the Guaranteed Obligations or any security therefor, any liability hereunder, or any party primarily or secondarily liable for all or any portion of the Guaranteed Obligations, and (E) any duty or obligation of the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party to proceed to collect all or any portion of the Guaranteed Obligations from, or to commence an action against, the Borrower, any Guarantor or any other Person, or to resort to any security or to any balance of any deposit account or credit on the books of the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party in favor of the Borrower, any Guarantor or any other Person, despite any notice or request of any of the Guarantors to do so.

SECTION 10.03. Continuing Obligations; Reinstatement.

The obligations of the Guarantors under this Article X are continuing obligations and shall continue in full force and effect until such time as all of the Guaranteed Obligations (and any renewals and extensions thereof) shall have been finally paid and satisfied in full. The obligations of the Guarantors under this Article X shall continue to be effective or be automatically reinstated, as the case may be, if any payment made by the Borrower, any Guarantor or any Subsidiary of the Borrower or any Guarantor on, under or in respect of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the recipient upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower, any Guarantor or any such Subsidiary, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Borrower, any Guarantor or any such Subsidiary or any substantial part of the property of the Borrower, any Guarantor or any such Subsidiary, or otherwise, all as though such payment had not been made. If an event permitting the acceleration of all or any portion of the Guaranteed Obligations shall at any time have occurred and be continuing, and such acceleration shall at such time be stayed, enjoined or otherwise prevented for any reason, including without limitation because of the pendency of a case or proceeding relating to the Borrower, any Guarantor or any Subsidiary of the Borrower or any Guarantor under any bankruptcy or insolvency law, for purposes of this Article X and the obligations of the Guarantors hereunder, such Guaranteed Obligations shall be deemed to have been accelerated with the same effect as if such Guaranteed Obligations had been accelerated in accordance with the terms of the applicable Loan Documents or of this Agreement.

SECTION 10.04. Additional Security, Etc.

The Guarantors authorize the Administrative Agent on behalf of the Lenders without notice to or demand on the Guarantors and without affecting their liability hereunder, from time to time (a) to obtain additional or substitute endorsers or guarantors; (b) to exercise or refrain from exercising any rights against, and grant indulgences to, the Borrower, any Subsidiary of the Borrower or any Guarantor, any other Guarantor or others; and (c) to apply any sums, by whomsoever paid or however realized, to the payment of the principal of, premium, if any, and interest on, and other obligations consisting of, the Guaranteed Obligations. The Guarantors waive any right to require the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party to proceed against any additional or substitute endorsers or guarantors or the Borrower or any of their Subsidiaries or any other Person or to pursue any other remedy available to the Administrative Agent, the Collateral Agents, any such Lender or any such other Secured Party.

SECTION 10.05. Information Concerning the Borrower.

The Guarantors assume all responsibility for being and keeping themselves informed of the financial condition and assets of the Borrower, the other Guarantors and their respective Subsidiaries, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which the Guarantors assume and insure hereunder, and agree that neither the Administrative Agent, the Collateral Agents, any Lender nor any other Secured Party shall have any duty to advise the Guarantors of information known to the Administrative Agent, the Collateral Agents, any such Lender or any such other Secured Party regarding or in any manner relevant to any of such circumstances or risks.

SECTION 10.06. Guarantors' Subordination.

The Guarantors hereby absolutely subordinate, both in right of payment and in time of payment, any present and future indebtedness of the Borrower or any Subsidiary of the Borrower or any Guarantor to any or all of the Guarantors to the indebtedness of the Borrower or any such Subsidiary or to the Administrative Agent, the Collateral Agents, Lenders and the other Secured Parties (or any of them); provided, that the Guarantors may receive scheduled payments of principal, premium (if any) and interest in respect of such present or future indebtedness so long as there is no Default or Event of Default then in existence.

SECTION 10.07. Waiver of Subrogation.

Notwithstanding anything herein to the contrary, until the payment in full of the Guaranteed Obligations, the Guarantors hereby waive any right of subrogation (under contract, Section 509 of the Bankruptcy Code or otherwise) or any other right of indemnity, reimbursement or contribution and hereby waive any right to enforce any remedy that the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party now has or may hereafter have against the Borrower, any Guarantor or any endorser or any other guarantor of all or any part of the Guaranteed Obligations, and the Guarantors hereby waive any benefit of, and any right to participate in, any security or collateral given to the Administrative Agent, any

Lender or any other Secured Party to secure payment or performance of the Guaranteed Obligations or any other liability of the Borrower to the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party. The waiver contained in this Section shall continue and survive the termination of this Agreement and the final payment in full of the Guaranteed Obligations.

SECTION 10.08. Enforcement.

In the event that the Guarantors shall fail forthwith to pay upon demand of the Administrative Agent, the Collateral Agents, any Lender or any other Secured Party any amounts due pursuant to this Article X or to perform or comply with or to cause performance or compliance with any other obligation of the Guarantors under this Agreement the Administrative Agent, the Collateral Agents, any Lender and any other Secured Party shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid or for the performance of or compliance with such terms, and may prosecute any such action or proceeding to judgment or final decree and may enforce such judgment or final decree against the Guarantors and collect in the manner provided by law out of the property of the Guarantors, wherever situated, any monies adjudged or decreed to be payable. The obligations of the Guarantors under this Agreement are continuing obligations and a fresh cause of action shall arise in respect of each default hereunder.

SECTION 10.09. Miscellaneous.

Except as may otherwise be expressly agreed upon in writing, the liability of the Guarantors under this Article X shall neither affect nor be affected by any prior or subsequent guaranty by the Guarantors of any other indebtedness to the Administrative Agent, the Collateral Agents, the Lenders or any other Secured Party. Notwithstanding anything in this Article X to the contrary, the maximum liability of each Guarantor hereunder shall in no event exceed the maximum amount which could be paid out by such Guarantor without rendering such Guarantor's obligations under this Article X, in whole or in part, void or voidable under applicable law, including, without limitation, (i) the Bankruptcy Code, and (ii) any applicable state or federal law relative to fraudulent conveyances.

ARTICLE XI
LETTER OF CREDIT FACILITY

SECTION 11.01. Obligation to Issue.

Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties of the Loan Parties herein set forth, the Letter of Credit Issuer shall issue for the account of the Borrower, one or more Letters of Credit denominated in Dollars, in accordance with Article II and this Article XI, from time to time during the period commencing on the Closing Date and ending thirty (30) calendar days prior to the Termination Date. All Existing Letters of Credit shall be deemed to have been issued pursuant to this Article XI, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

SECTION 11.02. Types and Amounts.

The Letter of Credit Issuer shall have no obligation to issue any Letter of Credit at any time:

- (a) if the aggregate maximum amount then available for drawing under Letters of Credit, after giving effect to the issuance of the requested Letter of Credit, shall exceed any limit imposed by law or regulation upon the Letter of Credit Issuer;
- (b) if, after giving effect to the issuance of the requested Letter of Credit, (i) the aggregate Letter of Credit Obligations would exceed \$15,000,000, or (ii) the conditions set forth in Section 2.01(a) would not be satisfied;
- (c) which has an expiration date after that date which is 30 calendar days prior to the Termination Date.

SECTION 11.03. Conditions.

In addition to being subject to the satisfaction of the conditions contained in Article III, the obligation of the Letter of Credit Issuer to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

- (a) the Borrower shall have delivered to the Letter of Credit Issuer at such times and in such manner as the Letter of Credit Issuer may prescribe, a Letter of Credit Application Agreement and such other documents and materials as may be required pursuant to the terms thereof all satisfactory in form and substance to the Letter of Credit Issuer and the terms of the proposed Letter of Credit shall be satisfactory in form and substance to the Letter of Credit Issuer;
- (b) as of the date of issuance no order, judgment or decree of any court, arbitrator or Authority shall purport by its terms to enjoin or restrain the Letter of Credit Issuer from issuing the Letter of Credit and no law, rule or regulation applicable to the Letter of Credit Issuer and no request or directive from any Authority with jurisdiction over the Letter of Credit Issuer shall prohibit or request that the Letter of Credit Issuer refrain from the issuance of letters of credit generally or the issuance of that Letter of Credit;
- (c) after the issuance of the requested Letter of Credit, the conditions set forth in Section 2.01(a) shall be satisfied; and
- (d) as of the date of issuance no default of any Lender's obligations to fund under Section 2.02(c) exists nor is any Lender at such time a Defaulting Lender hereunder, unless the Letter of Credit Issuer has entered into arrangements satisfactory to the Letter of Credit Issuer with the Borrower or such Lender to eliminate the Letter of Credit Issuer's risk with respect to such Lender.

SECTION 11.04. Issuance of Letters of Credit.

(a) Request for Issuance. At least three (3) Domestic Business Days before the effective date for any Letter of Credit, the Borrower shall give the Letter of Credit Issuer a written notice containing the original signature of an authorized officer or employee of the Borrower. Such notice shall be irrevocable and shall specify the original face amount of the Letter of Credit requested, the effective date (which day shall be a Domestic Business Day) of issuance of such requested Letter of Credit, the date on which such requested Letter of Credit is to expire, the amount of then outstanding Letter of Credit Obligations, the purpose for which such Letter of Credit is to be issued, whether such Letter of Credit may be drawn in single or partial draws and the Person for whose benefit the requested Letter of Credit is to be issued.

(b) Issuance; Notice of Issuance. If the conditions set forth in Section 11.03 are satisfied, the Letter of Credit Issuer shall issue the requested Letter of Credit. The Letter of Credit Issuer shall give each Lender written or telecopy notice in substantially the form of Exhibit L, or telephonic notice confirmed promptly thereafter in writing, of the issuance of a Letter of Credit and shall deliver to each Lender in connection with such notice a copy of the Letter of Credit issued by the Letter of Credit Issuer.

(c) No Extension or Amendment. The Letter of Credit Issuer shall not extend or amend any Letter of Credit if the issuance of a new Letter of Credit having the same terms as such Letter of Credit as so amended or extended would be prohibited by Section 11.02 or Section 11.03.

SECTION 11.05. Reimbursement Obligations; Duties of the Issuing Lender.

(a) Reimbursement. Notwithstanding any provisions to the contrary in any Letter of Credit Application Agreement:

(i) the Borrower shall reimburse the Letter of Credit Issuer for drawings under a Letter of Credit issued by it no later than the earlier of (A) the time specified in such Letter of Credit Application Agreement, or (B) one (1) Domestic Business Day after the payment by the Letter of Credit Issuer;

(ii) any Reimbursement Obligation with respect to any Letter of Credit shall bear interest from the date of the relevant drawing under the pertinent Letter of Credit until the date of payment in full thereof at a rate per annum equal to the Default Rate; and

(iii) in order to implement the foregoing, upon the occurrence of a draw under any Letter of Credit, unless the Letter of Credit Issuer is reimbursed in accordance with Subsection (i) above, the Borrower irrevocably authorizes the Letter of Credit Issuer and the Administrative Agent to treat such nonpayment as a Notice of Borrowing in the amount of such Reimbursement Obligation and the Lenders to make Revolver Advances to Borrower in such amount regardless of whether the conditions precedent to the making of Revolver Advances hereunder have been met. The Borrower further authorizes the Administrative Agent to credit the proceeds of such Revolver Advances so as to immediately eliminate the liability of the Borrower for Reimbursement Obligations under such Letter of Credit.

(b) Duties of the Letter of Credit Issuer. Any action taken or omitted to be taken by the Letter of Credit Issuer in connection with any Letter of Credit, if taken or omitted in the absence of willful misconduct or gross negligence, shall not put the Letter of Credit Issuer under any resulting liability to any Lender, or assuming that the Letter of Credit Issuer has complied with the procedures specified in Section 3.02, relieve that Lender of its obligations hereunder to the Letter of Credit Issuer. In determining whether to pay under any Letter of Credit, the Letter of Credit Issuer shall have no obligation relative to the Lenders other than to confirm that any documents required to have been delivered under such Letter of Credit appear to comply on their face with the requirements of such Letter of Credit.

SECTION 11.06. Participations.

(a) Purchase of Participations. Immediately upon issuance by the Letter of Credit Issuer of any Letter of Credit in accordance with the procedures set forth in Section 11.04, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from the Letter of Credit Issuer, without recourse or warranty, an undivided interest and participation, to the extent of such Lender's ratable share of the aggregate Revolver Commitments, in such Letter of Credit; provided, that a Letter of Credit shall not be entitled to the benefits of this Section 11.06 if the Letter of Credit Issuer shall have received written notice from any Lender or Loan Party on or before the Domestic Business Day immediately prior to the date of the Letter of Credit Issuer's issuance of such Letter of Credit that one or more of the conditions contained in Section 11.03 or Article III is not then satisfied, and, in the event the Letter of Credit Issuer receives such a notice, it shall have no further obligation to issue any Letter of Credit until such notice is withdrawn by that Lender or Loan Party or until the Required Lenders have effectively waived such condition in accordance with the provisions of this Agreement.

(b) Sharing of Letter of Credit Payments. In the event that the Letter of Credit Issuer makes any payment under any Letter of Credit for which the Borrower shall not have reimbursed such amount to the Letter of Credit Issuer pursuant to Subsection (i) of Section 11.05(a) or which cannot be paid by Revolver Advances pursuant to Subsection (iii) of Section 11.05(a), the Letter of Credit Issuer shall promptly notify each Lender of such failure, and each Lender shall promptly and unconditionally pay to the Letter of Credit Issuer such Lender's ratable share of the amount of such payment in Dollars and in immediately available funds. If the Letter of Credit Issuer so notifies such Lender prior to 11:00 A.M. (Winston-Salem, North Carolina time) on any Domestic Business Day, such Lender shall make available to the Letter of Credit Issuer its ratable share of the amount of such payment on such Domestic Business Day in same day funds. If and to the extent such Lender shall not have so made its ratable share of the amount of such payment available to the Letter of Credit Issuer, such Lender agrees to pay to the Letter of Credit Issuer forthwith on demand such amount together with interest thereon at the Base Rate, for each day from the date such payment was first due until the date such amount is paid to the Letter of Credit Issuer. The failure of any Lender to make available to the Letter of Credit Issuer its ratable share of any such payment shall neither relieve nor increase the obligation of any other Lender hereunder to make available to the Letter of Credit Issuer its ratable share of any payment on the date such payment is to be made.

(c) Sharing of Reimbursement Obligation Payments. Whenever the Letter of Credit Issuer receives a payment on account of a Reimbursement Obligation, including any interest

thereon, as to which the Letter of Credit Issuer has received any payments from the Lenders pursuant to this Section 11.06, it shall promptly pay to each Lender which has funded its participating interest therein, in Dollars and in the kind of funds so received, an amount equal to such Lender's ratable share thereof. Each such payment shall be made by the Letter of Credit Issuer on the Domestic Business Day on which the funds are paid to such Person, if received prior to 10:00 A.M. (Winston-Salem, North Carolina time) on such Domestic Business Day, and otherwise on the next succeeding Domestic Business Day.

(d) Documentation. Upon the request of any Lender, the Letter of Credit Issuer shall furnish to such Lender copies of any Letter of Credit, Letter of Credit Application Agreement and other documentation relating to Letters of Credit issued pursuant to this Agreement.

(e) Obligations Irrevocable. The obligations of the Lenders to make payments to the Letter of Credit Issuer with respect to a Letter of Credit shall be irrevocable, not subject to any qualification or exception whatsoever and shall be made in accordance with, but not subject to, the terms and conditions of this Agreement under all circumstances (assuming that the Letter of Credit Issuer has issued such Letter of Credit in accordance with Section 11.04 and such Lender has not given a notice contemplated by Section 11.06(a) that continues in full force and effect), including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Loan Documents;

(ii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit or any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Letter of Credit Issuer, the Administrative Agent, any Lender or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions;

(iii) any draft, certificate or any other document presented under the Letter of Credit proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents;

(v) payment by the Letter of Credit Issuer under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(vi) payment by the Letter of Credit Issuer under any Letter of Credit against presentation of any draft or certificate that does not comply with the terms of such Letter of Credit, except payment resulting from the gross negligence or willful misconduct of the Letter of Credit Issuer; or

(vii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing, except circumstances or happenings resulting from the gross negligence or willful misconduct of the Letter of Credit Issuer.

SECTION 11.07. Payment of Reimbursement Obligations.

(a) Payments to Issuing Lender. The Borrower agrees to pay to the Letter of Credit Issuer the amount of all Reimbursement Obligations, interest and other amounts payable to the Letter of Credit Issuer under or in connection with any Letter of Credit issued for such Borrower's account immediately when due, irrespective of:

(i) any lack of validity or enforceability of this Agreement or any of the other Loan Documents;

(ii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit or any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Letter of Credit Issuer, the Administrative Agent, the Collateral Agents, any Lender or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions;

(iii) any draft, certificate or any other document presented under the Letter of Credit proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents;

(v) payment by the Letter of Credit Issuer under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(vi) payment by the Letter of Credit Issuer under any Letter of Credit against presentation of any draft or certificate that does not comply with the terms of such Letter of Credit, except payment resulting from the gross negligence or willful misconduct of the Letter of Credit Issuer; or

(vii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing, except circumstances or happenings resulting from the gross negligence or willful misconduct of the Letter of Credit Issuer.

(b) Recovery or Avoidance of Payments. In the event any payment by or on behalf of the Borrower received by the Letter of Credit Issuer with respect to a Letter of Credit and distributed by the Letter of Credit Issuer to the Lenders on account of their participations is thereafter set aside, avoided or recovered from the Letter of Credit Issuer in connection with any receivership, liquidation or bankruptcy proceeding, each Lender that received such distribution shall, upon demand by the Letter of Credit Issuer, contribute such Lender's ratable share of the amount set aside, avoided or recovered together with interest at the rate required to be paid by the Letter of Credit Issuer upon the amount required to be repaid by it.

SECTION 11.08. Compensation for Letters of Credit.

The compensation for Letters of Credit shall be as set forth in Section 2.07.

SECTION 11.09. Indemnification; Exoneration.

(a) Indemnification. In addition to amounts payable as elsewhere provided in this Article XI, the Borrower shall protect, indemnify, pay and save the Letter of Credit Issuer, the Administrative Agent and each Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which the Letter of Credit Issuer, the Administrative Agent or any Lender may incur or be subject to as a consequence of the issuance of any Letter of Credit for the Borrower's account other than as a result of such party's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

(b) Assumption of Risk by the Borrower. As between the Borrower, the Letter of Credit Issuer, the Administrative Agent and Lenders, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued for the Borrower's account by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Letter of Credit Issuer, the Administrative Agent and the Lenders shall not be responsible for (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason, (iii) failure of the beneficiary of a Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit, (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher, or for errors in interpretation of technical terms, (v) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof, (vi) the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (vii) any consequences arising from causes beyond the control of the Letter of Credit Issuer, the Administrative Agent and the Lenders.

(c) Exoneration. In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Letter of Credit Issuer under or in connection with the Letters of Credit or any related certificates if taken or omitted in good faith and with reasonable care, shall not put the Letter of Credit Issuer, the Administrative Agent or any Lender under any resulting liability to the Borrower or relieve the Borrower of any of its obligations hereunder to any such Person.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, by their respective authorized officers as of the day and year first above written.

TREX COMPANY, INC.
a Delaware corporation (SEAL)

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and
Chief Financial Officer

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent, Letter of Credit
Issuer, Swing Line Lender, a Collateral Agent
and a Lender (SEAL)

By: /s/ Matthew W. Rush _____ (SEAL)
Name: Matthew W. Rush
Title: Senior Vice President

Revolver Commitment: \$55,000,000.00

Lending Office

Branch Banking and Trust Company
200 West Second Street
Winston-Salem, NC 27101
Attention: Matthew W. Rush, Senior Vice President
Telecopy number: (336) 733-2740
Telephone number: (336) 733-2422

And a copy to:

Troutman Sanders LLP
1001 Haxall Point
Richmond, VA 23219
Attention: Christopher E. Vinyard
Telecopy number: (804) 698-5126
Telephone number: (804) 697-1249

WELLS FARGO CAPITAL FINANCE, LLC,
as a Collateral Agent and a Lender (SEAL)

By: /s/ S. N. Thomas (SEAL)
Name: S. N. Thomas
Title: Director

Revolver Commitment: \$45,000,000.00

Lending Office

Wells Fargo Capital Finance, LLC
1100 Abernathy Road, Suite 1600
Atlanta, GA 30328
Attention: Portfolio Manager – Trex
Telecopier No.: (770) 804-0785
Telephone No.: (770) 508-1367

And a copy to:

Greenberg Traurig LLP
3290 Northside Pkwy., Suite 400
Atlanta, GA 30327
Attention: Michael Leveille
Telecopier No.: (678) 553-7314
Telephone No.: (678) 553-2100

BB&T CAPITAL MARKETS,
as Lead Arranger

By: /s/ Michael Skorich (SEAL)

Name: Michael Skorich

Title: Senior Vice President

#2064437 (Execution)
204750.745

REVOLVER NOTE

\$55,000,000.00

Winston-Salem, North Carolina
January 6, 2012

For value received, TREX COMPANY, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of BRANCH BANKING AND TRUST COMPANY (the "Lender"), for the account of its Lending Office, the principal sum of FIFTY-FIVE MILLION AND NO/100 DOLLARS (\$55,000,000.00), or such lesser amount as shall equal the unpaid principal amount of each Revolver Advance made by the Lender to the Borrower pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates and at the rate or rates provided for in the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the Default Rate, as provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Branch Banking and Trust Company, 200 West Second Street, 16th Floor, Winston-Salem, NC 27101, or at such other address as may be specified from time to time pursuant to the Credit Agreement.

All Revolver Advances made by the Lender, the interest rates from time to time applicable thereto and all repayments of the principal thereof may be recorded by the Lender and, prior to any transfer hereof, endorsed by the Lender on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Lender to make, or any error of the Lender in making, any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement. This Note is secured by, among other security, the Collateral Documents, as the same may be modified or amended from time to time.

This Note is one of the Revolver Notes referred to in the Amended and Restated Credit Agreement dated as of January 6, 2012 (as amended, restated, replaced or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders listed on the signature pages thereof and their successors and assigns, Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger. Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment and the repayment hereof and the acceleration of the maturity hereof.

The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

The Borrower agrees, in the event that this Note or any portion hereof is collected by law or through an attorney at law, to pay all reasonable costs of collection, including, without limitation, reasonable attorneys' fees.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed under seal, by its duly authorized officers as of the day and year first above written.

TREX COMPANY, INC., (SEAL)
a Delaware corporation

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and
Chief Financial Officer

Revolver Note (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Period (if applicable)</u>	<u>Amount of Advance</u>	<u>Amount of Principal Repaid</u>	<u>Notation Made By</u>
#2120432 (Execution) 204750.745					

REVOLVER NOTE

\$45,000,000.00

Winston-Salem, North Carolina
January 6, 2012

For value received, TREX COMPANY, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of WELLS FARGO CAPITAL FINANCE, LLC (the "Lender"), for the account of its Lending Office, the principal sum of FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00), or such lesser amount as shall equal the unpaid principal amount of each Revolver Advance made by the Lender to the Borrower pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates and at the rate or rates provided for in the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the Default Rate, as provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Branch Banking and Trust Company, 200 West Second Street, 16th Floor, Winston-Salem, NC 27101, or at such other address as may be specified from time to time pursuant to the Credit Agreement.

All Revolver Advances made by the Lender, the interest rates from time to time applicable thereto and all repayments of the principal thereof may be recorded by the Lender and, prior to any transfer hereof, endorsed by the Lender on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Lender to make, or any error of the Lender in making, any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement. This Note is secured by, among other security, the Collateral Documents, as the same may be modified or amended from time to time.

This Note is one of the Revolver Notes referred to in the Amended and Restated Credit Agreement dated as of January 6, 2012 (as amended, restated, replaced or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders listed on the signature pages thereof and their successors and assigns, Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger. Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment and the repayment hereof and the acceleration of the maturity hereof.

The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

The Borrower agrees, in the event that this Note or any portion hereof is collected by law or through an attorney at law, to pay all reasonable costs of collection, including, without limitation, reasonable attorneys' fees.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed under seal, by its duly authorized officers as of the day and year first above written.

TREX COMPANY, INC., (SEAL)
a Delaware corporation

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and Chief Financial Officer

Revolver Note (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Period (if applicable)</u>	<u>Amount of Advance</u>	<u>Amount of Principal Repaid</u>	<u>Notation Made By</u>
#2120438 (Execution) 204750.745					

SWING ADVANCE NOTE

\$5,000,000.00

Winston-Salem, North Carolina
January 6, 2012

For value received, TREX COMPANY, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of BRANCH BANKING AND TRUST COMPANY (the "Lender"), for the account of its Lending Office, the principal sum of FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00), or such lesser amount as shall equal the unpaid principal amount of each Swing Advance made by the Lender to the Borrower pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates and at the rate or rates provided for in the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the Default Rate, as provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Branch Banking and Trust Company, 200 West Second Street, 16th Floor, Winston-Salem, NC 27101, or at such other address as may be specified from time to time pursuant to the Credit Agreement.

All Swing Advances made by the Lender, the interest rates from time to time applicable thereto and all repayments of the principal thereof may be recorded by the Lender and, prior to any transfer hereof, endorsed by the Lender on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Lender to make, or any error of the Lender in making, any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement. This Note is secured by, among other security, the Collateral Documents, as the same may be modified or amended from time to time.

This Note is the Swing Advance Note referred to in the Amended and Restated Credit Agreement dated as of January 6, 2012 (as amended, restated, replaced or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders listed on the signature pages thereof and their successors and assigns, Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger. Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment and the repayment hereof and the acceleration of the maturity hereof.

The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

The Borrower agrees, in the event that this Note or any portion hereof is collected by law or through an attorney at law, to pay all reasonable costs of collection, including, without limitation, reasonable attorneys' fees.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed under seal, by its duly authorized officers as of the day and year first above written.

TREX COMPANY, INC., (SEAL)
a Delaware corporation

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and Chief Financial Officer

Swing Advance Note (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

<u>Date</u>	<u>Amount of Advance</u>	<u>Amount of Principal Repaid</u>	<u>Notation Made By</u>
#2120444 (Execution) 204750.745			

AMENDED AND RESTATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT (this “Security Agreement”) is dated as of the 6th day of January, 2012, by and among **TREX COMPANY, INC.**, a Delaware corporation (the “Borrower”); each additional entity that hereafter becomes a party to the Credit Agreement (as hereinafter defined) as a Guarantor (as defined in the Credit Agreement) pursuant to Section 5.24 thereto (together with the Borrower, individually or collectively as the context may require, the “Debtor”); **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation, as Administrative Agent and a Collateral Agent for the Secured Parties (as hereinafter defined) (together with its successors and assigns, including any successor Administrative Agent under the Credit Agreement, the “Administrative Agent”); and **WELLS FARGO CAPITAL FINANCE, LLC**, a Delaware limited liability company, as a Collateral Agent for the Secured Parties (together the Administrative Agent, their respective successors and assigns, including any successor Collateral Agents under the Credit Agreement, the “Collateral Agents”).

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Amended and Restated Credit Agreement of even date herewith (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Debtor, the Lenders from time to time party thereto (collectively, the “Lenders”), Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, the Collateral Agents, and BB&T Capital Markets, as Lead Arranger.

The Borrower and the Administrative Agent are parties to an Amended and Restated Security Agreement dated as of November 4, 2009 (the “Original Security Agreement”), pursuant to which the Borrower granted to the Administrative Agent a security interest in certain collateral described therein for the benefit of the Secured Parties (as defined in the Original Security Agreement). In connection with the Credit Agreement, the Administrative Agent and the Collateral Agents have required that the Debtor enter into this Security Agreement to amend and restate the terms of the Original Security Agreement, and to regrant the security interests created under and pursuant to the Original Security Agreement in favor of the Administrative Agent for the ratable benefit of the Secured Parties (as hereinafter defined).

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Administrative Agent hereby agree, and hereby agree to amend and restate the Original Security Agreement in its entirety, as follows:

SECTION 1 – DEFINITIONS

The following terms shall have the following respective meanings:

“Accounts” means all of the Debtor’s now owned or hereafter acquired or arising “accounts,” as defined in the UCC, including any rights to payment for the sale or lease of Goods or rendition of services, whether or not they have been earned by performance.

“Chattel Paper” means all of the Debtor’s now owned or hereafter acquired “chattel paper,” as defined in the UCC, including electronic chattel paper.

“Collateral” has the meaning set forth in Section 2.

“Deposit Accounts” means all “deposit accounts,” as defined in the UCC, now or hereafter held in the name of the Debtor.

“Documents” means all “documents,” as defined in the UCC, including bills of lading, warehouse receipts or other documents of title, now owned or hereafter acquired by Debtor.

“Equipment” means all of the Debtor’s now owned or hereafter acquired “equipment,” as defined in the UCC, including all of the Debtor’s machinery, equipment, furniture, furnishings, fixtures, and other tangible personal property (except Inventory), including embedded software, motor vehicles with respect to which a certificate of title has been issued, aircraft, dies, tools, jigs, molds and office equipment, and all of the Debtor’s rights and interests with respect to all such types of property leased by the Debtor (including, without limitation, options to purchase); together with all present and future additions and accessions thereto, replacements therefor, component and auxiliary parts and supplies used or to be used in connection therewith, and all substitutes for any of the foregoing, and all manuals, drawings, instructions, warranties and rights with respect thereto; wherever any of the foregoing is located.

“Event of Default” and “Default” have the respective meanings assigned thereto in the Credit Agreement.

“General Intangibles” means all of the Debtor’s now owned or hereafter acquired “general intangibles,” as defined in the UCC, including all general intangibles, choses in action and causes of action and all other intangible personal property of the Debtor of every kind and nature (other than Accounts), including, without limitation, all contract rights, payment intangibles, Proprietary Rights, corporate or other business records, inventions, designs, blueprints, plans, specifications, patents, patent applications, trademarks, service marks, trade names, trade secrets, goodwill, copyrights, computer software, customer lists, registrations, licenses, franchises, tax refund claims, any funds which may become due to the Debtor in connection with the termination of any employee benefit plan or any rights thereto and any other amounts payable to the Debtor from any employee benefit plan, rights and claims against carriers and shippers, rights to indemnification, business interruption insurance and proceeds thereof, property, casualty or any similar type of insurance and any proceeds thereof, proceeds of insurance covering the lives of key employees on which the Debtor is beneficiary, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged equity interests or Investment Property and any letter of credit, guarantee, claim, security interest or other security held by or granted to the Debtor.

“Goods” means all “goods,” as defined in the UCC, now owned or hereafter acquired by the Debtor, wherever located, including embedded software to the extent included in “goods” as defined in the UCC, manufactured homes, standing timber that is cut and removed for sale and unborn young of animals.

“Instruments” means all “instruments,” as defined in the UCC, now owned or hereafter acquired by the Debtor.

“Inventory” means all of the Debtor’s now owned or hereafter acquired “inventory,” as defined in the UCC, including all Goods and merchandise, wherever located, to be furnished under any contract of service or held for sale or lease, all returned goods, raw materials, work-in-process, finished goods (including embedded software), other materials and supplies of any kind, nature or description which are used or consumed in the Debtor’s business or used in connection with the packing, shipping, advertising, selling or finishing of such Goods, merchandise, and all documents of title or other Documents representing them.

“Investment Property” means all of the Debtor’s now existing or hereafter arising right, title and interest in and to any and all “investment property,” as defined in the UCC, including all: (a) securities whether certificated or uncertificated; (b) securities entitlements; (c) securities accounts; (d) commodity contracts; or (e) commodity accounts.

“IP Security Agreement” means the Intellectual Property Security Agreement in the form of Exhibit A attached hereto and made a part hereof.

“Lease” has the meaning set forth in Section 4.4.

“Letter-of-Credit Rights” means “letter-of-credit rights,” as defined in the UCC, now owned or hereafter acquired by the Debtor, including rights to payment or performance under a letter of credit, whether or not the Debtor, as beneficiary, has demanded or is entitled to demand payment or performance.

“Obligations” has the meaning set forth in the Credit Agreement.

“Permitted Liens” means the Liens permitted under Section 5.10 of the Credit Agreement.

“Proprietary Rights” means all of the Debtor’s now owned or hereafter arising or acquired: licenses, franchises, permits, patents, patent rights, copyrights, works which are the subject matter of copyrights, trademarks, service marks, trade names, trade styles, patent, trademark and service mark applications, and all licenses and rights related to any of the foregoing, and all other rights under any of the foregoing, all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing, and all rights to sue for past, present and future infringement of any of the foregoing.

“Secured Parties” means, collectively, the (1) the Administrative Agent, (2) each of the Collateral Agents (as defined in the Credit Agreement), (3) each Lender (including in such Lender’s capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable), (4) each Affiliate of any Lender in such Affiliate’s capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable, (5) the Swing Line Lender, (6) the Letter of Credit Issuer, and (7) their respective successors and assigns.

“Secured Obligations” has the meaning set forth in Section 3.

“Supporting Obligations” means all supporting obligations as such term is defined in the UCC.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the Commonwealth of Virginia or of any other state the laws of which are required as a result thereof to be applied in connection with the issue of perfection of security interests.

All other capitalized terms used in this Security Agreement but not otherwise defined herein or in the Credit Agreement shall, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. All references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Security Agreement.

SECTION 2 – GRANT OF SECURITY INTEREST

The Debtor hereby reaffirms the prior grant to the Administrative Agent pursuant to the Original Security Agreement, and grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, lien on, assignment of and right of set-off against, all of the Debtor’s now existing and hereafter acquired or arising properties and assets and rights therein, including, without limitation, the following property and assets of the Debtor, whether now owned or hereafter acquired or arising, regardless of where located:

- (i) all Accounts;
- (ii) all Inventory;
- (iii) all Chattel Paper;
- (iv) all Documents;
- (v) all Instruments;
- (vi) all Supporting Obligations and Letter of Credit Rights;
- (vii) all General Intangibles (including payment intangibles and Software);
- (viii) all Investment Property;
- (ix) all Goods;
- (x) all Equipment;

(xi) all money, cash, cash equivalents, securities and other property of any kind of the Debtor, whether held directly or indirectly by the Administrative Agent or any other Secured Party or by any other Person;

(xii) all of the Debtor’s Deposit Accounts, credits, and balances with and other claims against the Administrative Agent or any other Secured Party or any of their respective affiliates or any other financial institution with which the Debtor maintains deposits, including the Collateral Reserve Account;

(xiii) all books, records and other property related to or referring to any of the foregoing, including books, records, account ledgers, data processing records, computer software and other property and General Intangibles at any time evidencing or relating to any of the foregoing; and

(xiv) all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing, including, but not limited to, proceeds of any insurance policies (whether or not such policy shall contain an endorsement in favor of the Administrative Agent or any Secured Party), claims against third parties, and condemnation or requisition payments with respect to all or any of the foregoing.

All of the foregoing is herein collectively referred to as the "Collateral." Notwithstanding the foregoing, it is understood and agreed that, in accordance with Section 5.24 of the Credit Agreement, with respect to any Investment Property consisting of Capital Securities or equivalent equity interests in any Foreign Subsidiary of the Debtor, the lesser of 65% or the entire interest owned by the Debtor of such Capital Securities or equivalent equity interests in such Foreign Subsidiary shall be included in the Collateral.

SECTION 3 – OBLIGATIONS SECURED

The security interests granted to the Administrative Agent herein for the ratable benefit of the Secured Parties shall secure: (a) the payment and performance of the Obligations; and (b) all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Administrative Agent or the Secured Parties, or any of them, for taxes and/or insurance relating to, or maintenance or preservation of, the Collateral or any part thereof or incurred by the Administrative Agent or any of the Secured Parties, or any of them, arising from or in connection with the modification, workout, collection or enforcement of any of the Obligations, including, without limitation, any such collection or enforcement of the Obligations by any action or participation in, or in connection with a case or proceeding under, Chapter 7 or Chapter 11 of the U.S. Bankruptcy Code or any successor statute (collectively, the "Secured Obligations").

SECTION 4 – REPRESENTATIONS

The Debtor represents and warrants to the Administrative Agent and to each of the Secured Parties (which representations and warranties will survive the execution of the Notes and the making of Advances) that:

4.1 Ownership of Collateral. The Debtor now owns or will become the owner of the Collateral in which it has granted the Administrative Agent a security interest hereunder and has the unrestricted right to grant the Administrative Agent a security interest therein.

4.2 Location of Records. The chief executive office of the Debtor and the principal office where the Debtor maintains its books and records relating to the Collateral is located at the address listed next to the Debtor's name on Schedule 4.2 attached hereto and by this reference

incorporated herein. The Debtor will not change the location of its chief executive office or the location of the principal office in which it maintains its books and records without giving the Administrative Agent and each of the Secured Parties at least thirty (30) days' prior written notice and, unless prior to such change, the Debtor shall have taken all action reasonably necessary or desirable or that the Administrative Agent may reasonably request, to preserve, perfect, confirm and protect in the manner and to the extent provided for in this Security Agreement the security interests granted hereby.

4.3 Accounts. (a) Each existing Account represents, and each future Account will represent, a bona fide sale and delivery of Inventory by the Debtor, or rendition of services by the Debtor, in the ordinary course of the Debtor's business; (b) each existing Account is, and each future Account will be, for a liquidated amount payable by the account debtor thereon on the terms set forth in the invoice therefor, without any offset, deduction, defense, or counterclaim except those known to the Debtor and disclosed to the Administrative Agent pursuant to this Security Agreement; (c) no payment will be received with respect to any Account, and no credit, discount, or extension, or agreement therefor will be granted on any Account, except as reported to the Administrative Agent in any Borrowing Base Certification Report delivered in accordance with the Credit Agreement; and (d) all Inventory described in any invoice representing a sale of Goods will have been delivered or be in transit to the account debtor and all services of the Debtor described in each invoice will have been performed.

4.4 Inventory. As of the date hereof, the Inventory is maintained at the locations specified on Schedule 4.4 attached hereto and by this reference incorporated herein. The Debtor will not permit any Inventory having an aggregate value of \$500,000 or greater to be maintained or stored in any location other than those listed on Schedule 4.4 without giving the Collateral Agents at least thirty (30) days' prior written notice and, unless prior to such change, the Debtor shall have taken all action reasonably necessary or desirable or that the Administrative Agent may reasonably request, to preserve, perfect, confirm and protect in the manner and to the extent provided for in this Security Agreement the security interests granted hereby. The Debtor does not store and will not store any Inventory on any real property that is not owned by the Debtor in fee simple, except for (a) Inventory in transit to manufacturing plants or warehouses owned or leased by the Debtor or to customers in the ordinary course of business, (b) Inventory on premises subject to a lease of real property under which the Debtor is the lessee (each such lease, a "Lease"), (c) Inventory in a warehouse or with a bailee, (d) Inventory in The Home Depot distribution centers pursuant to The Home Depot Consignment Agreements, or (e) Inventory in Lowe's distribution centers pursuant to the Lowe's Consignment Agreements.

4.5 Location of Equipment. As of the date hereof, the Equipment is maintained at the locations specified on Schedule 4.5 attached hereto and by this reference incorporated herein. The Debtor will not permit any Equipment having an aggregate value of \$250,000 or greater to be stored in any location other than those listed on Schedule 4.5 without giving the Collateral Agents at least thirty (30) days' prior written notice and, unless prior to such change, the Debtor shall have taken all action reasonably necessary or desirable or that the Administrative Agent may reasonably request, to preserve, perfect, confirm and protect in the manner and to the extent provided for in this Security Agreement the security interests granted hereby. The Debtor does not store and will not store any Equipment on any real property which is not owned by the Debtor in fee simple, except for (a) Equipment on premises subject to a Lease for which the

Administrative Agent has received an executed landlord waiver from the landlord (and any mortgagee) of such premises in form and substance satisfactory to the Administrative Agent (a "Lien Waiver"), (b) Equipment on premises subject to a Lease for which the Administrative Agent has not received a Lien Waiver, provided that the aggregate value of all such Equipment shall not exceed \$200,000, and (c) Equipment on the premises of any of the Debtor's vendors, suppliers or processors, provided that the value of such Equipment at any location shall not exceed \$600,000, and the aggregate value of all such Equipment shall not exceed \$2,000,000.

4.6 Documents, Instruments and Chattel Paper. All Documents, Instruments and Chattel Paper are and will be owned by the Debtor, free and clear of all Liens other than Permitted Liens. If the Debtor retains possession of any Chattel Paper or Instruments with the Administrative Agent's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Branch Banking and Trust Company, as Administrative Agent, for the benefit of the Secured Parties under and pursuant to Amended and Restated Security Agreement dated as of January 6, 2012."

4.7 Patents, Trademarks and Copyrights. The Debtor does not have any interest in, or title to, any registered United States patent, trademark or copyright, or any application therefor, except as set forth in Schedule 4.7 attached hereto and by this reference incorporated herein. The Debtor agrees to execute and deliver to the Administrative Agent the IP Security Agreement and, at the request of the Administrative Agent, to cause (i) an executed IP Security Agreement, together with an appropriately completed Recordation Form Cover Sheet (Patents Only), to be recorded with the United States Patent and Trademark Office, Assignment Division (the "USPTO"), (ii) an executed IP Security Agreement, together with an appropriately completed Recordation Form Cover Sheet (Trademarks Only), to be recorded with the USPTO, and (iii) an executed IP Security Agreement, together with an appropriately completed Document Coversheet for Recordation of Documents, to be recorded with the Copyright Office of the Library of Congress.

4.8 Prior Encumbrances. There are no existing Liens of any kind upon, or any security interests in, any of the Collateral owned by the Debtor, except for Permitted Liens. The Debtor will defend the Collateral owned by the Debtor against all claims and demands of all Persons at any time claiming any interest therein, except for claims and demands relating to Permitted Liens.

4.9 Financing Statements. Except for financing statements specified on Schedule 4.9 attached hereto and by this reference incorporated herein, no financing statement which names the Debtor or any of its trade names or divisions as debtor is on file in the jurisdiction of the Debtor's organization, and the Debtor has not authorized any financing statement to be filed and the Debtor has not signed any security agreement authorizing any secured party thereunder to file any financing statements, except financing statements filed to perfect Permitted Liens.

4.10 Organizational Information. The jurisdiction of incorporation, the organizational identification number and the Federal Employer Identification Number of the Debtor are specified next to the Debtor's name on Schedule 4.10 attached hereto and by this reference incorporated herein. The Debtor has only one state of organization.

4.11 Commercial Tort Claims. Except as described on Schedule 4.11 attached hereto and by this reference incorporated herein, the Debtor does have any commercial tort claim with an amount in dispute in excess of \$1,000,000.

SECTION 5 – COVENANTS

Until all of the Secured Obligations have been finally and indefeasibly paid and satisfied in full and the Revolving Commitment terminated, the Debtor covenants and agrees that:

5.1 Perfection and Protection of Security Interest.

(a) The Debtor shall, at its expense, perform all steps reasonably requested by the Administrative Agent at any time to perfect, maintain, protect, and enforce the Administrative Agent's Liens, including without limitation: (i) filing financing or continuation statements, and amendments thereof, in form and substance reasonably satisfactory to the Administrative Agent; (ii) delivering to the Administrative Agent warehouse receipts covering any portion of the Collateral located in warehouses and for which warehouse receipts are issued and certificates of title covering any portion of the Collateral for which certificates of title have been issued; (iii) when any Event of Default has occurred and is continuing, transferring Inventory to warehouses or other locations designated by the Administrative Agent; (iv) placing notations on the Debtor's books of account to disclose the Administrative Agent's security interest; and (v) taking such other steps as are deemed reasonably necessary or desirable by the Administrative Agent to maintain and protect the Administrative Agent's Liens. Notwithstanding the foregoing, unless any Event of Default shall have occurred and be continuing, the Debtor shall not be required to take any action to perfect the Administrative Agent's Liens in (w) Investment Property with an aggregate value less than \$100,000, (x) any Letter-of-Credit Rights with respect to any letter of credit with a face amount of \$150,000 or less, but only to the extent that the aggregate face amount of all letters of credit does not exceed \$750,000, (y) any Deposit Account with a balance of \$150,000 or less at the close of any Business Day, but only to the extent that the aggregate number of Deposit Accounts does not exceed five (5) at any time, or (z) electronic Chattel Paper in an aggregate amount of less than \$100,000. The Debtor agrees that a carbon, photographic, photostatic, or other reproduction of this Security Agreement or of a financing statement is sufficient as a financing statement.

(b) Upon the Administrative Agent's request, the Debtor shall deliver to the Administrative Agent all Collateral consisting of negotiable or non-negotiable Documents, certificated securities (accompanied by stock powers executed in blank), Chattel Paper and Instruments promptly after the Debtor receives the same.

(c) Subject to Section 5.1(a), the Debtor shall take all steps necessary to grant the Administrative Agent control of all electronic Chattel Paper in accordance with the UCC.

(d) The Debtor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as "all personal property" or "all assets" of the Debtor, or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of

the State of Delaware or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the UCC of the State of Delaware for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Debtor is an organization, the type of organization and any organizational identification number issued to the Debtor, and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of the real property to which the Collateral relates. The Debtor agrees to furnish any such information to the Administrative Agent promptly upon request, and to pay on demand all fees, costs and expenses associated with all such filings. The Debtor also ratifies its authorization for the Administrative Agent to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

(e) The Debtor shall promptly notify the Administrative Agent of any commercial tort claim (as defined in the UCC) in excess of \$1,000,000 acquired or owned by it and unless otherwise consented to by the Administrative Agent, the Debtor shall enter into a supplement to this Security Agreement, granting to the Administrative Agent a Lien in such commercial tort claim.

(f) Upon the Administrative Agent's request, but not more frequently than once during each calendar year, the Debtor shall provide to the Administrative Agent a certificate of good standing from its state of incorporation or organization.

(g) Without limiting the prohibitions on mergers involving the Debtor contained in the Credit Agreement, the Debtor will not change its name, operate under any assumed name, change its structure, reincorporate or reorganize itself, or change its jurisdiction of incorporation without giving the Administrative Agent at least thirty (30) days' prior written notice and, unless prior to such change, the Debtor shall have taken all action reasonably necessary or desirable or that the Administrative Agent may reasonably request, to preserve, perfect, confirm and protect in the manner and to the extent provided for in this Security Agreement the security interests granted hereby.

(h) The Debtor acknowledges that it is not authorized to file any financing statement with respect to any of the Collateral, or any amendment or termination statement with respect to any such financing statement, without the prior written consent of the Administrative Agent and agrees that it will not do so without the prior written consent of the Administrative Agent, subject to the Debtor's rights under Section 9-509(d)(2) of the UCC.

(i) The Debtor shall not, except in connection with any Permitted Lien, enter into any contract or agreement that restricts or prohibits the grant of a security interest in Accounts, Chattel Paper, Instruments or payment intangibles or the proceeds of the foregoing to the Administrative Agent.

5.2 Accounts.

(a) The Debtor shall not re-date any invoice, provided that the Debtor shall have the right, in the exercise of its reasonable business judgment, to re-date invoices that in the aggregate

do not exceed at any one time \$250,000. Except as otherwise permitted by the Credit Agreement, the Debtor shall not make sales on extended terms dating beyond that customary in the Debtor's business (which customary terms include customer incentive terms) or extend or modify any Account except in the ordinary course of business.

(b) The Debtor shall not accept any note or other instrument (except a check or other instrument for the immediate payment of money) with respect to any Account without providing to the Collateral Agents prompt written notice thereof. Any such instrument shall be considered as evidence of proceeds of the Account and not payment thereof and the Debtor will promptly deliver such instrument to the Administrative Agent, endorsed without recourse by the Debtor to the Administrative Agent in a manner reasonably satisfactory in form and substance to the Administrative Agent.

(c) The Debtor shall notify the Collateral Agents promptly of all disputes and claims in excess of \$500,000 with any account debtor, and agrees to settle, contest, or adjust such dispute or claim at no expense to the Administrative Agent or any other Secured Party. No discount, credit or allowance shall be granted to any such account debtor without the Collateral Agents' prior written consent, except for discounts, credits and allowances made or given in the ordinary course of the Debtor's business when no Event of Default exists hereunder. The Debtor shall send the Collateral Agents a copy of each credit memorandum in excess of \$500,000 as soon as issued, and the Debtor shall promptly report that credit on the Borrowing Base Certification Reports submitted by it.

(d) If an account debtor returns any Inventory to the Debtor when no Event of Default exists, then the Debtor shall promptly determine the reason for such return and shall issue a credit memorandum to the account debtor in the appropriate amount. The Debtor shall immediately report to the Collateral Agents any return involving an amount in excess of \$500,000. Each such report shall indicate the reasons for the return and the locations and condition of the returned Inventory. In the event any account debtor returns Inventory to the Debtor when any Event of Default exists, the Debtor, upon the request of the Collateral Agents, shall: (i) hold the returned Inventory in trust for the Administrative Agent; (ii) segregate all returned Inventory from all of its other property; (iii) dispose of the returned Inventory solely according to the Collateral Agents' written instructions; and (iv) not issue any credits or allowances with respect thereto without the Collateral Agents' prior written consent. All returned Inventory shall be subject to the Administrative Agent's Liens thereon. Whenever any Inventory is returned, the related Account shall be deemed ineligible to the extent of the amount owing by the account debtor with respect to such returned Inventory and such returned Inventory shall not be Eligible Inventory.

5.3 Inventory.

(a) The Debtor will keep its Inventory in good and marketable condition, except for damaged or defective Goods arising in the ordinary course of the Debtor's business. The Debtor agrees that all Inventory produced by the Debtor in the United States of America will be produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations, and orders thereunder. The Debtor will conduct a physical count of the Inventory at least once during each of its fiscal years, and after and during the continuation of

any Event of Default, at such other times as the Collateral Agents request. The Debtor will maintain a perpetual inventory reporting system at all times. The Debtor will not, without the Collateral Agents' written consent, sell any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment, or other repurchase or return basis, other than the sale of finished goods Inventory to The Home Depot and Lowe's on consignment in accordance with The Home Depot Consignment Agreements, the Lowe's Consignment Agreements and all other documents related to the consignment arrangements between the Debtor and each of The Home Depot and Lowe's, true and complete copies of which on the date hereof have been provided to the Collateral Agents (collectively, the "Consignment Agreements"). The Debtor agrees that it (i) shall provide the Collateral Agents a copy of any material amendment, restatement, replacement, supplement or other modification of or to any of the Consignment Agreements not later than twenty (20) days after the effective date of any such amendment, restatement, replacement, supplement or other modification, (ii) shall immediately notify the Collateral Agents in writing of the occurrence of any default or event of default under or with respect to, or the termination of, any of the Consignment Agreements, (iii) unless prohibited by the Consignment Agreements, shall file and continuously maintain without any lapse in filing appropriate financing statements appropriately completed for filing under the Uniform Commercial Code of each jurisdiction in which the filing of a financing statement may be required, or reasonably requested by the Collateral Agents naming each of The Home Depot and Lowe's as debtor, the Debtor as secured party and the Administrative Agent as assignee with respect to the Inventory that has been sold to each of The Home Depot and Lowe's on consignment, (iv) upon request of the Collateral Agents, shall deliver to the Collateral Agents copies of reports, and updates of such reports as the Collateral Agents shall reasonably request, from an independent search service reasonably satisfactory to the Collateral Agents listing all effective financing statements that name The Home Depot as debtor that are filed in Delaware, together with copies of such financing statements filed in Delaware, and the Debtor shall deliver to the Collateral Agents copies of all notices that the Debtor has sent to secured parties of record disclosed by such reports that have filed financing statements covering inventory of The Home Depot manufactured by the Debtor, which notices shall be in form and substance satisfactory to the Collateral Agents, (v) upon request of the Collateral Agents, shall deliver to the Collateral Agents copies of reports, and updates of such reports as the Collateral Agents shall reasonably request, from an independent search service reasonably satisfactory to the Collateral Agents listing all effective financing statements that name Lowe's as debtor that are filed in North Carolina, together with copies of such financing statements filed in North Carolina, and the Debtor shall deliver to the Collateral Agents copies of all notices that the Debtor has sent to secured parties of record disclosed by such reports that have filed financing statements covering inventory of Lowe's manufactured by the Debtor, which notices shall be in form and substance satisfactory to Collateral Agents, (vi) upon request of the Collateral Agents, shall deliver to the Collateral Agents all reports, lists, certificates and other papers required to be delivered by The Home Depot under The Home Depot Consignment Agreements, and (vii) upon request of the Collateral Agents, shall deliver to the Collateral Agents all reports, lists, certificates and other papers required to be delivered by Lowe's under the Lowe's Consignment Agreements.

(b) In connection with any Inventory financed by a Letter of Credit with a face amount in excess of \$500,000, the Debtor will, at the Collateral Agents' request, instruct all suppliers, carriers, forwarders, customs brokers, warehouses or others receiving or holding cash, checks, Inventory, Documents or Instruments in which the Administrative Agent holds a security

interest to deliver them to the Administrative Agent and/or subject to the Administrative Agent's order, and if they shall come into the Debtor's possession, to deliver them, upon request, to the Administrative Agent in their original form. The Debtor shall also, at the Collateral Agents' request, designate the Administrative Agent as the consignee on all bills of lading and other negotiable and non-negotiable Documents.

5.4 Equipment. The Debtor shall keep and maintain its Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all necessary replacements thereof. The Debtor shall not permit any Equipment that is part of the Collateral to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Administrative Agent does not have a Lien. The Debtor will not, without the Collateral Agents' prior written consent, alter or remove any identifying symbol or number on any of the Debtor's Equipment constituting Collateral. Except to the extent permitted by the Credit Agreement, the Debtor shall not, without the Collateral Agents' prior written consent, sell, license, lease as a lessor, or otherwise dispose of any of the Equipment. The Debtor will not use the Equipment or any of the other Collateral illegally.

5.5 Patents, Trademarks and Copyrights.

(a) Concurrently with the delivery of each Compliance Certificate by the Borrower pursuant to Section 5.01(d) of the Credit Agreement, the Debtor shall provide to the Collateral Agents a report with respect to the Debtor's patents, trademarks and copyrights, which report shall include (i) a listing of any new applications that have been filed by or on behalf of the Debtor for the registration of any patent, trademark or copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency, (ii) a listing of any new registrations that have been issued to the Debtor for any patent, trademark or copyright by the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency, and (iii) a listing of (A) any application or registration relating to any United States patent, trademark or copyright which the Debtor has decided to abandon, (B) any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding the Debtor's ownership of any United States patent, trademark or copyright, its right to register the same, or to keep and maintain the same, and (C) any known infringement, misappropriation or dilution by a third party of any United States patent, trademark or copyright of the Debtor.

(b) With respect to any new applications or registrations for any United States patent, trademark or copyright, upon request of the Collateral Agents, (i) the Debtor shall execute and deliver to the Administrative Agent an IP Security Agreement relating to the same, and (ii) cause such IP Security Agreement, together with an appropriately completed coversheet, to be recorded with the USPTO or the Copyright Office of the Library of Congress, as applicable.

(c) The Debtor shall take all actions necessary or advisable, in the exercise of its prudent business judgment, to maintain and pursue (or abandon) any application for any patent, trademark or copyright, to obtain the relevant registration and to maintain (or abandon) the registration of each of its patents, trademarks and copyrights (now or hereafter existing), including, if applicable, the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Debtor's patents, trademarks or copyrights is infringed upon, or misappropriated or diluted by a third party, the Debtor shall, in the exercise of its prudent business judgment, take such actions (or inactions) as the Debtor shall deem appropriate to protect (or abandon) such patent, trademark or copyright.

5.6 Maintenance of Records. The Debtor will keep and maintain, at its own cost and expense, in a manner consistent with past practice, complete and current records of the Collateral owned by it, including, but not limited to, a record of all shipments received, deliveries made, contracts performed, payments received, credits granted thereon and other dealings therewith. The Debtor shall timely provide the Collateral Agents with all such collateral reports as are required by the Credit Agreement, and all such additional reports as the Collateral Agents shall reasonably require. These reports shall be in the form previously provided to the Collateral Agents for their review or in form and detail as is reasonably satisfactory to the Collateral Agents. The Debtor will use all reasonable efforts to protect its records and books pertaining to any Collateral against fire, theft, loss or any other manner of destruction or loss. Such protection will consist of such protective means and devices as from time to time reasonably deemed necessary by the Collateral Agents. If the Debtor maintains its records of Accounts on a computer, it will maintain backup copies of such records, updated at reasonable intervals. In addition, at the request of the Collateral Agents, the Debtor shall use commercially reasonable efforts in cooperation with the Collateral Agents to facilitate and implement a system of electronic collateral reporting.

5.7 Inspection and Delivery of Collateral, Books and Records. The Collateral Agents or the Secured Parties, or any of them, or their respective agents, may at any reasonable time and from time to time and, if no Event of Default has occurred, upon reasonable prior notice, inspect the Collateral, and the books and records of the Debtor pertaining thereto. With the frequency and as provided in the Credit Agreement if no Event of Default has occurred and is continuing (there being no limitation on the frequency if any Event of Default has occurred and is continuing), the Debtor shall, at its own expense and cost, deliver or make available, at the Collateral Agents' election, books and records pertaining to the Accounts (including Chattel Paper) to the Collateral Agents, or any designated agent of the Collateral Agents, at such time and place as the Collateral Agents may reasonably request.

5.8 Expenses. The Debtor shall be liable for, and agrees to pay the Collateral Agents on demand, any and all reasonable expenses incurred or paid by the Collateral Agents or the Secured Parties, or any of them, in protecting or enforcing their respective rights under this Security Agreement, including, without limitation, reasonable attorneys' fees, whether incurred in collecting specific Accounts or otherwise. If the Debtor shall fail, in violation of the terms of the Credit Agreement, to discharge taxes, liens, security interests or other encumbrances on the Collateral, other than Permitted Liens, or to repair any damage to the Collateral, or to maintain or preserve the Collateral or to maintain adequate insurance on the Collateral, in each case within twenty (20) days after written notice from the Administrative Agent, the Administrative Agent may, at its option, discharge such taxes, liens, security interests or other encumbrances on or in the Collateral, pay for the repair or damage to the Collateral, pay for the maintenance and

preservation of the Collateral, and/or pay for insurance on the Collateral. The Debtor agrees to reimburse the Administrative Agent on demand for any payments so made and, until such reimbursement, to pay interest thereon at a fluctuating rate of interest equal to the Default Rate applicable to the Revolving Loans from the date of the payment until reimbursement therefor, which reimbursement and interest shall be a part of the Secured Obligations. Any payment made or other action taken by the Administrative Agent under this Section 5.8 shall be without prejudice to any right to assert an Event of Default hereunder and to proceed thereafter as herein provided.

5.9 Insurance. The Debtor will continuously insure the Collateral with financially sound and reputable insurance companies against fire (with extended coverage) in the full insurable value of the Collateral, and against such other casualties and in such amounts and with such deductibles as are usually carried by owners of similar businesses and properties in the same general areas in which the Debtor operates. The insurance policy (or policies) shall have attached thereto a standard loss payable clause, without contribution, in favor of the Administrative Agent as agent for the Secured Parties as its interest may appear, and shall otherwise be in form reasonably acceptable to the Collateral Agents, and the Debtor will cause such policy (or policies) to provide that it (they) may not be canceled without thirty (30) days' prior written notice to the Administrative Agent. The Debtor will deliver to the Collateral Agents evidence of the renewal or continuation of insurance at least ten (10) days before the expiration of the existing insurance. The Debtor hereby assigns to the Administrative Agent as agent for the Secured Parties any return of unearned premiums which may be due upon cancellation of any such policy or policies for any reason whatsoever and, upon the occurrence of any Event of Default and during the continuance thereof, directs the insurer(s) to pay to the Administrative Agent as agent for the Secured Parties any amounts so due.

5.10 Damage or Loss and Replacement.

(a) The Debtor shall promptly notify the Collateral Agents of any fire, theft, water damage, vandalism or other damage to or loss of any Inventory or Equipment to the extent that the uninsured portion of such damaged or lost Inventory or Equipment is in excess of \$200,000. In the case of any loss, damage to or destruction of the Inventory or Equipment or any part thereof, the Debtor, whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for that purpose, at the Debtor's cost and expense, will promptly repair or replace the Inventory or Equipment so lost, damaged or destroyed.

(b) In the event that the Debtor or the Administrative Agent shall receive any proceeds of insurance with respect to Inventory, provided no Default or Event of Default then exists, (a) the Debtor shall pay to the Administrative Agent, or the Administrative Agent shall retain, as applicable, an amount of such proceeds equal to the balance then outstanding under the Obligations, which amount the Administrative Agent shall promptly pay to the Secured Parties for application to the Obligations as provided in the Credit Agreement, and the Debtor shall be entitled to retain, or the Administrative Agent shall pay to the Debtor, as applicable, any such excess insurance proceeds or (b) if there is no balance then outstanding under the Obligations, then the Debtor shall be entitled to retain, or the Administrative Agent shall pay to the Debtor, as applicable, all such proceeds of insurance with respect to Inventory.

(c) In the event the Debtor shall receive any proceeds of insurance with respect to the Equipment in excess of \$250,000 in the aggregate in any fiscal year of the Debtor, the Debtor shall immediately pay over such proceeds in excess of \$250,000 to the Administrative Agent. Insurance proceeds received by the Administrative Agent under the provisions hereof or under any policy or policies of insurance covering the Equipment or any part thereof pursuant to the terms hereof in excess of \$250,000 in the aggregate in any fiscal year of the Debtor shall be applied to the reduction of, or otherwise held as security for, the Secured Obligations (whether or not then due); provided, however, that the Administrative Agent agrees to release such insurance proceeds to the Debtor for the replacement, repair or restoration of the portion of the Equipment lost, damaged or destroyed if, but only if, (i) at the time of release no Default or Event of Default exists, (ii) a written request for such release is received from the Debtor within thirty (30) calendar days of receipt of, or in the event received by the Administrative Agent notice of the Administrative Agent's receipt of, such insurance proceeds and (iii) the Debtor provides the Administrative Agent purchase orders or invoices for replacement property for, or for the repair or restoration of, the Equipment that was lost, damaged or destroyed giving rise to the payment of such insurance proceeds within 210 days of the occurrence of such loss, damage or destruction. Notwithstanding the foregoing, if, following the application of insurance proceeds to replace, repair or restore Equipment as provided in this Section 5.10(c), there is an amount of such proceeds which is less than \$50,000 remaining, provided that no Default or Event of Default shall have occurred and be continuing, the Administrative Agent shall return such amount to the Debtor.

5.11 Further Assurances. Subject to the provisions of Section 5.1(a), the Debtor will from time to time, at the sole expense of the Debtor, promptly execute, deliver, file and record (as appropriate) all further instruments and documents, and take all further action as the Administrative Agent, the Collateral Agents or the Secured Parties, or any of them, may reasonably deem necessary or prudent in order to perfect, continue and protect the security interests granted hereby or to enable the Administrative Agent, the Collateral Agents or the Secured Parties, or any of them, to exercise and enforce its rights and remedies hereunder with respect to the Collateral or any part thereof.

SECTION 6 – SALES AND COLLECTIONS

6.1 Processing and Sales of Inventory. So long as no Event of Default shall have occurred and be continuing, the Debtor shall have the right in the regular course of its business to process and sell the Inventory. The security interests granted hereunder to the Administrative Agent as agent for the Secured Parties shall attach to all proceeds of all sales, leases, or other dispositions of the Inventory.

6.2 Inventory Controls. Upon the occurrence and during the continuation of any Event of Default, the Collateral Agents or their agents may secure all entrances to those parts of the premises of the Debtor in which any Inventory is stored and keep such entrances locked or otherwise sealed or institute such other control measures with respect to the movement of Inventory as the Collateral Agents may deem necessary or prudent, subject to the rights of third parties under any Lease.

6.3 Collection of Accounts. The Debtor shall, upon receipt of all checks, drafts, cash, and other remittances in payment of or on account of the Accounts, cause the same to be deposited in the Collateral Reserve Account. The remittance of the proceeds of such Accounts shall not, however, constitute payment or liquidation of such Accounts until the Administrative Agent, as agent for the Secured Parties, shall receive good funds for such proceeds.

For purposes of computing interest, the Administrative Agent shall treat deposited checks, drafts and other items as collected in accordance with the Administrative Agent's normal availability schedule, but in doing so the Administrative Agent is not agreeing that such funds have in fact been paid, nor is the Administrative Agent as agent for the Secured Parties waiving any right it may have to charge back returned items to the Debtor and to collect interest on such charged-back items. Funds placed in the Collateral Reserve Account shall be held by the Administrative Agent as agent for the Secured Parties as security for the Secured Obligations. These proceeds shall be deposited in precisely the form received, except for the endorsement of the Debtor where necessary to permit collection of items, which endorsement the Debtor agrees to make, and which endorsement the Administrative Agent is also hereby authorized to make on behalf of the Debtor. Pending such deposit, the Debtor agrees that it will not commingle any such checks, drafts, cash or other remittances with any funds or other property of the Debtor but will hold them separate and apart therefrom, and upon an express trust for the Administrative Agent until deposit thereof is made in the Collateral Reserve Account. The Administrative Agent as agent for the Secured Parties shall have the right, upon the occurrence and during the continuance of any Default or Event of Default, to apply the funds on deposit in the Collateral Reserve Account against the Obligations in such order of application as is required by the Credit Agreement.

SECTION 7 – POWER OF ATTORNEY

The Debtor hereby appoints the Administrative Agent and the Administrative Agent's designee (and, in the case of clause (e) below, the Collateral Agents and the Collateral Agents' designees) as the Debtor's attorney-in-fact, with full power of substitution: (a) effective upon the occurrence and during the continuance of any Event of Default, to endorse the Debtor's name on any checks, notes, acceptances, money orders, or other forms of payment or security constituting Collateral that come into the Administrative Agent's or any Secured Party's possession; (b) effective upon the occurrence and during the continuance of any Event of Default, to sign the Debtor's name on any invoice, bill of lading, warehouse receipt or other negotiable or non-negotiable Document constituting Collateral, on drafts against customers, on assignments of Accounts, on notices of assignment, financing statements and other public records and to file any such financing statements by electronic means with or without a signature as authorized or required by applicable law or filing procedure; (c) to execute loss claims and other applications for payment of benefits under any insurance policy covering any of the Collateral in the name of the Debtor or the Administrative Agent, to receive all monies and endorse drafts, checks, and other instruments for the payment of any proceeds of any insurance covering any of the Collateral, (d) effective upon the occurrence and during the continuance of any Event of Default, to notify the post office authorities to change the address for delivery of the Debtor's mail to an address designated by the Administrative Agent and to receive, open and dispose of all mail addressed to the Debtor; (e) to send requests for verification of Accounts to customers or account debtors; (f) effective upon the occurrence and during the continuance of

any Event of Default, to complete in the Debtor's name or the Administrative Agent's name, any order, sale or transaction, obtain the necessary Documents in connection therewith, and collect the proceeds thereof; (g) effective upon the occurrence and during the continuance of any Event of Default, to clear Inventory through customs in the Debtor's name, the Administrative Agent's name or the name of the Administrative Agent's designee, and to sign and deliver to customs officials powers of attorney in the Debtor's name for such purpose; (h) effective upon the occurrence and during the continuance of any Event of Default, to the extent that the Debtor's authorization given in Section 5.1(d) of this Security Agreement is not sufficient (which authorization in Section 5.1(d) is effective, and which powers under Section 5.1(d) may be exercised by the Administrative Agent, before the occurrence of an Event of Default), to file such financing statements with respect to this Security Agreement (including without limitation financing statements in favor of the Debtor in connection with any consigned goods), with or without the Debtor's signature, or to file a photocopy of this Security Agreement in substitution for a financing statement, as the Administrative Agent may deem appropriate and to execute in the Debtor's name such financing statements and amendments thereto and continuation statements which may require the Debtor's signature; and (i) to do all things necessary to carry out the terms of this Security Agreement. The Administrative Agent shall not be obligated to do any of the acts or exercise any of the powers hereinabove authorized, but, if the Administrative Agent elects to do any such act or exercise any such power, unless the Administrative Agent is guilty of gross negligence or willful misconduct in the exercise of such power, it shall not be accountable to the Debtor for more than it actually receives as a result of such exercise of power, and, in any event, none of the Administrative Agent or any of the Secured Parties, nor any of their respective attorneys, will be liable for any acts or omissions or for any error of judgment or mistake of fact or law except for their gross negligence or willful misconduct. This appointment shall be deemed a power coupled with an interest, shall be irrevocable, and shall not terminate until the Secured Obligations have been fully satisfied, the Credit Agreement has been terminated. The Debtor hereby ratifies and approves all acts of such attorney-in-fact.

SECTION 8 – NO LIABILITY

(a) The Debtor assumes all responsibility and liability arising from or relating to the use, sale, license or other disposition of the Collateral. The Secured Obligations shall not be affected by any failure of the Administrative Agent or any of the Secured Parties to take any steps to perfect the Administrative Agent's Liens or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release the Debtor from any of the Secured Obligations. Following the occurrence and during the continuation of any Event of Default, the Administrative Agent may (but shall not be required to), without notice to or consent from the Debtor, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of the Debtor for the Secured Obligations, or any other agreement now or hereafter existing between the Administrative Agent and/or any Secured Party and the Debtor.

(b) It is expressly agreed by the Debtor that, anything herein to the contrary notwithstanding, the Debtor shall remain liable under each of its contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. None of the Administrative Agent or any of the Secured Parties shall have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by the Administrative Agent or any Secured Party of any payment relating to any contract or license pursuant hereto. None of the Administrative Agent or any Secured Party shall be required or obligated in any manner to perform or fulfill any of the obligations of the Debtor under or pursuant to any contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract or license, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) The Administrative Agent may at any time after any Event of Default shall have occurred and be continuing (or if any rights of set-off (other than set-offs against an Account arising under the contract giving rise to the same Account) or contra accounts may be asserted with respect to the following), without prior notice to the Debtor, notify account debtors, and other Persons obligated on the Collateral that the Administrative Agent has a security interest therein, and that payments shall be made directly to the Administrative Agent, for the benefit of the Secured Parties. Upon the request of the Administrative Agent, the Debtor shall so notify account debtors, and other Persons obligated on Collateral. Once any such notice has been given to any account debtor or other Person obligated on the Collateral, the Debtor shall not give any contrary instructions to such account debtor or other Person without the Administrative Agent's prior written consent.

(d) After the occurrence and during the continuance of any Event of Default, the Collateral Agents may at any time in the Collateral Agents' own name or in the name of the Debtor communicate with account debtors, parties to contracts and agreements to which the Debtor is a party, and obligors in respect of Instruments, to verify with such Persons, to the Collateral Agents' satisfaction, the existence, amount and terms of Accounts, contracts and agreements, payment intangibles, Instruments and Chattel Paper. If any Event of Default shall have occurred and be continuing, the Debtor, at its own expense, shall cause the independent certified public accountants then engaged by the Debtor to prepare and deliver to the Collateral Agents and each of the Secured Parties at any time and from time to time promptly upon the Collateral Agents' request the following reports with respect to the Debtor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as the Collateral Agents may request. The Debtor, at its own expense, shall deliver to the Collateral Agents the results of each physical verification, if any, which the Debtor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

(e) The Administrative Agent shall use reasonable care with respect to the Collateral in its possession or under its control. The Administrative Agent shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Administrative Agent, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

SECTION 9 – DEFAULT AND REMEDIES

(a) In addition to all other rights and remedies granted to it under this Security Agreement, the Credit Agreement, the other Loan Documents, and under any other instrument or agreement securing, evidencing or relating to any of the Secured Obligations, upon the occurrence and during the continuance of any Event of Default, the Administrative Agent, as agent for the Secured Parties, may, subject to the provisions of the Credit Agreement, exercise all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, the Debtor expressly agrees that in any such event the Administrative Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Debtor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith enter upon the premises of the Debtor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving the Debtor or any other Person notice and opportunity for a hearing on the Administrative Agent's claim or action and may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Administrative Agent and the Secured Parties the whole or any part of the Collateral so sold, free of any right or equity of redemption, which equity of redemption the Debtor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. The Administrative Agent shall have the right to conduct such sales on the Debtor's premises or elsewhere and shall have the right to use the Debtor's premises without charge for such time or times as the Administrative Agent deems necessary or advisable. Expenses of retaking, holding, preparing for sale, selling and the like shall include the reasonable attorneys' fees and legal expenses of the Administrative Agent and the Secured Parties, and each of them.

(b) After the occurrence and during the continuance of any Event of Default, the Debtor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at a place or places designated by the Administrative Agent which are reasonably convenient to the Administrative Agent and the Debtor, whether at the Debtor's premises or elsewhere. Until the Administrative Agent is able to effect a sale, lease, or other disposition of Collateral, the Administrative Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving the Collateral or its value or for any other purpose deemed appropriate by the Administrative Agent. The Administrative Agent shall have no obligation to the Debtor to maintain or preserve the rights of the Debtor as against third parties with respect to Collateral while Collateral is in the possession of the Administrative Agent. The Administrative Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral

and to enforce any of the Administrative Agent's remedies (for the benefit of the Administrative Agent and the Secured Parties), with respect to such appointment without prior notice or hearing as to such appointment. The Administrative Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Secured Obligations in such order of application as is required by the Credit Agreement, and only after so paying over such net proceeds, and after the payment by the Administrative Agent of any other amount required by any provision of law, need the Administrative Agent account for the surplus, if any, to the Debtor. To the maximum extent permitted by applicable law, the Debtor waives all claims, damages, and demands against the Administrative Agent and each Secured Party arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of the Administrative Agent or any Secured Party as finally determined by a court of competent jurisdiction. The Administrative Agent will give the Debtor reasonable notice of the time and place of any public sale of the Collateral or any part thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The Debtor and the Administrative Agent agree that the requirements of reasonable notice shall be met if such notice is given to the Debtor at the address of the Debtor specified in Section 10.2 of this Security Agreement (or such other address that the Debtor may provide to the Administrative Agent in writing) at least ten (10) days before the time of the sale or disposition, but nothing contained herein shall be construed to mean that any other notice or a shorter period of time does not constitute reasonable notice for the sale of the Collateral or any part thereof. The Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Secured Obligations, including any reasonable attorneys' fees or other expenses incurred by the Administrative Agent or any Secured Party to collect such deficiency.

(c) After the occurrence and during the continuance of any Event of Default, the Administrative Agent shall have the right to enter upon the premises of the Debtor at any time for the purpose of reducing to possession the Accounts (including Chattel Paper) and all cash or non-cash proceeds thereof, for the purpose of taking possession of and using the current version of the Debtor's accounts receivable computer software, and/or for the purpose of inspecting the Inventory and Equipment and inspecting and/or auditing the books, records and procedures of the Debtor. The Administrative Agent may deduct its expenses in collecting the Accounts from the proceeds applicable to the Secured Obligations. Such expenses shall include, without limitation, the costs of posting transactions to the books of the Debtor and performing such other bookkeeping and accounting tasks as the Administrative Agent may deem appropriate to collect any Account.

(d) Except as otherwise specifically provided herein or in the Credit Agreement, the Debtor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(e) For the purpose of enabling the Administrative Agent to exercise rights and remedies under this Section 9 (including, without limiting the terms of this Section, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Administrative

Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, license or sublicense any Proprietary Rights now owned or hereafter acquired by the Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

SECTION 10 – MISCELLANEOUS

10.1 Cumulative Rights and No Waiver. Each and every right granted to the Administrative Agent, the Collateral Agents and the Secured Parties, and each of them, hereunder or under any other document delivered under or in connection with the Credit Agreement, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of the Administrative Agent, the Collateral Agents or the Secured Parties, or any of them, to exercise, and no delay in exercising any right, shall operate as a waiver thereof, nor shall any single or partial exercise by the Administrative Agent, the Collateral Agents or the Secured Parties, or any of them, of any right preclude any other or future exercise thereof or the exercise of any other right.

10.2 Notices. Unless otherwise specified herein, all notices, requests and other communications to a party hereunder shall be in writing and shall be delivered in manner and at the address specified in Section 9.01 of the Credit Agreement. Rejection or refusal to accept or the inability to deliver because of a changed address of which no notice was given shall not affect the validity of notice given in accordance with this Section.

10.3 Applicable Law. This Security Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than Virginia are governed by the laws of such jurisdiction.

10.4 WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION. EACH OF THE DEBTOR, THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENTS (1) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS SECURITY AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, (2) SUBMITS TO PERSONAL JURISDICTION IN THE COMMONWEALTH OF VIRGINIA, THE COURTS THEREOF AND THE UNITED STATES DISTRICT COURTS SITTING THEREIN, FOR THE ENFORCEMENT OF THIS SECURITY AGREEMENT, (3) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE COMMONWEALTH OF VIRGINIA FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS SECURITY AGREEMENT, AND (4) AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN THE MANNER PRESCRIBED IN SECTION 10.2 FOR THE GIVING OF NOTICE. NOTHING HEREIN CONTAINED, HOWEVER, SHALL: (1) PREVENT THE COLLATERAL AGENT FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST ANY SECURITY AND AGAINST THE DEBTOR OR ANY OTHER LOAN

PARTY PERSONALLY, AND AGAINST ANY ASSETS OF THE DEBTOR OR ANY OTHER LOAN PARTY, WITHIN ANY OTHER STATE OR JURISDICTION; OR (II) AFFECT THE RIGHT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

10.5 Severability; Modification. If any provision hereof is invalid or unenforceable in any jurisdictions, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction; and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provisions in any other jurisdiction. No modification, amendment or waiver of any provision of this Security Agreement, nor consent to any departure by the Debtor therefrom, shall in any event be effective unless the same shall be in writing, made in accordance with the Credit Agreement, and signed by the Administrative Agent, the Collateral Agents and the Debtor, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon the Debtor in any case shall entitle the Debtor to any other or further notice or demand in the same or similar circumstances.

10.6 Execution in Counterparts. This Security Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

10.7 Amendment and Restatement; No Novation. This Security Agreement represents an amendment and restatement of the Original Security Agreement, which has not expired or otherwise been terminated. Nothing contained in this Security Agreement shall be construed to constitute a novation with respect to the obligations described in the Original Security Agreement or any of the security interests and Liens created thereby or in connection therewith, the priority of each of which shall continue to date from the date of the original perfection thereof in connection with filings and other actions taken prior to the date hereof in connection with the Original Security Agreement.

10.8 Successors and Assigns. The provisions of this Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Debtor may not assign or otherwise transfer any of its rights or obligations hereunder.

[Signatures begin on following page]

IN WITNESS WHEREOF, the Debtor, the Administrative Agent and the Collateral Agents have caused this Security Agreement to be duly executed by their duly authorized officers, all as of the date first above written.

TREX COMPANY, INC.

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and Chief Financial Officer

[Signatures continue on following page]

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent and a Collateral Agent

By: /s/ Matthew W. Rush (SEAL)
Name: Matthew W. Rush
Title: Senior Vice President

[Signatures continue on following page]

WELLS FARGO CAPITAL FINANCE, LLC,
as a Collateral Agent

By: /s/ S. N. Thomas (SEAL)
Name: S. N. Thomas
Title: Director

[SCHEDULES ATTACHED SEPARATELY]

**FORM OF
IP SECURITY AGREEMENT**

THIS IP SECURITY AGREEMENT (this "IP Security Agreement") is dated as of the day of , 20 , by and between **TREX COMPANY, INC.**, a Delaware corporation (the "Debtor"); and **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation, as Administrative Agent and a Collateral Agent for the Secured Parties (as hereinafter defined) (together with its successors and assigns, including any successor Administrative Agent under the Credit Agreement, the "Administrative Agent").

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Amended and Restated Credit Agreement dated as of January 6, 2012 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Debtor, the Lenders from time to time party thereto (collectively, the "Lenders"), Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger. The Debtor, the Administrative Agent and the Collateral Agents are also parties to an Amended and Restated Security Agreement dated as of January 6, 2012 (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Security Agreement").

Subject to the terms of the Security Agreement, the Debtor hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in, lien on and right of set-off against, all of the Debtor's right, title and interest in and to the United States patents, patent applications, trademarks, trademark applications and copyrights described on Schedule 1 attached hereto and made a part hereof, to secure the payment and performance of the Secured Obligations (as defined in the Security Agreement).

This IP Security Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than Virginia are governed by the laws of such jurisdiction.

This IP Security Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

The provisions of this IP Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Debtor may not assign or otherwise transfer any of its rights or obligations hereunder. In the event of any conflict between the terms of this IP Security Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall control.

IN WITNESS WHEREOF, the Debtor and the Administrative Agent have caused this IP Security Agreement to be duly executed by their duly authorized officers, all as of the date first above written.

TREX COMPANY, INC.

By: _____ (SEAL)
Name:
Title:

[Signatures continue on following page]

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent and a Collateral Agent

By: _____ (SEAL)
Name:
Title:

SCHEDULE 1 TO IP SECURITY AGREEMENT

#2066922 (Execution)
204750.745

This Instrument Prepared By:
Christopher E. Vinyard
Troutman Sanders LLP
Post Office Box 1122
Richmond, Virginia 23218-1122

GPIN: Frederick County Tax Map Number 63-A-110
City of Winchester Tax Map Number 371-01-1

Note to Clerk: The purpose of this Modification is to modify the terms and provisions of that certain Amended and Restated Credit Line Deed of Trust dated as of November 4, 2009, recorded on November 4, 2009, in the Clerk’s Office of the Circuit Court of Frederick County, Virginia, as Instrument No. 090012178, and recorded on November 4, 2009, in the Clerk’s Office of the Circuit Court of the City of Winchester, Virginia, as Instrument No. 090002943, upon which the recordation tax has been paid in full to the extent of the maximum principal amount of \$13,100,000 secured thereby, and to increase the maximum principal amount secured thereby to \$16,350,000. Pursuant to Virginia Code § 58.1-803(D), this Deed of Trust is exempt from recordation taxes to the extent of \$13,100,000 of principal, and is recordable with additional recordation tax applicable only to the \$3,250,000 increase in the maximum principal amount secured hereby. This certifies that the amount of the original indebtedness secured by the Amended and Restated Credit Line Deed of Trust is \$13,100,000.

MODIFICATION TO AMENDED AND RESTATED CREDIT LINE DEED OF TRUST

dated as of January 6, 2012,

by and among

TREX COMPANY, INC. (successor to TREX COMPANY, LLC),
as Grantor,

BB&T-VA COLLATERAL SERVICE CORPORATION,
as Trustee,

and

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent and a Collateral Agent,
as Beneficiary

THIS IS A MODIFICATION TO A CREDIT LINE DEED OF TRUST within the meaning of Section 55-58.2 of the Code of Virginia (1950), as amended. For the purposes of and to the extent required by such Section, (i) the name of the noteholder/beneficiary secured by this Deed of Trust is Branch Banking and Trust Company, as Collateral Agent, (ii) the address at which communications may be mailed or delivered to such noteholder is 200 West Second Street, Winston-Salem, North Carolina 27101, Attention: Matthew W. Rush, and (iii) the maximum aggregate amount of principal to be secured at any one time is \$16,350,000.

MODIFICATION TO AMENDED AND RESTATED CREDIT LINE DEED OF TRUST

THIS MODIFICATION TO AMENDED AND RESTATED CREDIT LINE DEED OF TRUST (this "Modification") was executed on the dates set forth on the signature pages hereto and is dated and effective as of the 6th day of January, 2012, by and among TREX COMPANY, INC. (successor to TREX COMPANY, LLC), a Delaware corporation whose address is 160 Exeter Drive, Winchester, Virginia 22603, Attn: Chief Financial Officer (hereinafter referred to as the "Grantor"), as grantor, the first party; BB&T-VA COLLATERAL SERVICE CORPORATION, a Virginia corporation whose address is 901 East Byrd Street, Suite 600, Richmond, Virginia 23219, as trustee (hereinafter referred to as the "Trustee"), as grantee, the second party; and BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation whose address is as set forth below, as Administrative Agent and a Collateral Agent for the Secured Parties (as defined in the Amended and Restated Credit Agreement, as hereinafter defined) (together with its successors and assigns, including any successor Administrative Agent under the Amended and Restated Credit Agreement, the "Collateral Agent"), as beneficiary, the third party;

The Collateral Agent's address to which any notice or communication permitted to be given pursuant to the provisions of § 55-58.2 of the Code of Virginia of 1950, as amended, may be mailed or delivered is Branch Banking and Trust Company, 200 West Second Street, Winston-Salem, North Carolina 27101, Attention: Matthew. W. Rush.

W I T N E S S E T H:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Amended and Restated Credit Agreement of even date herewith (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Amended and Restated Credit Agreement"), among the Grantor, the lenders from time to time party thereto (collectively, the "Lenders"), Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger.

The Grantor, the Trustee and the Collateral Agent are parties to an Amended and Restated Credit Line Deed of Trust dated as of November 4, 2009, from the Grantor to the Trustee, recorded on November 4, 2009, in the Clerk's Office of the Circuit Court of Frederick County, Virginia, as Instrument No. 090012178, and recorded on November 4, 2009, in the Clerk's Office of the Circuit Court of the City of Winchester, Virginia, as Instrument No. 090002943 (the "Deed of Trust"), pursuant to which the Grantor granted to the Trustee for the benefit of the Collateral Agent a lien on the Property (as defined in the Deed of Trust).

In connection with the Amended and Restated Credit Agreement, the Collateral Agent has required that the Grantor enter into this Modification to amend certain terms of the Deed of Trust.

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees to amend the Deed of Trust as follows:

1. Increase in Secured Amount. The Deed of Trust shall secure to the Collateral Agent for the benefit of the Secured Parties the payment and performance in full of all Secured Obligations (as defined in the Deed of Trust), not to exceed the aggregate principal amount of \$16,350,000, together with interest at the rate or rates specified in the documents evidencing such Secured Obligations, which maximum aggregate principal amount is an increase of \$3,250,000 in the maximum aggregate principal amount previously secured by the Deed of Trust.

2. Credit Agreement. All references to the "Credit Agreement" in the Deed of Trust are amended to be references to the Amended and Restated Credit Agreement.

3. Insurance; Damage to Property. Paragraph 2b. of the Deed of Trust is amended and restated to read as follows:

"b. The Grantor shall promptly notify the Collateral Agent of any damage to or destruction of the Property or any part thereof having an aggregate fair market value in excess of \$200,000. In case of any damage to or destruction of the Property or any part thereof, the Grantor, whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for the purpose, at the Grantor's expense, will promptly commence and complete the restoration, replacement or rebuilding of the Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction. Insurance proceeds received by the Collateral Agent in the aggregate amount of less than \$250,000 in any fiscal year of the Grantor under any policy or policies covering the Property or any part thereof shall be remitted to the Grantor, provided that (i) no Default (as defined in the Credit Agreement) or Event of Default then exists and (ii) the Grantor restores that portion of the Property so damaged or destroyed within 360 days of the occurrence of such damage or destruction. Insurance proceeds received by the Collateral Agent in the aggregate amount of \$250,000 or more in any fiscal year of the Grantor under any policy or policies of insurance covering the Property or any part thereof shall first be applied toward the payment of the amount owing on the Secured Obligations in such order of application as the Collateral Agent may elect whether or not the same may then be due or be otherwise adequately secured; provided, however, that such proceeds shall be made available for the restoration of the portion of the Property damaged or destroyed if written application for such use is made within thirty (30) calendar days of receipt of such proceeds and the following conditions are satisfied: (i) the Grantor has in effect business interruption insurance in the amounts required by the Credit Agreement; (ii) no Default or Event of Default exists (and if an Event of Default shall occur during restoration the Collateral Agent may, at its election, apply any insurance proceeds then remaining in its hands to the reduction of the Secured Obligations); (iii) the Grantor shall have submitted to the Collateral Agent plans and specifications for the restoration

which shall be reasonably satisfactory to it; (iv) the Grantor shall submit to the Collateral Agent fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration and providing for a total completion price not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, the Grantor shall have deposited the amount of such deficiency with the Collateral Agent; and (v) the Grantor shall have provided to the Collateral Agent a written release from each insurer under such policies of insurance to the effect that all such proceeds are paid without any reservation of rights and that such insurer has no cause of action, right of set-off or other claim against the Grantor or the insured under such policies. Any insurance proceeds to be released pursuant to the foregoing provisions may at the option of the Collateral Agent be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such disbursements may at the Collateral Agent's option be made directly to the Grantor or to or through any contractor or materialman to whom payment is due or to or through a construction escrow to be maintained by a title insurer acceptable to the Collateral Agent. The Collateral Agent may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for liens. All title insurance charges and other costs and expenses paid to or for the account of the Grantor in connection with the release of such insurance proceeds shall constitute so much additional indebtedness hereby secured to be payable upon demand with interest at the rate applicable to Advances under the Credit Agreement at the time such costs or expenses are incurred. The Collateral Agent may deduct any such costs and expenses from insurance proceeds at any time standing in its hands. If the Grantor fails to request that insurance proceeds be applied to the restoration of the Property or if the Grantor makes such a request but fails to complete restoration within twelve (12) months of the occurrence of the damage or destruction of the Property giving rise to payment of such insurance proceeds, the Collateral Agent shall have the right, but not the duty, to release the proceeds thereof for use in restoring the Property or any part thereof for or on behalf of the Grantor in lieu of applying said proceeds to the Secured Obligations and for such purpose may do all acts necessary to complete such restoration, including advancing additional funds, and any additional funds so advanced shall constitute part of the indebtedness hereby secured and shall be payable on demand with interest at the Default Rate. Notwithstanding the foregoing, if, despite the exercise of reasonable diligence, the Grantor is unable to complete the restoration of the Property within twelve (12) months of the occurrence of the damage or destruction of the Property giving rise to the payment of insurance proceeds, the Grantor shall have not more than three (3) additional months (the "Extended Restoration Period") to complete such restoration, provided that (i) no Default or Event of Default shall have occurred and be continuing at the commencement of or at any time during the Extended Restoration Period and (ii) the Collateral Agent remains satisfied during the Extended Restoration Period that the Grantor is pursuing such completion with reasonable diligence at all times.

4. Confirmation of Existing Terms of Trust. In all other respects the Deed of Trust shall remain unaffected, unchanged and unimpaired, and the Grantor ratifies and reaffirms its indebtedness, duties and obligations thereunder. The execution and delivery of this Modification shall not constitute a novation of the indebtedness secured by the Deed of Trust. In confirmation of the foregoing, the Grantor does hereby re-grant and re-convey, unto the Trustee, in accordance with the terms and conditions set forth in the Deed of Trust, all right, title and interest of the Grantor in and to the Property, in trust to secure to the Collateral Agent the payment and performance of the Secured Obligations, all as modified hereby.

5. Joinder of Trustee. At the request and direction of the Collateral Agent and the Grantor, the Trustee joins herein for the sole purpose of evidencing its consent as Trustee under the Deed of Trust to the foregoing and to modify the Deed of Trust.

6. Successors and Assigns. This Modification shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns.

7. Counterparts. This Modification may be executed in two or more counterparts which, when taken together, shall constitute but one and the same document.

[Signatures begin on following page]

IN WITNESS WHEREOF, the Grantor, the Trustee and the Collateral Agent have caused this Modification to be duly executed by their duly authorized officers, under seal, all as of the day and year first above written.

GRANTOR:

TREX COMPANY, INC.,
a Delaware corporation

By: /s/ James E. Cline (Seal)
Name: James E. Cline
Title: Vice President and Chief Financial Officer

STATE/Commonwealth of Virginia)
) to-wit:
CITY/COUNTY OF Frederick)

The foregoing instrument was acknowledged before me this 6 day of January, 2012, by James E. Cline, who is Vice President and Chief Financial Officer of TREX COMPANY, INC., a Delaware corporation, on behalf of the corporation.

/s/ Gloria E. Breeden
Notary Public

My Commission Expires: 05/31/2012
Registration Number: 342749

[SEAL]

[Signatures continue on following page]

TRUSTEE:

BB&T-VA COLLATERAL SERVICE CORPORATION,
as Trustee

By: /s/ James George II (Seal)

Name: James George II

Title: Senior Vice President

STATE/Commonwealth of Virginia)
) to-wit:
CITY/COUNTY of Winchester)

The foregoing instrument was acknowledged before me this 6 day of January, 2012, by James George II, who is Senior Vice President of BB&T-VA COLLATERAL SERVICE CORPORATION, a Virginia corporation, as Trustee, on behalf of the corporation, as Trustee.

/s/ Denise Loy Snapp
Notary Public

My Commission Expires: 03/31/2015
Registration Number: 237809

[SEAL]

[Signatures continue on following page]

COLLATERAL AGENT:

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent and a Collateral Agent

By: /s/ David A. Chandler (Seal)
Name: David A. Chandler
Title: Senior Vice President

STATE/Commonwealth of Virginia)
) to-wit:
CITY/COUNTY of Winchester)

The foregoing instrument was acknowledged before me this day of January, 2012, by David A. Chandler, who is a Senior Vice President of BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation, as Administrative Agent and a Collateral Agent, on behalf of the bank, as Administrative Agent and a Collateral Agent.

/s/ Denise Loy Snapp
Notary Public

My Commission Expires: 03/31/2015
Registration Number: 237809

[SEAL]

#2095991 (Execution)
204750.745

**AFFIDAVIT REGARDING ALLOCATION OF
LOCAL RECORDATION TAXES**

Date of Modification To Deed of Trust: **January 6, 2012**
Places of Record: Clerk's Office, Circuit Court, Frederick County, Virginia
Clerk's Office, Circuit Court, City of Winchester, Virginia
Increase in Face Amount Secured: \$3,250,000.00
Name of Grantor: TREX COMPANY, INC.
(successor to TREX COMPANY, LLC)
Name of Trustee: BB&T-VA COLLATERAL SERVICE CORPORATION

I, James E. Cline, Vice President and Chief Financial Officer of the Grantor named in the above-mentioned deed of trust modification (the "Deed of Trust Modification"), do hereby certify that the same encumbers certain property (the "Property") located in two jurisdictions in the Commonwealth of Virginia.

I hereby further certify that:

1. State recordation taxes in connection with the Deed of Trust Modification in the amount of \$8,125.00 (based on the \$3,250,000.00 increase) will be paid in full to the Clerk's Office, Circuit Court, Frederick County, Virginia, in connection with the
2. The increase in the lien amount was pro rated as follows for purposes of allocating county recordation taxes:

Frederick County Portion	95.85%
City of Winchester Portion	4.15%
Frederick County Tax (on [\$3,115,125.00])	= \$ 2,596.00
City of Winchester Local Tax (on [\$134,875.00])	= \$ 112.42

Given under my hand(s) this 6th day of January, 2012.

TREX COMPANY, INC.

By: /s/ James E. Cline (SEAL)
Name: James E. Cline
Title: Vice President and Chief Financial Officer

COMMONWEALTH OF VIRGINIA
CITY/COUNTY OF FREDERICK, To-wit:

The foregoing instrument was duly acknowledged before me in my jurisdiction aforesaid this 6 day of January, 2012, by James E. Cline who is Vice President and Chief Financial Officer of TREX COMPANY, INC.

/s/ Gloria E. Breeden
Notary Public

My commission expires: 05/31/2012
Registration number: 342749

Assessor's Parcel No. 021-241-08

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Troutman Sanders LLP
P.O. Box 1122
Richmond, Virginia 23218
Attn: Christopher E. Vinyard

Space above for Recorder's Use

Title of Document: DEED OF TRUST

Please complete Affirmation Statement below:

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain the personal information (as defined in NRS 603A.040) of any person or persons. (Per NRS 239B.030)

BRANCH BANKING AND TRUST COMPANY,
as Administrative Agent and a Collateral Agent

By: /s/ Matthew W. Rush
Name: Matthew W. Rush
Title: Senior Vice President

DEED OF TRUST

THIS DEED OF TRUST (this “Deed of Trust”), was executed on the date set forth on the signature page hereto and is dated and effective as of the 6th day of January, 2012, by and among **TREX COMPANY, INC.**, a Delaware corporation whose address is 160 Exeter Drive, Winchester, Virginia 22603, Attn: Chief Financial Officer (hereinafter referred to as the “Grantor”), as grantor, the first party; **FIRST AMERICAN TITLE INSURANCE COMPANY**, a California corporation whose address is 2490 Paseo Verde Parkway, Suite 100, Henderson, NV 89074, as trustee (hereinafter referred to as the “Trustee”), as grantee, the second party; and **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation whose address is Branch Banking and Trust Company, 200 West Second Street, Winston-Salem, North Carolina 27101, Attention: Matthew W. Rush, as Administrative Agent and a Collateral Agent for the Secured Parties (as hereinafter defined) (together with its successors and assigns, including any successor Administrative Agent under the Credit Agreement (as hereinafter defined), the “Administrative Agent”), as beneficiary, the third party;

W I T N E S S E T H:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Amended and Restated Credit Agreement of even date herewith (as amended, restated, extended, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Grantor, the lenders from time to time party thereto (collectively, the “Lenders”), Branch Banking and Trust Company, as Administrative Agent, Swing Line Lender and Letter of Credit Issuer, Branch Banking and Trust Company and Wells Fargo Capital Finance, LLC, as Collateral Agents, and BB&T Capital Markets, as Lead Arranger.

In connection with the Credit Agreement, the Lenders have required that the Grantor enter into this Deed of Trust to grant a lien on the Property (as hereinafter defined) in favor of the Administrative Agent for the ratable benefit of the Secured Parties (as hereinafter defined).

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees as follows:

Pursuant to Nevada Revised Statutes sections 106.300 et. seq., or any successor statutes, the lien of this Deed of Trust may, at the option of the Administrative Agent, secure future advances made by the Secured Parties (as hereinafter defined) up to a maximum principal amount of \$10,200,000, together with interest thereon, with a priority dating from the time that this instrument is recorded in the office of the appropriate county recorder. Notwithstanding anything to the contrary contained in any other loan document executed in connection herewith, the Secured Parties shall have no obligation to make any future advance in the event the Grantor exercises its election to terminate pursuant to Nevada Revised Statutes section 106.380.

The Grantor does hereby grant and convey, with General Warranty and English Covenants of Title, unto the Trustee, the property described in **SCHEDULE A** attached hereto and by this reference made a part hereof; subject however to Permitted Exceptions, as hereinafter defined;

TOGETHER with (i) all buildings and improvements now or hereafter constructed thereon; (ii) all the estate and rights, if any, of the Grantor in and to all land lying in public and private streets, roads and alleyways abutting the above-described property; (iii) all easements, rights of way, privileges and appurtenances now or hereafter belonging to or in any way related to the above-described property; (iv) all fixtures, machinery, equipment, building materials and other personal property of every nature whatsoever owned by the Grantor now or hereafter located in, on, or used, or intended to be used, in connection with the operation of the above-described property, including, but without limitation, heating, air conditioning, cooking, refrigerating, plumbing, and electrical apparatus and equipment, boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ventilating and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, elevators, escalators, partitions, mantels, built-in mirrors, disposals, washers, dryers, window shades, blinds, screens, storm sashes, storm doors, awnings, carpeting, underpadding, drapes, plants and shrubbery, furniture, and furnishings of public spaces, halls and lobbies, all of which personal property, including replacements thereof and additions thereto, shall be deemed part of the realty hereby conveyed (and the Grantor does hereby declare such personal property to be part of said realty, whether attached thereto or not, and subject to the lien hereby created); and (v) all proceeds of the conversion, whether voluntary or involuntary, of any of the above-described property into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive same, which may be made as a result of any casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value of the above-described property, together with all reasonable costs and expenses incurred by the Administrative Agent in connection with the collection of such awards, payments and proceeds, including, without limitation, reasonable attorneys' fees.

All the above-described real and personal property, and each part thereof, is hereinafter sometimes referred to as the "Property."

As used in this Deed of Trust:

"Permitted Exceptions" shall mean, as of any particular time (a) liens for ad valorem taxes and special assessments not then delinquent, (b) this Deed of Trust and any liens created hereby, (c) the matters listed on **SCHEDULE B** attached hereto as a part hereof, and (d) liens permitted by Section 5.10 of the Credit Agreement.

"Secured Parties" shall mean, collectively, (1) the Administrative Agent, (2) each Collateral Agent, (3) each Lender (including in such Lender's capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable), (4) each Affiliate of any Lender in such Affiliate's capacity as a Hedge Counterparty or as a provider of Bank Products or Cash Management Services, if applicable, (5) the Swing Line Lender, (6) the Letter of Credit Issuer, and (7) the successors and assigns of the foregoing.

IN TRUST to secure to the Administrative Agent for the ratable benefit of the Secured Parties the following:

(a)(i) the payment and performance of all indebtedness, liabilities and obligations of the Loan Parties, or any of them, to the Secured Parties arising under the Credit

Agreement or the other Loan Documents, including without limitation all Obligations and all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any Loan Party, whether or not allowed or allowable as a claim in any such proceeding) on the indebtedness represented by the Notes, and all future advances and readvances made thereunder;

(ii) all other amounts now or hereafter payable by the Loan Parties and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any Loan Party, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Loan Parties pursuant to the Obligations;

(iii) all renewals, modifications, consolidations or extensions of or to each of the obligations described in clauses (a)(i) and (ii) above; and

(iv) all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Administrative Agent for taxes and/or insurance relating to, or maintenance or preservation of, the Property and any other collateral securing the Obligations or incurred by the Administrative Agent in the collection or enforcement of the Obligations, including, without limitation, any such collection or enforcement of the Obligations owing to the Administrative Agent by any action or participation in, or in connection with, a case or proceeding under Chapter 7 or Chapter 11 of the U.S. Bankruptcy Code or any successor statute; and

(b) the performance of, and compliance with, all of the covenants, duties, obligations and conditions of the Grantor contained in this Deed of Trust.

The above-described indebtedness, liabilities, obligations, covenants, duties and conditions are hereinafter referred to collectively as the "Secured Obligations."

The Grantor does also hereby irrevocably assign and convey unto the Administrative Agent for the ratable benefit of the Secured Parties, and hereby grants to the Administrative Agent for the ratable benefit of the Secured Parties a security interest in, all leases now or hereafter existing on any part of the Property and any guaranties thereof and all rents from the Property to secure additionally the Secured Obligations. The Grantor does hereby irrevocably appoint the Administrative Agent as its attorney-in-fact to do all things which the Grantor might otherwise do with respect to the leasing of the Property, which appointment shall be effective upon the occurrence and during the continuance of an Event of Default, including, without limitation, (i) collecting such rents with or without suit and applying the same, less expenses of collection, to any of the Secured Obligations in such manner as may be determined by the Administrative Agent, or at the option of the Administrative Agent, holding the same as security for the payment of all of the Secured Obligations, (ii) leasing, in the name of the Grantor, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services; provided, however, that until there be an Event of Default (as hereinafter defined) which Event of Default is continuing, the Grantor may continue to collect and

enjoy such rents in the ordinary course of business as the rents become due and payable without accountability to the Administrative Agent. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for upon the occurrence of an Event of Default and may be exercised independently of or concurrently with any of such remedies. Nothing in the foregoing shall be construed to impose any obligation upon the Administrative Agent to exercise any power or right granted in this paragraph or to assume any liability under any lease of any part of the Property, and no liability shall attach to the Administrative Agent for failure or inability to collect any rents under any such lease. The Grantor covenants and warrants that (i) it will comply with all material terms and conditions of all leases now existing or that may hereafter come into existence in respect of the Property or of any part thereof; (ii) all leases with respect to the Property now or hereafter in effect are and shall be valid and subsisting leases; (iii) it has not sold, assigned, transferred, mortgaged or pledged, and will not sell, assign, transfer, mortgage or pledge, without the Administrative Agent's prior written consent, the rents, issues or profits from the Property and leases thereof to any person other than the Administrative Agent; (iv) no rents, issues or profits derived from the Property and leases, and becoming due subsequent to the date hereof, have been collected or anticipated in advance of their due date by more than thirty (30) days; (v) it will not reduce the rental due under any lease of all or any part of the Property without the Administrative Agent's prior written consent; and (vi) upon request of the Administrative Agent, it will serve such written notice or notices as the Administrative Agent may from time to time require upon the tenant(s) under such leases or occupant(s) of the Property or any part thereof, it will execute and deliver to the Administrative Agent such other instruments or documents reasonably requested by the Administrative Agent for the purpose of securing or exercising its rights herein and it will provide to the Administrative Agent true copies or originals of such leases and all amendments, supplements, renewals or correspondence related thereto. Whenever in this paragraph there is a reference to "leases," such reference shall also apply to subleases and any other forms of agreement for the use of the Property or any part thereof.

Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, and except as specifically provided herein to the contrary, the Grantor shall remain in quiet use, possession and management of the Property, and in the enjoyment of the income, revenue and profits therefrom.

So long as any part of the Secured Obligations remains outstanding, the Grantor covenants and agrees as follows:

1. **TAXES AND ASSESSMENTS.** The Grantor will pay, promptly when due, all taxes, assessments and public charges upon the Property, except for those being contested in good faith, by appropriate proceedings, and for which adequate reserves have been established (in accordance with GAAP) subject to 1.02 of the Credit Agreement, and, promptly upon request by the Administrative Agent, will forward to the Administrative Agent official receipts evidencing such payments; or in the alternative and at the option of the Administrative Agent, exercisable at any time upon the occurrence and during the continuance of an Event of Default, will deposit with the Administrative Agent, at such time or times as the Administrative Agent directs, such amounts as are necessary, in the sole and absolute discretion of the Administrative Agent, to enable the Administrative Agent to make timely payment of such taxes, assessments and charges. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Administrative Agent. If, at any time, the Administrative Agent determines in its sole and absolute

discretion that a deficiency exists between the amounts deposited and the actual amount required to be paid with respect to taxes, assessments and charges, then the Grantor shall immediately pay such deficiency upon notification thereof by the Administrative Agent. The Grantor does hereby grant to the Administrative Agent a security interest in the funds it receives under this paragraph 1 to secure the payment of the Secured Obligations.

2. INSURANCE; DAMAGE TO PROPERTY.

a. The Grantor will continuously insure the Property with financially sound and reputable insurance companies against fire (with extended coverage) in the full insurable value of the Property, and against such other casualties and in such amounts as required by the Administrative Agent pursuant to the Credit Agreement. The insurance policy (or policies) will have attached thereto a standard mortgagee clause, without contribution, in favor of the Administrative Agent, as its interest may appear, and will otherwise be in form reasonably acceptable to the Administrative Agent, and the Grantor will cause such policy (or policies) to provide that it (they) may not be canceled without thirty (30) days' prior written notice to the Administrative Agent. The Grantor will deliver to the Administrative Agent certificates evidencing that the Administrative Agent has been named as loss payee and additional insured on all such insurance, and certificates of insurance at least fifteen (15) days prior to the renewal of such insurance policy (or policies). The Administrative Agent shall have the right, exercisable at any time upon the occurrence and during the continuance of an Event of Default, to require the Grantor to deposit with the Administrative Agent, at such time or times as the Administrative Agent directs, such amounts as are necessary, in the sole and absolute discretion of the Administrative Agent, to enable the Administrative Agent to make timely payment of the premiums on such policy or policies. Such amounts so deposited shall bear no interest and may be commingled with other funds held by the Administrative Agent. If, at any time, the Administrative Agent determines in its sole and absolute discretion that a deficiency exists between the amounts deposited and the actual amount required to be paid with respect to such premiums, then the Grantor shall immediately pay such deficiency upon notification thereof by the Administrative Agent. The Grantor does hereby grant to the Administrative Agent for the benefit of the Administrative Agent a security interest in the funds it receives under this paragraph 2 to secure the payment of the Secured Obligations. As to such insurance, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, after ten (10) days' written notice mailed to the Grantor at its last known address, reasonably change any or all of the coverages, terms, amounts or insurers, cause any policy to name the Administrative Agent as insured as its interest may appear, surrender existing policies for cancellation, obtain any cancellation, obtain any additional insurance it reasonably so desires, pay any required premiums and receive premium refunds, and in any such event any premium adjustments shall be charged against or credited to the Secured Obligations. In the event any claim for loss covered by such insurance is not settled within one hundred twenty (120) days after the occurrence of such loss, the Administrative Agent may negotiate with any insurance companies involved and make a reasonable settlement of such claim, and the Administrative Agent and such insurance companies, upon such settlement being made, shall not be liable in any manner to the Grantor with respect to such claim and settlement.

b. The Grantor shall promptly notify the Administrative Agent of any damage to or destruction of the Property or any part thereof having an aggregate fair market value in excess of \$200,000. In case of any damage to or destruction of the Property or any part thereof,

the Grantor, whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for the purpose, at the Grantor's expense, will promptly commence and complete the restoration, replacement or rebuilding of the Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction. Insurance proceeds received by the Administrative Agent in the aggregate amount of less than \$250,000 in any fiscal year of the Grantor under any policy or policies covering the Property or any part thereof shall be remitted to the Grantor, provided that (i) no Default (as defined in the Credit Agreement) or Event of Default then exists and (ii) the Grantor restores that portion of the Property so damaged or destroyed within 360 days of the occurrence of such damage or destruction. Insurance proceeds received by the Administrative Agent in the aggregate amount of \$250,000 or more in any fiscal year of the Grantor under any policy or policies of insurance covering the Property or any part thereof shall first be applied toward the payment of the amount owing on the Secured Obligations in such order of application as the Administrative Agent may elect whether or not the same may then be due or be otherwise adequately secured; provided, however, that such proceeds shall be made available for the restoration of the portion of the Property damaged or destroyed if written application for such use is made within thirty (30) calendar days of receipt of such proceeds and the following conditions are satisfied: (i) the Grantor has in effect business interruption insurance in the amounts required by the Credit Agreement; (ii) no Default or Event of Default exists (and if an Event of Default shall occur during restoration the Administrative Agent may, at its election, apply any insurance proceeds then remaining in its hands to the reduction of the Secured Obligations); (iii) the Grantor shall have submitted to the Administrative Agent plans and specifications for the restoration which shall be reasonably satisfactory to it; (iv) the Grantor shall submit to the Administrative Agent fixed price contracts with good and responsible contractors and materialmen covering all work and materials necessary to complete restoration and providing for a total completion price not in excess of the amount of insurance proceeds available for restoration, or, if a deficiency shall exist, the Grantor shall have deposited the amount of such deficiency with the Administrative Agent; and (v) the Grantor shall have provided to the Administrative Agent a written release from each insurer under such policies of insurance to the effect that all such proceeds are paid without any reservation of rights and that such insurer has no cause of action, right of set-off or other claim against the Grantor or the insured under such policies. Any insurance proceeds to be released pursuant to the foregoing provisions may at the option of the Administrative Agent be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such disbursements may at the Administrative Agent's option be made directly to the Grantor or to or through any contractor or materialman to whom payment is due or to or through a construction escrow to be maintained by a title insurer acceptable to the Administrative Agent. The Administrative Agent may impose such further conditions upon the release of insurance proceeds (including the receipt of title insurance) as are customarily imposed by prudent construction lenders to insure the completion of the restoration work free and clear of all liens or claims for liens. All title insurance charges and other costs and expenses paid to or for the account of the Grantor in connection with the release of such insurance proceeds shall constitute so much additional indebtedness hereby secured to be payable upon demand with interest at the rate applicable to Advances under the Credit Agreement at the time such costs or expenses are incurred. The Administrative Agent may deduct any such costs and expenses from insurance proceeds at any time standing in its hands. If the Grantor fails to request that insurance proceeds be applied to the restoration of the Property or if the Grantor makes such a request but fails to complete restoration within twelve (12) months of the occurrence of the damage or

destruction of the Property giving rise to payment of such insurance proceeds, the Administrative Agent shall have the right, but not the duty, to release the proceeds thereof for use in restoring the Property or any part thereof for or on behalf of the Grantor in lieu of applying said proceeds to the Secured Obligations and for such purpose may do all acts necessary to complete such restoration, including advancing additional funds, and any additional funds so advanced shall constitute part of the indebtedness hereby secured and shall be payable on demand with interest at the Default Rate. Notwithstanding the foregoing, if, despite the exercise of reasonable diligence, the Grantor is unable to complete the restoration of the Property within twelve (12) months of the occurrence of the damage or destruction of the Property giving rise to the payment of insurance proceeds, the Grantor shall have not more than three (3) additional months (the "Extended Restoration Period") to complete such restoration, provided that (i) no Default or Event of Default shall have occurred and be continuing at the commencement of or at any time during the Extended Restoration Period and (ii) the Administrative Agent remains satisfied during the Extended Restoration Period that the Grantor is pursuing such completion with reasonable diligence at all times.

3. PRESERVATION AND MAINTENANCE OF PROPERTY. Except as otherwise may be permitted in the Credit Agreement and except as otherwise set forth in paragraph 2 hereof, the Grantor will keep the Property (including any private roads on or over which the Grantor has any easement or right appurtenant to the Property) in good order and repair, including the making of such replacements as may be necessary for that purpose.

4. WASTE. The Grantor will not permit, suffer or commit any material waste, impairment or deterioration of, nor allow any material nuisance to exist upon, the Property or any part thereof.

5. ASSURANCES OF TITLE. The Grantor will execute, or cause to be executed, such further assurances of title to the Property, and will take, and cause to be taken, such steps, including legal proceedings, as may at any time be reasonably necessary to perfect the title to the Property in the Trustee.

6. CONTRACTS. The Grantor will keep and maintain at its principal place of business copies of all written contracts, leases and other instruments which affect the Property. Such contracts, leases and other instruments shall be subject to examination and inspection by the Administrative Agent at any reasonable time and from time to time, and, if no Event of Default has occurred, upon reasonable prior notice.

7. LIENS AND ENCUMBRANCES. The Grantor will not, without the prior written consent of the Collateral Agents, permit or suffer to exist any lien or encumbrance on the Property, or interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this Deed of Trust, other than Permitted Exceptions.

8. WAIVER OF EXEMPTIONS. The Grantor will not set up or claim the benefit of any homestead or other exemption of law, or any other law or rule of law intended for its advantage or protection as an obligor under the Notes, the Credit Agreement or the other Loan Documents, or under this Deed of Trust, or providing for its release or discharge from any liability under the Notes, the Credit Agreement, the other Loan Documents or this Deed of Trust on account of any facts or

circumstances other than full and complete payment of all amounts due under the Notes, the Credit Agreement, the other Loan Documents and this Deed of Trust, all of such exemptions and benefits being hereby expressly waived.

9. EMINENT DOMAIN. The Grantor covenants and agrees to give prompt written notice to the Administrative Agent by certified mail, postage prepaid, return receipt requested, of any taking or condemnation, or any threatened or pending proceedings for the taking or condemnation, of any part of the Property under any power of eminent domain; and in the event that title to, or possession of, the Property or any portion thereof, is taken or condemned under any power of eminent domain, then the Grantor will (and hereby does) assign to the Administrative Agent, and will forthwith upon receipt pay to the Administrative Agent, the proceeds and consideration resulting from taking or condemnation, not to exceed the unpaid balance of the Secured Obligations, such proceeds so paid to be applied to the Secured Obligations.

10. TRANSFER OF PROPERTY. The Grantor will not, without the prior written consent of the Collateral Agents, lease, bargain, sell, transfer, assign or convey the Property, or any portion thereof, or any legal or equitable interest therein, except as permitted under the Credit Agreement.

11. USE OF PROPERTY. The Grantor will not, without the prior written consent of the Collateral Agents, (a) change, or permit any material changes in, the general use for which all or any part of the Property was intended at the time of the execution of this Deed of Trust, or (b) initiate or acquiesce in a change in the zoning classification of the Property.

12. ENTRY; PROTECTION OF THE NOTEHOLDER'S SECURITY. The Grantor does hereby grant to the Administrative Agent, the Trustee and their designees the right to enter, examine and inspect the Property, and to do such other things as are permitted under this Deed of Trust, at any reasonable time and from time to time, and if no Event of Default has occurred, upon reasonable prior notice. In the event (a) the Grantor fails to perform any of its covenants or agreements herein contained, or (b) any action or proceeding is commenced or threatened which is likely to materially adversely affect the Property or title thereto or the interest of the Trustee or the Administrative Agent therein, including, without limitation, eminent domain, insolvency, arrangements or proceedings involving a bankrupt or decedent, then, in any of such events, the Administrative Agent may, at its option, make such appearances, disburse such amount and take such action as the Administrative Agent deems necessary, in its reasonable discretion, to protect its interest, including, without limitation, (i) the employment of attorneys and disbursement of reasonable attorneys' fees, (ii) the entry upon the Property to make repairs, (iii) the procurement of insurance as provided in paragraph 2 hereof, and (iv) if the Property is subject to another deed of trust or lien, whether inferior or superior hereto, the curing of any default in the performance of any of the terms and provisions thereof, or if the indebtedness thereby secured is accelerated, the purchase or payment in full of such indebtedness, all on such terms as the Administrative Agent shall, in its reasonable discretion, deem necessary or advisable. Any amounts disbursed by the Administrative Agent pursuant to the provisions of this paragraph 12 shall be added to, and deemed a part of, the Secured Obligations, shall be secured in the same manner as the Notes and the other Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate, and shall, together with the interest thereon, be repayable by the Grantor on demand.

13. **ESTOPPEL CERTIFICATE.** The Grantor will, within twenty (20) days of being requested in writing by the Administrative Agent so to do, furnish a written statement to the Administrative Agent, duly acknowledged, setting forth in detail the Secured Obligations and any right of setoff, counterclaim or other defense which exists against the payment or performance thereof.

14. **ENVIRONMENTAL PROTECTION.** The Grantor covenants and agrees as follows:

a. The Grantor warrants and represents that it has investigated or caused to be investigated the previous ownership and uses of the Property, in a manner consistent with good commercial practices, to determine whether activities have been conducted which might involve the use, manufacturing, storage or disposal of Hazardous Materials, and except as otherwise disclosed to the Administrative Agent this investigation has revealed no fact which would indicate that the Property has been involved in the use, manufacturing, storage or disposal of Hazardous Materials other than in accordance with all applicable Environmental Laws. This investigation has taken into account, among other factors, (i) the relationship of the purchase price to the value of the Property if uncontaminated when originally purchased by the Grantor, (ii) commonly known or reasonably ascertainable information about the Property, and (iii) the obviousness of the presence or likely presence of contamination at the Property.

b. The Grantor warrants and represents to the best of its knowledge after due investigation that it has disclosed to the Administrative Agent all pending or threatened litigation that has or could reasonably be expected to have a Material Adverse Effect and all orders, rulings, notices, permits or investigations regarding Hazardous Materials on the Property that have or could reasonably be expected to have a Material Adverse Effect.

c. The Grantor and any other parties, including, but not limited to, tenants, licensees and occupants, will not be involved in any activity on the Property, which activity is likely to involve or lead to (i) the use, manufacture, storage or disposal of Hazardous Materials except in accordance with all applicable Environmental Laws and all other laws, ordinances and regulations, or (ii) the imposition of liability on the Grantor or any other subsequent or former owner of the Property or the creation of a lien on the Property under any Environmental Laws.

d. The Grantor will comply in all material respects with the requirements of all Environmental Laws and shall promptly notify the Administrative Agent in the event of the discovery of Hazardous Materials at the Property which are not in compliance with applicable Environmental Laws. Further, the Grantor will promptly forward to the Administrative Agent copies of all orders, notices, permits, applications and other communications and reports in connection with any discharge, spillage, use or discovery of Hazardous Materials on the Property which constitutes or is alleged to constitute a violation of any Environmental Law that has or could reasonably be expected to have a Material Adverse Effect. Grantor will not permit any other party, including, but not limited to, tenants, licensees and occupants to conduct any such discharge, spillage or use of any Hazardous Materials except in compliance with all applicable Environmental Laws and shall take immediate action to stop any such activity and to correct any violations resulting therefrom.

e. The Grantor agrees that if at any time the Administrative Agent has reasonable cause to believe there are Hazardous Materials upon the Property that are being used, stored, manufactured or disposed of other than in accordance with all applicable Environmental Laws, the Administrative Agent may with prior notice to Grantor obtain, at Grantor's cost, an environmental site assessment or environmental audit report of reasonable scope under the circumstances from a firm acceptable to the Administrative Agent, to assess with a reasonable degree of certainty (i) the presence of any such Hazardous Materials and (ii) the cost in connection with the abatement, cleanup or removal of such.

f. The Grantor agrees that in the event of the presence of any Hazardous Materials upon the Property which is not in compliance with all applicable Environmental Laws, whether or not the same originates or emanates from the Property, or if Grantor shall fail to comply with all material requirements of all applicable Environmental Laws, the Administrative Agent may at its election, but without the obligation to do so, (i) give such notices as are required by applicable Environmental Laws, (ii) cause such work to be performed at the Property or (iii) take any and all other actions as the Administrative Agent shall deem necessary or advisable in order to abate, remove and clean up the Hazardous Materials or otherwise cure the Grantor's noncompliance.

g. The Grantor shall be liable for all reasonable costs and expenses incurred by or asserted against the Administrative Agent arising under this paragraph even if said costs and expenses exceed the amount of the loans secured by this Deed of Trust.

h. Any amounts disbursed by the Administrative Agent pursuant to the provisions of this paragraph 14 shall be added to, and deemed a part of, the Secured Obligations, shall be secured in the same manner as the Notes and the other Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate, and shall, together with the interest thereon, be repayable by the Grantor on demand.

15. **COMPLIANCE WITH LAWS.** Except as otherwise may be permitted in the Credit Agreement, the Grantor shall comply with all applicable laws, ordinances, rules, regulations and judicial or administrative orders (collectively, "Laws") now in force or hereafter enacted or promulgated relating to the construction, maintenance, operation and use of the Property, or any part thereof, including, but not limited to, Environmental Laws. Without limiting the generality of the foregoing, the Grantor shall apply for, obtain, keep in force and comply with all governmental permits, licenses and approvals (collectively, "Permits") now or hereafter at any time required in connection with the construction, maintenance, operation and use of the Property, or any part thereof, except where the failure to apply for, obtain, keep in force and comply with all Permits could not reasonably be expected to have a Material Adverse Effect. The Grantor represents and warrants that, as of the date hereof, its activities and the Property are in compliance with all Laws in all material respects and that all Permits are in full force and effect in all material respects. To the extent required under the Credit Agreement, the Grantor covenants and agrees to give prompt written notice to the Administrative Agent by certified mail, postage prepaid, return receipt requested, of any present or future pending or threatened litigation and any orders, rulings, notices, permits or investigations with respect to Laws and/or Permits if such litigation, orders, rulings, notices, permits or investigations with respect to the Property.

16. **EVENTS OF DEFAULT AND FORECLOSURE.** If any one or more of the following events (herein sometimes referred to as “Events of Default”) shall occur:

- a. An Event of Default (as defined in the Credit Agreement, or any renewal, extension or modification thereof or any substitution or replacement thereof); or
- b. Default under any other lien or encumbrance placed on the Property, or any interest therein (legal or equitable), or any part thereof, either inferior or superior in right to the lien of this Deed of Trust, and such default shall continue beyond any applicable grace period; or
- c. The termination of, or occurrence of any event affecting, the validity of this Deed of Trust or the priority of this Deed of Trust as to all outstanding or future advances intended to be secured hereby; or
- d. The passage after the date of this Deed of Trust of any law of the State of Nevada deducting from the value of the land, for the purposes of taxation, any lien thereon, or providing for, or changing in any way the laws relating to, the taxation of deeds of trust or the notes or debts secured by deeds of trust for state or local purposes, or the manner of the collection of any such taxes, so as to impair the lien of this Deed of Trust or the security afforded hereunder, unless the Grantor is permitted by law to pay the whole of such tax imposed upon this Deed of Trust and/or the Secured Obligations (in addition to all other payments required hereunder) and the Grantor pays such tax and agrees to pay and thereafter pay such tax whenever levied; or
- e. The passage of any law or the decision of any court rendering or declaring any material covenant or agreement set out in the Credit Agreement, any Note, any other Loan Document, any agreement evidencing or securing any of the other Obligations, or in this Deed of Trust to be legally unenforceable, inoperative, void or voidable;

then, in any of such events, the Trustee and the Administrative Agent shall, in addition to any other rights and remedies provided in the Credit Agreement, or by law or in equity, have the following rights and remedies, any one or more of which shall be exercisable from time to time at the Administrative Agent’s option and without notice to the Grantor:

- (i) The Administrative Agent may declare the Notes, or any of them, and all of the other Secured Obligations immediately due and payable, without demand;
- (ii) The Administrative Agent may dispossess the Grantor of the Property and exercise any right or remedy provided in this Deed of Trust with respect to taking possession of the Property and collecting the rents relating thereto;
- (iii) The Administrative Agent may apply for and obtain the appointment of a receiver for the Property, with the power to collect the rents, issues and profits therefrom, without regard to the value of the Property or of the solvency of any person or persons liable for the payment of the Secured Obligations, and the Grantor does hereby waive any and all defenses to the application for appointment of such receiver and consent to the appointment of such receiver without notice, but reserves the right to apply for vacation of any order of appointment of such receiver, or for any other appropriate relief, upon showing that none of the foregoing events of default occurred prior to application for the appointment of such receiver or during the pendency of such application in court; and

(iv) The Trustee may foreclose by a sale of the Property as follows:

(A) The Trustee may take possession of the Property and proceed to sell the same at auction at the premises or at such other place in the city or county in which the Property or the greater part thereof lies, or in the corporate limits of any city surrounded by or contiguous to such county, or in the case of annexed land, in the county of which the land was formerly a part, as the Trustee may select upon such terms and conditions as the Trustee may deem best, after first advertising the time, place and terms of sale in at least three (3) consecutive issues (which may be on consecutive days), in advance of the date of such sale, of a newspaper published or having general circulation in the county or city in which the Property or some portion thereof is located.

(B) The power of sale above granted may be exercised at different times as to different portions of the Property, and if for any reason any executory contract of sale shall not be performed, then new contracts may be made with respect to the same portion of the Property (with or without other portions). If the Trustee deems it best for any reason to postpone or continue the sale at any time or from time to time, they may do so.

(C) Full power and authority is hereby expressly granted and conferred upon the Trustee to make, execute, and deliver all necessary deeds of conveyance for the purpose of vesting in the purchaser or purchasers complete and entire legal and equitable title to the Property, or the portion thereof so sold, and the recitals therein shall be received in all courts of law and equity as prima facie evidence of the matters therein stated; and at such sale the Administrative Agent may become a purchaser, and no purchaser shall be required to see to the proper application of the purchase money.

(D) The proceeds of such sale shall be applied, first, to discharge the expenses of executing their Deed of Trust, including a commission to the Trustee of three percent (3%) of the gross proceeds of sale; next, to discharge all taxes, levies, and assessments on the Property, with costs and interest, including a proper proration thereof for the current year; next, to reimburse the Trustee and the Administrative Agent for all amounts expended by them or any of them pursuant to the provisions of this Deed of Trust, with interest thereon; next, to pay the accrued interest on the unpaid principal balance due under the Notes and under the other Secured Obligations; next, to pay such unpaid principal balance of the Notes and the other Secured Obligations; next to pay any remaining Secured Obligations; next, to pay any indebtedness secured by any lien of record inferior to the lien of this Deed of Trust; and any residue of such proceeds shall be paid to the Grantor provided, however, that the Trustee as to such residue shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon the Grantor's equity, without actual notice thereof prior to distribution.

17. [Reserved.]

18. **NONWAIVER.** No delay, act or failure to act, by the Trustee and the Administrative Agent, or any of them, however long continued, shall be construed as a waiver of any of their rights hereunder or of any default by the Grantor.

19. **NO LIABILITY OR OBLIGATION ON THE TRUSTEE OR THE NOTEHOLDER.** Nothing in this Deed of Trust shall be construed to impose any obligation upon the Administrative Agent or the Trustee to expend any money or to take any other discretionary act herein permitted, and neither the Administrative Agent nor the Trustee shall have any liability or obligation for any delay or failure to take any discretionary act. The Trustee shall not be required to see that this Deed of Trust is recorded and shall not be liable for the default or misconduct of the Administrative Agent or any agent or attorney appointed by them in pursuance hereof, or for anything whatever in connection with this Deed of Trust, except willful misconduct or gross negligence. The Trustee may act upon any instrument or paper believed by it in good faith to be genuine and to be signed by the proper party or parties, and shall be fully protected for any action taken or suffered by them in reliance thereon.

20. **RELEASE UPON FULL PAYMENT.** Upon full payment of all Secured Obligations (including the cash collateralization of all contingent obligations in accordance with the terms of the Credit Agreement and the termination of all commitments under the Credit Agreement), the Trustee shall, upon the request of, and at the cost of, the Grantor, execute a proper release of this Deed of Trust.

21. **SUBSTITUTION OF THE TRUSTEE.** Notwithstanding anything herein contained to the contrary, if the Trustee fails, refuses, or becomes unable to act, or if for any reason the Administrative Agent, in its sole and absolute discretion, deems it advisable, the Administrative Agent is hereby authorized and empowered to appoint, by an instrument recorded wherever this Deed of Trust is recorded, one or more other Trustees, in the place and stead of the Trustee named herein, which substitute Trustee or Trustees shall have all rights, powers, and authority and be charged with all the duties that are conferred or charged upon the Trustee named herein; and if more than one Trustee is so named, any one or more of such Trustees may act hereunder without the joinder of any other Trustee or Trustees and any act taken hereunder by any one or more Trustees shall be as effective as if taken by all Trustees.

22. **ADVANCES AND FUTURE ADVANCES.** It is understood and agreed that the Lenders reserve the right, but shall have no obligation (except as provided in the Credit Agreement), to make additional advances of proceeds in connection with the Obligations from time to time, and the readvance of any sums previously repaid on the Notes.

23. **INDEMNIFICATION BY THE GRANTOR.** The Grantor shall protect and indemnify the Trustee, the Administrative Agent and the other Secured Parties (collectively, the "Indemnified Parties") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements), imposed upon or incurred by or asserted against any Indemnified Party or the directors, officers or employees of any Indemnified Party by reason of (a) ownership of the Property or any interest therein, or receipt of any rent or other sum therefrom, (b) any accident to, injury to or

death of persons or loss of or damage to property occurring on or about the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (c) any use, nonuse or condition of the Property or the adjoining sidewalks, curbs, vaults or vault space, if any, streets or ways, (d) any failure on the part of the Grantor to perform or comply with any of the terms, covenants, conditions and agreements set forth in this Deed of Trust, the Notes, the Credit Agreement or the other Loan Documents, or any other agreements executed by the Grantor or any other persons liable for the payment of the Secured Obligations, (e) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof for construction or maintenance or otherwise, (f) any action brought against any Indemnified Party attacking the validity, priority or enforceability of this Deed of Trust, the Notes, the Credit Agreement, the other Loan Documents, or any other agreements executed by the Grantor or any other persons liable for the payment of the Secured Obligations, and/or (g) the presence of Hazardous Materials on the Property; provided, however, that the Grantor shall not be obligated to indemnify any Indemnified Party or the directors, officers or employees of such Indemnified Party from any loss, damage, cost or expense directly attributable to such Indemnified Party's gross negligence or willful misconduct. Any amounts payable to any Indemnified Party under this paragraph 23 which are not paid within ten (10) days after written demand therefor by the applicable Indemnified Party shall be added to, and deemed a part of, the Secured Obligations, shall be secured in the same manner as the Notes and the other Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate, and shall, together with the interest thereon, be repayable by the Grantor on demand. In the event any action, suit or proceeding is brought against any Indemnified Party or the directors, officers, agents of employees of any Indemnified Party by reason of any such occurrence, the Grantor, upon the request of such Indemnified Party and at the Grantor's expense, shall resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Grantor and approved by such Indemnified Party. Such obligations under this paragraph 23 shall survive the termination, satisfaction or release of this Deed of Trust.

24. **RELEASE.** The Grantor agrees that the Administrative Agent, without notice to or further consent of the Grantor, may release or discharge any maker of any Note, or any other persons who are or may become liable for the Secured Obligations or release or discharge any other collateral for the Secured Obligations, and that any such release or discharge shall not alter, modify, release or limit the liability of the Grantor hereunder or the validity and enforceability of this Deed of Trust.

25. **HEADINGS.** The headings of the paragraphs of this Deed of Trust are for the convenience of reference only and are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

26. **NUMBER AND GENDER.** The pronouns and verbs set forth herein shall be construed as being of such number and gender as the context may require.

27. **SUCCESSORS AND ASSIGNS.** This Deed of Trust shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns, and any descriptive term used herein shall include such heirs, personal representatives, successors and assigns.

28. **PERSONS.** The use of the word “persons” in this Deed of Trust includes individuals, corporations, partnerships, and all other entities.

[Signature appears on following page]

IN WITNESS WHEREOF the Grantor has caused this Deed of Trust to be executed in its name and on its behalf by its duly authorized officers pursuant to due authorization.

TREX COMPANY, INC.,
a Delaware corporation

By: /s/ James E. Cline
Name: James E. Cline
Title: Vice President and
Chief Financial Officer

STATE OF VIRGINIA

CITY/COUNTY OF FREDERICK, to-wit:

The foregoing instrument was duly acknowledged before me in my jurisdiction aforesaid this 6 day of January, 2012, by James E. Cline who is Vice President and Chief Financial Officer of Trex Company, Inc., a Delaware corporation, on behalf of the corporation.

[AFFIX NOTARIAL SEAL]

/s/ Gloria E. Breeden
(Notary Public)

My commission expires: 05/31/2012

Registration Number: 342749

PROPERTY DESCRIPTION

Real property in the City of Fernley, County of Lyon, State of Nevada, described as follows:

PARCEL 1:

A PARCEL OF LAND LOCATED WITHIN SECTION 7 AND 8, TOWNSHIP 20 NORTH, RANGE 25 EAST, M.D.&M, LYON COUNTY NEVADA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 2 AS SHOWN ON RECORD OF SURVEY MAP FILE NO. 193018, SAID POINT BEING LOCATED SOUTH 12°39'12" WEST A DISTANCE OF 1839.06 FEET FROM THE EAST 1/4 CORNER OF SAID SECTION 7; THENCE NORTH 10°21'10" WEST A DISTANCE OF 1026.73 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 2; THENCE NORTH 73°18'04" EAST A DISTANCE OF 1744.19 FEET; THENCE SOUTH 43°26'07" EAST A DISTANCE OF 71.78 FEET; THENCE SOUTH 46°33'53" WEST A DISTANCE OF 300.74 FEET; THENCE ALONG A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 500.00 FEET AND A CENTRAL ANGLE OF 66°09'53" AN ARC LENGTH OF 577.40 FEET; THENCE SOUTH 19°36'00" EAST A DISTANCE OF 567.96 FEET; THENCE SOUTH 70°24'00" WEST A DISTANCE OF 92.77 FEET; THENCE ALONG A TANGENT CIRCULAR CURVE TO THE RIGHT WITH A RADIUS OF 828.77 FEET AND A CENTRAL ANGLE OF 07°16'49" AN ARC LENGTH OF 105.31 FEET; THENCE SOUTH 77°40'50" WEST A DISTANCE OF 100.00 FEET; THENCE ALONG A TANGENT CIRCULAR CURVE TO THE RIGHT WITH A RADIUS OF 2160.00 FEET AND A CENTRAL ANGLE OF 11°43'10" AN ARC LENGTH OF 441.81 FEET; THENCE SOUTH 89°24'00" WEST A DISTANCE OF 132.36 FEET; THENCE ALONG A TANGENT CIRCULAR CURVE TO THE LEFT WITH A RADIUS OF 2830.00 FEET AND A CENTRAL ANGLE OF 09°45'00" AN ARC LENGTH OF 481.58 FEET; THENCE SOUTH 79°39'00" WEST A DISTANCE OF 45.45 FEET TO THE POINT OF BEGINNING.

ALSO KNOWN AS NEW PARCEL 2 OF RECORD OF SURVEY MAP SHOWING A BOUNDARY LINE ADJUSTMENT RECORDED OCTOBER 27, 1998 AS DOCUMENT NO. 225479, LYON COUNTY, OFFICIAL RECORDS.

PARCEL 2:

NON-EXCLUSIVE EASEMENTS FOR THE PLACEMENT, MAINTENANCE AND USE OF A RAILROAD TRACK AS CREATED BY THOSE CERTAIN GRANT, BARGAIN, SALE DEEDS RECORDED AUGUST 1, 1997 AS DOCUMENT NO. 208404 AND DECEMBER 7, 1998 AS DOCUMENT NO. 226990, CORRECTED BY DOCUMENT NO. 483897 OFFICIAL RECORDS.

PERMITTED TITLE EXCEPTIONS

1. Reservations and provisions as contained in Patent from the United States of America, recorded June 23, 1902, in Book N of Deeds, Page 381, as Instrument No. N/A.
2. Reservations and provisions as contained in Patent from the United States of America, recorded July 31, 1962, in Book 45, Page 108 of Deeds. There is also reserved a right-of-way for a Federal Aid Highway under 23 U.S.C. Sec. 317.
3. Mineral Reservation as contained in Deed recorded September 01, 1978 as Instrument No. 40192 from James R Johnson etux etal to Johnson Development Co., a partnership.
4. An easement for roadway and utility easement and incidental purposes in the document recorded April 23, 1980 as Instrument No. 53031 of Official Records. Corrected Roadway and Utility easement Deed was recorded in the Official Records of Lyon County, Nevada on May 01, 1980 as Document No. 53149.
5. Easements, dedications, reservations, provisions, relinquishments, recitals, certificates, and any other matters as provided for or delineated on Parcel Map No. 63205. Reference is hereby made to said plat for particulars.
6. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded June 21, 1996 as Instrument No. 194617 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

The right to levy certain charges or assessments against the land which shall become a lien if not paid as set forth in the above declaration of restrictions, and is conferred upon Owner's and Tenant's Association for Nevada Pacific Industrial Park, Phase I.

Document(s) declaring modifications thereof recorded November 13, 1998 as Instrument No. 226155 of Official Records.

Document(s) declaring modifications thereof recorded November 16, 1999 as Instrument No. 241390 of Official Records.
7. An easement for public utilities and incidental purposes in the document recorded August 15, 1996 as Instrument No. 196390 of Official Records.

8. An easement for the placement, maintenance and use of a railroad track and appurtenances thereto and incidental purposes in the document recorded August 01, 1997 as Instrument No. 208404 of Official Records.
9. Easements, dedications, reservations, provisions, relinquishments, recitals, certificates, and any other matters as provided for or delineated on Survey Map No. 225479 . Reference is hereby made to said plat for particulars.
10. An easement for access, maintenance and drainage purposes and incidental purposes in the document recorded October 27, 1998 as Instrument No. 225481 of Official Records.
11. An easement for sanitary sewer line and appurtenances thereto and incidental purposes in the document recorded November 02, 1998 as Instrument No. 225706 of Official Records.
12. An easement for the placement, maintenance and use of a railroad track and appurtenances thereto and incidental purposes in the document recorded December 07, 1998 as Instrument No. 226990 of Official Records. A document entitled "Deed of Correction" recorded November 8, 2011 as Instrument No. 483897 of Official Records.
13. Covenants, conditions, easements and restrictions in a Easement Deed recorded May 16, 2000, as Instrument No. 247868 of Official Records.
14. A document entitled "Set Back Easement Agreement" recorded June 15, 2000 as Instrument No. 249101 of Official Records.
15. An easement for public utilities and incidental purposes in the document recorded September 20, 2000 as Instrument No. 252607 of Official Records. Document re-recorded November 29, 2000 as Instrument No. 254914 of Official Records.
16. A document entitled "Agreement" recorded February 23, 1994 as Instrument No. 257723 of Official Records.
17. A document entitled "Agreement for Water and Waste Water Service" recorded January 28, 2005 as Instrument No. 341586 of Official Records.
18. An easement for the placement, maintenance and use of a railroad track and appurtenances thereto and incidental purposes in the document recorded March 14, 2006 as Instrument No. 377238 of Official Records.
19. The following matters disclosed by an ALTA/ACSM survey made by Summit Engineering Corporation on August 4, 2011, designated Job No. 1-29336:
 - A. Unrecorded easements or lesser right for Railroad Control Shed as shown and delineated on said survey.

B. Unrecorded easements or lesser rights for Electric Meters, Telephone Manholes, Electric Transformer/Service Boxes, Water Valves/Service Boxes, Sanitary Sewer Vaults, Drainage Ditch, Storm Drain Detention Area, Culvert, Overhead Electric Lines, Sanitary Sewer Manholes, Sanitary Sewer Cleanout, Concrete Valley Gutters all as shown and delineated on said survey.

#2069572 (Execution)
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