SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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): June 19, 2002

TREX COMPANY, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware	001-14649	54-1910453
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

160 Exeter Drive Winchester, Virginia	22603-8605
(Address of Principal Executive Offices)	(ZIP Code)

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

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Item 5: Other Events

On June 19, 2002, Trex Company, Inc. (the "Company") issued a press release announcing the completion of a refinancing of total indebtedness of $47.6 million outstanding under its existing senior credit facility and various real estate loans. A copy of the Company's June 19, 2002 press release is attached hereto as Exhibit 99 and incorporated herein by reference.

The Company refinanced this indebtedness from the proceeds of its sale of $40 million principal amount of senior secured notes due June 19, 2009 (the "Senior Secured Notes"), which were issued and sold pursuant to the terms of a Note Purchase Agreement, and borrowings under new real estate loans made pursuant to the terms of a Credit Agreement that have a total principal amount of $12.6 million. The Company also established a new $20 million revolving credit facility pursuant to the terms of the Credit Agreement. Copies of the Note Purchase Agreement, the Credit Agreement and related agreements are attached hereto as Exhibits 10.1 to and 10.5 and are incorporated herein by reference.

The foregoing description and the description in the June 19, 2002 press release of the refinancing transactions do not purport to be complete and are qualified in their entireties by the exhibits to this Current Report on Form 8-K.

Item 7: Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

10.1	Note Purchase Agreement, dated as of June 19, 2002, by and among Trex Company, Inc., TREX Company, LLC and the Purchasers listed therein.
10.2	Credit Agreement, dated as of June 19, 2002, among TREX Company, LLC, Trex Company, Inc. and Branch Banking and Trust Company of Virginia.
10.3	Security Agreement, dated as of June 19, 2002, by and among TREX Company, LLC, Trex Company, Inc. and Branch Banking and Trust Company of Virginia, as collateral agent.
10.4	Intercreditor and Collateral Agency Agreement, dated as of June 19, 2002, by and among the Noteholders named in Schedule I therein, Branch Banking and Trust Company of Virginia, and Branch Banking and Trust Company of Virginia, as collateral agent.

10.5	Credit Line Deed of Trust, dated June 19, 2002, by and among TREX Company, LLC, as grantor, BB&T-VA Collateral Service Corporation, as trustee, and Branch Banking and Trust Company of Virginia and Branch Banking and Trust Company, as noteholder.
99	Press release issued on June 19, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TREX COMPANY, INC.

Date: June 25, 2002

/s/ Robert G. Matheny

Robert G. Matheny
President

Exhibit 10.1

Trex Company, Inc.
TREX Company, LLC

U.S. $40,000,000

8.32% Senior Secured Notes due June 19, 2009

Note Purchase Agreement

Dated as of June 19, 2002

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SCHEDULES

EXHIBITS

TREX COMPANY, INC.
TREX COMPANY, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605

8.32% Senior Secured Notes due June 19, 2009

Dated as of
June 19, 2002

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

Each of Trex Company, Inc., a Delaware corporation (the "Parent"), and TREX Company, LLC, a Delaware limited liability company ("TREX LLC," the Parent and TREX LLC are hereinafter sometimes referred to collectively as the "Company"), jointly and severally agree with you as follows:

SECTION 1 Notes.

Section 1.1. Authorization of Notes. The Company will authorize the issue and sale of $40,000,000 aggregate principal amount of its 8.32% Senior Secured Notes due June 19, 2009 (the "Notes," such term to include any such notes issued in substitution therefor pursuant to Section 13). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you, the Other Purchasers, and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 1.2. Additional Series of Notes. The Company may, from time to time to the extent otherwise permitted by this Agreement, including, without limitation, upon compliance by the Company with Section 10.6, issue and sell additional series of their promissory notes ranking pari passu with the Notes in right of payment and ratably secured and may, in connection with the documentation thereof, incorporate by reference various provisions of this Agreement. Such incorporation by reference shall not in any way affect the rights of the Holders hereunder or under the Notes.

SECTION 2 Sale and Purchase of Notes.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and each of the other purchasers named in Schedule A (the "Other Purchasers"), and you and the Other Purchasers will purchase from the Company, at the Closing provided for in Section

3, Notes in the principal amount specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Your obligation hereunder and the obligations of the Other Purchasers are several and not joint obligations and you shall have no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

SECTION 3 Closing.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of McDermott, Will & Emery, 50 Rockefeller Plaza, New York, New York 10020, at 10:00 a.m., New York City time, at a closing (the "Closing") on June 19, 2002 or on such other Business Day thereafter on or prior to June 28, 2002 as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least $1,000,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company at Bank of America, N.A., 730 15th Street, NW, Washington, DC 20005, Account Name: Commercial Settlements, Inc. Escrow Account, Account Number: 00-192-0587013, ABA No.: 054 001 204, Re: Advise David Nelson/CSI File: 020369/TREX. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such non-fulfillment.

SECTION 4 Conditions to Closing.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 10.1, 10.3, or 10.6 hereof had such Sections applied since such date.

Section 4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. The Company shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate and limited liability company, as the case may be, proceedings relating to the authorization, execution and delivery of the Notes and the Agreements.

Section 4.4. Opinions of Counsel. You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Hogan & Hartson, L.L.P., counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you), (b) from McDermott, Will & Emery, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request, and (c) from counsel to the Collateral Agent substantially in the form set forth in Exhibit 4.4(c) and covering such matters incident to such transactions as you may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing your purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation U, T or X of the Board of Governors of the Federal Reserve System) and (c) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Execution of Collateral Documents. On or prior to the Closing Date:

(a) the Company and the Collateral Agent shall have entered into and delivered the Collateral Documents in form and substance satisfactory to you and the Collateral Documents shall be in full force and effect and you shall have received true, correct and complete copies thereof; and

(b) the Collateral Agent, the Bank Lender and you shall have entered into and delivered the Intercreditor and Collateral Agency Agreement dated as of the date hereof ("Intercreditor Agreement") and the Company shall have acknowledged the execution and delivery of the Intercreditor Agreement and the Intercreditor Agreement shall be in full force and effect and you shall have received true, correct and complete copies thereof.

Section 4.11. Related Transactions. On or prior to the Closing:

(a) the Company shall have consummated the sale of all of the Notes scheduled to be sold on the Closing Date pursuant to this Agreement; and

(b) the Company and the Bank Lender shall have fully executed and delivered the Credit Agreement and all conditions to the effectiveness thereof shall have been consummated.

Section 4.12. Filing and Recording. The Collateral Documents (and/or financing statements or similar notices thereof if and to the extent permitted by applicable law) shall have been recorded or filed for record in such public offices as may be deemed necessary or appropriate by you or your special counsel (or deposited fully completed and executed originals for recording or filing with an escrow agent in accordance with non-revocable instructions acceptable to counsel for the Collateral Agent and Holders) in order to perfect the Liens and security interests granted or conveyed thereby.

Section 4.13. Funding Instructions. At least three (3) Business Days prior to the Closing, you shall have received written instructions executed by a Senior Financial Officer of the Company directing the manner of the payment of funds and setting forth (a) the name of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Notes is to be deposited and (d) the name and telephone number of the account representative responsible for verifying receipt of such funds.

Section 4.14. Payment of Recording Fees, Charges and Taxes. All fees, charges and taxes in connection with the recordation or filing and re-recordation or re-filing of the Collateral Documents and any other agreement or instrument, financing statement or any publication of notice required to be filed or recorded to protect the validity of the Liens securing the obligations of the Notes shall have been paid in full or amounts sufficient to pay the same shall have been deposited with the title company.

Section 4.15. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel,

and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 5 Representations and Warranties of the Company.

The Company represents and warrants to you that:

Section 5.1. Organization; Power and Authority. The Parent is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Parent has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Collateral Documents and the Notes and to perform the provisions hereof and thereof. TREX LLC is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign limited liability company and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. TREX LLC has the limited liability company power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Collateral Documents and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement, the Collateral Documents and the Notes have been duly authorized by all necessary corporate and limited liability company action on the part of the Company, and this Agreement and the Collateral Documents constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agent, SPP Capital Partners, LLC and BB&T Capital Markets, has delivered to you and each Other Purchaser a copy of a Confidential Private Placement Memorandum dated April 2002 (as amended or supplemented in writing, the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and the Subsidiaries. This Agreement, the Collateral Documents, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby, and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made; provided that no

representation or warranty in addition to the representations or warranties set forth in Section 5.5 is made with respect to the financial projections of the Company and the Subsidiaries for the fiscal year ending December 31, 2002, which are set forth in the Memorandum under tab number VI. Except as disclosed in the Memorandum or as expressly described in Schedule 5.5, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since December 31, 2001, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Affiliates, other than Subsidiaries, controlled by the Company or any Subsidiary and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4); provided, however, that with respect to Trex Wood Polymer Espana, S.L., the foregoing representation shall only apply to the extent such concepts are applicable under the laws of Spain.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or limited liability company law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any Subsidiary that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. Financial Statements; Financial Projections. The Company has delivered to each Purchaser copies of the consolidated financial statements of the Company and the Subsidiaries listed on Schedule 5.5. All of such consolidated financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments and other adjustments described therein).

The financial projections for the Company and its Subsidiaries for the fiscal year ending December 31, 2002 are set forth in the Memorandum under tab number VI. Such projections were prepared in good faith by the Company and were based on facts known to the Company on the date such financial projections were made and on assumptions that were reasonable and consistent with such facts. The Company has no reason to believe that such forecasts are unreasonable in any material respect.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement, the Collateral Documents and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Collateral Documents or the Notes, excluding those registrations and filings required in connection with the perfection of the Liens created pursuant to the Collateral Documents.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as set forth in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation

of any applicable law, ordinance, rule or regulation (including, without limitation, Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended December 31, 2000.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties owned by them that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after the date of such balance sheet (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases of properties leased to the Company and its Subsidiaries that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc.

(a) Except as disclosed in Schedule 5.11 hereto, the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product of the Company infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

Section 5.12. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The Company has no Plans subject to the minimum funding rules of Section 412 of the Code.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406(a) of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than 43 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance, offering, or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes and proceeds from the facilities available under the Credit

Agreement to repay in full its existing indebtedness to Wachovia Bank, National Association and for general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of such Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of such Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such consolidated assets. As used in this Section 5.14, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in such Regulation U.

Section 5.15. Existing Debt; Future Liens.

(a) Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of the Closing. Neither the Company nor any Subsidiary is in default, and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.3.

Section 5.16. Foreign Assets Control Regulations, Etc. Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

Section 5.18. Environmental Matters. Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim, against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Solvency of Company. After giving effect to the transactions contemplated herein and after giving due consideration to any rights of contribution (a) each of the Parent and TREX LLC have received fair consideration and reasonably equivalent value for the incurrence of its respective obligations under this Agreement and the Collateral Documents, (b) the fair value of the assets of each of the Parent and TREX LLC (both at fair valuation and at present fair saleable value) exceeds its respective liabilities, (c) each of the Parent and TREX LLC is able to and expects to be able to pay its respective debts as they mature, and (d) each of the Parent and TREX LLC has capital sufficient to carry on its business as conducted and as proposed to be conducted.

SECTION 6 Representations Of The Purchaser.

Section 6.1. Purchase for Investment. You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act or applicable state securities laws and may be resold, pledged, transferred, or otherwise disposed of only if registered pursuant to the provisions of the Securities Act and applicable state securities laws or if an exemption from such registration is available, except under circumstances where neither such registration nor such an exemption is required by the Securities Act or applicable state securities laws, and that the Company is not required to register the Notes. You represent that (a) you are an "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 of Regulation D under the Securities Act, (b) you were not formed for the specific purpose of purchasing the Notes, and (c) your principal offices and the offices at which you made your decision to purchase the Notes are located as the address specified opposite your name in Schedule A.

Section 6.2. Source of Funds. You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995)) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization, in the general account, do not exceed ten percent (10%) of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statement filed with your state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (d); or

(e) the Source is a governmental plan; or

(f) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (f); or

(g) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 7 Information As To Company.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 45 days after the end of each quarterly fiscal period in each fiscal year of the Parent (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, and cash flows of the Parent and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments and other adjustments described therein, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 90 days after the end of each fiscal year of the Parent, duplicate copies of,

(i) a consolidated balance sheet of the Parent and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in stockholders' equity and cash flows of the Parent and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(B) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any such Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit),

provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (B) above, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder of the Notes that is an Institutional Investor), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other written communications made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed Default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f),

a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes that is an Institutional Investor.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of Notes pursuant to subparagraph (a) or subparagraph (b) of Section 7.1 shall be accompanied by a certificate of a Senior Financial Officer of the Parent setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.2 through Section 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect

to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Inspection. The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

SECTION 8 Prepayment Of The Notes.

Section 8.1. Required Prepayments. On June 19, 2005 and on each June 19 thereafter to and including June 19, 2008, the Company will prepay $8,000,000.00 principal amount (or such lesser principal amount as shall then be outstanding) of the Notes at 100% of the principal amount thereof and without payment of the Make Whole Amount or any premium, provided that upon any partial prepayment of the Notes pursuant to Section 8.2 or purchase of the Notes permitted by Section 8.6 the principal amount of each required prepayment of the Notes becoming due under this Section 8.1 on and after the date of such prepayment or purchase shall

be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such prepayment or purchase.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than $1,000,000.00 of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Change in Control.

(a) Notice of Change in Control or Control Event. The Company will, within two Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this Section 8.3. If a Change in Control has occurred, such notice shall contain and constitute an offer to purchase Notes as described in subparagraph (c) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (g) of this Section 8.3.

(b) Condition to Company Action. The Company will not take any action that consummates or finalizes a Change in Control unless (i) at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to purchase Notes as described in subparagraph (c) of this Section 8.3, accompanied by the certificate described in subparagraph (g) of this Section 8.3, and (ii) contemporaneously with such action, it purchases all Notes required to be purchased in accordance with this Section 8.3.

(c) Offer to Purchase Notes. The offer to purchase Notes contemplated by subparagraphs (a) and (b) of this Section 8.3 shall be an offer to purchase, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Purchase Date"). If such Proposed Purchase Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.3, such date shall be not less than 30 days

and not more than 60 days after the date of such offer (if the Proposed Purchase Date shall not be specified in such offer, the Proposed Purchase Date shall be the 45th day after the date of such offer).

(d) Acceptance. A holder of Notes may accept or reject in whole or in part the offer to purchase made pursuant to this Section 8.3 by causing a written notice of such acceptance or rejection to be delivered to the Company at least 15 days prior to the Proposed Purchase Date. A failure by a holder of Notes to respond to an offer to purchase made pursuant to this Section 8.3 shall be deemed to constitute an acceptance of such offer by such holder.

(e) Purchase. Purchase of the Notes to be purchased pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, plus the Make-Whole Amount determined as of the date of purchase with respect to such principal amount, together with interest on such Notes accrued to the date of purchase. On the Business Day preceding the date of purchase, the Company shall deliver to each holder of Notes being purchased a statement showing the Make-Whole Amount due in connection with such purchase and setting forth the details of the computation of such amount. The purchase shall be made on the Proposed Purchase Date.

(f) Deferral Pending Change in Control. The obligation of the Company to purchase Notes pursuant to the offers required by subparagraph (b) and accepted in accordance with subparagraph (d) of this Section 8.3 is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control does not occur on or prior to the Proposed Purchase Date in respect thereof, the purchase shall be deferred in accordance with the terms and provisions of this clause (f) until and shall be made on the date on which such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of purchase, (ii) the date on which such Change in Control and the purchase are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change in Control shall be deemed rescinded). The deferred purchase of the Notes by the Company pursuant to this clause (f) is conditioned upon the payment by the Company to the holders who accept such purchase offer pursuant to this Section 8.3 of all losses, expenses, liabilities and costs suffered by such holder as a result of the deferral of such purchase in connection with any hedging contract or position entered into by such holder in reliance on the determination of the original Proposed Purchase Date (the "Deferred Payment Hedging Loss"). Such Deferred Payment Hedging Loss, if any, shall be reasonably determined and established by such holder and a reasonable explanation of the same shall be communicated to the Company. Such Deferred Payment Hedging Loss shall be due and payable on the deferred Proposed Purchase Date. In addition, if such Change in Control is so deferred, the Company shall recalculate the Make-Whole Amount due in connection with such Change in Control pursuant to the terms of clause (e) above with respect to the deferred Proposed Purchase Date.

(g) Officer's Certificate. Each offer to purchase the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Purchase Date; (ii) that

such offer is made pursuant to this Section 8.3; (iii) the principal amount of each Note offered to be purchased; (iv) the estimated Make-Whole Amount due in connection with such purchase (calculated as if the date of such notice were the date of the purchase) setting forth the details of such computation; (v) the interest that would be due on each Note offered to be purchased, accrued to the Proposed Purchase Date; (vi) that the conditions of this Section 8.3 have been fulfilled; and (vii) in reasonable detail, the nature and date or proposed date of the Change in Control.

(h) Definitions.

"Change in Control" shall be deemed to have occurred if any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or persons constituting a Group, other than any one or more of the Management Stockholders, becomes the "beneficial owner" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Parent's Voting Stock.

"Control Event" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change of Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or persons constituting a Group to the holders of the common stock of the Parent, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

"Group" shall mean any group of "persons" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) constituting a "group" for the purposes of Section 13(d) of the Exchange Act, or any successor provision.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment or purchase of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid or purchased shall mature and become due and payable on the date fixed for such prepayment or purchase, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such

principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid, purchased or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid or purchased principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the purchase, payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. Make-Whole Amount. The term "Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid or purchased pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated the "PX Screen" on the Bloomberg Financial Markets Service Screen (or such other display as may replace "PX Screen" on Bloomberg Financial Markets Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1)

the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment or purchase of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, 8.3 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid or purchased pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

SECTION 9 Affirmative Covenants.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. Except as may be otherwise permitted under Section 10.7, the Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. Except as may be otherwise permitted under Section 10.2, the Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.2 and 10.7, the Company will at all times preserve and keep in full force and effect the corporate, limited liability company, or partnership existence of each of its Subsidiaries and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. New Subsidiaries. The Company will:

(a) cause each and every Material Subsidiary acquired or established subsequent to the date of this Agreement to execute and deliver a Material Subsidiary Guaranty to the Holders pursuant to which each such Material Subsidiary shall guarantee the payment of all amounts payable by the Company hereunder and under the Notes and the performance of all obligations of the Company hereunder and under the Notes, along with such additional Collateral Documents to secure its obligations under the Material Subsidiary Guaranty to the Holders and such other documentation as may be reasonably requested by Holders of the Notes, in form and substance reasonably acceptable to Holders of the Notes;

(b) in connection with the delivery of the Material Subsidiary Guaranty and the relevant Collateral Documents, the Company shall cause each Material Subsidiary

Guarantor to deliver to each Holder of the Notes (i) such documents and evidence with respect to such Material Subsidiary Guarantor as any Holder may reasonably request in order to establish the existence and good standing of such Material Subsidiary Guarantor and evidence that the Board of Directors of such Material Subsidiary Guarantor has adopted resolutions authorizing the execution and delivery of the Material Subsidiary Guaranty and the Collateral Documents to which such Material Subsidiary Guarantor will become a party, (ii) evidence that the Material Subsidiary Guaranty and the relevant Collateral Documents do not violate any of such Material Subsidiary Guarantor's outstanding debt instruments in the form of (A) a certificate from such Material Subsidiary Guarantor to such effect, (B) consents or approvals of the holder or holders of any Security, and/or (C) amendments of agreements pursuant to which any Security may have been issued, all as may be reasonably deemed necessary by the Holders to permit the execution and delivery of the Material Subsidiary Guaranty and the Collateral Documents to which such Material Subsidiary Guarantor is a party, (iii) a certificate of such Material Subsidiary containing representations and warranties substantially similar to the representations and warranties as are set forth in Section 5 hereof applicable to such Material Subsidiary Guarantor and such other certificates or other evidence as any Holder may reasonably request to establish that the transactions contemplated by the Material Subsidiary Guaranty and the Collateral Documents to which such Material Subsidiary Guarantor is a party shall not subject any such Material Subsidiary Guarantor to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, (iv) an opinion of independent counsel (which opinion, in scope, form and substance, and counsel, shall be reasonably satisfactory to the Holders) and (v) all other documents and showings reasonably requested by the Holders in connection with the execution and delivery of the Material Subsidiary Guaranty and the Collateral Documents to which such Material Subsidiary Guarantor is a party, which documents shall be satisfactory in form and substance to the Holders and their special counsel, and each Holder shall have received a copy (executed or certified as may be appropriate) of all of the foregoing legal documents;

(c) in addition to the other limitations contained in this Agreement, the Company will not permit any Material Subsidiary which is not a Material Subsidiary Guarantor at that time to be or become liable in respect of any other Guaranty after the date hereof; provided, however, that such Material Subsidiary may execute and deliver such subsequent Guaranty so long as the Company shall contemporaneously therewith cause such Material Subsidiary to execute and deliver, and such Material Subsidiary shall execute and deliver, to the Holders of the Notes, a Material Subsidiary Guaranty and all relevant Collateral Documents together with all other documents, agreement, certificates and opinions in compliance with the terms and provisions of this Section 9.6. It being the intent of this Section 9.6(c) that at all times the Company shall cause all Subsidiaries which have executed and delivered Guaranties to Holders of Funded Debt of the Company and/or any other Material Subsidiary to be Material Subsidiary Guarantors in accordance with and pursuant to the provisions of this Section 9.6; and

(d) all reasonable out-of-pocket fees and expenses of the Holders of the Notes, including, without limitation, the reasonable fees and expenses of special counsel to the Holders of the Notes, incurred in connection with the execution and delivery of the

Material Subsidiary Guaranty, the Collateral Documents and the related agreements and opinions described above shall be borne by the Company.

SECTION 10 Negative Covenants.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or Material group of related transactions (including, without limitation, the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or any Subsidiary), except in the ordinary course of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.2. Merger, Consolidation, Etc. Except as may be permitted under Section 10.7, the Parent shall not, and shall not permit any Subsidiary to, consolidate with or merge with any other corporation or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person (except that a Subsidiary (including, without limitation, TREX LLC) may consolidate with or merge with, or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to (a) the Parent, or (b) a Wholly-owned Subsidiary of the Parent; provided that in any such transaction involving the Parent, such surviving entity shall be the Parent) unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety, as the case may be, shall be solvent and shall be organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if the Company is not such successor, (1) such successor shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement, the Collateral Documents and the Notes and (2) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately prior to and after giving effect to such transaction, (1) no Default or Event of Default shall have occurred and be continuing and (2) in any transaction not covered by clause (a) or (b) above, the surviving corporation would be permitted by the provisions of Section 10.6(d) to incur at least $1.00 of additional Funded Debt.

No such conveyance, transfer or lease of substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.2 from its liability under this Agreement or the Notes.

Section 10.3. Liens. The Company will not, and will not permit any of its Subsidiaries to, create or incur, or suffer to be incurred or to exist, any Lien on its or their property or assets, whether now owned or hereafter acquired or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire, or permit any of its Subsidiaries to acquire, any property or assets upon conditional sales agreements or other title retention devices, except:

(a) Liens for property taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen, provided payment thereof is not at the time required by Section 9.4;

(b) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company or a Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, warehousemen's and attorneys' liens and statutory landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the incurrence of Debt, provided that such Liens do not, individually or in the aggregate, materially impair the use of the property encumbered by any such Lien in the operation of the business of the Company and its Subsidiaries, taken as a whole, or the value of the property so encumbered for the purposes of such business;

(d) 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 Company 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 Company and its Subsidiaries;

(e) Liens securing Debt of Subsidiary to the Company or to another Wholly-owned Subsidiary;

(f) Liens securing Debt of the Company or any Subsidiary existing as of the date of Closing and reflected on Schedule 5.15 hereto and Liens securing any refinancing of any such Debt; provided that so long as (x) the principal amount of Debt so secured at the time of such refinancing is not increased, (y) such Liens apply only to the same property which was theretofore subject thereto, and (z) at the time of such refinancing, no Default or Event of Default shall have occurred and be continuing; and provided further

that with respect to any refinancing or replacement of the Revolving Commitment under the Credit Agreement as in effect as of the Closing or any refinancing thereof, such replaced or refinanced revolving commitment is issued pursuant to a Qualified Replacement Credit Agreement;

(g) Liens incurred after the Closing given to secure the payment of the purchase price incurred in connection with the acquisition, construction or improvement of fixed assets of the company, which Liens are incurred contemporaneously with or within 180 days after the payment of such purchase price of completion of such construction or improvement and Liens existing on fixed assets at the time of acquisition thereof or at the time of acquisition by the company of any business entity then owning such fixed assets whether by merger, consolidation or acquisition of substantially all of its assets, and whether or not such existing Liens were given to secure the payment of the purchase price of the fixed assets to which they attach, provided that (i) the Lien shall attach solely to the fixed assets acquired, constructed or improved, (ii) at the time of acquisition, construction or improvement of such fixed assets, the aggregate amount remaining unpaid on all Debt secured by such Liens on such fixed assets whether or not assume by the Company shall not exceed an amount equal to 100% of the lesser of the total purchase price or fair market value at the time of acquisition, construction or improvement of such fixed assets (as determined in good faith by the Board of Directors of the Company where the total purchase price or fair market value is in excess of $1,000,000 and as determined in good faith by senior management of the Company where the total purchase price or fair market value is $1,000,000 or less), and (iii) all Debt secured by such Liens shall be have incurred within the applicable limitations of this Agreement including, without limitation, Section 10.6(d);

(h) any interest or title of a lessor in property subject to any Capital Lease or Operating Lease;

(i) Liens created or permitted under the Collateral Documents;

(j) prior to a Permitted Collateral Release, in addition to the Liens permitted under Section 10.3(a) through (i) and (k) and (l), Liens securing Collateral Pool Debt; provided that all such Collateral Pool Debt secured by Liens incurred pursuant to this clause (j) will not exceed $20,000,000 in aggregate principal amount outstanding at any time;

(k) in addition to the Liens permitted under Section 10.3(a) through (j) and (l), Liens securing Debt that does not exceed $250,000 in the aggregate; and

(l) in addition to the Liens permitted under Section 10.3(a) through (k), Liens securing Debt of the Company or any Subsidiary incurred within the limitations of Section 10.6(e).

Section 10.4. Consolidated Adjusted Net Worth. The Company will at all times keep and maintain Consolidated Adjusted Net Worth at an amount not less than the sum of (a) $70,000,000 plus (b) 25% of Consolidated Net Earnings computed on a cumulative basis for

each of the elapsed fiscal years ending after December 31, 2001; provided that notwithstanding that Consolidated Net Earnings for any elapsed fiscal year may be a deficit figure, no reduction as a result thereof shall be made in the sum to be maintained pursuant hereto.

Section 10.5. Cash Flow Fixed Charge Coverage Ratio. The Company will keep and maintain the ratio of Consolidated Cash Flow to Consolidated Fixed Charges calculated on a Rolling Four Quarter Pro Forma Basis at not less than 2.0 to 1.00.

Section 10.6. Limitations on Funded Debt. The Company will not, and the Company will not permit any Subsidiary to, create, assume, guarantee or otherwise incur or in any manner become liable in respect of any Funded Debt except:

(a) Funded Debt evidenced by the Notes;

(b) Funded Debt of the Parent and its Subsidiaries outstanding as of the date of this Agreement and described on Schedule 5.15 hereto or any extension, renewal or refunding of any Funded Debt without increase in the principal amount thereof at the time of such extension, renewal or refunding;

(c) Funded Debt incurred pursuant to the Credit Agreement or pursuant to a Qualified Replacement Credit Agreement to the extent that such Qualified Replacement Credit Agreement shall not result in an increase in the principal amount of the Revolving Commitment under and pursuant to the Credit Agreement as in effect as of the Closing;

(d) additional Funded Debt of the Parent and of its Subsidiaries incurred after the Closing, provided, however, that Consolidated Funded Debt shall not exceed 60% of Consolidated Total Capitalization, determined at the end of the immediately preceding fiscal quarter; and

(e) additional Priority Debt, provided, however, that the Company will not at any time permit the aggregate amount of outstanding Priority Debt to exceed an amount equal to 15% of Consolidated Adjusted Net Worth, determined at the end of the immediately preceding fiscal quarter.

Any Person which becomes a Subsidiary after the date hereof shall for all purposes of this Section 10.6 be deemed to have created, assumed or incurred at the time it becomes a Subsidiary all Debt of such Person existing immediately after it becomes a Subsidiary.

Section 10.7. Sale of Assets, Etc. The Company shall not, and shall not permit any Subsidiary thereof to, sell, lease, transfer or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value and except as provided in Section 10.2(b)); provided that the foregoing restrictions do not apply to:

(a) the sale, lease, transfer or other disposition of assets of a Subsidiary to the Parent or to a Wholly-Owned Subsidiary;

(b) subject to the provisions of Section 10.2 hereof, the transfer to a Wholly-Owned Subsidiary created by TREX LLC or the Parent of all patents, trademarks,

copyrights and other intellectual property of the Company, and the licensure of such intellectual property to the Company;

(c) the disposition of used, worn-out or obsolete equipment for no (or nominal) consideration if deemed prudent in the reasonable business judgment of the Company;

(d) the termination of the corporate or other existence of DENPLAX, S.A. and the Company's surrender of the Company's equity interest in DENPLAX, S.A., provided that no Default or Event of Default has occurred or would occur as a result of such termination of existence and surrender of equity interest and further provided that such termination of existence and surrender of equity interest is deemed prudent in the reasonable business judgment of the Company; or

(e) the sale of assets for cash or other property to a person or persons if all the following conditions are met:

(i) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the period from the date of this Agreement to and including the date of the sale of such assets (other than in the ordinary course of business), exceed 25% of Consolidated Total Assets, determined at the end of the immediately preceding fiscal quarter; and

(ii) immediately prior to and after the consummation of the transaction and prior to and after giving effect thereto (A) no Default or Event of Default would exist and (B) the Company would be permitted by the provisions of Section 10.6(d) to incur at least $1.00 of additional Funded Debt;

provided, however, that for the purposes of the foregoing calculation, there shall not be included any assets to the extent that the net proceeds of the sale of such assets were or are applied (or are committed to be applied, and are thereafter actually applied within 90 days after the end of the 365 day period) within 365 days of the date of sale of such assets to either (A) the acquisition of fixed assets useful and intended to be used in the operation of the business of the Company and its Subsidiaries as described in Section 10.8 and having a fair market value (as determined in good faith by the board of directors of the Company for assets having a fair market value in excess of $1,000,000 and as determined in good faith by senior management of the Company for assets having a fair market value of $1,000,000 or less) at least equal to that of the net proceeds applied from the sale of the assets so disposed of or (B) (1) prior to the occurrence of a Permitted Collateral Release or at any time when any of the Collateral Documents are in full force and effect, to the prepayment of Secured Obligations on a pro rata basis, and (2) after the occurrence of a Permitted Collateral Release, to the prepayment of Funded Debt which is not subordinated to the Notes on a pro rata basis. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be prepaid as and to the extent provided in Section 8.2.

Section 10.8. Line of Business. The Company will not, and will not permit any of its Subsidiaries to, engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement as described in the Memorandum.

SECTION 11 Events Of Default.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 10.3 through 10.7; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least $1,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt without regard to any waiver, amendment or modification thereof as a result of an anticipated default thereunder in an aggregate outstanding principal amount of at least $1,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment and such default has continued for 60 consecutive days from the occurrence thereof, or (iii) as a consequence

of the occurrence or continuation of any event or condition, which is not cured, remedied, or waived for a period of up to 60 days from the occurrence of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (x) the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least $1,000,000, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Debt; or

(g) the Company or any Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, or any such petition shall be filed against the Company or any of its Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $1,000,000 are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 45 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 45 days after the expiration of such stay; or

(j) (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $1,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to

Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) the Parent or TREX LLC defaults in the performance of or compliance with any term contained in the Collateral Documents, and such default continues beyond any period of grace in respect thereof, or any Collateral Document ceases to be in full force and effect as a result of acts taken by the Company or any Subsidiary, except in connection with a Permitted Collateral Release, or any Collateral Document is declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability of any Collateral Document shall be contested by the Parent or TREX LLC or the Parent or TREX LLC renounces any Collateral Document or denies that it has any or further liability under any Collateral Document.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 12 Remedies On Default, Etc.

Section 12.1. Acceleration. If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable. If any other Event of Default has occurred and is continuing the Required Holders at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable. If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable. Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to the second or third sentence of Section 12.1, the holders of not less than 66-2/3% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13 Registration; Exchange; Substitution Of Notes.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor, promptly upon written request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the

case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $1,000,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $1,000,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in Section 6.

Section 13.3. Replacement of Notes. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another Institutional Investor holder of a Note with a minimum net worth of at least $50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14 Payment Of Notes.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of The Chase Manhattan Bank in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole

Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

SECTION 15 Expenses, Etc.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of your special counsel referred to in Section 4.4(b)) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Collateral Documents, the Notes, or the Intercreditor Agreement (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Collateral Documents, the Notes, or the Intercreditor Agreement, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Collateral Documents, the Notes, or the Intercreditor Agreement, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

Section 15.2. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

SECTION 16 Survival Of Representations And Warranties; Entire Agreement.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument

delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17 Amendment And Waiver.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of the Notes unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding whether or not such holder consented to such waiver or amendment.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note

shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18 Notices.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(a) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(b) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(c) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19 Reproduction of Documents.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could

contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20 Confidential Information.

For the purposes of this Section 20, "Confidential Information" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified in writing when received by you as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes) and provided that such Persons shall receive Confidential Information subject to the Confidentiality provisions of this Section 20, (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee or any holder that shall have previously delivered such a confirmation), such holder will confirm in writing that it is bound by the provisions of this Section 20.

SECTION 21 Substitution of Purchaser.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

SECTION 22 Release of Collateral.

You and each subsequent holder of a Note agree to release any Collateral from the Collateral Documents at such time as either (a) the Bank Lender releases such Collateral from the Collateral Documents with respect to Revolving Credit Loan Obligations; or (b) all amounts due and owing under the Credit Agreement as in effect on the Closing or as amended (but not refinanced or replaced) with respect to the Revolving Credit Loan Obligations is paid in full and the Company shall not have executed and delivered a Qualified Replacement Credit Agreement and no other holder of Debt of the Company shall have required that the Collateral be pledged to secured such Debt; provided, however, that you and each subsequent holder will not be required to release any Collateral from the Collateral Documents under the circumstances contemplated herein if a Default or Event of Default has occurred and is continuing. Your obligation to release any Collateral from the Collateral Documents is conditioned upon your prior receipt of a certificate from a Senior Financial Officer of the Company stating that the circumstances and conditions described in this Section 22 have occurred and have been satisfied.

If at any time subsequent to the release above, the Bank Lender or any other holder of Debt requires that the Collateral be pledged or repledged to secure the Company's obligations under the Credit Agreement or such other evidence of Debt, the Company shall grant a first perfected security interest in the Collateral to the Noteholders, in addition to any such party. In addition to the execution of a valid Security Agreement in the form of Exhibit 4.10 hereto, the Company shall provide to you and the Other Purchasers and you and the Other Purchasers shall have received the following, in form and substance satisfactory to you and the Other Purchasers:

(i) evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, which shall be necessary to create, in favor of the Collateral Agent on behalf of the Secured Parties, a perfected first priority Lien on the Collateral, including evidence of filing of completed UCC-1 financing statements, in each case in the appropriate governmental offices;

(ii) the results, dated as of a recent date prior to the filing date, of searches conducted in the UCC filing records in each of the governmental offices in each jurisdiction in which Collateral is located, which shall have revealed no Liens with respect to any of the Collateral;

(iii) an opinion of counsel for the Company in form and substance satisfactory to you and the Other Purchasers in your reasonable discretion regarding the transactions contemplated thereby; and

(iv) such due diligence and resolutions or other authorizations from the Company reasonably acceptable to you and the Other Purchasers.

SECTION 23 Miscellaneous.

Section 23.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 23.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

Section 23.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 23.4. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Section 23.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 23.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

* * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

Trex Company, Inc.

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna

Title: Executive Vice President and Chief Financial Offier

TREX Company, LLC

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna

Title: Executive Vice President and Chief Financial Offier

The foregoing is hereby agreed to as of the date thereof.

Teachers Insurance and Annuity
Association of America

By: /s/ John Goodreds

Name: John Goodreds

Title: Associate Director--Private Placements

The foregoing is hereby agreed to as of the date thereof.

Nationwide Life Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Title: Credit Officer--Fixed Income Securities

The foregoing is hereby agreed to as of the date thereof.

Nationwide Life And Annuity Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Title: Credit Officer--Fixed Income Securities

The foregoing is hereby agreed to as of the date thereof.

AMCO Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Title: Credit Officer--Fixed Income Securities

The foregoing is hereby agreed to as of the date thereof.

Nationwide Mutual Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Title: Credit Officer--Fixed Income Securities

The foregoing is hereby agreed to as of the date thereof.

Great-West Life & Annuity Insurance Company

By: /s/ Wayne T. Hoffman

Name: Wayne T. Hoffman

Title: Senior Vice President--Investments

By: /s/ Tad Anderson

Name: Tad Anderson

Title: Manager--Investments

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Affiliate" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Bank Lender" means Branch Banking and Trust Company of Virginia, a Virginia banking corporation, its successors or assigns in its capacity as lender under and pursuant to the Credit Agreement and the term "Bank Lender" shall include all Qualified Replacement Bank Lenders.

"Business" is defined in Section 10.8.

"Business Day" means (a) for the purposes of Section 8.7 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Richmond, Virginia are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" means the property described in the Collateral Documents, and all other property now existing or hereafter acquired which may at any time be or become subject to a Lien in favor of the Collateral Agent for the benefit of the holders of the Notes pursuant to the Collateral Documents or otherwise, securing the payment and performance of the Notes and the other Secured Obligations.

"Collateral Agent" means Branch Banking and Trust Company of Virginia, a Virginia banking corporation, its successors or assigns in its capacity as Collateral Agent under and pursuant to the Intercreditor Agreement and the Collateral Documents.

"Collateral Documents" means the Security Agreement and any other agreement pursuant to which the Company or any other Person provides a Lien on its assets in favor of the Collateral Agent for the benefit of the Holders and all financing statements, fixture filings, patent, trademark and copyright filings, assignments, acknowledgments and other filings, documents and agreements made or delivered pursuant thereto.

"Collateral Pool Debt" means Debt of the Company (a) which is secured by the Collateral, (b) the obligees of which are parties to the Intercreditor Agreement and (c) the agreements evidencing such Debt contain a provision to release the Collateral from the security therefor substantially identical to the terms and provisions of Section 22 hereof.

"Company" means, collectively, Trex Company, Inc., a Delaware corporation, and TREX Company, LLC, a Delaware limited liability company.

"Confidential Information" is defined in Section 20.

"Consolidated Adjusted Net Worth" means the sum of (a) Stockholders' Equity, (b) deferred taxes, (c) the LIFO Reserve, and (d) minority interests of the Parent and its Subsidiaries as reflected in the most recent consolidated balance sheet of the Parent as at the time of determination. Goodwill as reflected on the balance sheet of the Parent shall be included as part of Consolidated Adjusted Net Worth.

"Consolidated Cash Flow" for any period means the sum of (a) Consolidated Net Earnings during such period plus (to the extent deducted in determining Consolidated Net Earnings) (b) all provisions for any Federal, state or local income taxes made by the Parent and its Subsidiaries during such period, (c) all provisions for depreciation and amortization (other than amortization of debt discount) made by the Parent and its Subsidiaries during such period, (d) Consolidated Fixed Charges during such period and (e) net extraordinary non-cash gains/losses not incurred in the ordinary course of business.

"Consolidated Fixed Charges" for any period means Consolidated Interest Expense plus Consolidated Lease Expense.

"Consolidated Funded Debt" means all Funded Debt of the Parent and its Subsidiaries, determined on a consolidated basis in accordance with GAAP eliminating intercompany items.

"Consolidated Interest Expense" means all Interest Expense of the Parent and its Subsidiaries, determined on a consolidated basis.

"Consolidated Lease Expense" means all Lease Expense of the Parent and its Subsidiaries, determined on a consolidated basis.

"Consolidated Net Earnings" for any period means the consolidated net earnings of the Company and its Subsidiaries for such period determined in accordance with GAAP, determined

on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:

(a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(b) the proceeds of any life insurance policy;

(c) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;

(d) net earnings and losses of any corporation (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by the Parent or any Subsidiary, realized by such corporation prior to the date of such acquisition;

(e) net earnings and losses of any corporation (other than a Subsidiary) with which the Parent or a Subsidiary shall have consolidated or amalgamated or which shall have merged into or with the Parent or a Subsidiary prior to the date of such consolidation, amalgamation or merger;

(f) net earnings of any business entity (other than a Subsidiary) in which the Parent or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Parent or such Subsidiary in the form of cash distributions;

(g) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Parent or any other Subsidiary;

(h) earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets;

(i) any deferred or other credit representing any excess of, or any deficit representing any shortfall in, the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;

(j) any gain or loss arising from the acquisition of any Securities of the Parent or any Subsidiary;

(k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period; and

(l) any other extraordinary gain or loss.

"Consolidated Total Assets" means the total assets of the Parent and its Subsidiaries determined in accordance with GAAP.

"Consolidated Total Capitalization" means the sum of Consolidated Adjusted Net Worth and Consolidated Funded Debt.

"Credit Agreement" means the Credit Agreement dated as of June 19, 2002 between the Company and the Bank Lender, as such Credit Agreement may be amended, restated, renewed, or extended and the term "Credit Agreement" shall include a Qualified Replacement Credit Agreement.

"Debt" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock or Preferred Stock redeemable at the option of the holder thereof;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) Swaps of such Person; and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (g) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means that rate of interest that is the greater of (a) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes or (b) 2.00% over the rate of interest publicly announced by [name of reference bank] in New York, New York as its "base" or "prime" rate.

"Deferred Payment Hedging Loss" is defined in Section 8.3(f).

"DENPLAX Agreement" means the Addenda to Business Agreement and Shareholder Contract dated April 26, 2000 between Empresa de Gestion Medioambiental, S.A., Trex Company, Inc., Sorema, S.A., RIH Recycling Industries Holding, S.A., and DENPLAX, S.A.

"Domestic Subsidiary" means a Subsidiary or Affiliate (excluding TREX LLC) that is a corporation, limited liability company, partnership or other legal entity or joint venture organized or formed under the laws of any State of the United States or the District of Columbia.

"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 governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Funded Debt" means all Debt of any Person which would, in accordance with GAAP, constitute long term Debt including, but not limited to: (a) any Debt with a maturity of more than one year after the creation of such Debt, (b) any Debt outstanding under a revolving credit or similar agreement providing for borrowings (and renewals and extensions thereof) which pursuant to its terms would constitute long term Debt in accordance with GAAP, (c) any Capital Lease obligation and (d) any Guaranty with respect to Funded Debt of another person; provided that in the determination of Funded Debt of the Parent or any Subsidiary thereof, there shall not be included Debt of the Parent and any Subsidiary thereof outstanding under any revolving credit agreement or similar agreement if during the 365-day period immediately preceding the date of any such calculation of Funded Debt, there shall have been a period of at least 30 consecutive days on each day of which Debt of the Parent and any Subsidiary thereof outstanding under such revolving credit agreement is equal to zero by virtue, and solely by virtue, of such Debt having been paid from general corporate funds of the Parent and any Subsidiary thereof and not from funds borrowed by the Parent and any Subsidiary thereof pursuant to any other agreement for the purpose of paying such Debt.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection or the DENPLAX Agreement) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Debt or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or

(d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof.

In any computation of the Debt or other liabilities of the obligor under any Guaranty, the Debt or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polycholorinated biphenyls).

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Institutional Investor" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Intercreditor Agreement" is defined in Section 4.10.

"Interest Expense" of the Parent and its Subsidiaries for any period means all interest expense (including the interest component on Rentals on Capital Leases) determined in accordance with GAAP and all amortization of debt discount (excluding debt discount with respect to the "Warrant" as defined in the Credit Agreement) and expense on any particular Debt (including, without limitation, payment-in-kind, zero coupon and other like securities) for which such calculations are being made. Computations of Interest Expense on a pro forma basis for Debt having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

"Investments" means all investments, in cash or by delivery of property, made directly or indirectly in any property or assets or in any Person, whether by acquisition of shares of capital stock, Debt or other obligations or securities or by loan, advance, capital contribution or otherwise; provided that "Investments" shall not mean or include routine investments in property to be used or consumed in the ordinary course of business.

"Lease Expense" of the Parent and its Subsidiaries for any period means all lease expenses (excluding the interest component on Rentals on Capital Leases) determined in accordance with GAAP.

"LIBOR" shall have the meaning assigned thereto in the Credit Agreement.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"LIFO Reserve" means the difference between (a) inventory at the lower of LIFO cost or market and (b) inventory at replacement cost (as measured by the Company using average costs) or market, all as computed in accordance with GAAP.

"Make-Whole Amount" is defined in Section 8.7.

"Management Stockholder Affiliates" mean, at any time, and with respect to any Person who is a Management Stockholder any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such Management Stockholder. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Management Stockholders" means Robert G. Matheny, Anthony J. Cavanna, Andrew W. Ferrari, Roger A. Wittenberg, Harold F. Monahan, Paul D. Fletcher, Joseph L. Bradford, William R. Gupp, and David W. Jordan and their respective Management Stockholder Affiliates, individually and collectively.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Parent and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"Material Subsidiary" means collectively each Domestic Subsidiary that is a member of the Material Subsidiary Group.

"Material Subsidiary Group" as of any date means either (a) the smallest number of Domestic Subsidiaries that account for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis), when combined with the Company, at least 90% of Consolidated EBITDA for either of the two most recently ended fiscal years of the Company, or (b) the smallest number of Domestic Subsidiaries that account for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis), when combined with the Company, at least 90% of Consolidated Adjusted Net Worth for either of the two most recently ended fiscal years of the Company; provided that any Domestic Subsidiary that accounts for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis) 7-1/2% of either Consolidated EBITDA for either of the two most recently ended fiscal years of the Company or Consolidated Adjusted Net Worth for either of the past two most recently ended fiscal years of the Company, shall be included in the Material Subsidiary Group.

"Memorandum" is defined in Section 5.3.

"Minority Interests" means any shares of stock of any class of a Subsidiary (other than directors' qualifying shares as required by law) that are not owned by the Parent and/or one or more of its Subsidiaries. Minority Interests shall be valued by valuing Minority Interests constituting Preferred Stock at the voluntary or involuntary liquidating value of such Preferred Stock, whichever is greater, and by valuing Minority Interests constituting common stock at the book value of capital and surplus applicable thereto adjusted, if necessary, to reflect any changes from the book value of such common stock required by the foregoing method of valuing Minority Interests in Preferred Stock.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Notes" is defined in Section 1.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Other Purchasers" is defined in Section 2.

"Parent" means Trex Company, Inc., a Delaware corporation.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Permitted Collateral Release" means a release of all of the Collateral from the lien of the Collateral Documents in accordance with the terms and provisions of Section 22.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Preferred Stock" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Priority Debt" means (a) Funded Debt of any Subsidiary (other than TREX LLC) plus (without duplication) (b) Funded Debt of the Company or any Subsidiary which is incurred after Closing secured by a Lien under and pursuant to Section 10.3(l). Without limitation of the foregoing, Real Estate Term Loan 4 (as defined in the Credit Agreement) shall be considered to be Priority Debt.

"Pro Forma Basis" means, for any period of determination thereof, without duplication,

(a) if the Company or any Subsidiary has issued any Debt excluding borrowings under the Revolving Credit Facility as defined in the Credit Agreement made in the ordinary course of business and not in connection with or in view of or in anticipation of any acquisition of assets or the making of any Investment since the beginning of such period that remains outstanding on the last day of such period or if the transaction giving rise to the need to calculate Consolidated Cash Flow or Consolidated Fixed Charges is an issuance of Debt, or both, Consolidated Cash Flow and Consolidated Fixed Charges for such period shall be calculated after giving effect on a pro forma basis to such Debt as if such Debt had been issued on the first day of such period;

(b) if since the beginning of such period the Company or any Subsidiary (by merger or otherwise) shall have made an Investment in any of the Company's Subsidiaries (or any Person which becomes a Subsidiary of the Company) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated Cash Flow and Consolidated Fixed Charges for such period shall be calculated after giving pro forma effect thereto (including the issuance of any Debt) as if such Investment or acquisition occurred on the first day of such period;

(c) there shall be excluded from Consolidated Fixed Charges any Consolidated Fixed Charges related to any amount of Debt that was outstanding during such period or thereafter but that is not outstanding or is to be repaid on the date of determination; and

(d) with respect to any such period commencing prior to any proposed acquisition, the proposed acquisition shall be deemed to have taken place on the first day of such period.

For purposes of this definition, whenever Pro Forma Basis is to be applied to an acquisition of assets, the amount of income or earnings relating thereto, and the amount of Consolidated Fixed Charges associated with any Debt issued in connection therewith, pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company, which determination shall, if the Required Holders so request, be confirmed by the independent accountants of the Company.

If any Debt bears a floating rate of interest and is being applied on a Pro Forma Basis, the interest on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any interest rate agreement applicable to such Debt if such interest rate agreement has a remaining term in excess of twelve months).

"property" or "properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Qualified Replacement Credit Agreement" means an agreement (and all amendments, restatements, supplements and modifications thereof) under and pursuant to which Debt of the Company is issued and which satisfies the following conditions: (a) the Debt issued thereunder shall be revolving in nature; (b) the covenants and events of default contained therein shall be not more onerous than those set forth in the Credit Agreement as in effect on the Closing; (c) the interest rates (including default interest rates), or if such rates are imposed by reference to LIBOR or some other reference rate, the margins over LIBOR or such other reference rate, imposed therein shall be not higher than 100 basis points over the comparative rates set forth in the Credit Agreement as in effect on the Closing, (d) such Debt is secured by the Collateral under and pursuant to the Collateral Documents, (e) the obligees of such Debt are parties to the Intercreditor Agreement, and (f) the Credit Agreement in effect on the date hereof as may have been amended, renewed or extended shall have been terminated and all amounts due thereunder shall have been paid in full.

"Qualified Replacement Bank Lender" means any and all lenders which are parties to a Qualified Replacement Credit Agreement.

"Required Holders" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"Rolling Four Quarters" means a period of four consecutive fiscal quarters treated as a single accounting period.

"Secured Obligations" has the meaning set forth in the Intercreditor Agreement.

"Secured Parties" has the meaning set forth in the Intercreditor Agreement.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Security" has the meaning set forth in section 2(l) of the Securities Act of 1933, as amended.

"Security Agreement" means the Security Agreement between the Company and the Collateral Agent, in substantially the form of Exhibit 4.10 attached hereto.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer, comptroller or vice-president of finance of the Company.

"Stockholders' Equity" means, as of the date of any determination thereof the amount of the capital stock accounts (net of treasury stock, at cost) plus (or minus in the case of a deficit) the surplus in retained earnings of the Parent and its Subsidiaries as determined in accordance with GAAP.

"Subsidiary" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Swaps" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"TREX LLC" means TREX Company, LLC, a Delaware limited liability company.

"Voting Stock" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares or investments by foreign nationals mandated by applicable law) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

[FORM OF NOTE]

Trex Company, Inc.
Trex Company, LLC

8.32% Senior Secured Note Due June 19, 2009

No. [_____] June 19, 2002
$[_____] PPN 89531@ AA 7

FOR VALUE RECEIVED, the undersigned, Trex Company, Inc., a corporation organized and existing under the laws of the State of Delaware and TREX COMPANY, LLC, a limited liability company organized and existing under the laws of the State of Delaware (hereinafter collectively referred to as the "Company"), hereby jointly and severally promise to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on June 19, 2009, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 8.32% per annum from the date hereof, payable semiannually, on the 19th day of December and June in each year, commencing with the December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 10.32% or (ii) 2.00% over the rate of interest publicly announced by [name of reference bank] from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at [ ] or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of June 19, 2002 (as from time to time amended, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representations set forth in Section 6 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the

Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

This Note is equally and ratably secured by the Collateral Documents (as defined in the Note Purchase Agreement). Reference is hereby made to the Collateral Documents for a description of the collateral thereby mortgaged, warranted, bargained, sold, released, conveyed, assigned, transferred, pledged and hypothecated, the nature and extent of the security for the Notes, the rights of the holders of the Notes, the Collateral Agent (as defined in the Note Purchase Agreement) in respect of such security and otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Trex Company, Inc.

By:_____
Name:_____
Title:_____

TREX Company, LLC

By:_____
Name:_____
Title:_____

Exhibit 10.2

CREDIT AGREEMENT

among

TREX COMPANY, LLC,

TREX COMPANY, INC.

and

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

Dated as of June 19, 2002

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is dated as of June 19, 2002, by and among TREX COMPANY, LLC, a Delaware limited liability company, TREX COMPANY, INC., a Delaware corporation (collectively, the "Borrower") and BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a Virginia banking corporation (the "Bank").

STATEMENT OF PURPOSE

The Borrower has applied to the Bank for (i) a revolving credit facility, with a letter of credit subfacility, in the aggregate amount of Twenty Million Dollars ($20,000,000.00) for working capital financing of the Borrower's accounts receivable and inventory, to purchase new equipment and/or for other general corporate purposes of the Borrower, (ii) a term loan facility in the amount of Nine Million Five Hundred Seventy Thousand Seventy-Nine and 58/100s Dollars ($9,570,079.88) to refinance the Winchester Property, and (iii) a term loan facility in the amount of Three Million Twenty-Nine Thousand Nine Hundred Twenty and 12/100s Dollars ($3,029,920.12) to finance existing improvements to the Winchester Property. The Bank has agreed to extend such credit facilities to the Borrower on the terms and conditions contained in this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Borrower and the Bank hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. All capitalized terms used in this Agreement or in any Appendix, Schedule or Exhibit hereto which are not otherwise defined herein or therein shall have the respective meanings set forth in the Appendix attached hereto identified as the Definitions Appendix. The Definitions Appendix is incorporated herein by reference in its entirety and is a part of this Agreement to the same extent as if it had been set forth in this Section 1.01 in full.

Section 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms 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) with the audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries referred to in Section 5.04(a) hereof. In the event of any material change in generally accepted accounting principles from those used in the preparation of the audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries referred to in Section 5.04(a) hereof, the Borrower shall, at the request of the Bank, provide to the Bank a reconciliation of financial statements prepared pursuant to generally accepted accounting principles as in effect on the date of the preparation of

such statements with what such financial statements would have been had they been prepared in accordance with the accounting principles used in the preparation of the audit report referred to in Section 5.04(a) hereof.

ARTICLE II
THE CREDIT

Section 2.01. Commitment To Lend.

(a) Term Loans. The Bank agrees, on the terms and conditions set forth in this Agreement, to make (i) a term loan to the Borrower on the Closing Date in the principal amount of Three Million One Hundred Forty-Five Thousand One Hundred Thirty-Four and 57/100s Dollars ($3,145,134.57) ("Real Estate Term Loan 1"), (ii) a term loan to the Borrower on the Closing Date in the principal amount of Eight Hundred Eighty-One Thousand Four Hundred Ninety-Nine and 67/100s Dollars ($881,499.67) ("Real Estate Term Loan 2"), (iii) a term loan to the Borrower on the Closing Date in the principal amount of Five Million Five Hundred Forty-Three Thousand Four Hundred Forty-Five and 64/100s Dollars ($5,543,445.64) ("Real Estate Term Loan 3") and (iv) a term loan to the Borrower on the Closing Date in the principal amount of Three Million Twenty-Nine Thousand Nine Hundred Twenty and 12/100s Dollars ($3,029,920.12) ("Real Estate Term Loan 4").

(b) Revolving Commitment. The Bank agrees, on the terms and conditions set forth in this Agreement, to make Revolving Loans to the Borrower from time to time during the Revolving Credit Period in amounts such that the aggregate principal amount of Revolving Loans at any one time outstanding will not exceed the lesser of (i) the available Borrowing Base minus the Letter of Credit Obligations and (ii) the Revolving Commitment minus the Letter of Credit Obligations. Within the foregoing limit, the Borrower may borrow, prepay and reborrow Revolving Loans at any time during the Revolving Credit Period.

(c) Borrowing Base. Revolving Loans will be subject to monthly borrowing base reporting.

i. "Borrowing Base" means (A) the sum of (1) 85.00% of the net amount of Eligible Accounts plus (2) the lesser of (a) 60.00% of the value of Eligible Inventory and (B) the Inventory Sublimit, minus (B) the amount of any Reserves required by the Bank.

ii. "Eligible Account" means an account receivable which is (a) (1) for the period April 1 to and including November 30 in any year, not more than 60 days from the date of the original invoice and (2) for the period December 1 of any year to and including March 31 of the immediately following year, not more than 90 days from the date of the original invoice and (b) at all times, not more than 45 days from the due date of the original invoice that arises in the ordinary course of the Borrower's business, is on normal and customary terms in the Borrower's business (which customary terms include customer incentives), and meets the following eligibility requirements:

1. the sale of goods or services reflected in such account receivable is final and such goods and services have been provided to the carrier for shipment to the account debtor and payment for such is owing;

2. the invoices comprising an account receivable are not subject to any known claims, credits, adjustments, allowances, returns or disputes of any kind;

3. the account debtor is not insolvent or the subject of any bankruptcy proceedings;

4. the account debtor has its principal place of business in the United States; provided, however, that the foregoing eligibility requirements shall not apply to (a) any accounts receivable in an aggregate amount of $1,000,000 or less that are stated in United States Dollars and are due from account debtors that have their principal place of business in Canada, (b) accounts receivable stated in United States Dollars owed by DENPLAX S.A. in an aggregate amount of $100,000 or less and (c) accounts receivable stated in United States Dollars which are fully supported by letters of credit issued by United States banks or other financial institutions acceptable to the Bank in its reasonable discretion;

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

6. the account receivable is not subject to any assignment, security interest, lien, claim, or encumbrance of any kind other than the lien and security interest of the Collateral Agent;

7. the account receivable does not arise out of sales on a bill-and-hold, guaranteed sale, sale or return, sale on approval or consignment basis and the account receivable is not subject to any known right of return, set-off or charge-back;

8. the account receivable is not owing from an account debtor that is an agency, department or instrumentality of the United States or any state governmental authority in the United States ("Governmental Account"); provided, however, that the foregoing eligibility requirements shall not apply to (a) any Governmental Accounts in an aggregate amount of $1,000,000 or less or (b) any Governmental Account that has been assigned to the Collateral Agent in accordance with the Federal Assignment of Claims Act and/or other applicable federal or state laws, rules and regulations relating to the assignment or payment of such Account and as to which the Borrower has taken all such other and further action as the Collateral Agent shall have required with respect to the assignment of such Account;

9. the account receivable does not arise out of a C.O.D. sale;

10. the account receivable 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 the account receivable;

11. the account receivable is not payable by an account debtor having 50% or more in face value of its then existing accounts receivable with the Borrower ineligible hereunder; and

12. the account receivable does not represent an account receivable that the Borrower has determined in good faith may not be valid or collectible or may be doubtful in amount, and such account receivable is not otherwise unacceptable to the Bank, in its reasonable discretion.

iii. "Eligible Inventory" means inventory of finished goods in the Borrower's possession (i) that is held for use or sale in the ordinary course of the Borrower's business, (ii) which 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 lien it may have in a form satisfactory to the Bank and its counsel), (iii) for which the Borrower has not received a prepayment, (iv) which has not been returned to the Borrower by any purchaser thereof, (v) which 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) which is not subject to any assignment, security interest, lien, claim, or encumbrance of any kind other than the lien and security interest of the Collateral Agent, (vii) which meets all standards imposed by any Governmental Authority having regulatory authority over such inventory, its use and/or sale, (viii) which has not been consigned to any Person, (ix) which 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 Bank, (x) for which no warehouse receipt has been issued with respect thereto, and (xi) which is not otherwise unacceptable to the Bank, in its reasonable discretion. The value of the inventory will be valued at the lower of cost or market on a first-in, first-out basis as determined in accordance with GAAP applied on a consistent basis.

iv. "Reserves" means such amounts as may be required by the Bank, at any time and from time to time without prior notice to the Borrower, which the Bank deems, in its sole but reasonable discretion, to be adequate to reserve against outstanding letters of credit, outstanding banker's

acceptances, the Borrower's obligations to the Bank or any of the Bank's affiliates or any guaranties or other contingent debts of the Borrower.

(d) Letter of Credit Facility. Upon the terms and subject to the conditions contained in this Agreement and in the applicable Letter of Credit Applications, the Bank agrees to issue irrevocable letters of credit (hereinafter with the Existing Letter of Credit shall collectively be referred to as the "Letters of Credit") for the account of the Borrower (or either of them) from time to time during the period from the date of this Agreement through but excluding the Revolving Credit Termination Date, provided that the amount available for drawing under all outstanding Letters of Credit plus the aggregate unpaid reimbursement obligations under the Letter of Credit Applications shall not exceed at any time outstanding the least of (i) $1,500,000, (ii) the Revolving Commitment minus the aggregate principal amount of all outstanding Revolving Loans, and (iii) the Borrowing Base minus the aggregate principal amount of all outstanding Revolving Loans.

(1) Documentation. (a) Commercial Letters of Credit. Not less than three (3) Business Days prior to the date a commercial Letter of Credit is to be issued for its account, the Borrower will complete, execute and deliver to the Bank an Application and Agreement for Commercial Letter of Credit (each, a "Commercial Letter of Credit Application"), each on the Bank's then current form with the blanks therein appropriately completed, and such other documents as the Bank may reasonably require in connection therewith. Each commercial Letter of Credit issued by the Bank will be subject to the terms and conditions of the Commercial Letter of Credit Application pursuant to which it is issued as well as the terms and conditions of this Agreement. In the event of a conflict between the provisions of a Commercial Letter of Credit Application and the provisions of this Agreement, the provisions of this Agreement will govern.

(b) Standby Letters of Credit. Not less than five (5) Business Days prior to the date a standby Letter of Credit is to be issued for its account, the Borrower will complete, execute and deliver to the Bank an Application and Agreement for Standby Letter of Credit (each, a "Standby Letter of Credit Application"), each on the Bank's then current form with the blanks therein appropriately completed, and such other documents as the Bank may reasonably require in connection therewith. Each standby Letter of Credit issued by the Bank will be subject to the terms and conditions of the Standby Letter of Credit Application pursuant to which it is issued as well as the terms and conditions of this Agreement. In the event of a conflict between the provisions of the Standby Letter of Credit Application and the provisions of this Agreement, the provisions of this Agreement will govern.

(2) Fees. For each Letter of Credit issued under the terms of this Agreement (other than the Existing Letter of Credit), the Borrower will pay to the Bank at the time of issuance a fee computed on the amount of such Letter of Credit at the rate equal to one percent (1%) per annum subject to any minimum fees that the Bank may impose. Such fee will be fully earned at the time such Letter of Credit is issued and nonrefundable. The Borrower will also pay to the Bank when due its customary administrative fees as they may be established or altered from time to time for issuing Letters of Credit and for honoring drafts thereunder and, if applicable, for transferring, amending or extending such Letters of Credit. Nothing contained

herein, however, shall obligate the Bank to transfer, amend or extend beyond its original maturity date any Letter of Credit.

(3) Reimbursement Obligations. The Borrower will pay to the Bank promptly upon demand any and all amounts paid by the Bank under any Letter of Credit, as provided in the applicable Letter of Credit Application, together with interest on such amount from the date such amount was paid by the Bank to the date it receives payment in federal or other immediately available funds at LIBOR plus the Applicable Revolving Loan Margin, with such rate to be reset on each day on which there is a change to LIBOR. Such interest shall be computed for the actual number of days elapsed over a year of 360 days.

(4) Expiration of Letters of Credit. Unless the Bank shall otherwise agree, each commercial Letter of Credit issued under the provisions of this Agreement shall expire not later than six (6) months after its date of issuance, each standby Letter of Credit issued under the provisions of this Agreement shall expire not later than one (1) year after its date of issuance (exclusive of automatic renewal or "evergreen" features) and in any event all Letters of Credit shall expire on or before the Revolving Credit Termination Date.

Section 2.02. Methods of Borrowing.

(a) Notice of Borrowing. Except as otherwise provided in this Section and/or the Services Agreement, the Borrower may, with the approval of the Bank, give the Bank notice substantially in the form of Exhibit A hereto (a "Notice of Borrowing") not later than 12:00 noon (local time in Winchester, Virginia) on the date of each requested Revolving Loan, specifying the date of such Revolving Loan (which shall be a Business Day) and the amount of such Revolving Loan (which shall be in the minimum amount of $100,000 or a whole multiple of $100,000 in excess thereof).

(b) Cash Management Services. The Borrower subscribes to the Bank's cash management services and such services will be applicable to the Revolving Loans. The terms of such services, as set forth in the Services Agreement, shall control the manner in which funds are transferred between the Operating Account and the Revolving Loans for credit or debit to the Revolving Loans.

(c) Overdrafts in Other Accounts. The Bank may, at its option, pay any Item which will cause any deposit account maintained by the Borrower with the Bank to become overdrawn; and such payment shall be deemed a Revolving Loan hereunder.

Section 2.03. Funding of Revolving Loans. The Bank shall disburse the proceeds of each Revolving Loan made pursuant to Section 2.01 as follows: the proceeds of each Revolving Loan under Section 2.01 shall be made available by the Bank to the Borrower in federal or other funds immediately available at the Bank's Winchester, Virginia address referred to in Section 9.01.

Section 2.04. Revolving Note.

(a) Evidence of Revolving Loans. The Revolving Loans and the Borrower's obligation to repay the Revolving Loans shall be evidenced by the Revolving Note payable to the order of the Bank in an amount equal to the Revolving Commitment and dated as of the Closing Date.

(b) Records of Amounts Due. The Bank shall record the date and amount of each Revolving Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and may, if the Bank so elects in connection with any transfer or enforcement of the Revolving Note, endorse on any schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Revolving Loan then outstanding, provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Revolving Note. The Bank is hereby irrevocably authorized by the Borrower so to endorse the Revolving Note and to attach to and make a part of the Revolving Note a continuation of any such schedule as and when required.

Section 2.05. Interest Rate.

(a) Revolving Loans. From the date hereof until and including June 30, 2005, each Revolving Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Revolving Loan is made until it becomes due, at a rate per annum equal to LIBOR for such day plus the Applicable Revolving Loan Margin. Such interest shall be due and payable for each month in arrears on the first Business Day of the immediately succeeding calendar month.

(b) Real Estate Term Loans 1, 2, 3 & 4. From the date hereof until and including June 30, 2005, each of Real Estate Term Loans 1, 2, 3 & 4 shall bear interest on the unpaid principal balance thereof, payable monthly in arrears at a rate per annum equal to LIBOR plus the Applicable Real Estate Term Loan Margin.

(c) Default Rate. Upon the occurrence and during the continuance of an Event of Default, all Loans shall bear interest, payable on demand, at a rate per annum equal to 2 1/2% over the rate, as calculated above, applicable to such Loan on such day (the "Default Rate").

Section 2.06. Unused Commitment Fee. The Borrower shall pay to the Bank quarterly in arrears on each Quarterly Date and on the Revolving Credit Termination Date, an unused commitment fee (the "Unused Commitment Fee") equal to the Unused Commitment Fee Percentage on the average daily Unused Amount of the Revolving Commitment for such calendar quarter (or portion thereof in the case of the payment of the Unused Commitment Fee due on June 30, 2002) on the basis of a year of 360 days for the actual number of days elapsed.

Section 2.07. Adjustments of Commitment.

(a) Optional Reduction of Revolving Commitment. The Borrower may at any time and from time to time, upon at least three Business Days' notice to the Bank, permanently reduce (i) the Revolving Commitment to $0 or (ii) the Revolving Commitment in excess of the aggregate outstanding principal amount of the Revolving Loans in an aggregate principal amount

of $1,000,000 or any whole multiple of $1,000,000 in excess thereof; provided that if the Revolving Commitment is not reduced to $0, the amount of the Revolving Commitment shall not be reduced to an amount less than $5,000,000. Any reduction of the Revolving Commitment to $0 shall be accompanied by payment of all outstanding Revolving Credit Loan Obligations and furnishing of cash collateral to the Bank for all Letter of Credit Obligations.

(b) Mandatory Reduction of Revolving Commitment. Not later than thirty (30) calendar days after the Borrower's or the Bank's receipt of any Personal Property Casualty Loss Proceeds or Net Proceeds and not later than 210 calendar days after the Borrower's receipt of any Fixed Asset Proceeds that are not reinvested in accordance with the provisions of Section 6.14(b)(ii), the Borrower shall repay, or the Bank shall pay, as applicable, the Revolving Loans in immediately available funds in an amount equal to such Personal Property Casualty Loss Proceeds, Net Proceeds or Fixed Asset Proceeds, and the Revolving Commitment shall permanently be reduced by the amount of such payment; provided, however, that (i) the foregoing provisions shall not apply to Personal Property Casualty Loss Proceeds received by the Collateral Agent under the Security Agreement, if and so long as, pursuant to the terms of the Security Agreement, such Personal Property Casualty Loss Proceeds are to be (A) held by the Collateral Agent and disbursed for the restoration, repair or replacement of the property in respect of which such proceeds were received or remitted to the Borrower or (B) held by the Collateral Agent as security for, or applied by the Collateral Agent to the reduction of, the Secured Obligations (as defined in the Intercreditor Agreement), and (ii) if required by the terms of the Note Agreement, Fixed Asset Proceeds shall be applied to the repayment of the Secured Obligations on a pro rata basis.

Section 2.08. Maturity and Repayment of Loans.

(a) Maturity of Revolver on Revolving Credit Termination Date. Each Revolving Loan shall mature, and the principal amount thereof shall be due and payable, on the Revolving Credit Termination Date.

(b) Prepayment of Revolving Loans. (1)Optional Prepayment. If the Bank has elected to have the Services Agreement apply to the Revolving Loans, the Revolving Loans shall be repaid as set forth in the Services Agreement, and consistent with this Agreement. If the Bank has not elected to have the Services Agreement apply to the Revolving Loans, the Borrower shall have the right to prepay all or any part of the Revolving Loans in immediately available funds on any Business Day.

(2) Mandatory. If, at any time, the aggregate principal amount of Revolving Loans exceeds the lesser of (i) the available Borrowing Base minus the Letter of Credit Obligations and (ii) the Revolving Commitment minus the Letter of Credit Obligations, the Borrower will immediately prepay the Revolving Loans in an amount sufficient to eliminate such excess.

(c) Real Estate Term Loans 1, 2, 3 & 4. Real Estate Term Loans 1, 2, 3 & 4 shall be due and payable as set forth in Real Estate Term Loan Note 1, Real Estate Term Loan Note 2, Real Estate Term Loan Note 3 and Real Estate Term Loan 4, respectively; provided that the

principal balance of Real Estate Term Loans 1, 2, 3 & 4, together with all accrued interest thereon, shall be immediately due and payable in full on June 30, 2005.

(d) Optional Prepayment of Real Estate Term Loans. Provided that with respect to Real Estate Term Loans 1, 2, 3 & 4, the Borrower shall indemnify the Bank against the Bank's loss or expense in employing deposits as a consequence of the Borrower's payment or prepayment of any of Real Estate Term Loans 1, 2, 3 or 4 on any Business Day that is not the final Business Day of any calendar month, the Borrower may, upon at least one (1) Business Day's notice to the Bank, prepay Real Estate Term Loans 1, 2, 3 or 4, in whole at any time, or from time to time in part, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. The notice of prepayment delivered by the Borrower to the Bank shall be irrevocable by the Borrower following its receipt by the Bank. Any prepayment of Real Estate Term Loan 1, 2, 3 or 4 shall be applied to the principal payments due under Real Estate Term Loan 1, 2, 3 or 4 (as applicable) in the inverse chronological order of their maturities.

(e) Mandatory Prepayment of Real Estate Term Loans. Not later than thirty (30) calendar days after the Borrower's or the Bank's receipt of any Winchester Property Casualty Loss Proceeds, the Borrower shall repay, or the Bank shall pay, as applicable, the Real Estate Term Loans in immediately available funds in an amount equal to such Winchester Property Casualty Loss Proceeds in such order of application as the Bank shall elect, in its sole discretion; provided, however, that the foregoing provisions shall not apply to Winchester Property Casualty Loss Proceeds received by the Bank under the Deed of Trust, if and so long as, pursuant to the terms of the Deed of Trust, such Winchester Property Casualty Loss Proceeds are to be held by the Bank and disbursed for the restoration, repair or replacement of the property in respect of which such proceeds were received.

Section 2.09. General Provisions as to Payments. The Borrower shall make each payment of principal of and interest on the Loans and fees hereunder not later than 12:00 noon (local time in Winchester, Virginia) on the date when due, without setoff, counterclaim or other deduction, in federal or other funds immediately available to the Bank at its Winchester, Virginia address referred to in Section 9.01 or such other location as designated by the Bank. Whenever any payment of principal of, or interest on, the Loans or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding 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.

Section 2.10. Computation of Interest and Fees. Interest on the Loans 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).

ARTICLE III
COLLATERAL

Section 3.01 Revolving Credit Collateral. The Revolving Credit Loan Obligations shall be secured as follows:

(a) A first priority security interest in and lien on all of the personal property business assets of any type and description of the Borrower, including any property or acquisitions, whether now owned of hereafter acquired and wherever located, as more particularly described in the Security Agreement; and

(b) To the extent required by Section 6.23 hereof, a first priority lien on all stock of, member interests in or equivalent equity interests in, and the guaranty of, each Material Subsidiary.

Section 3.02 Real Estate Loan Collateral. The Real Estate Term Loan Obligations shall be secured by a first priority deed of trust lien on the Winchester Property, as more particularly described in the Deed of Trust.

ARTICLE IV
CONDITIONS

Section 4.01. Conditions to Closing. The obligation of the Bank to enter into this Agreement and to make the initial Revolving Loan and to make Real Estate Term Loans 1, 2 & 3 hereunder are subject to the satisfaction of the following conditions:

(a) Effectiveness. This Agreement shall have become effective as of the date hereof.

(b) Notes. On or prior to the Closing Date, the Bank shall have received a duly executed Revolving Note, Real Estate Term Loan 1 Note, Real Estate Term Loan 2 Note, Real Estate Term Loan 3 Note, and Real Estate Term Loan 4 Note, each dated as of the Closing Date and complying with the provisions of Section 2 hereof.

(c) Other Loan Documents. Each of the Loan Documents to be executed on or before the Closing Date shall be in form and substance satisfactory to the Bank and its counsel and shall have been duly executed and delivered to the Bank by each of the parties thereto.

(d) Notice of Borrowing. If applicable, with respect to the initial Revolving Loan, the Bank shall have received from the Borrower a Notice of Borrowing in accordance with Section 2.02(a).

(e) Borrowing Base Certificate. On the Closing Date, the Bank shall have received a Borrowing Base Certificate based on May 31, 2002 information, if available, and if information as of May 31, 2002 is not available, the Borrowing Base Certificate shall be based on April 30, 2002 information.

(f) Compliance Certificate. On the Closing Date, the Bank shall have received a Compliance Certificate based on March 31, 2002 information, and a certificate of the chief financial officer containing the information required by Section 6.01(c)(i)(B) and Section 6.01(c)(ii) based on April 30, 2002 information.

(g) Adverse Change, Etc. On the Closing Date, nothing shall have occurred (and the Bank shall not have become aware of any facts or conditions not previously known) which has, or could reasonably be expected to have, a Material Adverse Effect.

(h) Officer's Certificate. The Bank shall have received a certificate dated the Closing Date signed on behalf of the Borrower by the Chairman of the Board, the President, any Vice President or the Treasurer of the Borrower stating that (i) on the Closing Date and after giving effect to the Loans being made on the Closing Date, and to this Agreement, no Default or Event of Default shall have occurred and be continuing and (ii) to the best knowledge and belief of such officer, the representations and warranties of the Borrower contained in the Loan Documents are true and correct on and as of the Closing Date.

(i) Opinion of Counsel. On the Closing Date, the Bank shall have received from counsel to the Borrower a favorable opinion addressed to the Bank, dated the Closing Date, and in form and substance satisfactory to the Bank with respect to the Borrower and the Loan Documents and such additional matters incident to the transactions contemplated hereby as the Bank may request.

(j) Borrower's Proceedings.

(i) On the Closing Date, the Bank shall have received for TREX Company, LLC: (A) a copy of its certificate of formation, as amended, certified by the Secretary of State of Delaware and dated as of a recent date prior to the Closing Date; (B) a certificate of the Secretary of State of Delaware and each other state (including without limitation Virginia) in which it is qualified as a foreign limited liability company to do business, dated as of a recent date prior to the Closing Date, as to the good standing of TREX Company, LLC; (C) a copy of its operating agreement, including all amendments thereto; and (D) a certificate of the appropriate officer or other authorized person of TREX Company, LLC dated the Closing Date and certifying (1) that the documents referred to in clause (C) above have not been amended since the date of said certificate, (2) that attached thereto is a true, correct and complete copy of resolutions and consents adopted by its sole member authorizing the execution, delivery and performance of the Loan Documents and each other document delivered in connection herewith and that said resolutions have not been amended or rescinded and are in full force and effect on the date of such certificate, (3) as to the incumbency and specimen signatures of its officer or other authorized person executing the Loan Documents or any other document delivered in connection herewith and (4) certifying as to the names and respective jurisdictions of organization of all of its Subsidiaries existing on the Closing Date. All company and legal proceedings and instruments and agreements relating to the transactions contemplated by this Agreement or in any other document delivered in connection herewith shall be satisfactory in form and substance to the Bank and its counsel, and the Bank shall have received all information and copies of all documents and papers, including records of company proceedings, Governmental Approvals and good standing certificates which the Bank reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper company or governmental authorities.

(ii) On the Closing Date, the Bank shall have received for Trex Company, Inc.: (A) a copy of its articles of incorporation, as amended, certified by the Secretary of State of Delaware and dated as of a recent date prior to the Closing Date; (B) a certificate of the Secretary of State of Delaware and each other state (including without limitation Virginia) in which it is qualified as a foreign corporation to do business, dated as of a recent date prior to the Closing Date, as to the good standing of Trex Company, Inc.; (C) a copy of its by-laws, including all amendments thereto; and (D) a certificate of the appropriate officer or other authorized person of Trex Company, Inc. dated the Closing Date and certifying (1) that the documents referred to in clause (C) above have not been amended since the date of said certificate, (2) that attached thereto is a true, correct and complete copy of resolutions adopted by its directors authorizing the execution, delivery and performance of the Loan Documents and each other document delivered in connection herewith and that said resolutions have not been amended or rescinded and are in full force and effect on the date of such certificate, (3) as to the incumbency and specimen signatures of its officer executing the Loan Documents or any other document delivered in connection herewith and (4) certifying as to the names and respective jurisdictions of organization of all of its Subsidiaries existing on the Closing Date.

All corporate and legal proceedings and instruments and agreements relating to the transactions contemplated by this Agreement or in any other document delivered in connection herewith shall be satisfactory in form and substance to the Bank and its counsel, and the Bank shall have received all information and copies of all documents and papers, including records of company proceedings, Governmental Approvals and good standing certificates which the Bank reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper company or governmental authorities.

(k) Perfection of Security Interests; Search Reports. On or prior to the Closing Date, the Bank shall have received:

(1) appropriate Financing Statements (Form UCC-l or such other financing statements or similar notices as shall be required by local law) appropriately completed for filing under the Uniform Commercial Code or other applicable local law of each jurisdiction in which the filing of a financing statement or giving of notice may be required, or reasonably requested by the Bank, to perfect the Liens purported to be created by the Loan Documents;

(2) appropriate filings for the perfection of the Lien on intellectual property purported to be created by the Loan Documents;

(3) the Deed of Trust fully executed for filing under the applicable local laws of each jurisdiction in which the Deed of Trust is required to be filed by the Bank to perfect the Liens purported to be created thereby;

(4) Certificates of satisfaction or other appropriate release documents sufficient to terminate the Liens in favor of Wachovia Bank, National Association (formerly known as First Union National Bank), and any other lienholder on the Winchester Property and to terminate the Liens in favor of all lienholders on the Borrower's property located in Lyon

County, Nevada (other than the Lien held by Bank of America, N.A.) and written authority to file the same; and

(5) copies of reports from Prentice-Hall Financial Services or other independent search service reasonably satisfactory to the Bank listing all effective financing statements that name the Borrower or any of its Subsidiaries (under its present name and any previous name and, if requested by the Bank, under any trade names) as debtor or seller that are filed in Delaware, Nevada or Virginia, together with copies of such financing statements filed in Delaware, Nevada or Virginia (none of which shall cover the Collateral (as that term is defined in the Security Agreement)) except to the extent evidencing Permitted Liens or for which the Bank shall have received financing statement amendments (Form UCC-3) or such other termination statements as shall be required by local law and written authority to file the same.

(l) ISDA Master Agreement. On or prior to the Closing Date, the Borrower shall have executed and delivered all documents, instruments and certificates associated with the ISDA Master Agreement.

(m) Letter of Credit Documents. If applicable, on or prior to the Closing Date, the Borrower shall have executed and delivered all documents, instruments and certificates required by the Bank to issue the Letters of Credit.

(n) Intercreditor Agreement. On or prior to the Closing Date, the Borrower and all other parties thereto shall have executed and delivered the Intercreditor Agreement.

(o) Appraisal. On or prior to the Closing Date, the Bank shall have received an MAI appraisal of the Winchester Property, which appraisal shall comply with all rules and regulations of any Governmental Authorities regulating the Bank, shall be in form and substance satisfactory to the Bank in all respects, and shall state a fair market value of not less than $16,800,000.

(p) Survey. On or prior to the Closing Date, the Bank shall have received a current survey of the Winchester Property satisfactory to the Bank, showing no encroachments and prepared by a certified land surveyor (using certification language satisfactory to the Bank), which survey shall designate, without limitation, (i) the dimensions of the Winchester 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 Winchester 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 certify that no portion of the Winchester Property is located in a special flood hazard area.

(q) Title Insurance. On or prior to the Closing Date, the Bank shall have received (i) a policy of mortgagee title insurance insuring the lien of the Deed of Trust as a first priority deed of trust lien on the Winchester Property in the amount of $12,600,000, issued by a title insurance company acceptable to the Bank, without exception for possible filed or unfiled mechanics' and materialmen's liens, containing only such exceptions as are acceptable to the Bank, and

containing such endorsements and affirmative coverage as are requested by the Bank, and (ii) copies of all instruments that appear as exceptions to title on such policy.

(r) Environmental Report. On or prior to the Closing Date, the Borrower shall have delivered to the Bank a report from a qualified environmental engineer or consultant acceptable to the Bank with respect to an environmental investigation and audit of the Winchester Property (the scope of which shall be defined by the Bank), showing no contamination of the Winchester Property by Hazardous Substances, no violation of any Environmental Law, and that no portion of the Winchester Property constitutes "wetlands" under any Environmental Law.

(s) Evidence of Insurance. On or prior to the Closing Date, the Borrower shall have delivered to the Bank evidence satisfactory to the Bank 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 Agent or the Bank, as applicable, is named as loss payee or additional insured, as appropriate, on all such insurance.

(t) Evidence of Termination of First Union Loan Agreement. On or prior to the Closing Date, the Borrower shall have delivered evidence satisfactory to the Bank that the First Union Loan Agreement has been terminated and all Debt owed by the Borrower to First Union National Bank has been paid in full.

(u) Evidence of Consummation of Note Agreement. On or prior to the Closing Date, the Borrower shall have delivered a true and correct copy of the fully executed Note Agreement to the Bank, the terms of which shall be satisfactory to the Bank in all respects; and the Borrower shall have delivered evidence satisfactory to the Bank that the transactions contemplated by the Note Agreement shall have been consummated and that the gross proceeds resulting from the consummation of the transactions contemplated by the Note Agreement are not less than $40,000,000.

(v) March 31, 2002 Financial Statements. On or prior to the Closing Date, the Borrower shall have delivered to the Bank financial statements complying with Section 6.01(b) for the fiscal quarter ended March 31, 2002 and certified as required by Section 6.01(b), and the Bank shall have determined that such financial statements are in form, content and express results that are satisfactory to the Bank in its sole opinion.

(w) Novation Agreement. On or prior to the Closing Date, Wachovia Bank, National Association (formerly known as First Union National Bank) shall have executed and delivered an agreement with respect to Branch Banking and Trust Company's undertaking to make payments under the existing ISDA Master Agreement between the Borrower and Wachovia Bank, National Association (formerly known as First Union National Bank), which agreement shall be in form and substance acceptable to the Bank.

(x) Services Agreement. On or prior to the Closing Date, the Borrower shall have executed and delivered the Services Agreement.

(y) Severance Agreement. On or prior to the Closing Date, Bank of America, N.A. shall have executed and delivered a release agreement in form and substance acceptable to the Bank, pursuant to which Bank of America, N.A. agrees that all equipment and inventory (other than fixtures excluding manufacturing and production equipment) now or hereafter located on the Borrower's real property located in Lyon County, Nevada is not subject to the mortgage lien held by Bank of America, N.A. on such real property.

(z) Payment of Fees. All costs, fees and expenses due to the Bank on or before the Closing Date (including, without limitation, the upfront revolving credit fee in the amount of $150,000 and the upfront term loan fee in the amount of $126,000, and the legal fees and expenses) shall have been paid.

(aa) Counsel Fees. The Bank shall have received payment from the Borrower of the reasonable fees and expenses of Troutman Sanders LLP described in Section 9.02 which are billed through the Closing Date.

(bb) Other Documents. The Borrower shall have delivered to the Bank such other documents, certificates and opinions as the Bank or its counsel requests, certified (if applicable) by the chief executive officer, chief financial officer, secretary or other officer of the Borrower as the Bank shall direct as a true and correct copy thereof.

Section 4.02. Conditions to All Loans. The obligation of the Bank to make each Loan is subject to the satisfaction of the following conditions:

(a) the fact that the Closing Date shall have occurred;

(b) (i) with respect to each Revolving Loan, the fact that, immediately after the making of such Loan, the aggregate outstanding principal amount of all Revolving Loans will not exceed the lesser of (A) the available Borrowing Base minus the Letter of Credit Obligations and (B) the Revolving Commitment minus the Letter of Credit Obligations; and (ii) with respect to the Borrower's first request for a Revolving Loan after each occurrence of any fire, theft, water damage, vandalism or other damage to or loss of any Inventory for which insurance proceeds are paid to the Borrower or the Collateral Agent, the Borrower shall have executed and delivered to the Bank a new Borrowing Base Certificate based on information as of the date of such request;

(c) the fact that, immediately before and after the making of such Loan, no Default or Event of Default shall have occurred and be continuing;

(d) the fact that the representations and warranties of the Borrower contained in this Agreement shall be true in all material respects on and as of the date of such Loan or, if given with respect to a specific date, as of such date; and

(e) (i) the Bank shall in good faith have determined that its prospect of receiving payment in full of the Revolving Credit Loan Obligations or the Real Estate Term Loan Obligations then outstanding or its ability to exercise its rights and remedies hereunder and under the other Loan Documents has not been impaired, (ii) no event or condition shall have occurred

since the Effective Date which had or could reasonably be expected to have a Material Adverse Effect and (iii) the Bank shall not reasonably suspect that one or more Defaults or Events of Default shall have occurred and be continuing.

Each Loan hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Loan as to the facts specified in clauses (d) and (e) of this Section.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 5.01. Existence and Power. TREX Company, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Trex Company, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Each of the Subsidiaries (i) that is a Domestic Subsidiary is duly organized, validly existing and in good standing under the laws of the state of its organization and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and (ii) that is a Foreign Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, to the extent such concepts are applicable under the laws of such Foreign Subsidiary's jurisdiction of formation, and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Each Borrower and the Subsidiaries is duly qualified as a foreign entity, licensed and in good standing in each jurisdiction where qualification or licensing is required by the nature of its business or the character and location of its property, business or customers and in which the failure to so qualify or be licensed, as the case may be, in the aggregate, could have a Material Adverse Effect.

Section 5.02. Company and Governmental Authorization; No Contravention.

(a) The execution, delivery and performance by TREX Company, LLC of the Loan Documents to which it is a party are within its limited liability company powers, have been duly authorized by all necessary company action, require no action by or in respect of, or filing with, any governmental body, agency or official (except for any such action or filing as shall have been taken or made and that is in full force and effect from and after the Closing Date) and do not contravene, or constitute (with or without the giving of notice or lapse of time or both) a default under, any provision of applicable law or of the organizational documents of TREX Company, LLC or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting TREX Company, LLC or result in the creation or imposition of any Lien on any asset of TREX Company, LLC except as stated herein.

(b) The execution, delivery and performance by Trex Company, Inc. of the Loan Documents to which it is a party are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official (except for any such action or filing as shall have been taken or made and that is in full force and effect from and after the Closing Date) and do not contravene, or constitute (with or without the giving of notice or lapse of time or both) a default under, any provision of applicable law or of the organizational documents of Trex Company, Inc. or any Subsidiary or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting Trex Company, Inc. or any Subsidiary or result in the creation or imposition of any Lien on any asset of Trex Company, Inc. or any of its Subsidiaries, except as stated herein.

(c) Each of TREX Company, LLC, Trex Company, Inc. and its Subsidiaries (i) has all Governmental Approvals required by any applicable law for it to conduct its business, each of which is in full force and effect, is final and is not subject to review on appeal and is not the subject of any pending, or to the knowledge of its management, threatened attack by direct or collateral proceedings and (ii) is in compliance with each Governmental Approval applicable to it, except where the failure to obtain such Governmental Approval or non-compliance with any Governmental Approval could not reasonably be expected to have a Material Adverse Effect.

Section 5.03. Binding Effect. Each Loan Document other than the Notes to which the Borrower is a party constitutes a valid and binding agreement of the Borrower and each Note, when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Borrower, in each case enforceable against the Borrower in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Financial Condition.

(a) Interim Financial Statements. The unaudited consolidated balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of March 31, 2002 and the related unaudited consolidated income statements for the fiscal quarter then ended, copies of which have been delivered to the Bank, fairly present, in conformity with GAAP applied on a basis consistent with the audited financial statements for the fiscal year ended December 31, 2001, the consolidated financial position of Trex Company, Inc. and its Consolidated Subsidiaries as of such date and their consolidated results of operations and changes in financial position for such 12-month period (subject to normal year-end audit adjustments).

(b) Material Adverse Change. Since March 31, 2002, there has been no material adverse change in condition (financial or otherwise), results of operations, properties, assets, business or prospects of Trex Company, Inc. or Trex Company, Inc. and its Consolidated Subsidiaries, considered as a whole.

Section 5.05. Litigation. Except as set forth on Schedule 5.05, there is no material action, suit, proceeding or investigation pending against, or to the knowledge of the Borrower

threatened against, contemplated or affecting, the Borrower or any of its Subsidiaries before any court, arbitrator or governmental body, agency or official which has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or which in any manner draws into question the validity or enforceability of any of the Loan Documents, and there is no basis known to the Borrower or any of its Subsidiaries for any such action, suit, proceeding or investigation.

Section 5.06. Regulation U; Use of Proceeds. The Borrower and its Subsidiaries do not own any "margin stock" as such term is defined in Regulation U. The proceeds of the Loans will be used by the Borrower only for the purposes set forth in Section 6.17.

Section 5.07. Regulatory Restrictions on Borrowing. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or otherwise subject to any regulatory scheme which restricts its ability to incur debt.

Section 5.08. Subsidiaries. Part I of Schedule 5.08 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date) hereto lists each Subsidiary of the Borrower (and the direct and indirect ownership interests of the Borrower therein), in each case existing on the Effective Date. Except as set forth on Part I of such Schedule 5.08, each such Subsidiary existing on the date hereof is, and in the case of any additional corporate Subsidiaries formed after the Effective Date each of such additional corporate Subsidiaries will be at each time that this representation is made or deemed to be made after the Effective Date, a Wholly-Owned Subsidiary that is a corporation duly incorporated, validly existing and, to the extent relevant in such jurisdiction, in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material Governmental Approvals required to carry on its business as now conducted. Except as listed on Part II of Schedule 5.08 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date), neither the Borrower nor any of its Subsidiaries are engaged in any joint venture or partnership with any other Person. All outstanding shares, member interests or equivalent equity interests, as applicable, of each Subsidiary (i) that is a Domestic Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable and (ii) that is a Foreign Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable to the extent such concepts are applicable under the laws of such Foreign Subsidiary's jurisdiction of formation. Except as listed on Part III of Schedule 5.08 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date), as of May 31, 2002, 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 stock of the Borrower or any of its Subsidiaries.

Section 5.09. Full Disclosure. All factual information (taken as a whole) furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is true and accurate in all material respects on the date as of which such information is dated or certified and is not

incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided. The Borrower has disclosed to the Bank in writing any and all facts which materially and adversely affect or may materially and adversely affect (to the extent the Borrower can now reasonably foresee) the business, operations, prospects or financial condition of Trex Company, Inc. and its Consolidated Subsidiaries taken as a whole or the ability of the Borrower to perform its obligations under this Agreement and the other Loan Documents.

Section 5.10. Tax Returns and Payments. Each of the Borrower and its Subsidiaries has filed all United States federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all taxes and assessments payable by it which have become due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary, other than those not yet delinquent and except for those contested in good faith, by appropriate proceedings, and for which adequate reserves have been established (in accordance with GAAP). Each of the Borrower and its Subsidiaries has paid, or has provided adequate reserves (in the good faith judgment of the management of the Borrower and in accordance with GAAP) for the payment of, all federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

Section 5.11. Compliance With ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (a) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (b) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (c) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 5.12. Intellectual Property. Each of the Borrower and its Subsidiaries owns or possesses or holds under valid noncancelable licenses all patents, trademarks, service marks, trade names, copyrights, licenses and other intellectual property rights that are necessary for the operation of their respective properties and businesses, and neither the Borrower nor any of its Subsidiaries is in violation of any provision thereof. Except as disclosed on Schedule 5.12 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date), the Borrower and its 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 Borrower and its Subsidiaries, in each case which could reasonably be expected to have a Material Adverse Effect.

Section 5.13. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which the Borrower or any of its 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 or governmental regulation have had or are reasonably expected to have a Material Adverse Effect.

Section 5.14. Environmental Matters. In the ordinary course of its business, the Borrower conducts an ongoing review of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for cleanup or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted at any such facility, any costs or liabilities in connection with off-site disposal of wastes or Hazardous Substances, and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Borrower has reasonably concluded that such associated liabilities and costs, including the costs of compliance with Environmental Laws, are unlikely to have a Material Adverse Effect.

Section 5.15 Title to Properties. The Borrower and each of its Subsidiaries has good and indefeasible title to its real properties (other than properties which it leases) and good title to all of its other properties and assets, including the properties and assets reflected in the balance sheet for the Borrower and its Consolidated Subsidiaries referred to in Section 5.04 (except for properties and assets disposed of in the ordinary course of business), subject to no Lien of any kind except Liens permitted by Section 6.07.

Section 5.16 No Defaults. Neither the Borrower nor any of its Subsidiaries is in default of the principal of or any interest on any Material Debt, and neither the Borrower nor any of its Subsidiaries is in default under any instrument under or subject to which any such indebtedness has been incurred, and no event has occurred under the provisions of any such instrument which, with the giving of notice or the lapse of time, or both, would constitute an event of default thereunder. No event has occurred and is continuing which constitutes a Default or an Event of Default, and no event which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, a default or an event of default under any Material Contract or judgment, decree or order to which the Borrower or any of its Subsidiaries or any of their respective properties may be bound or which would require the Borrower or any of its Subsidiaries to make a payment thereunder prior to the scheduled maturity therefor, except in cases in which any such default or event of default would not, in any instance or in the aggregate, have a Material Adverse Effect.

Section 5.17 Employee Relations. Each of the Borrower and its Subsidiaries has a reasonably stable work force in place. The Borrower knows of no pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 5.18 Solvency. As of the Closing Date and after giving effect to the transactions contemplated by this Agreement, the Loan Documents and the Note Agreement, the Borrower and each of its Subsidiaries, taken as a whole, is Solvent.

Section 5.19 Material Contracts. Except for the Loan Documents, the Note Agreement and the Notes (as defined in the Note Agreement), Schedule 5.19 sets forth a complete and accurate list of all Material Contracts of the Borrower and its Subsidiaries in effect as of the Closing Date not listed on any other Schedule hereto. Other than as set forth on Schedule 5.19, each such Material Contract is, and after giving effect to the consummation of the transactions contemplated by the Loan Documents will be, in full force and effect in accordance with the terms thereof as of the Closing Date. The Borrower and its Subsidiaries have made available for inspection by the Bank a true and complete copy of each Material Contract required to be listed on Schedule 5.19 or any other Schedule hereto as of the Closing Date.

Section 5.20 Debt. Schedule 5.20 is a complete and correct listing of all Material Debt other than Debt associated with the Revolving Credit Loan Obligations, the Real Estate Term Loan Obligations or the Note Agreement. The Borrower and its Subsidiaries have performed and are in compliance in all material respects with all of the terms of all Debt and all instruments and agreements relating thereto, and no default or event of default, or event which with notice or lapse of time or both would constitute such a default or event of default on the part of the Borrower or its Subsidiaries exists with respect to any Debt.

ARTICLE VI
COVENANTS

The Borrower agrees that, so long as the Bank has any commitment to make Revolving Loans or any of Real Estate Term Loans 1, 2, 3 or 4, or any Revolving Credit Loan Obligations or Real Estate Term Loan Obligations remain unpaid:

Section 6.01. Information. The Borrower will deliver or cause to be delivered to the Bank:

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a consolidated and, with respect to Material Subsidiaries, consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated and, with respect to Material Subsidiaries, consolidating statements of income, changes in 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 Bank; 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 6.01(a). The foregoing financial statements shall be accompanied by an opinion thereon by Ernst & Young, LLP or other independent certified public accountants reasonably satisfactory to the Bank, which opinion shall not be qualified as to the scope of the audit and which shall state that such consolidated financial statements present fairly the consolidated financial position of Trex

Company, Inc. and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with GAAP applied an a consistent basis (except for changes in the application of which such accountants concur) and shall not contain any "going concern" or like qualification or exception or qualification arising out of the scope of the audit In addition, within 30 days after the end of each fiscal year, the Borrower shall provide to the Bank a copy of its annual budget with a written summary of all material assumptions contained therein, which budget shall be in substantially the same form as the budget prepared for calendar year 2002, a copy of which has been delivered to the Bank. If any event occurs or condition exists that has or could reasonably be expected to have a Material Adverse Effect or that materially adversely affects or could reasonably be expected to materially adversely affect such annual budget, the Borrower shall, within 10 calendar days of such event, provide the Bank with a forecast for the remainder of such calendar year that (i) takes into account such event or condition, (ii) contains a written summary of all material assumptions contained in such forecast and (iii) contains a written summary of those assumptions that have changed from the original budget provided to the Bank for such year.

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Trex Company, Inc., an internally prepared consolidated and, with respect to Material Subsidiaries, consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of the end of such fiscal quarter (with all supporting schedules) and the related consolidated and, with respect to Material Subsidiaries, consolidating statements of income and cash flows of Trex Company, Inc. and its Consolidated Subsidiaries for such quarter, setting forth in each case in comparative form the figures for the corresponding quarter of the previous fiscal year, all in reasonable detail and satisfactory in form to the Bank; 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 6.01(b). The foregoing financial statements shall be reviewed by Ernst & Young LLP or other independent certified public accountants reasonably satisfactory to the Bank, and all certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer or chief accounting officer of Trex Company, Inc.

(c) Monthly Financial Statements. As soon as available and in any event within 15 Business Days after (i) the end of each month: (A) a Borrowing Base Certificate and (B) a financial report of accounts receivable (including an aging of accounts receivable in an initial increment of 30 days, a second increment of 31-45 days, a third increment of 46-60 days and in 30-day increments thereafter), inventory and production; and (ii) the end of the first two months of each fiscal quarter, an internally prepared consolidated and, with respect to Material Subsidiaries, consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries and the related consolidated and, with respect to Material Subsidiaries, consolidating statements of income and cash flows of Trex Company, Inc. and its Consolidated Subsidiaries for such month all in reasonable detail and satisfactory in form to the Bank and all

certified (subject to normal year-end audit adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer or chief accounting officer of Trex Company, Inc.

(d) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a) and (b) above, a Compliance Certificate of the chief financial officer or chief accounting officer of Trex Company, Inc., (i) if applicable, setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 6.09 to and including 6.13, on the date of such financial statements, (ii) stating whether there exists on the date of such certificate any Default or Event of Default and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto, and (iii) stating whether, since the date of the most recent previous delivery of financial statements pursuant to subsections (a) or (b) of this Section, 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) Accountant's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsection (a) above, a statement of the firm of independent public accountants which reported on such statements whether anything has come to its attention to cause it to believe that any Default existed on the date of such statements with respect to Sections 6.10, 6.11, 6.12 or 6.13 hereof.

(f) Default, Event of Default or Material Adverse Effect. Forthwith upon 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 officer or chief accounting officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(g) Litigation. As soon as reasonably practicable after obtaining knowledge of the commencement of an action, suit, proceeding or investigation against the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which in any manner questions the validity of this Agreement, any of the Loan Documents or any of the transactions contemplated by this Agreement or any of the Loan Documents, a certificate of the chief financial officer or chief legal officer of the Borrower containing an explanation of the nature of such pending or threatened action, suit, proceeding or investigation and such additional information as may be reasonably requested by the Bank.

(h) Auditors' Management Letters. Promptly upon receipt thereof, copies of each report submitted to Trex Company, Inc. or its Consolidated Subsidiaries by independent public accountants in connection with any annual, interim or special audit made by them of the books of Trex Company, Inc. or its Consolidated Subsidiaries, including, without limitation, each report submitted to Trex Company, Inc. 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 Trex Company, Inc. or its Consolidated Subsidiaries.

(i) ERISA Matters. If and when any member of the ERISA 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 or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could reasonably be expected to result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

(j) Environmental Matters. Promptly, upon receipt of any complaint, order, citation, notice or other written communication from any Person with respect to, or upon the Borrower's obtaining knowledge of, notice of (i) the existence or alleged existence of a violation of any applicable Environmental Law in connection with any property now or previously owned, leased or operated by the Borrower or any of its Subsidiaries, (ii) any release on such property or any part thereof in a quantity that is reportable under any applicable Environmental Law and (iii) any pending or threatened proceeding for the termination, suspension or nonrenewal of any permit required under any applicable Environmental Law, in each such case under clause (i), (ii) or (iii) in which there is a reasonable likelihood of an adverse decision or determination which could result in a Material Adverse Effect, and the action which the Borrower is taking or proposes to take with respect thereto.

(k) Labor Controversy. As soon as reasonably practicable after obtaining knowledge of the occurrence of any labor controversy that has resulted in, or is reasonably likely to result in, a strike or other material work stoppage against the Borrower or any Subsidiary which is reasonably likely to have a Material Adverse Effect, notice thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(l) Attachment. Notice of any attachment, judgment, nonconsensual Lien, levy or order exceeding $250,000 that has been assessed against the Borrower or any Subsidiary, and the action which the Borrower is taking or proposes to take with respect thereto.

(m) Note Agreement. Notice of the occurrence of any default or event of default under the Note Agreement, under any other agreement or note evidencing Material Debt, or

under any Material Contract, in each case which remains uncured or unwaived following the expiration of any applicable cure period, and the action which the Borrower is taking or proposes to take with respect thereto.

(n) Representations. Notice of any event which makes any of the representations set forth in Article V inaccurate in any material respect as of the date given or deemed to have been given.

(o) SEC Filings. Promptly upon the distribution thereof, one copy of (i) each financial statement, report, notice or proxy statement sent by the Borrower or any Subsidiary to public security holders generally and (ii) each regular or periodic report, registration statement (without exhibits other than on Form S-8) and each prospectus and all amendments thereto filed by the Borrower or any Subsidiary with the SEC and of all press releases and other written communications available generally by the Borrower or any Subsidiary to the public concerning material developments or developments that could reasonably be expected to have a Material Adverse Effect.

(p) Other Information. From time to time such additional financial or other information regarding the condition (financial or otherwise), results of operations, properties, assets, business or prospects of the Borrower or its Consolidated Subsidiaries as the Bank may reasonably request.

Section 6.02. Payment of Obligations. The Borrower will pay, perform and discharge, and will cause each of its Subsidiaries to pay, perform and discharge, at or before their respective due dates, (a) all Revolving Credit Loan Obligations and all Real Estate Term Loan Obligations, as applicable to them, under this Agreement and the other Loan Documents, (b) all their respective obligations, liabilities and indebtedness, including all claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like persons which, in any such case, if unpaid, might by law give rise to a Lien upon any of their properties or assets which could reasonably be expected to have a Material Adverse Effect and (c) all lawful taxes, assessments and charges or levies made upon their properties or assets, by any governmental body, agency or official, except where any of the items in clause (b) or (c) of this Section 6.02 may be diligently contested in good faith by appropriate proceedings and the Borrower or such Subsidiary shall have set aside on its books, if required under GAAP, appropriate reserves for the accrual of any such items.

Section 6.03. Maintenance of Property; Insurance.

(a) Maintenance of Properties. The Borrower will keep, and will cause each of its Subsidiaries to keep, all property useful and necessary in their respective businesses, taken as a whole, in good working order and condition, subject to ordinary wear and tear.

(b) Insurance. In addition to the insurance requirements set forth in the Deed of Trust and the Security Agreement, the Borrower will maintain, and will cause each of its Subsidiaries to maintain, insurance with financially sound and responsible companies in such amounts (and with such risk retentions and with such deductibles) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which the Borrower

and its Subsidiaries operate, and the Borrower will maintain not less than $64,000,000 of business interruption insurance at all times (or such lesser amount as the Bank may agree to in its reasonable discretion). The Bank shall be named as loss payee and additional insured on all such insurance policies. Not less frequently than annually and more frequently if the Bank shall so request, the Borrower shall deliver to the Bank certificates evidencing that it is named as loss payee and additional insured on all such insurance and the Borrower shall promptly deliver such other information as the Bank shall reasonably request from time to time.

Section 6.04. Conduct of Business and Maintenance of Existence. Except as otherwise permitted by Section 6.14 hereof, the Borrower will continue, and will cause each of its Subsidiaries to continue, to engage in business of the same general type as now conducted by the Borrower and its Subsidiaries (or complementary thereto), and will preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate existence and their respective rights, privileges and franchises (including without limitation their qualification and good standing) necessary or desirable in the normal conduct of business.

Section 6.05. Compliance With Laws. The Borrower will comply, and will cause each of its Subsidiaries to comply, with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities (including, without limitation, Environmental Laws, ERISA and the rules and regulations thereunder) and maintain, and cause each of its Subsidiaries to maintain, all licenses, permits and Governmental Approvals, except (a) where the necessity of compliance or maintenance therewith is contested in good faith by appropriate proceedings or (b) where noncompliance or nonmaintenance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.06. Accounting; Inspection of Property, Books and Records. The Borrower will keep, and will cause each of the 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 their respective businesses and activities, will maintain, and will cause each of the Subsidiaries to maintain, their respective fiscal reporting periods on the present basis and will permit, and will cause each of their respective Subsidiaries to permit, representatives of the Bank to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, employees and independent public accountants, including field audits of Accounts and Inventory, all at such reasonable times and as often as may reasonably be desired, and further, if requested, the Borrower and each of its Subsidiaries shall provide equipment and real estate appraisals to the Bank for the Collateral. The costs of all field audits, inspections and appraisals will be borne by the Borrower; provided, however, that unless an Event of Default has occurred and is continuing, the Borrower shall only be responsible for the payment of one such audit, inspection or appraisal during each calendar year. Notwithstanding the above, the Borrower shall be permitted to make adjustments to its books of record and accounts as may be required or as may be requested by an audit or outside review, so long as the purpose of such adjustment is to bring said books or accounts into conformity with GAAP.

Section 6.07. Restrictions on Liens. The Borrower will not, and will not permit any of its Subsidiaries to, without the prior written consent of the Bank, create, incur, assume or suffer

to exist any Lien upon or with respect to any Collateral, or other accounts, or ownership interests in its Subsidiaries, or proceeds thereof, or sell any Collateral, or other accounts or ownership interests in its Subsidiaries, or proceeds thereof subject to an understanding or agreement, contingent or otherwise, to repurchase such Collateral, or other accounts, or ownership interests in its Subsidiaries, or proceeds thereof (including sales of accounts receivable or notes with recourse to the Borrower or any of its Subsidiaries) or assign any right to receive income, or file or permit the filing of any financing statement under the Uniform Commercial Code as in effect in any applicable jurisdiction or any other similar notice of Lien under any similar recording or notice statute, provided that the provisions of this Section 6.07 shall not prevent the creation, incurrence, assumption or existence of the following (with such Liens described below being herein referred to as "Permitted Liens"):

(a) Lien in favor of Bank of America, N.A. encumbering Borrower's facility located in Lyon County, Nevada (the "Nevada Real Estate"), which lien is evidenced by that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated September 28, 1999 and recorded on September 30, 1999 in the Official Records of Lyon County, Nevada as Document No. 239622 (the "Nevada Deed of Trust"); and Liens securing any refinancing of the Nevada Real Estate, provided that at the time of such refinancing, (i) no Default or Event of Default has occurred or would occur as a result of such refinancing, (ii) the Debt secured by the Nevada Deed of Trust does not exceed 100% of the fair market value of the Nevada Real Estate at the time of such refinancing and (iii) the Debt secured thereby is permitted under this Agreement (including without limitation under Section 6.08);

(b) Liens created by or permitted under the Loan Documents;

(c) Liens for taxes or assessments or other governmental charges not yet due or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves (in the good-faith judgment of the management of the Borrower and in accordance with GAAP) have been established;

(d) Liens incurred in connection with worker's compensation, unemployment insurance, or other social security obligations;

(e) Liens arising in connection with deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety or appeal bonds, and other obligations arising in the ordinary course of business;

(f) mechanic's, worker's, materialman's, landlord's, carrier's, or other like Liens arising in the ordinary course of business with respect to obligations that are not due or that are being contested in good faith by appropriate proceedings for which adequate reserves (in the good-faith judgment of the management of the Borrower and in accordance with GAAP) have been established;

(g) Liens on unearned insurance premiums held by Persons financing the payment thereof;

(h) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Borrower or a Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured;

(i) 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 Subsidiaries;

(j) Liens securing Debt of any Subsidiary to the Borrower or to another Wholly-Owned Subsidiary, provided that such Liens have been subordinated to all Liens in favor of the Collateral Agent and/or the Bank pursuant to written subordination agreements in form and substance satisfactory to the Collateral Agent and the Bank; and

(k) Liens on fixed assets of the Borrower or any Subsidiary which secure only Debt incurred to finance the acquisition of such fixed assets and Liens existing on fixed assets at the time of acquisition by the Borrower of any business entity then owning such fixed assets, whether by merger, consolidation or acquisition of substantially all of its assets, and whether or not such existing Liens were given to secure the payment of the purchase price of the fixed assets to which they attach (but only to the extent that such Liens are incurred substantially contemporaneously with the acquisition of such fixed assets, only to the extent of the lesser of the fair market value or cost of such fixed assets, and only to the extent that the Debt secured thereby is permitted by this Agreement, including without limitation Section 6.08 hereof);

(l) Liens existing on the Closing Date and set forth on Schedule 4.9 to the Security Agreement, and the extension, renewal or replacement of any such Lien, provided that (i) such Lien attaches only to the same property as the original Lien, (ii) the principal amount of Debt secured by such Lien is not increased and (iii) at the time of such extension, renewal or replacement, no Default or Event of Default shall have occurred and be continuing;

(n) Liens on the Revolving Credit Loan Collateral securing Debt incurred within the limitations of Section 6.08(v);

(o) interests of lessors under Capital Leases; and

(p) in addition to the Liens permitted under clauses (a) to and including (o) of this Section 6.07, Liens securing Debt that does not exceed $250,000 in the aggregate.

Section 6.08. Restrictions on Debt. The Borrower shall not create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any Debt, except (i) Debt owing to the Bank or to Branch Banking and Trust Company; (ii) Material Debt existing on the Closing Date and described on Schedule 5.20, and any extension, renewal or

refinancing of such Material Debt, provided that any such extension, renewal or such refinancing (1) does not increase the principal amount of such Material Debt at the time of such extension, renewal or refinancing and (2) is on terms substantially similar to, and no more restrictive than, the original terms of such Material Debt; (iii) Debt outstanding under the Note Agreement and under the Notes (as defined in the Note Agreement) and the Subsidiary Guarantees required pursuant thereto; (iv) Debt owing from the Borrower to a Wholly-Owned Subsidiary, from a Wholly-Owned Subsidiary to the Borrower, or from one Wholly-Owned Subsidiary to another Wholly-Owned Subsidiary; (v) additional secured Facility Debt incurred after the Closing Date, provided that at the time such additional Facility Debt is incurred (1) no Default or Event of Default shall have occurred or will occur as a result of the incurrence of such Facility Debt, (2) the aggregate principal amount of such additional Facility Debt is not greater than $10,000,000, and (3) all the holders of such additional Facility Debt (and all of the holders of the Liens securing such additional Facility Debt) shall have become parties to the Intercreditor Agreement; and (vi) in addition to the Debt permitted by clauses (i) to and including (v) above, Debt incurred after the Closing Date, provided that at the time such additional Debt is incurred, (1) no Default or Event of Default shall have occurred or will occur as a result of the incurrence of such additional Debt, (2) the Total Consolidated Debt to Total Consolidated Capitalization Ratio both immediately prior to the incurrence of such additional Debt and immediately after and giving effect to the incurrence of such additional Debt shall be at least three percentage points lower than the maximum Total Consolidated Debt to Total Consolidated Capitalization Ratio required by Section 6.10 on the date of the incurrence of such additional Debt (e.g., if the additional Debt were incurred during the period from the Closing Date to and including December 31, 2002, the Total Consolidated Debt to Total Consolidated Capitalization Ratio both immediately prior to the incurrence of such Debt and immediately after and giving effect to the incurrence of such Debt shall not exceed 52%), and (3) the Total Consolidated Debt to Consolidated EBITDA Ratio both immediately prior to the incurrence of such additional Debt and immediately after and giving effect to the incurrence of such additional Debt shall be at least 0.5 lower than the maximum Total Consolidated Debt to Consolidated EBITDA Ratio required by Section 6.11 on the date of the incurrence of such additional Debt (e.g., if the additional Debt were incurred during the period from the Closing Date to and including December 31, 2002, the Total Consolidated Debt to EBITDA Ratio both immediately prior to the incurrence of such additional Debt and immediately after and giving effect to the incurrence of such additional Debt shall not exceed 3.0 to 1). Any Person which becomes a Subsidiary after the date hereof shall for all purposes of this Section 6.08 be deemed to have created, assumed or incurred at the time it becomes a Subsidiary all Debt of such Person existing immediately after it becomes a Subsidiary.

Section 6.09. Limitations on Capital Expenditures. Without the prior written consent of the Bank, the Borrower and its Subsidiaries shall not make capital expenditures of more than the following aggregate amounts in each of its fiscal years, provided that the Borrower may expend an amount equal to the unspent portion of monies from the immediately preceding fiscal year in the immediately succeeding fiscal year: $8,000,000 for fiscal year 2002; $20,000,000 for fiscal year 2004; and $12,000,000 for each fiscal year thereafter.

Section 6.10. Total Consolidated Debt to Total Consolidated Capitalization Ratio. The Borrower will not, as of the end of any calendar month, permit the ratio of Total Consolidated Debt to Total Consolidated Capitalization (the "Total Consolidated Debt to Total Consolidated Capitalization Ratio"), as a percentage, to exceed the following amounts for the following

periods: (i) 55% for the period commencing on the Closing Date to and including December 31, 2002 and (ii) 50% thereafter.

Section 6.11. Total Consolidated Debt to Consolidated EBITDA Ratio. The Borrower will not, as of the end of any fiscal quarter, permit the ratio of the Total Consolidated Debt to Consolidated EBITDA (the "Total Consolidated Debt to Consolidated EBITDA Ratio") for the four-quarter period ended as of the end of such fiscal quarter to exceed the following amounts for the following periods: (i) 3.5 to 1 for the period commencing on the Closing Date to and including December 31, 2002, (ii) 3.0 to 1 for the period January 1, 2003 to and including December 31, 2003 and (ii) 2.75 to 1 thereafter.

Section 6.12. Fixed Charge Coverage Ratio. The Borrower will not, as of the end of any fiscal quarter, permit the Fixed Charge Coverage Ratio for the four quarter period ended as of the end of such fiscal quarter to be less than the following amounts for the following periods: (i) 1.25 to 1 for the period commencing on the Closing Date to and including December 31, 2002 and (ii) 1.35 to 1 thereafter.

Section 6.13. Minimum Tangible Net Worth. The Borrower will at all times maintain Consolidated Tangible Net Worth at not less than the sum of (i) $70,000,000, (ii) 100% of the Net Proceeds of all stock issued after the Closing Date, plus (iii) fifty percent (50%) of Consolidated Net Income after June 30, 2002 (taken as one accounting period), but excluding from such calculation of Consolidated Net Income for purposes of this clause (iii) any quarter in which Consolidated Net Income is negative.

Section 6.14. Consolidations, Mergers and Sales of Assets. (a) Neither the Borrower nor any Subsidiary will, without the prior written consent of the Bank, consolidate or merge with or into any other Person, provided that so long as no Default or Event of Default shall have occurred or will occur after giving effect thereto, (i) a Subsidiary may merge into the Borrower if the Borrower is the surviving entity and (ii) the Borrower or any Subsidiary may merge into or consolidate with another Person if the Borrower or such Subsidiary, as the case may be, is the entity surviving such merger or consolidation.

(b) Neither the Borrower nor any Subsidiary will, without the prior written consent of the Bank, convey, sell, lease, assign transfer of otherwise dispose of any of its property, business or assets (including, without limitation, the sale of any receivables and leasehold interests and any sale leaseback or similar transaction), whether now owned or hereafter acquired, except:

(i) the sale of Inventory in the ordinary course of business;

(ii) provided that no Default or Event of Default has occurred or would occur as a result of the consummation of such sale or other disposition, the sale or other disposal of assets (but specifically excluding the real property and the improvements thereon encumbered by the Deed of Trust or the Nevada Deed of Trust) for fair market value which the Borrower determines are no longer needed for the operation of the business of the Borrower and its Subsidiaries; provided that the aggregate net book value of assets so disposed of shall not exceed $2,500,000 in any fiscal year; provided further that if the Borrower or the applicable Subsidiary

(A) acquires fixed assets useful and intended to be used in the operation of the business of the Borrower and its Subsidiaries, such fixed assets are subject to the first lien and security interest of the Collateral Agent, such fixed assets have an actual out-of-pocket cost equal to or greater than the proceeds resulting from such sale or other disposition, and such fixed assets are acquired within 210 days of such sale or other disposition or (B) applies the net proceeds of any such sales which exceed $2,500,000 in any fiscal year (such excess net proceeds, "Fixed Asset Proceeds") to prepay the Revolving Credit Loan Obligations (or, if required by the terms of the Note Agreement, to repay the Secured Obligations (as defined in the Intercreditor Agreement) on a pro rata basis), such sale or other disposition shall be excluded from the calculation of the amount in this clause (ii);

(iii) provided that no Default or Event of Default has occurred or would occur as a result of such sale or other disposition, the sale, lease, transfer or other disposition of any assets of any Subsidiary to the Borrower or a Wholly-Owned Subsidiary;

(iv) provided that no Default or Event of Default has occurred and notwithstanding any other provision of this Agreement or in any of the other Loan Documents, upon thirty (30) days prior written notice to the Bank: (a) TREX Company, LLC may merge into or consolidate with Trex Company, Inc. and (b) (1) TREX Company, LLC or Trex Company, Inc. may create a Wholly-Owned Subsidiary (the "IP Subsidiary") and transfer thereto all patents, trademarks, copyrights and other intellectual property of the Borrower (the "IP"); provided, however, that the IP Subsidiary shall execute and deliver to the Bank, or cause to be executed and delivered to the Bank, all of the documentation required by Section 6.23, if any, and (2) the IP Subsidiary may license the IP to the Borrower, subject to Section 6.24 hereof; and

(v) the Borrower may terminate the corporate or other existence of DENPLAX, S.A. and surrender its equity interest in DENPLAX, S.A. for no consideration, provided that no Default or Event of Default has occurred or would occur as a result of such termination of existence and surrender of equity interest, and further provided that such termination of existence and surrender of equity interest is deemed prudent in the reasonable business judgment of the Borrower.

Section 6.15. Investments; Acquisitions.

(a) Investments. Neither the Borrower nor any Subsidiary will hold, make or acquire any Investment in any Person, except:

(i) the Borrower and any Subsidiary may invest in cash and Cash Equivalents;

(ii) the Borrower and any Subsidiary may acquire and hold receivables owing to them, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(iii) the Borrower and any Subsidiary may acquire and own investments (including Debt obligations) received in connection with the bankruptcy or reorganization of

suppliers and customers and in settlement of delinquent obligations of, and other disputes with customers and supplies arising in the ordinary course of business;

(iv) the Borrower and any Subsidiary may make loans and advances to any employees, officers, directors, managers, shareholders, or members of their immediate families, and to current and/or prospective customers and/or vendors in the ordinary course of business (excluding receivables arising in the ordinary course of business), provided such loans and advances do not exceed at any time, in the aggregate, $500,000;

(v) any Acquisition permitted by Section 6.15(b);

(vi) Trex Company, Inc. may invest up to $300,000 in addition to its existing investment in Winchester Capital, Inc.;

(vii) Trex Company, Inc. or TREX Company, LLC may invest up to $500,000 in the aggregate, in addition to the value of the IP to be contributed thereto, in the IP Subsidiary;

(viii) Trex Company, Inc. and TREX Company, LLC and/or any Subsidiary may invest in Trex Wood Polymer Espana, S.L., in DENPLAX, S.A. and/or in additional to-be-formed Foreign Subsidiaries and Foreign Joint Ventures, provided that the total investment in all such Foreign Subsidiaries and Foreign Joint Ventures, exclusive of the investment as of the Closing Date of Trex Company, Inc. and TREX Company, LLC in Trex Wood Polymer Espana, S.L. and the investment as of the Closing Date of Trex Wood Polymer Espana, S.L. in DENPLAX, S.A., shall not at any time exceed $3,000,000;

(ix) any Subsidiary may invest in the Borrower;

(x) Trex Company, Inc. may invest in TREX Company, LLC (and vice versa); and

(xi) Trex Company, Inc. and TREX Company, LLC may hold other Investments not set forth in sub-clauses (i) to and including (x) above in an aggregate amount not to exceed $15,000,000 at any time; provided, however, that (A) with respect to the Investments described in sub-clauses (iv), (vi), (vii) and (viii) above, the limits set forth therein may not be exceeded, and (B) any amount invested pursuant to sub-clause (viii) above shall reduce dollar-for-dollar the amount available for other Investments under this sub-clause (xi).

(b) Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Acquisition transaction, except that the Borrower and any Subsidiary may (i) acquire all or a material portion of the assets of a Person and (ii) own, purchase or acquire stock, obligations or securities of a Person which following such purchase or acquisition is a Wholly-Owed Subsidiary if (A) the Person being acquired (or whose assets are being acquired) is in the same general type of business as the Borrower (or complementary thereto); (B) the aggregate cash consideration (exclusive of 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 the Borrower takes subject, and all other liabilities (including contingent earn-out payments) paid or to be paid by the Borrower or

the Person being acquired in connection with such Acquisition) paid (1) in connection with any Acquisition (or series of related Acquisitions) shall not exceed $10,000,000 during any fiscal year of the Borrower and (2) in connection with all Acquisitions shall not exceed $15,000,000 for the period from the Closing Date to the Revolving Credit Termination Date, (C) 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 the Borrower takes subject, and all other liabilities (including contingent earn-out payments) paid or to be paid by the Borrower or the Person being acquired in connection with such Acquisition) paid (1) in connection with all Acquisitions shall not exceed $20,000,000 during any fiscal year of the Borrower and (2) in connection with all Acquisitions shall not exceed $30,000,000 for the period from the Closing Date to the Revolving Credit Termination Date; (D) (1) the Total Consolidated Debt to Total Consolidated Capitalization Ratio both immediately prior to such proposed Acquisition and immediately after and giving effect to such proposed Acquisition shall be at least three percentage points lower than the maximum Total Consolidated Debt to Total Consolidated Capitalization Ratio required by Section 6.10 on the date of such proposed Acquisition (e.g., if the proposed Acquisition occurs during the period from the Closing Date to and including December 31, 2002, the Total Consolidated Debt to Total Consolidated Capitalization Ratio both immediately prior to such proposed Acquisition and immediately after and giving effect to such proposed Acquisition shall not exceed 52%) and (2) the Pro Forma Total Consolidated Debt to Consolidated EBITDA Ratio shall be at least 0.5 lower than the maximum ratio of the Total Consolidated Debt to Consolidated EBITDA required by Section 6.11 on the date of the proposed Acquisition (e.g., if the proposed Acquisition occurs during the period from the Closing Date to and including December 31, 2002, the Pro Forma Total Consolidated Debt to Consolidated EBITDA Ratio shall not exceed 3.0 to 1); (E) no Default or Event of Default has occurred or will occur as a result of the Acquisition of such Person; and (F) the Borrower shall have provided the Bank not less than ten (10) Business Days before the consummation of such Acquisition a certificate in form and substance satisfactory to the Bank that certifies as to each of the items in clauses (A), (B), (C), (D) and (E) of this Section 6.15(b) and includes both pro forma financial statements that demonstrate compliance with clause (D) of this Section 6.15(b) and consolidated financial statements for the Borrower and its Subsidiaries that demonstrate compliance with each of the covenants contained in Sections 6.09 to and including 6.13 immediately prior to and after giving effect to such Acquisition, and the Bank shall have accepted as correct prior to the consummation of such Acquisition such certificate and the calculations and assumptions contained therein and in the financial statements included therewith.

Section 6.16. Payments, Etc. Except as permitted below, the Borrower will not, and will not permit any of its Subsidiaries to, make any distribution, dividend, payment or delivery of property or cash on or with respect to its Capital Stock or its membership interests, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for any consideration, any membership or other interests or shares of any class of its Capital Stock now or hereafter outstanding (or any warrants exercisable for, or options or stock appreciation rights in respect of, any of such shares of Capital Stock or membership interests), or set aside any funds for any of the foregoing purposes, or permit any of its Subsidiaries to purchase or otherwise acquire for consideration any shares of Capital Stock or any membership interest in the Borrower or any shares of Capital Stock or other equity interest in any other Subsidiary, as the case may be, now

or hereafter outstanding (or any options or warrants exercisable for or stock appreciation rights issued by the Borrower or any Subsidiary with respect to its Capital Stock or membership interests).

The foregoing provisions of this Section 6.16 shall not limit or prohibit any of the following transactions:

(a) the making of any distribution, dividend, payment or delivery of property or cash on or with respect to its Capital Stock or its membership interests by (i) any Subsidiary to Trex Company, Inc or TREX Company, LLC or to any Material Subsidiary or (ii) any Subsidiary that is not a Material Subsidiary to another Subsidiary that is not a Material Subsidiary;

(b) the payment by Trex Company, Inc. of a dividend on its common stock solely in shares of its common stock in connection with a split of such common stock and of cash in lieu of fractional shares in connection with any such split of common stock;

(c) any transaction contemplated by the Warrant, including the retirement and cancellation of the Warrant and the issuance of new warrants in exchange, replacement or substitution therefor and payment of cash in lieu of fractional shares of common stock of Trex Company, Inc. upon any exercise of the Warrant;

(d) any transaction which is expressly permitted by Section 6.14 or Section 6.15;

(e) any dividend payable solely in Capital Stock of Trex Company, Inc. (other than Disqualified Stock) or any dividend of rights or other distribution of rights under a Shareholder Rights Plan, any issuance of Capital Stock of Trex Company, Inc. (other than Disqualified Stock) upon the exercise of such rights, and any redemption, retirement or other acquisition by Trex Company, Inc. of any such rights for consideration that does not exceed $250,000 in the aggregate;

(f) the redemption, retirement, purchase or other acquisition for consideration of any class of Capital Stock of Trex Company, Inc. (or options, warrants or other rights to acquire Capital Stock of Trex Company, Inc.) in exchange for, or out of the proceeds of a substantially concurrent offering of, shares of any class of Capital Stock (other than Disqualified Stock) of Trex Company, Inc. (or options, warrants or other rights to acquire such Capital Stock);

(g) the payment of cash in lieu of fractional shares of Capital Stock of Trex Company, Inc. in connection with a transaction of merger or consolidation, Acquisition or transfer of assets that complies with Section 6.14 or Section 6.15(b); provided, however, that the aggregate amount of all such cash payments in any such transaction shall not exceed $100,000; or

(h) dividends on or with respect to Capital Stock of Trex Company, Inc. or redemptions or purchases of Capital Stock of Trex Company, Inc. not otherwise permitted under clauses (a) to and including (g) of this Section 6.16 that do not exceed in the aggregate in any fiscal year of the Borrower, 50% of the Consolidated Net Income for the immediately preceding

fiscal year, provided that no Default or Event of Default has occurred or will occur immediately after and giving effect to such dividends, redemptions or purchases.

Section 6.17. Use of Proceeds. The proceeds of the Revolving Loans made under this Agreement will be used by the Borrower for working capital financing of the Borrower's accounts receivable and inventory, to purchase equipment and/or for other general corporate purposes of the Borrower. The proceeds of the Real Estate Term Loans 1, 2 & 3 made under this Agreement will be used by the Borrower to refinance the Winchester Property, and the proceeds of the Real Estate Term Loan 4 made under this Agreement will be used by the Borrower to finance existing improvements to the Winchester Property. None of the proceeds of the Revolving Loans or Real Estate Term Loans 1, 2, 3 or 4 will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U.

Section 6.18. Transactions With Other Persons. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement with any Person whereby any of them shall agree to any restriction on the right of the Borrower or any of its Subsidiaries to amend or waive any of the provisions of this Agreement or any other Loan Document.

Section 6.19. Location of Finished Goods Inventory. The Borrower will store all finished goods Inventory at a location owned by the Borrower or its Subsidiaries; provided, however, the Borrower may store any finished goods Inventory at a location not owned by the Borrower or its Subsidiaries if the Borrower has obtained a waiver from each landlord of such location, in form and substance satisfactory to the Bank in its sole but reasonable discretion, by which such landlord waive their respective rights, if any, in the finished goods Inventory stored at such location.

Section 6.20. Deposit Accounts. To facilitate the administration of the Revolving Loans, the Borrower and its Subsidiaries shall maintain all of their operating deposit accounts with the Bank and if requested by the Bank will establish and maintain a lock box cash management system in an assignee account at the Bank. Notwithstanding the foregoing, the Borrower or its Subsidiaries may maintain one general operating depository account in each of Fernley, Nevada, Almeria, Spain and up to three (3) other separate locations; provided that, if at any time the balance in any such operating depository account exceeds $150,000 at the close of any Business Day, the Collateral Agent shall be entitled to a first priority security interest therein and the Borrower or such Subsidiary shall take such actions (including without limitation obtaining a control agreement from the applicable depository institution) as are necessary to perfect such security interest.

Section 6.21. Compliance With Agreements. The Borrower will comply in all respects with, and will cause each of its Subsidiaries to comply in all respects with, each term, condition and provision of all instruments and agreements entered into in the conduct of its business, including without limitation any Material Contract, except in the case where the failure to so qualify would not, in any given instance or in the aggregate, have a Material Adverse Effect.

Section 6.22. More Favorable Covenants. If, after the date hereof, any of the covenants, representations and warranties or events of default, or any other material term or provision,

contained in the Note Agreement is amended, restated, supplemented or otherwise modified to make such covenant, representation and warranty or event of default, or any other material term or provision more favorable, in the sole but reasonable opinion of the Bank, to the lender or lenders under the Note Agreement than are the terms of this Agreement to the Bank, this Agreement shall be amended to contain each such more favorable covenant, representation and warranty, event of default, term or provision, and the Borrower hereby agrees to so amend this Agreement and to execute and deliver all such documents requested by the Bank to reflect such amendment. If, after the date hereof, any of the covenants, representations and warranties or events of default, or any other material term or provision, of the documents executed in connection with the Facility Debt permitted under Section 6.08(v) is, or is amended, restated, supplemented or otherwise modified to be, more favorable, in the sole but reasonable opinion of the Bank, to the lender or lenders under such Facility Debt documents than are the terms of this Agreement to the Bank, this Agreement shall be amended to contain each such more favorable covenant, representation and warranty, event of default, term or provision, and the Borrower hereby agrees to so amend this Agreement and to execute and deliver all such documents requested by the Bank to reflect such amendment. Prior to the execution and delivery of such documents by the Borrower, unless the Bank has waived in writing its rights under this Section 6.22, this Agreement shall be deemed to contain each such more favorable covenant, representation and warranty, event of default, term or provision of the Note Agreement or the documents executed in connection with the Facility Debt, as the case may be, for purposes of determining the rights and obligations hereunder.

Section 6.23. Additional Pledge Agreement, Security Agreement, and Guaranty Agreement Documentation. (a) If, at any time after the date hereof, (1) any of the Borrower's Subsidiaries, other than TREX Company, LLC, becomes a Material Subsidiary or (2) the Borrower forms or acquires any Material Subsidiary, then the Borrower shall provide to the Bank the following documentation:

(i) a subsidiary pledge agreement that secures the Revolving Credit Loan Obligations, in form and substance acceptable to the Bank, and duly executed and delivered by the owner or owners of such Subsidiary (the "Additional Subsidiary Pledgor");

(ii) stock certificates or equivalent certificates evidencing the equity interests representing 100% of the issued and outstanding capital stock or equivalent equity interests of such Subsidiary which is owned by the Borrower or its Subsidiary, together with blank stock powers or equivalent powers therefor;

(iii) a subsidiary security agreement that secures the Revolving Credit Loan Obligations, substantially in the form of the Security Agreement, and duly executed and delivered by such Subsidiary;

(iv) a subsidiary guaranty that guarantees the Revolving Credit Loan Obligations, in form and substance acceptable to the Bank, and duly executed and delivered by such Subsidiary;

(v) a certificate from the chief executive officer, chief financial officer or treasurer of such Subsidiary, in form and substance reasonably satisfactory to the Bank, to the effect

that all representations and warranties of such Subsidiary contained in the subsidiary security agreement and the subsidiary guaranty are true, correct and complete in all material respects; that such Subsidiary is not in violation of any of the covenants contained in the subsidiary security agreement or the subsidiary guaranty; that no Default or Event of Default has occurred and is continuing or, after giving effect to its execution and delivery of the subsidiary security agreement and the subsidiary guaranty, will occur;

(vi) a certificate from the chief executive officer, chief financial officer or treasurer of such Additional Subsidiary Pledgor, in form and substance reasonably satisfactory to the Bank, to the effect that all representations and warranties of such Additional Subsidiary Pledgor contained in the subsidiary pledge agreement are true, correct and complete in all material respects; that such Additional Subsidiary Pledgor is not in violation of any of the covenants contained in the subsidiary pledge agreement; that no Default or Event of Default has occurred and is continuing or, after giving effect to its execution and delivery of the subsidiary pledge agreement, will occur;

(vii) a certificate of the secretary or other appropriate officer or authorized person of such Subsidiary certifying as to the incumbency and genuineness of the signature of each officer or authorized signer of such Subsidiary executing the subsidiary security agreement and the subsidiary guaranty and certifying that attached thereto is (A) a true and complete copy of the articles of incorporation, articles of organization, partnership agreement or equivalent organizational document of such Subsidiary, and all amendments thereto, certified as of a recent date by the appropriate governmental official of its jurisdiction of formation; (B) a true and complete copy of the bylaws, operating agreement, or equivalent agreement of such Subsidiary as in effect on the date of such certification; (C) a true and complete copy of resolutions duly adopted by the board of directors, members, managers or equivalent governing body of such Subsidiary authorizing the execution, delivery and performance of the subsidiary security agreement and the subsidiary guaranty; and (D) a true and complete copy of each certificate required to be delivered pursuant to Section 6.23(ix);

(viii) a certificate of the secretary or other appropriate officer or authorized person of such Additional Subsidiary Pledgor certifying as to the incumbency and genuineness of the signature of each officer or authorized signer of such Additional Subsidiary Pledgor executing the subsidiary pledge agreement and certifying that attached thereto is (A) a true and complete copy of the articles of incorporation, articles of organization, partnership agreement or equivalent organizational document of such Additional Subsidiary Pledgor, and all amendments thereto, certified as of a recent date by the appropriate governmental official of its jurisdiction of formation; (B) a true and complete copy of the bylaws, operating agreement, or equivalent agreement of such Additional Subsidiary Pledgor as in effect on the date of such certification; (C) a true and complete copy of resolutions duly adopted by the board of directors, members, managers or equivalent governing body of such Additional Subsidiary Pledgor authorizing the execution, delivery and performance of the subsidiary pledge agreement; and (D) a true and complete copy of each certificate required to be delivered pursuant to Section 6.23(x);

(ix) a certificate of good standing of such Subsidiary as of a recent date from the appropriate governmental official of its jurisdiction of formation and in each other jurisdiction where such Subsidiary is qualified to do business;

(x) a certificate of good standing of such Additional Subsidiary Pledgor as of a recent date from the appropriate governmental official of its jurisdiction of formation and in each other jurisdiction where such Additional Subsidiary Pledgor is qualified to do business;

(xi) UCC financing statements for such Subsidiary, and otherwise in form and substance acceptable to the Bank, together with evidence satisfactory to the Bank that they have been filed in the appropriate filing offices to perfect the security interests granted to the Bank in such subsidiary security agreement;

(xii) UCC search reports acceptable to the Bank, covering such Subsidiary for each filing office in which a financing statement in favor of the Bank has been or is being filed to perfect the security interests granted to the Bank in such subsidiary security agreement and for each filing office otherwise specified by the Bank, which show only Liens which have been terminated, Liens permitted under Section 6.07 and Liens which are otherwise acceptable to the Bank;

(xiii) a favorable opinion of counsel to such Subsidiary addressed to the Bank in form and substance satisfactory to the Bank with respect to such Subsidiary and the subsidiary security agreement and the subsidiary guaranty, and such other matters as the Bank shall request;

(xiv) a favorable opinion of counsel to such Additional Subsidiary Pledgor addressed to the Bank in form and substance satisfactory to the Bank with respect to such Additional Subsidiary Pledgor and the subsidiary pledge agreement, and such other matters as the Bank shall request; and

(xv) such other documents, instruments, certificates, opinions and other information as the Bank shall reasonably request.

(b) In addition to the other limitations contained in this Agreement, the Borrower will not permit any Material Subsidiary which has not signed a subsidiary guaranty at that time to be or become liable in respect of any other Guarantee after the date hereof; provided, however, that such Material Subsidiary may execute and deliver such Guarantee so long as the Borrower shall contemporaneously therewith cause such Material Subsidiary and the Additional Subsidiary Pledgor to execute and deliver, and such Material Subsidiary shall execute and deliver and the Additional Subsidiary Pledgor shall execute and deliver, as applicable, to the Bank, a subsidiary guarantee, a subsidiary security agreement and a subsidiary pledge agreement together with all other documents, agreement, certificates and opinions in compliance with the terms and provisions of this Section 6.23. It being the intent of this Section 6.23(b) that at all times the Borrower shall cause all Subsidiaries which have executed and delivered Guarantees to holders of Debt of the Borrower and/or any other Material Subsidiary to have executed and delivered all of the documentation in accordance with and pursuant to the provisions of this Section 6.23.

(c) The Borrower shall pay on demand all reasonable out-of-pocket fees and expenses of the Bank, including without limitation the reasonable fees and expenses of counsel to the Bank, incurred in connection with the execution and delivery of the subsidiary pledge

agreements, the subsidiary security agreements, the subsidiary guaranties and the related documents, agreements, certificates and opinions described in this Section 6.23.

Section 6.24. Transactions with Affiliates. The Borrower will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Borrower or another Subsidiary), except in the ordinary course of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 6.25. Further Assurances. The Borrower shall make, execute and deliver, and cause each of its Subsidiaries to make, execute and deliver, all such additional and further acts, things, deeds and instruments as the Bank may reasonably require to document and consummate the transactions contemplated hereby and to vest completely in and ensure the Bank its rights under this Agreement and the other Loan Documents.

Section 6.26. Independence of Covenants. All covenants contained herein shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or condition exists.

ARTICLE VII
DEFAULTS

Section 7.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to pay, within five (5) days after the date when due, any principal, interest, fee (including the Unused Commitment Fee) or any other amount payable hereunder or under the Notes;

(b) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement, except those covenants or agreements which address the events covered by clause (a) above, or which are contained in Sections 6.01(a) to and including 6.01(e), or in Section 6.06, 6.07, 6.19, 6.20, 6.25 or 6.26;

(c) the Borrower shall fail to observe or perform any covenant or agreement contained in Sections 6.01(a) to and including 6.01(e), or in Section 6.06, 6.07, 6.19, 6.20, 6.25 or 6.26, and such failure shall continue unremedied for a period of fifteen (15) days;

(d) any representation, warranty, certification or statement made by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed to be made;

(e) the Borrower or any Subsidiary shall fail to make any payment or perform any collateralization obligation in respect of any Material Financial Obligations when due which remains uncured or unwaived following the expiration of any applicable cure period;

(f) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Borrower or any Subsidiary or enables the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(g) the Borrower or any Subsidiary 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, 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 to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against the Borrower or any Subsidiary 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, 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 60 days; or an order for relief shall be entered against the Borrower or any Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $250,000 which it shall have become liable to pay under Title IV of ERISA or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or default, within the meaning of Section 4219(c)(5) of ERISA, with respect to one or more Multiemployer Plans which could reasonably be expected to cause one or more members of the ERISA Group to incur a current payment obligation in excess of $250,000;

(j) one or more final judgments or orders for the payment of money in excess of $250,000 in the aggregate which are not adequately insured against shall be rendered against the Borrower or any Subsidiary of the Borrower and such judgments or orders shall continue unbonded, unsatisfied and unstayed for a period of 30 days;

(k) a Change of Control shall have occurred;

(l) the occurrence of any default or event of default under the Note Agreement or under any of the documents executed in connection with the Facility Debt, in each case which remains uncured or unwaived following the expiration of any applicable cure period;

(m) the occurrence of any default or event of default under any Loan Document (other than this Agreement) which remains uncured or unwaived following the expiration of any applicable cure period; or

(n) Any material provision of this Agreement or any other Loan Document shall for any reason cease to be valid and binding on the Borrower or any Subsidiary party thereto or any such Person shall so state in writing, in each case other than in accordance with the express terms hereof or thereof;

then, and in every such event, while such event is continuing, the Bank may (i) by notice to the Borrower terminate the Revolving Commitment and it shall thereupon terminate, and (ii) by notice to the Borrower declare the Revolving Credit Loan Obligations and the Real Estate Term Loan Obligations (together with accrued interest thereon) to be, and the Revolving Credit Loan Obligations and the Real Estate Term Loan Obligations shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind (except as set forth in clause (i) above), all of which are hereby waived by the Borrower, provided that in the case of any Default or any Event of Default specified in Section 7.01(g) or (h) above with respect to the Borrower, without any notice to the Borrower or any other act by the Bank, the commitment to make Revolving Loans and Real Estate Term Loans 1, 2, 3 & 4 shall thereupon automatically and immediately terminate and the Revolving Credit Loan Obligations and the Real Estate Term Loan Obligations (together with accrued interest and accrued and unpaid fees thereon) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of any Event of Default, the Bank is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set off and to appropriate and apply any and all deposits and any other indebtedness at any time held or owing by the Bank to or for the credit or the account of the Borrower against obligations and liabilities of the Borrower to the Bank hereunder, under the Notes, or the other Loan Documents.

ARTICLE VIII
CHANGE IN CIRCUMSTANCES

Section 8.01. Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule 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, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible for the Bank to make, maintain or fund Loans and the Bank shall so notify the Borrower, until the Bank notifies the Borrower that the circumstances giving rise to such suspension no longer exist,

each Loan then outstanding which bears interest at LIBOR shall be converted immediately to a Base Rate Loan and all new Loans shall be Base Rate Loans.

Section 8.02. Base Rate Loans Substituted for Affected LIBOR Loans. Upon the occurrence of any event or condition set forth in Section 8.01, each Loan then outstanding which bears interest at LIBOR shall be converted immediately to a Base Rate Loan and all new Loans shall be Base Rate Loans. If the Bank notifies the Borrower that the circumstances giving rise to such change in interest rate no longer apply, the principal amount of each such Base Rate Loan shall cease immediately to constitute a Base Rate Loan and shall thereafter bear interest in accordance with Section 2.05.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Notices. Unless otherwise specified herein, all notices, requests and other communications to a party hereunder shall be in writing (including facsimile transmission) and shall be given to such party: (a) at its address or facsimile number set forth on the signature pages hereof, or (b) at such other address or facsimile number as such party may hereafter specify for the purpose of communication hereunder by notice to the other party hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails, certified mail, return receipt requested, with appropriate first-class postage prepaid, addressed as specified in this Section, or (iii) if given by any other means, when delivered at the address specified in this Section 9.01. 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.

Section 9.02. Expenses; Indemnity. The Borrower will (a) pay all out-of-pocket expenses of the Bank in connection with (i) the preparation, execution and delivery of this Agreement and each other Loan Document, whenever the same shall be executed and delivered, including without limitation all out-of-pocket administrative and due diligence expenses and reasonable fees and disbursements of counsel for the Bank and (ii) the preparation, execution and delivery of any waiver, amendment or consent by the Bank relating to this Agreement or any other Loan Document, including without limitation reasonable fees and disbursements of counsel for the Bank, (b) pay all reasonable out-of-pocket expenses of the Bank incurred in connection with the administration and enforcement of any rights and remedies of the Bank under this Agreement or any of the other Loan Documents and the collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom, including consulting with appraisers, accountants, engineers, attorneys and other Persons concerning the nature, scope or value of any right or remedy of the Bank hereunder or under any other Loan Document or any factual matters in connection therewith, which expenses shall include without limitation the reasonable fees and disbursements of such Persons, and (c) defend, indemnify and hold harmless the Bank, and its parent, subsidiaries, affiliates, employees, agents, officers, directors, agents and attorneys from and against any losses, penalties, fines, liabilities, settlements, damages, costs and expenses, suffered by any such Person in connection with any claim, investigation, litigation or other proceeding (whether or not the Bank is a party thereto) and the prosecution and defense thereof,

arising out of or in any way connected with this Agreement, any other Loan Document or the Loans, including without limitation reasonable attorney's and consultant's fees, except to the extent that any of the foregoing directly result solely from the gross negligence or willful misconduct of the party seeking indemnification therefor.

Section 9.03. No Waivers. No failure by either party to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under the Notes 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 provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.04. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Bank.

Section 9.05. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights or delegate any of its duties under this Agreement without the prior written consent of the Bank, except as may be permitted pursuant to Section 6.14 hereof. The Bank shall have the right to assign or otherwise transfer any of its rights or interests in this Agreement or the other Loan Documents, in whole or in part, at any time; provided that if no Default or Event of Default shall have occurred, the Bank shall not assign or otherwise transfer any rights or interests without the consent of the Borrower, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding the immediately preceding sentence, the Bank shall have the right, without the consent of the Borrower, to (i) assign or otherwise transfer any of its rights or interests in this Agreement or any of the Loan Documents, in whole or in part, to any affiliate of the Bank, (ii) to grant one or more participations or similar interests in this Agreement or any of the Loan Documents to any Person and/or (iii) to pledge or assign any of its rights or interests in this Agreement or any of the Loan Documents, in whole or in part, to any Federal Reserve Bank.

Section 9.06. Governing Law. This Agreement and the Notes shall be governed by and construed in accordance with the internal laws of the Commonwealth of Virginia.

Section 9.07. Arbitration; Submission to Jurisdiction.

(a) Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between the parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements.

(b) All arbitration hearings shall be conducted in the City of Richmond, Virginia. A hearing shall begin within 90 days of demand for arbitration and all hearings shall be concluded within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than $1,000,000. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable federal or state substantive law except as provided herein.

(c) Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure, including a proceeding to confirm the sale; (ii) all rights of self-help, including peaceful occupation of real property and collection of rents, setoff and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies, including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to the parties' entitlement to such remedies is a Dispute.

(d) Each party agrees that it shall not have a remedy of punitive or exemplary damages against the other in any Dispute and hereby waives any right or claim to punitive or exemplary damages it may have now or which may arise in the future in connection with any Dispute, whether the Dispute is resolved by arbitration or judicially.

(e) TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY DISPUTE.

Section 9.08. Obligations Joint and Several. Each and every obligation of the Borrower contained in this Agreement or in any other Loan Document executed by the Borrower shall be the joint and several obligations of each of TREX Company, LLC and Trex Company, Inc.

Section 9.09. Counterparts; Integration; Effectiveness. 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. Each of this Agreement, the Notes and the other Loan Documents shall be deemed to incorporate the other of said documents by reference and all of said documents shall constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective upon receipt by the Bank of counterparts hereof signed by each of the parties hereto.

Section 9.10. Confidentiality. The Bank agrees to hold all nonpublic information obtained pursuant to the requirements of this Agreement in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and

sound banking practices, provided that nothing herein shall prevent the Bank from disclosing such information (a) to any other Person if reasonably incidental to the administration of the Loans, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority, (d) which had been publicly disclosed other than as a result of a disclosure by the Bank prohibited by this Agreement, (e) in connection with any litigation to which the Bank or its affiliates, subsidiaries or parent may be a party, (f) to the extent necessary in connection with the exercise of any remedy hereunder and (g) to the Bank's legal counsel and independent auditors.

Section 9.11. 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.

[Remainder of Page Intentionally Left Blank]

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

TREX COMPANY, LLC

160 Exeter Drive
Winchester, VA 22603-8605
Facsimile: (540) 542-6889

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna
Title: Executive Vice President and Chief Financial Officer

TREX COMPANY, INC.

160 Exeter Drive
Winchester, VA 22603-8605
Facsimile: (540) 542-6889

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna
Title: Executive Vice President and Chief Financial Officer

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

115 North Cameron Street
Winchester, VA 22601
Facsimile: (540) 665-4210
Attention: David Chandler

By: /s/ David A. Chandler

Name: David A. Chandler
Title: Senior Vice President

and

110 South Stratford Road
Suite 301
Winston-Salem, NC 27104
Facsimile: (336) 733-3254
Attention: Cory Boyte

DEFINITIONS APPENDIX

The definitions set forth in this Definitions Appendix are incorporated by reference into Section 1.01 of the Credit Agreement dated as of June 19, 2002 among TREX Company, LLC, Trex Company, Inc. and Branch Banking and Trust Company of Virginia (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"). References in this Definitions Appendix to "this Agreement," "herein," "hereof," "hereunder" and to any Article or Section shall be interpreted to mean the Credit Agreement and the referenced Article or Section, including this Definitions Appendix.

DEFINITIONS

"Accounts" means all "accounts" (as defined in the UCC) now owned or hereafter acquired or arising by the Borrower, 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.

"Acquisition," by any Person (herein called the "Acquiror"), means any transaction involving the purchase, lease or other acquisition by such Acquiror of (a) all or a material portion of the assets of another Person or (b) all of the capital stock of another Person which would become an Affiliate of the Acquiror as a result thereof.

"Additional Subsidiary Pledgor" has the meaning set forth in Section 6.23.

"Affiliate" means (a) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a "Controlling Person") or (b) any Person (other than the Borrower or a Subsidiary) which is controlled by or is under common control with a Controlling Person. 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 Credit Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Applicable Revolving Loan Margin" means (i) 3.00% for the period from the Closing Date through and including the first day of the month following receipt by the Bank of the consolidated financial statements described in Section 6.01(b) for the period ending June 30, 2002 and (ii) thereafter shall be determined by reference to the Total Consolidated Debt to Consolidated EBITDA Ratio in accordance with the following table:

Total Consolidated Debt to Consolidated EBITDA Ratio	Applicable Revolving Loan Margin
Equal to or higher than 3.0 to 1	3.25%
Equal to or higher than 2.5 to 1	3.00%

but lower than 3.0 to 1	
Equal to or higher than 2.0 to 1 but lower than 2.5 to 1	2.75%
Equal to or higher than 1.5 to 1 but lower than 2.0 to 1	2.25%
Equal to or higher than 1.0 to 1 but lower than 1.5 to 1	1.75%
Lower than 1.0 to 1	1.50%

Except during the initial period described in clause (i) above, the Applicable Revolving Loan Margin will be automatically adjusted as of the first day of the month following receipt by the Bank of consolidated financial statements of the Borrower and its Consolidated Subsidiaries pursuant to Section 6.01(a) or Section 6.01(b) demonstrating to the Bank's reasonable satisfaction that there has been a change in the Total Debt to EBITDA Ratio which would cause a change in the Applicable Revolving Loan Margin in accordance with the preceding table. Any such change shall apply to the Revolving Loans outstanding on such effective date or made on or after such effective date. At all times after and during the continuance of a Default with respect to the Borrower's obligations under Section 6.01(a) or Section 6.01(b) until the delivery of the applicable financial statements required pursuant thereto, the Applicable Revolving Loan Margin shall be 3.25%.

"Applicable Real Estate Term Loan Margin" means (i) 3.25% for the period from the Closing Date through and including the first day of the month following receipt by the Bank of the consolidated financial statements described in Section 6.01(b) for the period ending June 30, 2002 and (ii) thereafter shall be determined by reference to the Total Consolidated Debt to Consolidated EBITDA Ratio in accordance with the following table:

Total Consolidated Debt to Consolidated EBITDA Ratio	Applicable Real Estate Term Loan Margin
Equal to or higher than 3.0 to 1	3.50%
Equal to or higher than 2.5 to 1 but lower than 3.0 to 1	3.25%
Equal to or higher than 2.0 to 1 but lower than 2.5 to 1	3.00%
Equal to or higher than 1.5 to 1 but lower than 2.0 to 1	2.50%
Equal to or higher than 1.0 to 1	2.00%

but lower than 1.5 to 1	
Lower than 1.0 to 1	1.75%

Except during the initial period described in clause (i) above, the Applicable Real Estate Term Loan Margin will be automatically adjusted as of the first day of the month following receipt by the Bank of consolidated financial statements of the Borrower and its Consolidated Subsidiaries pursuant to Section 6.01(a) or Section 6.01(b) demonstrating to the Bank's reasonable satisfaction that there has been a change in the Total Debt to EBITDA Ratio which would cause a change in the Applicable Real Estate Term Loan Margin in accordance with the preceding table. Any such change shall apply to Real Estate Term Loans 1, 2, 3 & 4 outstanding on such effective date. At all times after and during the continuance of a Default with respect to the Borrower's obligations under Section 6.01(a) or Section 6.01(b) until the delivery of the applicable financial statements required pursuant thereto, the Applicable Real Estate Term Loan Margin shall be 3.50%.

"Bank" means Branch Banking and Trust Company of Virginia, a Virginia banking corporation, and its successors and assigns.

"Base Rate" means, for any day, the Prime Rate for such day plus 1%.

"Base Rate Loan" means a Loan which bears interest at the Base Rate.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"Borrower" means TREX Company, LLC, a Delaware limited liability company, Trex Company, Inc., a Delaware corporation and their successors.

"Borrowing Base" has the meaning set forth in Section 2.01(c).

"Borrowing Base Certificate" means a certificate of the Borrower substantially in the form of Exhibit B attached hereto and executed by the chief financial officer of the Borrower that contains a computation of the Borrowing Base and such other information as the Bank shall require.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in the Commonwealth of Virginia or the State of North Carolina are authorized by law to close.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock" for purposes of Section 6.16 means, with respect to any Person, any and all shares, interests, participations and other equivalents (howsoever designated and whether or not voting) in equity of such Person, including, without limitation, all common stock and preferred stock.

"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.

"Change of Control" shall be deemed to have occurred if any "person" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the Closing Date) or persons constituting a Group, other than any one or more of the Management Stockholders, becomes the "beneficial owner" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the Closing Date), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Voting Stock of Trex Company, Inc.

"Closing Date" means the date, not later than June 30, 2002, on which the Bank determines that the conditions specified in or pursuant to Section 4.01 have been satisfied.

"Collateral" means, collectively, the Winchester Property, as more particularly described in the Deed of Trust, the collateral described in the Security Agreement, and the collateral described in each of the additional security agreements and the additional pledge agreements executed and delivered pursuant to Section 6.23.

"Collateral Agent" means Branch Banking and Trust Company of Virginia, a Virginia banking corporation, in its capacity as collateral agent under the Security Agreement and the Intercreditor Agreement, and any successor.

"Commercial Letter of Credit Application" has the meaning set forth in Section 2.01(d)(1)(a).

"Compliance Certificate" means a certificate of the Borrower substantially in the form of Exhibit C attached hereto and executed by the chief financial officer of the Borrower that (i) contains a computation of each of the financial ratios and other covenants contained in Sections 6.09 to and including 6.13 as of the end of the period described therein, (ii) certifies that no Default or Event of Default has occurred as of the end of such period and (iii) that contains such additional information as the Bank shall require.

"Consolidated EBITDA" means, as of the date of determination, the net income (excluding extraordinary gains and extraordinary non-cash losses) plus interest, taxes,

depreciation and amortization of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis as of such date.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Borrower and its Consolidated Subsidiaries (excluding extraordinary gains and extraordinary non-cash losses as determined in accordance with GAAP) for such period, as set forth in the financial statements required to be delivered pursuant to Section 6.01(a) or Section 6.01(b) for such period.

"Consolidated Subsidiary" means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

"Consolidated Tangible Net Worth" means, as of the date of determination, stockholders' equity of the Borrower and its Subsidiaries less goodwill and less all other items properly classified as "intangible assets" in accordance with GAAP.

"Debt" of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (d) all obligations of such Person as lessee under Capital Leases; (e) all obligations of such Person under (i) a synthetic, off-balance sheet or tax retention lease or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy or such Person, would be characterized as the Debt of such Person (without regard to accounting treatment), (f) all obligations of such Person to purchase securities or other property which arise out of or in connection with the sale of the same or substantially similar securities or property, (g) all obligations, contingent or otherwise, of such Person to reimburse any bank or other person in respect of amounts paid under a letter of credit, bankers' acceptance or similar instrument, (h) all obligations of others secured by a Lien on any asset of such Person, whether or not such obligation is assumed by such Person, (i) all net obligations of any such Person pursuant to Derivatives Obligations which are required to be disclosed as liabilities in accordance with GAAP, and (j) all obligations of others Guaranteed by such Person; provided, however, that Debt shall not include Guarantees of obligations of TREX Company, LLC or Trex Company, Inc.

"Deed of Trust" means the Credit Line Deed of Trust, dated as of the Closing Date, substantially in the form of Exhibit J hereto, between TREX Company, LLC and the trustee named therein and describing the Winchester Property, that secures the Real Estate Term Loan Obligations, as it may be amended, restated, supplemented or otherwise modified from time to time.

"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, become an Event of Default.

"Default Rate" has the meaning set forth in Section 2.05(c).

"DENPLAX Agreement" means the Addenda to Business Agreement and Shareholder Contract dated April 26, 2000 between Empresa de Gestion Medioambiental, S.A., Trex Company, Inc., Sorema, S.A., RIH Recycling Industries Holding, S.A., and DENPLAX, S.A.

"Derivatives Obligations" of any Person means all obligations of such Person in respect of any interest rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

"Disqualified Stock" means any capital stock of Trex Company, Inc. that, by its terms (or by the terms of any security into which it is convertible at the option of the holder thereof or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, (a) is mandatorily redeemable or is redeemable at the option of the holder thereof for cash prior to the Revolving Credit Termination Date, or (b) requires the payment of dividends in cash or other periodic cash payments with respect thereto prior to the Revolving Credit Termination Date.

"Dollars" and the sign "$" means lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary or Affiliate (excluding TREX Company, LLC) that is a corporation, limited liability company, partnership or other legal entity or joint venture organized or formed under the laws of any state of the United States of America or the District of Columbia.

"Effective Date" means the date of this Agreement.

"Eligible Account" has the meaning set forth in Section 2.01(c).

"Eligible Inventory" has the meaning set forth in Section 2.01(c).

"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 cleanup or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Event of Default" has the meaning set forth in Section 7.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Existing Letter of Credit" means that certain irrevocable standby letter of credit issued on May 6, 2002 for the benefit of Treasurer, County of Frederick in the face amount of $108,756 with an expiry date of August 14, 2002.

"Facility Debt" means Debt of the Borrower and/or its Subsidiaries that (a) bears interest at a fixed rate, (b) has no principal payments due on or prior to the Revolving Credit Termination Date and (c) has its stated maturity after the Revolving Credit Termination Date.

"First Union Loan Agreement" means the Amended and Restated Credit Agreement dated as of September 30, 2001 by and between the Borrower and First Union National Bank.

"Fixed Asset Proceeds" has the meaning set forth in Section 6.14(b)(ii)(B).

"Fixed Charge Coverage Ratio" means, for the four-quarter period ending on the date of measurement, the ratio of (i) the sum of Consolidated EBITDA for such four-quarter period plus the consolidated operating lease expense of the Borrower and its Subsidiaries for such four-quarter period minus cash taxes for such four-quarter period minus Maintenance Capital Expenditures for such four-quarter period minus cash dividends and redemptions or purchases of Capital Stock of Trex Company, Inc. for cash for such four-quarter period made pursuant to Section 6.16(h), to (ii) the sum of current maturities of long-term debt of the Borrower and its Consolidated Subsidiaries for such four-quarter period, consolidated interest expense of the Borrower and its Consolidated Subsidiaries for such four-quarter period, and consolidated operating lease expense of the Borrower and its Subsidiaries for such four-quarter period; provided that any principal payments due to Wachovia Bank, National Association (formerly known as First Union National Bank) on Term Loan A (as defined in the First Union Loan Agreement) due on each of March 1, 2002, April 1, 2002, May 1, 2002, June 1, 2002 or July 1, 2002 shall be excluded from current maturities of long-term debt of the Borrower and its Consolidated Subsidiaries.

"Foreign Subsidiary" or "Foreign Joint Venture" means a Subsidiary or Affiliate that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Account" has the meaning set forth in Section 2.01(c).

"Governmental Approvals" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means any nation, province, state or political subdivision thereof, and any government or any Person exercising executive, legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Group" means any group of "persons" (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the Closing Date) constituting a "group" for the purposes of section 13(d) of the Exchange Act, or any successor provision.

"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 (a) to 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 take-or-pay, or to maintain financial statement conditions or otherwise) or (b) 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 (a) endorsements for collection or deposit in the ordinary course of business or (b) the DENPLAX Agreement. The term "Guarantee" used as a verb has a corresponding meaning.

"Hazardous Substances" means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics.

"Intercreditor Agreement" means the Intercreditor and Collateral Agency Agreement dated as of June 19, 2002, by and among the Collateral Agent, the Bank, and the noteholders party thereto, as it may be amended, as amended, restated, supplemented or otherwise modified from time to time.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Inventory" means all "inventory" (as defined in the UCC) now owned or hereafter acquired by the Borrower, 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 Borrower's

business or used in connection with the packing, shipping, advertising, selling or finishing of such goods or merchandise.

"Inventory Sublimit" means (a) $10,000,000 during the period from May 1, 2002 to and including September 30, 2002, (b) $12,000,000 during the period from May 1, 2003 to and including September 30, 2003, (c) $14,000,000 during the period from May 1, 2004 to and including September 30, 2005 and (e) during any period of time not covered by clauses (a) to and including (d) above, the Revolving Commitment.

"Investment" means as to any Person any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance (other than advances to employees for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business) or capital contribution by such Person to any other Person, including all debt and accounts receivable from such other Person which are not current assets or did not arise from sales to such other Person in the ordinary course of business.

"ISDA Master Agreement" means that certain agreement between the Borrower and Branch Banking and Trust Company dated as of June 19, 2002, and all amendments thereto and transactions thereunder.

"Item" means any "item" as defined in Section 4-104 of the UCC and shall also mean and include checks, drafts, money orders or other media of payment.

"Letter of Credit" has the meaning set forth in Section 2.01(d).

"Letter of Credit Applications" means a Commercial Letter of Credit Application or a Standby Letter of Credit Application.

"Letter of Credit Obligations" means, at any time, an amount equal to the sum of (i) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit, and (ii) the aggregate amount of drawings under Letters of Credit which have not been reimbursed pursuant to Section 2.01(d)(3).

"LIBOR" means, for any day, the rate of interest (rounded upwards, if necessary to the nearest 1/100 of 1%) reported on Telerate page 3750 (or any successor page) as the one-month London interbank offered rate for deposits in U.S. dollars at approximately 11:00 a.m., London time (or, if not so reported, then as determined by the Bank from another recognized source of interbank quotation), on the first day of the calendar month in which such day occurs (or, if such day is not a Business Day, on the preceding Business Day), as adjusted from time to time in the Bank's sole discretion (for its customers with loans bearing interest based on LIBOR generally) for then applicable reserve requirements, deposit insurance assessments and other regulatory costs.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, the Borrower 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 Deed of Trust, the Security Agreement, all related financing statements, the Letter of Credit Applications, the ISDA Master Agreement, the Intercreditor Agreement, the Services Agreement, each subsidiary security agreement, each subsidiary guaranty and each subsidiary pledge agreement executed and delivered pursuant to Section 6.23 hereof, and each other document, instrument or agreement executed and delivered by the Borrower, its Subsidiaries or their counsel in connection with this Agreement or otherwise referred to herein or contemplated hereby, all as amended, restated, supplemented or otherwise modified from time to time.

"Loans" means the Revolving Loans, and Real Estate Term Loans 1, 2, 3 & 4 made or existing pursuant to Section 2.01 and Section 2.02.

"Maintenance Capital Expenditures" means, as of the date of determination, actual capital expenditures of the Borrower and its Consolidated Subsidiaries for the purpose of maintaining existing assets.

"Management Stockholder Affiliates" mean, at any time, and with respect to any Person who is a Management Stockholder, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common control with, such Management Stockholder. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Management Stockholders" means Robert G. Matheny, Anthony J. Cavanna, Andrew W. Ferrari, Roger A. Wittenberg, Harold F. Monahan, Paul D. Fletcher, Joseph L. Bradford, William R. Gupp and David W. Jordan, and their respective Management Stockholder Affiliates.

"Material Adverse Effect" means (a) any material adverse effect upon the condition (financial or otherwise), results of operations, properties, assets, business or prospects of the Borrower or of the Borrower and its Consolidated Subsidiaries, taken as a whole; (b) a material adverse effect on the ability of the Borrower to consummate the transactions contemplated hereby to occur on the Closing Date; (c) a material adverse effect on the ability of the Borrower to perform its obligations under this Agreement or any of the other Loan Documents; or (d) a material adverse effect on the rights and remedies of the Bank under this Agreement or any of the other Loan Documents.

"Material Contract" means (a) any contract or other agreement, written or oral, of the Borrower or any of its Subsidiaries involving monetary liability of or to any such Person in an amount in excess of $250,000, or (b) any other contract or agreement, written or oral, of the Borrower or any of its Subsidiaries the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

"Material Debt" means Debt (other than the Notes) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal or face amount exceeding $250,000.

"Material Financial Obligations" means a principal or face amount of Debt (other than the Notes) and/or payment obligations in respect of Derivatives Obligations of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, exceeding in the aggregate $250,000.

"Material Plan" means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of $25,000.

"Material Subsidiary" means collectively each Domestic Subsidiary that is a member of the Material Subsidiary Group.

"Material Subsidiary Group" as of any date means either (i) the smallest number of Domestic Subsidiaries that account for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis), when combined with the Borrower, at least 90% of Consolidated EBITDA for either of the two most recently ended fiscal years of the Borrower, or (ii) the smallest number of Domestic Subsidiaries that account for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis), when combined with the Borrower, at least 90% of Consolidated Tangible Net Worth for either of the two most recently ended fiscal years of the Borrower; provided that any Domestic Subsidiary that accounts for (or in the case of a recently formed or acquired Domestic Subsidiary would so account for on a pro forma historical basis) 7 1/2% of either Consolidated EBITDA for either of the two most recently ended fiscal years of the Borrower or Consolidated Tangible Net Worth for either of the past two most recently ended fiscal years of the Borrower, shall be included in the Material Subsidiary Group.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five-year period.

"Net Proceeds" means (i) with respect to any borrowed money Debt, the aggregate cash proceeds received by the Borrower or any of its Subsidiaries in connection with the incurrence of such borrowed money Debt, after deducting therefrom all reasonable and customary costs and expenses incurred by the Borrower or such Subsidiary directly in connection with the incurrence of such borrowed money Debt; provided, however, that (1) the proceeds of the Note Agreement and (2) the proceeds of borrowed money Debt permitted under Section 6.08 shall not be Net Proceeds; and (ii) with respect to any stock issued by the Borrower or any of its Subsidiaries, the seventy-five percent (75%) of the aggregate cash proceeds received by the Borrower or any of its Subsidiaries in connection with the private or public issuance of any such stock, after deducting therefrom all reasonable and customary costs and expenses incurred by the Borrower or such Subsidiary directly in connection with the issuance of such stock; provided, however, that the

proceeds of common capital stock or options to purchase common capital stock issued by Trex Company, Inc. pursuant to its employee stock purchase plan or stock option and incentive plan shall not be Net Proceeds.

"Nevada Deed of Trust" has the meaning set forth in Section 6.07(a).

"Nevada Real Estate" has the meaning set forth in Section 6.07(a).

"Note Agreement" means the Note Purchase Agreement dated as of June 19, 2002 by and between the Borrower and the noteholders party thereto relating to the Borrower's $40,000,000 8.32% senior secured notes due June 19, 2009, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Notes" means the Revolving Note, Real Estate Term Loan 1 Note, Real Estate Term Loan 2 Note, Real Estate Term Loan 3 Note and Real Estate Term Loan 4 Note.

"Notice of Borrowing" has the meaning set forth in Section 2.02(a).

"Operating Account" means the demand deposit account maintained with the Bank by the Borrower on which the Borrower draws checks to pay its operating expenses, which account is linked to the cash management services provided by the Bank to the Borrower pursuant to the Services Agreement.

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

"Permitted Liens" has the meaning set forth in Section 6.07.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Personal Property Casualty Loss Proceeds" means any insurance, condemnation or other proceeds resulting from the damage, destruction, or other loss of furniture, fixtures, equipment or other fixed assets of the Borrower or any Subsidiary (but specifically excluding the real property and the improvements thereon encumbered by the Deed of Trust or the Nevada Deed of Trust); provided, however, that the term "Personal Property Casualty Loss Proceeds" shall not include any proceeds of less than $1,000,000 in the aggregate in any fiscal year of the Borrower that the Borrower or any Subsidiary receives prior to the occurrence of a Default or Event of Default if such proceeds are used by the Borrower or the applicable Subsidiary to acquire replacement fixed assets or to repair the damaged, destroyed or otherwise lost fixed asset within 210 days of the occurrence of such damage, destruction or other loss.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any

member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which as at such time a member of the ERISA Group.

"Prime Rate" means the rate announced by the Bank from time to time, as its Prime Rate, as such rate may change from time to time with changes to occur on the date the Bank's Prime Rate changes. The Bank's Prime Rate is one of several interest rate bases used by the Bank. The Bank lends at rates above and below the Bank's Prime Rate, and the Borrower acknowledges that the Bank's Prime Rate is not represented or intended to be the lowest or most favorable rate of interest offered by the Bank.

"Proceeds" means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of or other realization upon or payment for the use of, Collateral, including (without limitation) all claims of the Borrower against third parties for loss of, damage to or destruction of or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral, in each case whether now existing or hereafter arising.

"Pro Forma Total Consolidated Debt to Consolidated EBITDA Ratio" means, as of the date of determination, the pro forma ratio of (i) the total of all Debt of the Borrower, its Subsidiaries and the Person being acquired outstanding on such date, after eliminating all offsetting debits and credits between the Borrower and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Borrower and its Subsidiaries in accordance with GAAP to (ii) Consolidated EBITDA (excluding the Person being acquired) as of such date.

"Quarterly Date" means the first Business Day of each January, April, July and October.

"Real Estate Term Loan Collateral" means, collectively, all of the collateral described in the Deed of Trust and any additional collateral described in any additional security agreements or pledge agreements that secure the Real Estate Term Loan Obligations.

"Real Estate Term Loan Obligations" means:

(i) 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on Real Estate Term Loans 1, 2, 3 & 4, fees payable or reimbursement obligations under, Real Estate Term Loan 1, Real Estate Term Loan 2, Real Estate Term Loan 3, or Real Estate Term Loan 4;

(ii) all other amounts now or hereafter payable by the Borrower 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to Real Estate Term Loan 1, Real Estate Term Loan 2, Real Estate Term Loan 3, or Real Estate Term Loan 4;

(iii) all Derivatives Obligations (including, without limitation, all amounts payable with respect to the ISDA Master Agreement and any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) of the Borrower to Branch Banking and Trust Company;

(iv) all other indebtedness, obligations and liabilities of the Borrower to the Bank or Branch Banking and Trust Company, now existing or hereafter arising or incurred, whether or not evidenced by notes or other instruments, and whether such indebtedness, obligations and liabilities are direct or indirect, fixed or contingent, liquidated or unliquidated, due or to become due, secured or unsecured, joint, several or joint and several, but excluding the Revolving Credit Loan Obligations; and

(v) all renewals, modifications, consolidations or extensions of or to each of the obligations described in clauses (i) to and including (iv) above.

"Real Estate Term Loan 1" has the meaning set forth in Section 2.01(a).

"Real Estate Term Loan 2" has the meaning set forth in Section 2.01(a).

"Real Estate Term Loan 3" has the meaning set forth in Section 2.01(a).

"Real Estate Term Loan 4" has the meaning set forth in Section 2.01(a).

"Real Estate Term Loan 1 Note" means a promissory note of the Borrower, dated as of the Closing Date, substantially in the form of Exhibit D hereto, evidencing the obligation of the Borrower to repay Real Estate Term Loan 1, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Real Estate Term Loan 2 Note" means a promissory note of the Borrower, dated as of the Closing Date, substantially in the form of Exhibit E hereto, evidencing the obligation of the Borrower to repay Real Estate Term Loan 2, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Real Estate Term Loan 3 Note" means a promissory note of the Borrower, dated as of the Closing Date, substantially in the form of Exhibit F hereto, evidencing the obligation of the Borrower to repay Real Estate Term Loan 3, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Real Estate Term Loan 4 Note" means a promissory note of the Borrower, dated as of the Closing Date, substantially in the form of Exhibit G hereto, evidencing the obligation of the

Borrower to repay Real Estate Term Loan 4, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Reserves" has the meaning set forth in Section 2.01(c).

"Revolving Commitment" means $20,000,000.00 or such lesser amount to which it is reduced pursuant to Section 2.07.

"Revolving Credit Loan Collateral" means, collectively, all of the collateral described in the Security Agreement, and any additional collateral described in any additional security agreements or pledge agreements that secure the Revolving Credit Loan Obligations.

"Revolving Credit Loan Collateral Documents" mean, collectively, the Security Agreement, and all additional security agreements, pledge agreements or guaranties that secure the Revolving Credit Loan Obligations.

"Revolving Credit Loan Obligations" means:

(i) 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the Revolving Loan, Letters of Credit, fees payable or reimbursement obligation under, or any note issued pursuant to, the Letters of Credit, the Revolving Loan or the Security Agreement;

(ii) all other amounts now or hereafter payable by the Borrower 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to the Letters of Credit, the Revolving Note or the Security Agreement; and

(iii) all renewals, modifications, consolidations or extensions of or to each of the obligations described in clauses (i) to and including (ii) above.

"Revolving Credit Period" means the period from and including the Effective Date to but not including June 30, 2005.

"Revolving Credit Termination Date" means the earlier to occur of June 30, 2005, or the date of termination by the Bank pursuant to 7.01.

"Revolving Loan" means a loan made pursuant to Section 2.01(b).

"Revolving Note" means a promissory note of the Borrower, dated as of the Closing Date, substantially in the form of Exhibit I hereto, evidencing the obligation of the Borrower to repay the Revolving Loans, as it may be amended, restated, supplemented or otherwise modified from time to time.

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

"Security Agreement" means the Security Agreement, dated as of the Closing Date, substantially in the form of Exhibit H hereto, between the Borrower and the Collateral Agent, dated as of the Closing Date, that secures, inter alia, the Revolving Credit Loan Obligations, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Services Agreement" means the BB&T Treasury Services Agreement, dated as of June 6, 2002, between the Borrower and the Bank, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Shareholder Rights Plan" means a plan adopted by the Board of Directors of Trex Company, Inc. which provides for a distribution to some or all of the stockholders of Trex Company, Inc. of rights which entitle the holders thereof to exercise special voting rights and/or to purchase Capital Stock of Trex Company, Inc. (other than Disqualified Stock) or another Person (other than Disqualified Stock) at a discounted value, provided that no stockholder shall be entitled to any cash distribution in connection therewith.

"Solvent" means, as to the Borrower and its Subsidiaries on a particular date, that they, taken as a whole, (a) have capital sufficient to carry on their business and transactions and all business and transactions in which they are about to engage and are able to pay their debts as they mature, (b) own property having a value, both at fair valuation and at present fair saleable value, greater than the amount required to pay their probable liabilities (including contingencies), and (c) do not believe that they will incur debts or liabilities beyond their ability to pay such debts or liabilities as they mature.

"Standby Letter of Credit Application" has the meaning set forth in Section 2.01(d)(1)(b).

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Trex Company, Inc.

"Total Consolidated Capitalization" means, as of any date of determination with respect to the Borrower, the sum of Total Consolidated Debt and Consolidated Tangible Net Worth.

"Total Consolidated Debt" means, as of the date of determination, the total of all Debt of the Borrower and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Borrower and its Subsidiaries and all other items required to be

eliminated in the course of the preparation of consolidated financial statements of the Borrower and its Subsidiaries in accordance with GAAP.

"Total Consolidated Debt to Consolidated EBITDA Ratio" has the meaning set forth in Section 6.11.

"Total Consolidated Debt to Total Consolidated Capitalization Ratio" has the meaning set forth in Section 6.10.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the Commonwealth of Virginia, provided that if by reason of mandatory provisions of law, for matters pertaining only to the perfection or the effect of perfection or nonperfection of the security interest in or lien on any of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Virginia, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or nonperfection.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (a) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (b) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"United States" means the United States of America, including the states and the District of Columbia, but excluding its territories and possessions.

"Unused Amount of the Revolving Commitment" means the Revolving Commitment less the aggregate amount of Revolving Loans.

"Unused Commitment Fee" has the meaning set forth in Section 2.06.

"Unused Commitment Fee Percentage" means (i) 0.50% per annum for the period from the Closing Date through and including the first day of the month following receipt by the Bank of the consolidated financial statements described in Section 6.01(b) for the period ending June 30, 2002 and (ii) thereafter shall be the rate per annum determined by reference to the Total Consolidated Debt to Consolidated EBITDA Ratio in accordance with the following table:

Total Consolidated Debt to Consolidated EBITDA Ratio	Unused Commitment Fee Percentage
Equal to or higher than 3.0 to 1 but lower than 3.5 to 1	0.50%

Equal to or higher than 2.5 to 1 but lower than 3.0 to 1	0.50%
Equal to or higher than 2.0 to 1 but lower than 2.5 to 1	0.50%
Equal to or higher than 1.5 to 1 but lower than 2.0 to 1	0.375%
Equal to or higher than 1.0 to 1 but lower than 1.5 to 1	0.25%
Lower than 1.0 to 1	0.25%

Except during the initial period described in clause (i) above, the Unused Commitment Fee Percentage will be automatically adjusted as of the first day of the month following receipt by the Bank of consolidated financial statements of the Borrower and its Consolidated Subsidiaries pursuant to Section 6.01(a) or Section 6.01(b) demonstrating to the Bank's reasonable satisfaction that there has been a change in the Total Debt to EBITDA Ratio which would cause a change in the Unused Commitment Fee Percentage in accordance with the preceding table. At all times after and during the continuance of a Default with respect to the Borrower's obligations under Section 6.01(a) or Section 6.01(b) until the delivery of the applicable financial statements required pursuant thereto, the Unused Commitment Fee Percentage shall be 3.0%.

"Voting Stock" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Warrant" means the common stock purchase warrant issued by Trex Company, Inc. to First Union National Bank (now known as Wachovia Bank, National Association) dated as of November 13, 2001, and any common stock purchase warrant subsequently issued in exchange, replacement or substitution therefor or for any subsequently issued warrant.

"Wholly-Owned Subsidiary" means, with respect to a Subsidiary, a Subsidiary all the shares, member interests or equivalent equity interests of which (other than any director's qualifying shares or investments by foreign nationals mandated by applicable law) are, directly or indirectly, owned or controlled by the Borrower and/or one or more of its Wholly-Owned Subsidiaries.

"Winchester Property" means the Borrower's real estate and the improvements thereon located in the City of Winchester, Virginia and the County of Frederick, Virginia, as more particularly described in the Deed of Trust.

"Winchester Property Casualty Loss Proceeds" means any insurance, condemnation or other proceeds resulting from the damage, destruction, or other loss of the real property and the improvements thereon encumbered by the Deed of Trust; provided, however, that the term

"Winchester Property Casualty Loss Proceeds" shall not include any proceeds of less than $1,000,000 in the aggregate in any fiscal year of the Borrower that the Borrower receives prior to the occurrence of a Default or Event of Default if such proceeds are used by the Borrower to repair such damaged, destroyed or otherwise lost real property and the improvements thereon within 360 days of the occurrence of such damage, destruction or other loss.

USAGE

The following rules of construction and usage shall be applicable to any instrument that is governed by this Appendix:

(a) All terms defined in this Appendix shall have the defined meanings when used in any instrument governed hereby and in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(b) The words "hereof," "herein," "hereunder" and words of similar import when used in an instrument refer to such instrument as a whole and not to any particular provision or subdivision thereof; references in any instrument to "Article," "Section" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section or subdivision of or an attachment to such instrument; and the term "including" means "including, without limitation."

(c) The definitions contained in this Appendix are equally applicable to both the singular and plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(d) Any agreement, instrument or statute defined or referred to below or in any agreement or instrument that is governed by this Appendix means such agreement or instrument or statute as from time to time amended, restated, supplemented or otherwise modified from time to time, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

Exhibit 10.3

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of this 19th day of June, 2002, by and among TREX COMPANY, LLC, a Delaware limited liability company, TREX COMPANY, INC., a Delaware corporation (collectively, the "Debtor") and BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a national banking association (the "Collateral Agent"), as collateral agent for the benefit of the Secured Parties (as defined in the Intercreditor Agreement (as hereinafter defined)).

The Debtor and Branch Banking and Trust Company of Virginia, a Virginia banking corporation (the "Lender") are parties to a Credit Agreement dated as even date herewith (as from time to time amended, restated, supplemented or otherwise modified, the "Credit Agreement"), pursuant to which the Lender is making a $20,000,000 revolving credit facility (the "Revolving Credit Facility") and term loans of up to $12,600,000 (the "Term Loans") available to the Debtor. The Debtor and the Noteholders (as defined in and identified therein) are parties to a Note Purchase Agreement dated as of June 19, 2002 (as from time to time amended, restated, supplemented or otherwise modified, the "Note Agreement"), pursuant to which the Debtor is selling Senior Secured Notes (as defined in the Note Agreement) in the aggregate principal amount of $40,000,000 to the Noteholders.

The Collateral Agent has entered into that certain Intercreditor and Collateral Agency Agreement dated as of June 19, 2002 by and among the Collateral Agent and certain Secured Parties identified and defined therein in connection with certain extensions of credit and financial accommodations to the Debtor (as from time to time amended, restated, supplemented or otherwise modified, the "Intercreditor Agreement").

The execution and delivery of this Security Agreement by the Debtor is required by Section 4.01 of the Credit Agreement and Section 4.10 of the Note Agreement, and the Debtor desires to grant to the Collateral Agent for the benefit of the Secured Parties a security interest in and Lien on and against its property to secure its obligations under the Credit Agreement and the Note Agreement.

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Collateral Agent hereby agree 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.

"Collection Account" has the meaning set forth in Section 6.3.

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

"Dispute" has the meaning set forth in Section 10.4.

"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, as well as all of such types of property leased by the Debtor and all of the Debtor's rights and interests with respect thereto under such leases (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 Intercreditor 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.

"Intercreditor Agreement" has the meaning set forth in the introductory paragraphs of this Agreement.

"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.

"Lease" has the meaning set forth in Section 4.4 hereof.

"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 Section 3.

"Permitted Liens" means "Permitted Liens" under the Credit Agreement and the Liens permitted under Section 10.3 of the Note 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 Party" and "Secured Parties" have the meanings assigned thereto in the Intercreditor Agreement.

"Secured Obligations" has the meaning assigned thereto in the Intercreditor Agreement.

"Software" means all "software" as such term is defined in the UCC, now owned or hereafter acquired by the Debtor, other than software embedded in any category of Goods, including all computer programs and all supporting information provided in connection with a transaction related to any program.

"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.

"Uniform Commercial Code jurisdiction" means any jurisdiction that has adopted "Revised Article 9" of the UCC on or after July 1, 2001.

All other capitalized terms used but not otherwise defined herein have the meanings given to them in the Credit Agreement. All other undefined terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein.

SECTION 2 - GRANT OF SECURITY INTEREST

The Debtor hereby grants to the Collateral 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 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 held directly or indirectly by the Collateral Agent or any Secured Party;

(xii) all of the Debtor's Deposit Accounts, credits, and balances with and other claims against the Collateral Agent or any Secured Party or any of their respective affiliates or

any other financial institution with which the Debtor maintains deposits, including the Collection 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 Collateral 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 the Collateral shall not include: (a) fixtures (as defined in the UCC) located in or at the Debtor's Winchester, Virginia facilities excluding manufacturing equipment or production equipment located at such facility, (b) fixtures (as defined in the Uniform Commercial Code as in effect from time to time in the State of Nevada) located in or at the Debtor's Lyon County, Nevada facility excluding manufacturing equipment or production equipment located at such facility, or (c) any Investment Property consisting of equity interests in TREX Company, LLC or any Subsidiary or Affiliate.

SECTION 3 - OBLIGATIONS SECURED

The security interests granted to the Collateral Agent herein for the ratable benefit of the Secured Parties shall secure: (a) the payment and performance of the Secured Obligations; and (b) all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Collateral 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 Collateral 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 Secured 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 "Obligations").

SECTION 4 - REPRESENTATIONS

The Debtor represents and warrants to the Collateral Agent and to each of the Secured Parties (which representations and warranties will survive the execution of the Revolving Note, the making of the Revolving Loans and the purchase of the Notes by the purchasers identified in the Note Agreement) that:

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

4.4 Inventory. The Inventory owned by the Debtor is maintained at the locations specified on Schedule 4.4 attached hereto and by this reference incorporated herein. Except for Inventory in transit to manufacturing plants or warehouses owned or leased by the Debtor or to customers in the ordinary course of business, the Debtor does not store and will not store any Inventory on any real property which is not owned by the Debtor in fee simple or subject to a lease of real property under which the Debtor is the lessee (each such lease, a "Lease"), and the Debtor will not permit any finished goods Inventory of any dollar amount or any other Inventory having an aggregate value of $250,000 or greater to be maintained or stored in any location other than those listed on Schedule 4.4 without giving the Collateral Agent at least fifteen (15) days' prior written notice and, unless prior to such change, the Debtor shall have taken all action reasonably necessary or desirable or that the Collateral 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. Without limiting the foregoing, the Debtor represents that all of its finished goods Inventory (other than finished goods Inventory in transit) is, and covenants that all of its finished goods Inventory will be, located either (a) on premises owned by the Debtor in fee simple, (b) on premises leased by the Debtor, provided that the Collateral Agent has received an executed landlord waiver from the landlord of such premises in form and substance satisfactory to the Collateral Agent, or (c) in a warehouse or with a bailee, provided that the Collateral Agent has received an executed bailee letter from the applicable Person in form and substance satisfactory to the Collateral Agent.

4.5 Location of Equipment. The Equipment owned by the Debtor is maintained at the locations specified next to the Debtor's name on Schedule 4.5 attached hereto and by this reference incorporated herein. The Debtor does not store and will not store any Equipment having a value in excess of $250,000 on any real property which is not owned by the Debtor in fee simple or subject to a Lease, and the Debtor will not permit any Equipment to be maintained or stored in any location other than those listed on Schedule 4.5 without giving the Collateral 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 Collateral 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. Without limiting the foregoing, the Debtor represents that all of its Equipment is, and covenants that all of its Equipment will be, located either (a) on premises owned by the Debtor in fee simple, or (b) on premises leased by the Debtor, provided that the Collateral Agent has received an executed

landlord waiver from the landlord and mortgagee of such premises in form and substance satisfactory to the Collateral Agent.

4.6 Documents, Instruments and Chattel Paper. All Documents, Instruments, and Chattel Paper describing, evidencing, or constituting Collateral 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 Collateral 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 of Virginia, as Collateral Agent, for the benefit of the Secured Parties under and pursuant to Intercreditor and Collateral Agency Agreement dated as of June 19, 2002."

4.7 Patents, Trademarks and Copyrights. (a) The Debtor does not have any interest in, or title to, any registered patent, trademark or copyright except as set forth in Schedule 4.7 attached hereto and by this reference incorporated herein; (b) this Security Agreement is effective to create a valid and continuing Lien on and, upon the filing of this Security Agreement together with an appropriately completed Recordation Form Cover Sheet (Patents Only) with the United States Patent and Trademark Office, Assignment Division, the filing of this Security Agreement together with an appropriately completed Recordation Form Cover Sheet (Trademarks Only) with the United States Patent and Trademark Office, Assignments Division, the filing of this Security Agreement, together with an appropriately completed Document Coversheet for Recordation of Documents with the Copyright Office of the Library of Congress and the filing of appropriate financing statements in the Uniform Commercial Code records of the Delaware Secretary of State and the Virginia State Corporation Commission, perfected Liens in favor of the Collateral Agent on the Debtor's registered United States patents, trademarks and copyrights disclosed on Schedule 4.7, and such perfected Liens are enforceable as against any and all creditors of and purchasers from the Debtor; and (c) upon the filing of this Security Agreement, together with an appropriately completed Recordation Form Cover Sheet (Patents Only) with the United States Patent and Trademark Office, the filing of this Security Agreement together with an appropriately completed Recordation Form Cover Sheet (Trademarks Only) with the United States Patent and Trademark Office, the filing of this Security Agreement together an appropriately completed Document Coversheet for Recordation of Documents with the Copyright Office of the Library of Congress, and the filing of the appropriate financing statements in the UCC records of the Delaware Secretary of State and the Virginia State Corporation Commission, all actions necessary or desirable to perfect the Collateral Agent's Lien on the Debtor's registered United States patents, trademarks and copyrights shall have been duly taken.

4.8 Prior Encumbrances. There are no existing mortgages, pledges, liens or other encumbrances of any kind upon, or any security interests in, any of the Collateral, except for Permitted Liens. The Debtor will defend the Collateral 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 under the UCC of any state which names the Debtor or any of its trade names or divisions as debtor is on file in any state or other jurisdiction, and the Debtor has not signed or 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.

SECTION 5 - COVENANTS

Until all of the 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 Collateral Agent at any time to perfect, maintain, protect, and enforce the Collateral Agent's Liens, including: (i) filing financing or continuation statements, and amendments thereof, in form and substance reasonably satisfactory to the Collateral Agent; (ii) delivering to the Collateral 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 Collateral Agent; (iv) placing notations on the Debtor's books of account to disclose the Collateral Agent's security interest; and (v) taking such other steps as are deemed reasonably necessary or desirable by the Collateral Agent to maintain and protect the Collateral 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 Collateral 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 Collateral Agent's request, the Debtor shall deliver to the Collateral Agent all Collateral consisting of 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) hereof, the Debtor shall take all steps necessary to grant the Collateral Agent control of all electronic chattel paper in accordance with the UCC.

(d) The Debtor hereby irrevocably authorizes the Collateral 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 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 Collateral 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 Collateral 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 Collateral Agent of any commercial tort claim (as defined in the UCC) in excess of $250,000 acquired by it and unless otherwise consented to by the Collateral Agent, the Debtor shall enter into a supplement to this Security Agreement, granting to the Collateral Agent a Lien in such commercial tort claim.

(f) Upon the Collateral Agent's request, but not more frequently than once during each calendar year, the Debtor shall provide to the Collateral 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 and the Note 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 Collateral 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 Collateral 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 or amendment or termination statement with respect to any financing statement without the prior written consent of the Collateral Agent and agrees that it will not do so without the prior written consent of the Collateral 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 Collateral 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 $100,000. 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 Agent prompt written notice thereof. Any such instrument shall be considered as evidence of the Account and not payment thereof and the Debtor will promptly deliver such instrument to the Collateral Agent, endorsed without recourse by the Debtor to the Collateral Agent in a manner reasonably satisfactory in form and substance to the Collateral Agent.

(c) The Debtor shall notify the Collateral Agent promptly of all disputes and claims in excess of $250,000 with any Account Debtor, and agrees to settle, contest, or adjust such dispute or claim at no expense to the Collateral Agent. No discount, credit or allowance shall be granted to any such Account Debtor without the Collateral Agent's 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 Agent a copy of each credit memorandum in excess of $250,000 as soon as issued, and the Debtor shall promptly report that credit on Borrowing Base Certificates 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 Agent any return involving an amount in excess of $250,000. 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 Agent, shall: (i) hold the returned Inventory in trust for the Collateral Agent; (ii) segregate all returned Inventory from all of its other property; (iii) dispose of the returned Inventory solely according to the Collateral Agent's written instructions; and (iv) not issue any credits or allowances with respect thereto without the Collateral Agent's prior written consent. All returned Inventory shall be subject to the Collateral 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 will not, without the prior written consent of the Collateral Agent, acquire or accept any Inventory on consignment or approval. 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 Agent requests. The Debtor will maintain a perpetual inventory reporting

system at all times. The Debtor will not, without the Collateral Agent's 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.

(b) In connection with all Inventory financed by a Letter of Credit with a face amount in excess of $150,000, the Debtor will, at the Collateral Agent's request, instruct all suppliers, carriers, forwarders, customs brokers, warehouses or others receiving or holding cash, checks, Inventory, Documents or Instruments in which the Collateral Agent holds a security interest to deliver them to the Collateral Agent and/or subject to the Collateral Agent's order, and if they shall come into the Debtor's possession, to deliver them, upon request, to the Collateral Agent in their original form. The Debtor shall also, at the Collateral Agent's request, designate the Collateral 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 Collateral Agent does not have a Lien. The Debtor will not, without the Collateral Agent's 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 and the Note Agreement, the Debtor shall not, without the Collateral Agent's 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) The Debtor shall notify the Collateral Agent immediately if it knows or has reason to know that any application or registration relating to any patent, trademark or copyright (now or hereafter existing) will be abandoned or dedicated, or of 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 patent, trademark or copyright, its right to register the same, or to keep and maintain the same.

(b) In no event shall the Debtor, either directly or through any agent, employee, licensee or designee, file an application 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 without giving the Collateral Agent prior written notice thereof, and, upon request of the Collateral Agent, the Debtor shall execute and deliver any and all such agreements, assignments and security agreements as the Collateral Agent may reasonably request to evidence the Collateral Agent's Lien on such patent, trademark or copyright, and the General Intangibles of the Debtor relating thereto or represented thereby.

(c) The Debtor shall take all actions necessary or advisable, in the exercise of its prudent business judgment, to maintain and pursue each application, to obtain the relevant

registration and to maintain the registration of each of the patents, trademarks and copyrights (now or hereafter existing), including 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 patent, trademark or copyright Collateral is infringed upon, or misappropriated or diluted by a third party, the Debtor shall notify the Collateral Agent promptly after the Debtor learns thereof. The Debtor shall, unless it shall reasonably determines that such patent, trademark or copyright Collateral is not material to the conduct of its business or operations, take such actions as the Debtor shall deem appropriate to protect such patent, trademark or copyright Collateral.

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 Agent with all such collateral reports as are required by the Credit Agreement and the Note Agreement, and all such additional reports as the Collateral Agent shall reasonably require. These reports shall be in the form previously provided to the Collateral Agent for its review or in form and detail as is reasonably satisfactory to the Collateral Agent. 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 Agent. If the Debtor maintains its records of Accounts on a computer, it will maintain backup copies of such records, updated at reasonable intervals.

5.7 Inspection and Delivery of Collateral, Books and Records. The Collateral Agent 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. Not more frequently than one (1) time during each calendar year if no Event of Default has occurred and is continuing (there being no such limitation 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 Agent's election, books and records pertaining to the Accounts (including chattel paper) to the Collateral Agent, or any designated agent of the Collateral Agent, at such time and place as the Collateral Agent may reasonably request.

5.8 Expenses. The Debtor shall be liable for, and agrees to pay the Collateral Agent on demand, any and all reasonable expenses incurred or paid by the Collateral Agent 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 or the Note 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 Collateral Agent, the Collateral 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 Collateral 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 Obligations. Any payment made or other action taken by the Collateral 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 a responsible company or companies reasonably satisfactory to the Collateral Agent 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 Collateral Agent as agent for the Secured Parties as its interest may appear, and shall otherwise be in form reasonably acceptable to the Collateral Agent, 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 Collateral Agent. The Debtor will deliver to the Collateral Agent as agent for the Secured Parties 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 Collateral 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 Collateral 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 Agent 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 $250,000. 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 Collateral 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 Collateral Agent, or the Collateral Agent shall retain, as applicable, an amount of such proceeds equal to the balance then outstanding under the Revolving Credit Loan Obligations, which amount the Collateral Agent shall promptly pay to BB&T-VA for application to the Revolving Credit Loan Obligations, and the Debtor shall be entitled to retain, or the Collateral Agent shall pay to the Debtor, as applicable, any such excess insurance proceeds or (b) if there is no balance then outstanding under the Revolving Credit Loan Obligations, then the Debtor shall be entitled to retain, or the Collateral 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 $1,000,000 in the aggregate in any fiscal year of the Debtor, the Debtor shall immediately pay over such proceeds in excess of $1,000,000 to the Collateral Agent. Insurance proceeds received by the Collateral 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 $1,000,000 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 Collateral 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 Collateral Agent notice of the Collateral Agent's receipt of, such insurance proceeds and (iii) the Debtor provides the Collateral 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 Collateral Agent shall return such amount to the Debtor.

5.11 Further Assurances. Subject to the provisions of Section 5.1(a) hereof, 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 Collateral Agent 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 Collateral Agent 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 and the Collateral Agent shall not have notified the Debtor to the contrary, 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 Collateral 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 Agent or its 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 Agent may deem necessary or prudent, subject to the rights of third parties under the Leases.

6.3 Collection of Accounts. The Collateral Agent as agent for the Secured Parties hereby authorizes the Debtor to collect and dispose of the proceeds of the Accounts, which authority the Collateral Agent may curtail or terminate at any time following the occurrence and during the continuance of any Event of Default. After such authority has been curtailed or terminated, the Debtor shall, upon receipt of all checks, drafts, cash, and other remittances in payment of or on account of the Accounts, deposit the same in a special account designated by the Collateral Agent, over which account the Collateral Agent as agent for the Secured Parties alone shall have the power of withdrawal (the "Collection Account"). The remittance of the proceeds of such Accounts shall not, however, constitute payment or liquidation of such Accounts until the Collateral Agent as agent for the Secured Parties shall receive good funds for such proceeds.

For purposes of computing interest, the Collateral Agent shall treat deposited checks, drafts and other items as collected in accordance with the Collateral Agent's normal availability schedule, but in doing so the Collateral Agent is not agreeing that such funds have in fact been paid, nor is the Collateral 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 Collection Account shall be held by the Collateral Agent as agent for the Secured Parties as security for the 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 Collateral 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 Collateral Agent until deposit thereof is made in the Collection Account. The Collateral Agent as agent for the Secured Parties will from time to time apply the funds on deposit in the Collection Account against the Obligations in such order of application as is required by the Intercreditor Agreement.

SECTION 7 - POWER OF ATTORNEY

Effective upon the occurrence and during the continuance of any Event of Default, the Debtor hereby appoints the Collateral Agent and the Collateral Agent's designee as the Debtor's attorney-in-fact, with full power of substitution: (a) to endorse the Debtor's name on any checks, notes, acceptances, money orders, or other forms of payment or security that come into the Collateral Agent's or any Secured Party's possession; (b) 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 Collateral Agent, to receive all monies and endorse drafts, checks, and other instruments for the payment of any proceeds of any insurance or in order to collect any return of unearned premiums, (d) to notify the post office authorities to change the address for delivery of the Debtor's mail to an address designated by the Collateral 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) to complete in the Debtor's name or the Collateral Agent's name, any order, sale or transaction, obtain the necessary Documents in connection therewith, and collect the proceeds thereof; (g) to clear Inventory through customs in the Debtor's name, the Collateral Agent's name or the name of the Collateral Agent's designee, and to sign and deliver to customs officials powers of attorney in the Debtor's name for such purpose; (h) 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 Collateral Agent, before the occurrence of an Event of Default), to file such financing statements with respect to this Security Agreement, with or without the Debtor's signature, or to file a photocopy of this Security Agreement in substitution for a financing statement, as the Collateral 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 Collateral Agent shall not be obligated to do any of the acts or exercise any of the powers hereinabove authorized, but, if the Collateral Agent elects to do any such act or exercise any such power, unless the Collateral 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 Collateral 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 Obligations have been fully satisfied, the Credit Agreement has been terminated and the Notes (as defined in the Note Agreement) have been paid in full under the Note Agreement. 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 Obligations shall not be affected by any failure of the Collateral Agent or any of the Secured Parties to take any steps to perfect the Collateral 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 Obligations. Following the occurrence and during the continuation of any Event of Default, the Collateral 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 Obligations, or any other agreement now or hereafter existing between the Collateral 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 Collateral 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 Collateral Agent or any Secured Party of any payment relating to any contract or license pursuant hereto. None of the Collateral 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 Collateral 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 Collateral Agent has a security interest therein, and that payments shall be made directly to the Collateral Agent, for the benefit of the Secured Parties. Upon the request of the Collateral 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 Collateral Agent's prior written consent.

(d) After the occurrence and during the continuance of any Event of Default, the Collateral Agent may at any time in the Collateral Agent's 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 Agent's satisfaction, the existence, amount and terms of Accounts, contracts and agreements, payment intangibles, Instruments or 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 Agent and each of the Secured Parties at any time and from time to time promptly upon the Collateral Agent's 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 Agent may request. The Debtor, at its own expense, shall deliver to the Collateral Agent 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 Collateral Agent shall use reasonable care with respect to the Collateral in its possession or under its control. The Collateral 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 Collateral 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, the Note Agreement, and under any other instrument or agreement securing, evidencing or relating to any of the Obligations, upon the occurrence of any Event of Default, the Collateral Agent, as agent for the Secured Parties, may, subject to the provisions of the Intercreditor 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 Collateral 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 Collateral 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 Collateral 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 Collateral 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 Collateral 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 Collateral 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 Collateral 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 Collateral Agent's request, to assemble the Collateral and make it available to the Collateral Agent at a place or places designated by the Collateral Agent which are reasonably convenient to the Collateral Agent and the Debtor, whether at the Debtor's premises or elsewhere. Until the Collateral Agent is able to effect a sale, lease, or other disposition of Collateral, the Collateral 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 Collateral Agent. The Collateral 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 Collateral Agent. The Collateral 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 Collateral Agent's remedies (for the benefit of the Collateral Agent and the Secured Parties), with respect to such appointment without prior notice or hearing as to such appointment. The Collateral Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale

to the Obligations in such order of application as is required by the Intercreditor Agreement, and only after so paying over such net proceeds, and after the payment by the Collateral Agent of any other amount required by any provision of law, need the Collateral 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 Collateral 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 Collateral Agent or any Secured Party as finally determined by a court of competent jurisdiction. The Collateral 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 Collateral 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 Collateral 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 Obligations, including any attorneys' fees or other expenses incurred by the Collateral Agent or any Secured Party to collect such deficiency.

(c) After the occurrence and during the continuance of any Event of Default, the Collateral 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 Collateral Agent may deduct its expenses in collecting the Accounts from the proceeds applicable to the 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 Collateral Agent may deem appropriate to collect any Account.

(d) Except as otherwise specifically provided herein, 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 Collateral 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 Collateral Agent shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Collateral Agent, for the benefit of the Collateral 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 Collateral Agent and the Secured Parties, and each of them, hereunder or under any other document delivered under or in connection with the Credit Agreement or the Note 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 Collateral Agent 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 Collateral Agent 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.

(a) Method of Communication. Unless otherwise specified herein, all notices, requests and other communications to a party hereunder shall be in writing (including facsimile transmission) and shall be given to such party: (a) at its address or facsimile number set forth below, or (b) at such other address or facsimile number as such party may hereafter specify for the purpose of communication hereunder by notice to the other party hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails, certified mail, return receipt requested, with appropriate first-class postage prepaid, addressed as specified in this Section, or (iii) if given by any other means, when delivered at the address specified in this Section 10.2. 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.

(b) Addresses for Notices. All notices to any party shall be sent to it at the following addresses, or any other address as to which all other parties are notified in writing.

If to the Debtor:
TREX Company, LLC
Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
Attention: Chief Financial Officer
Telecopy No.: (703) 542-6889

With copies to:
TREX Company, LLC
Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
Attention: William R. Gupp, Esquire
Telecopy No.: (703) 542-6889

and

Kevin G. Gralley, Esquire
Hogan & Hartson L.L.P.
111 South Calvert Street, Suite 1600
Baltimore, Maryland 21202

Telecopy No.: (410) 539-6981

If to the Collateral Agent: Branch Banking & Trust Company of Virginia
110 South Stratford Road, Suite 301
Winston-Salem, North Carolina 27104
Attention: Cory Boyte
Telecopy No.: (336) 733-3254383-0288

With copies to: Thomas E. duB. Fauls, Esquire
Troutman Sanders LLP
1111 East Main Street, 20th Floor
Richmond, Virginia 23219
Telecopy No.: (804) 697-1339

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 Arbitration; Submission to Jurisdiction; Waiver of Jury Trial.

(a) Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to this Security Agreement or any other Loan Documents between the parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements.

(b) All arbitration hearings shall be conducted in the City of Richmond, Virginia. A hearing shall begin within 90 days of demand for arbitration and all hearings shall be concluded within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than $1,000,000. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable federal or state substantive law except as provided herein.

(c) Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure, including a proceeding to confirm the sale; (ii) all rights of self-help, including peaceful occupation of real property and collection of rents, setoff and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies, including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to the parties' entitlement to such remedies is a Dispute.

(d) Each party agrees that it shall not have a remedy of punitive or exemplary damages against the other in any Dispute and hereby waives any right or claim to punitive or exemplary damages it may have now or which may arise in the future in connection with any Dispute, whether the Dispute is resolved by arbitration or judicially.

(e) TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY DISPUTE.

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 Intercreditor Agreement, and signed by the Collateral Agent 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 Obligations Joint and Several. Each and every obligation of the Debtor contained in this Security Agreement shall be the joint and several obligations of TREX Company, LLC and Trex Company, Inc.

IN WITNESS WHEREOF, the Debtor and the Collateral Agent have caused this Security Agreement to be duly executed by their duly authorized officers, all as of the date first above written.

TREX COMPANY, LLC

By: /s/ Anthony J. Cavanna
---(SEAL)
Name: Anthony J. Cavanna
Title: Executive Vice President and
Chief Financial Officer

TREX COMPANY, INC.

By: /s/ Anthony J. Cavanna
---(SEAL)
Name: Anthony J. Cavanna
Title: Executive Vice President and
Chief Financial Officer

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, as Collateral Agent for the Secured Parties herein

By: /s/ David A. Chandler

Name: David A. Chandler

Title: Senior Vice President

Exhibit 10.4

==========

Intercreditor And Collateral Agency Agreement

Dated as of June 19, 2002

By and Among

The Noteholders Named In Schedule I Hereto,

Branch Banking and Trust Company of Virginia,

And

Branch Banking and Trust Company of Virginia, As Collateral Agent

==========

Intercreditor and Collateral Agency Agreement

This Intercreditor and Collateral Agency Agreement dated as of June 19, 2002 (this "Agreement") is among (1) the Noteholders named in Schedule I hereto (collectively, the "Noteholders"), (2) Branch Banking and Trust Company of Virginia, as lender ("BB&T-VA"), (3) the Additional Creditors (as described below) (the Noteholders, BB&T-VA and the Additional Creditors are collectively referred to as the "Secured Parties"), and (4) Branch Banking and Trust Company of Virginia, as collateral agent for the Secured Parties (together with its permitted successors and assigns, the "Collateral Agent") and acknowledged and agreed to by each of Trex Company, Inc., a Delaware corporation (the "Parent"), and TREX Company, LLC, a Delaware limited liability company ("TREX LLC", the Parent and TREX LLC are hereinafter collectively referred to as the "Company"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in (S)1 below.

R E C I T A L S:

A. Under and pursuant to the Credit Agreement dated as of June 19, 2002, among the Company and BB&T-VA, BB&T-VA has made available to the Company Revolving Loans (as defined therein) up to an aggregate principal amount of $20,000,000, together with a letter of credit subfacility (collectively, the "Revolving Debt") together with other credit facilities thereunder (such Credit Agreement, as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Credit Agreement").

B. Under and pursuant to the Note Purchase Agreement dated as of June 19, 2002, among the Company and each of the Noteholders, the Company has issued $40,000,000 in aggregate principal amount of the Company's 8.32% Senior Secured Notes, Due June 19, 2009 (collectively, the "Notes") (such Note Purchase Agreement, as the same may from time to time be further amended, restated, supplemented or otherwise modified, the "Note Agreement").

C. The obligations of the Parent and TREX LLC (hereinafter each referred to as a "Grantor" and collectively as the "Grantors") under the Note Agreement are secured by the Collateral Documents described below.

D. The obligations of the Grantors under the Credit Agreement also are secured by the Collateral Documents described below.

E. The Company contemplates that from time to time after the date hereof, the Company may, subject to the terms and conditions of the Note Agreement and the Credit Agreement, incur additional Funded Debt (as defined in the Note Agreement) or Debt issued under a Qualified Replacement Credit Agreement (as defined in the Note Agreement and herein the "Qualified Replacement Credit Agreement") (collectively, the "Additional Funded Debt") under agreements evidencing such Additional Funded Debt (the "Additional Facilities") which the Company desires to secure by the Collateral. Such Additional Funded Debt shall be permitted to be secured by the Collateral if the obligees of such Additional Funded Debt (the "Additional Creditors") execute and deliver a joinder agreement hereto and become a party to this Agreement pursuant to the requirements of (S)3.5 hereof.

F. Notwithstanding the time or order of attachment or perfection or any provisions to the contrary in any of the Collateral Documents or the fact that a portion of the Secured Obligations are secured by the same Collateral Documents, the Secured Parties desire that the Secured Obligations shall be secured on a senior pari passu basis by the Collateral.

G. The Secured Parties desire to appoint Branch Banking and Trust Company of Virginia as Collateral Agent to act on behalf of the Secured Parties regarding the Collateral, all as more fully provided herein.

H. The Secured Parties and the Collateral Agent desire to enter into this Agreement to provide, among other things, for (i) the appointment, duties and responsibilities of the Collateral Agent, (ii) the respective priorities, rights and interests of the parties in and to the Collateral, (iii) the orderly administration of the Collateral, (iv) the coordination of any enforcement by the parties of their respective rights under the Note Agreement, the Credit Agreement, the Additional Facility Documents, and the Collateral Documents and (v) the allocation of payments, if any, made under the Collateral Documents and any Material Subsidiary Guaranty, all upon the terms and subject to the conditions set forth in this Agreement.

I. Pursuant to the requirements of the Note Agreement and the Credit Agreement, the Company has requested and the parties hereto have agreed to enter into this Agreement.

Now, Therefore, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1 Definitions.

The following terms shall have the meanings assigned to them below in this (S)1 or in the provisions of this Agreement referred to below:

"Additional Creditors" shall have the meaning assigned thereto in the Recitals hereof.

"Additional Facilities" shall have the meaning assigned thereto in the Recitals hereof.

"Additional Facility Documents" shall mean all outstanding Additional Facilities (including the Qualified Replacement Credit Agreement, if any), the Additional Facility Notes, the Security Documents and all other mortgages, security agreements, documents, certificates and instruments relating to, arising out of, or in any way connected therewith or any of the transactions contemplated thereby.

"Additional Facility Notes" shall mean the obligations of the Company which are evidenced by the promissory notes issued under the Additional Facilities.

"Additional Funded Debt" shall have the meaning assigned thereto in the Recitals hereof.

"Affiliate" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person. For purposes of the foregoing, "control," "controlled by" and "under common control with" with respect to any Person shall mean the possession, directly or indirectly, of the power (i) to vote 10% or more of the securities having ordinary voting power of the election of directors of such Person, or (ii) to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Bankruptcy Proceeding" shall mean, with respect to any Person, a general assignment of such Person for the benefit of its creditors, or the institution by or against such Person of any proceeding seeking relief as debtor, or seeking to adjudicate such Person as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of such Person or its debts, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property.

"Cash Equivalent Investments" shall mean, (a) direct obligations of the United States Government or any agencies thereof and obligations guaranteed by the United States Government, in each case having remaining terms to maturity of not more than thirty days; and (b) certificates of deposit, time deposits and acceptances, including Eurodollar deposits, having remaining terms to maturity of not more than sixty days issued by a United States bank which has a combined capital and surplus of at least $750,000,000 and whose long-term certificates of deposit are rated "A" or better by Standard & Poor's Ratings Service or "A2" or better by Moody's Investors Service, Inc.

"Collateral" shall mean the "Collateral" as defined in the Security Agreement and as more fully described in Exhibit A hereto.

"Collateral Documents" shall mean the "Revolving Credit Loan Collateral Documents" as defined in the Credit Agreement, which secure the Revolving Credit Loan Obligations (as defined in the Credit Agreement) of the Company under the Credit Agreement and the "Collateral Documents" as defined in the Note Agreement, which secure the obligations of the Company under the Note Agreement and the Notes.

"Company" shall have the meaning assigned thereto in the Recitals hereof.

"Credit Agreement" shall have the meaning assigned thereto in the Recitals hereof.

"Default" shall mean an Event of Default or an event or condition which with notice or lapse of time or both would constitute an Event of Default.

"Event of Default" shall mean any "Event of Default" as defined in the Note Agreement, the Credit Agreement or any Additional Facility Documents.

"Grantors" shall have the meaning assigned thereto in the Recitals hereof.

"Letter of Credit Collateral Account" shall have the meaning assigned thereto in (S)6.10 hereto.

"Lien" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement, charge, encumbrance or other lien (statutory or otherwise).

"Make-Whole Amount" shall have the meaning assigned thereto in the Note Agreement.

"Material Subsidiary Guaranty" shall have the meaning assigned thereto in the Note Agreement.

"Note Agreement" shall have the meaning assigned thereto in the Recitals hereof.

"Noteholders" shall have the meaning assigned thereto in the Recitals hereof.

"Notes" shall have the meaning assigned thereto in the Recitals hereof.

"Person" shall mean an individual, partnership, limited liability company, corporation, trust, unincorporated organization or any other entity whatsoever, or any government or agency or political subdivision thereof.

"Pro Rata Share" shall mean, in respect of any Secured Party as of any date of determination, the proportion which the amount of the Secured Obligations then owing to such Secured Party bears to the aggregate amount of Secured Obligations then owing to all Secured Parties.

"Required Secured Parties" shall mean Secured Parties holding more than 75% of the sum of (a) the unused Revolving Commitment (as defined in the Credit Agreement) for so long as the Revolving Commitment is in effect or, if applicable, the unused revolving commitment of the Additional Creditors under the Qualified Replacement Credit Agreement plus (b) the unpaid principal amount of the Revolving and Noteholder Debt plus (c) without duplication with respect to the amounts described in clause (a), the outstanding principal amount of the Additional Funded Debt.

"Revolving and Noteholder Debt" shall mean the Secured Obligations consisting of (a) all unpaid principal of the Revolving Loans (as defined in the Credit Agreement) (including therein the unpaid amount of any drawings under any letters of credit issued under the Credit Agreement and, without duplication, the undrawn portion of the face amount of any such letters of credit), (b) all accrued and unpaid interest and breakage costs thereon, (c) all outstanding principal of the Notes, (d) all accrued and unpaid interest and premium (including without limitation Make-Whole Amount) on the Notes and (e) all fees, commissions, indemnities and other amounts (without duplication of any Revolving and Noteholder Debt) owing to the Revolving and Noteholder Debt Secured Parties.

"Revolving and Noteholder Debt Secured Parties" shall mean those Secured Parties which hold Revolving and Noteholder Debt.

"Revolving Debt" shall have the meaning assigned thereto in the Recitals hereof.

"Secured Obligations" shall mean all indebtedness, liabilities and other obligations of the Company to the Collateral Agent and the Secured Parties under the Note

Agreement, the Notes, the Credit Agreement (but only to the extent such Credit Agreement relates to the Revolving Debt), and the other Loan Documents (as defined in the Credit Agreement)(but only to the extent such Loan Documents relate to the Revolving Debt), including all principal in respect of the Notes and the Revolving Debt (including therein the unpaid reimbursement obligations relating to any drawings under letters of credit issued under the Credit Agreement and, without duplication, the undrawn portion of the face amount of any such letters of credit), all interest accrued thereon and all breakage costs thereon, all fees due under the Note Agreement, the Notes, the Credit Agreement (but only to the extent such fees relate to the Revolving Debt) and the other Loan Documents (as defined in the Credit Agreement) (but only to the extent such fees relate to the Revolving Debt), the indebtedness, obligations and liabilities of the Company to the Additional Creditors under the Additional Facilities and all other amounts payable by the Company to the Collateral Agent or any Secured Party thereunder or in connection therewith, whether now or hereafter existing or arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined; provided however that it is understood and agreed that only indebtedness, liabilities and other obligations of the Company evidenced by the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) relating to the Revolving Debt shall be included in this definition of "Secured Obligations" and that no indebtedness, liabilities and other obligations evidenced thereunder relating to the Real Estate Term Loans 1, 2, 3 & 4 (as defined in the Credit Agreement) shall be included in this definition of "Secured Obligations".

"Secured Party" shall have the meaning assigned thereto in the introductory paragraph hereof.

"Security Agreement" shall mean the Security Agreement dated the date hereof from the Company to the Collateral Agent as the same shall be amended from time to time in accordance with the terms and provisions hereof and thereof.

"Senior Preferential Payment" shall mean any payments, or proceeds of the Collateral, from the Grantors or any other source with respect to the Secured Obligations (including from the exercise of any set-off), cumulatively, but without duplication, which are:

(a) received by a Secured Party within 90 days prior to (1) the commencement of a Bankruptcy Proceeding with respect to any Grantor or (2) the acceleration of the Notes or the obligations under the Credit Agreement, and which payment reduces the amount of the Secured Obligations owed to such Secured Party below the amount owed to such Secured Party as of the 90th day prior to such commencement or acceleration,

(b) received by a Secured Party (1) within 90 days prior to the occurrence of any Event of Default which has not been waived or cured within 30 days after the occurrence thereof and which payment reduces the amount of the Secured Obligations owed to such Secured Party below the amount owed to such Secured Party as of the 90th day prior to the occurrence of such Event of Default or (2) within 30 days after the occurrence of such Event of Default, or

(c) received by a Secured Party after the occurrence of a Special Event of Default except as provided in (S)6.11(b).

"Special Event of Default" shall mean (a) the commencement of a Bankruptcy Proceeding with respect to any Grantor, (b) any other Event of Default which has not been waived or cured within 30 days after the occurrence thereof, or (c) the acceleration of the Notes or the obligations under the Credit Agreement or under any Additional Facility Documents.

"Special Trust Account" shall mean that certain restricted account maintained by the Collateral Agent for the purpose of receiving and holding Senior Preferential Payments.

"Specified Amount" shall mean as to any Secured Party the aggregate amount of the Secured Obligations owed to such Secured Party.

"Term Debt" shall mean the Real Estate Term Loan Obligations (as defined in the Credit Agreement).

"Winchester Collateral" shall mean the real property and improvements described on Exhibit B hereto.

SECTION 2 Priority of Liens.

Section 2.1. Pari Passu Liens of the Secured Parties. All Liens now or hereafter existing in favor of the Collateral Agent, any Secured Party or any other Person on any Collateral to secure the Secured Obligations shall be pari passu at all times, regardless of the fact that a portion of the Secured Obligations are secured by the same Collateral Documents, the time or order of attachment or perfection, any provisions to the contrary in any of the Collateral Documents or any other circumstances whatsoever.

Section 2.2. Liens of Secured Parties in respect of Winchester Collateral. All Liens now or hereafter existing in favor of BB&T-VA or any other Person on the Winchester Collateral shall be to secure the Term Debt only in all respects and at all times, notwithstanding any provisions to the contrary in any of the Collateral Documents or any other circumstances whatsoever.

Section 2.3. Nonavoidability of Liens. The priorities specified in (S)2.1 hereof are expressly conditioned upon the nonavoidability and perfection of the Lien to which another Lien is made pari passu and, if the Lien to which another Lien is made pari passu is not perfected or is avoidable, for any reason, then the relative priority agreements provided for in (S)2.1 hereof shall not be effective as to the particular Collateral which is the subject of the unperfected or avoidable lien.

SECTION 3 Relationships Among Secured Parties.

Section 3.1. Restrictions on Actions. Each Secured Party agrees that, so long as any Secured Obligations are outstanding or any Secured Party has any commitment to extend credit in respect thereof pursuant to the terms of the Credit Agreement, the provisions of this Agreement shall provide the exclusive method by which any Secured Party may exercise rights and remedies with respect to the Collateral under the Collateral Documents and under applicable law relating to the rights and remedies of secured creditors. Therefore, each Secured Party shall, for the mutual benefit of all Secured Parties, except as permitted under this Agreement:

(a) refrain from taking or filing any action, judicial or otherwise, to enforce any rights or pursue any remedy under the Collateral Documents, except for delivering notices hereunder;

(b) refrain from (1) selling any Secured Obligations to the Company or any Affiliate of the Company and (2) accepting any guaranty of, or any other security for, the Secured Obligations from the Company or any Affiliate of the Company or any other Person, except any guaranty or security granted to the Collateral Agent for the benefit of all Secured Parties in the relative priorities set forth herein; and

(c) refrain from exercising any rights or remedies with respect to the Collateral under the Collateral Documents, or under applicable law relating to the rights and remedies of secured creditors, which have or may have arisen or which may arise as a result of a Default or Event of Default or otherwise;

provided, however, that nothing contained in subsections (a) through (c) above shall prevent any Secured Party from exercising or enforcing any other right or remedy available to any Secured Party under the Note Agreement, the Notes, the Credit Agreement, the other Loan Documents (as defined in the Credit Agreement), or the Additional Facility Documents, as the case may be, including, without limitation, accelerating the maturity of the Secured Obligations, terminating any commitments to lend additional money to the Company under the Credit Agreement (or, if applicable, under any Qualified Replacement Credit Agreement) in accordance with the terms thereof, imposing a default rate of interest in accordance with the Credit Agreement, the Note Agreement or the Additional Facility Documents, as applicable, raising any defenses in any action in which it has been made a party defendant or has been joined as a third party, except that the Collateral Agent may, but shall not be obligated to, direct and control any defense directly relating to the Collateral or any one or more of the Collateral Documents, which shall be governed by the provisions of this Agreement. NOTWITHSTANDING THE FOREGOING, NO SECURED PARTY SHALL EXERCISE, OR ATTEMPT TO EXERCISE, ANY RIGHT OF SET-OFF, BANKER'S LIEN, OR THE LIKE, AGAINST ANY DEPOSIT ACCOUNT OR PROPERTY OF THE COMPANY OR ANY OF ITS SUBSIDIARIES HELD OR MAINTAINED BY THE SECURED PARTY WITHOUT THE PRIOR WRITTEN CONSENT OF THE COLLATERAL AGENT AND THE REQUIRED SECURED PARTIES.

Section 3.2. Representations and Warranties. (a) Each of the Secured Parties represents and warrants to the other parties hereto that:

(1) It (i) is either (x) a corporation duly organized, existing and in good standing under the laws of the jurisdiction of its incorporation or (y) a national banking association duly incorporated and existing under the laws of the United States of America or a state-licensed branch of a foreign bank, and (ii) has all requisite power (corporate or otherwise) to own its property and conduct its business as now conducted and as presently contemplated.

(2) The execution, delivery and performance by such Secured Party of this Agreement has been authorized by all necessary proceedings (corporate or otherwise) and does not and will not contravene any provision of law, its charter or by-laws or any

amendment thereof, or of any indenture, agreement, instrument or undertaking binding upon such Secured Party.

(3) The execution, delivery and performance by such Secured Party of this Agreement will result in a valid and legally binding obligation of such Secured Party enforceable in accordance with its terms.

(b) The Collateral Agent hereby represents and warrants as of the date hereof that:

(1) Collateral Agent is a state banking corporation validly existing and in good standing under the laws of the State of Virginia.

(2) Collateral Agent has full power, authority and legal right under the laws of Virginia pertaining to its banking powers to execute, deliver, and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement.

(3) Execution, delivery and performance by the Collateral Agent of this Agreement will not contravene any law, rule or regulation of the United States or any United States governmental authority or agency regulating the Collateral Agent's banking activities or any judgment or order applicable to or binding on the Collateral Agent and will not contravene or result in any breach of, or constitute a default under, the Collateral Agent's constitutive documents or the provision of any indenture, mortgage, contract or other agreement to which it is a party or by which it or any of its properties is bound.

(4) Execution, delivery and performance by the Collateral Agent of this Agreement will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any United States governmental authority or agency regulating the banking activities of the Collateral Agent.

(5) This Agreement has been duly executed and delivered by the Collateral Agent and constitutes the legal, valid, and binding agreement of the Collateral Agent, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

Section 3.3. Cooperation; Accountings. Each of the parties hereto will, upon the reasonable request of another party, from time to time execute and deliver or cause to be executed and delivered such further instruments, and do and cause to be done such further acts as may be necessary or proper to carry out more effectively the provisions of this Agreement. The Secured Parties agree to provide to each other upon reasonable request a statement of all payments received in respect of Secured Obligations.

Section 3.4. Termination of Credit Agreement and Note Agreement; Amendments to Credit Agreement or Note Agreement. (a) Upon final payment in full of all Secured Obligations owing to any Secured Party, and, in the case of BB&T-VA or any Additional Creditors under the

Qualified Replacement Credit Agreement, after the termination of BB&T-VA's Revolving Commitment (as defined in the Credit Agreement) or such Additional Creditors' commitment to lend under the Qualified Replacement Credit Agreement, as applicable, such Secured Party shall cease to be a party to this Agreement; provided, however, if all or any part of any payments to such Secured Party are invalidated or set aside or required to be paid or repaid to any Person in any Bankruptcy Proceeding or otherwise (including, without limitation, any payment required to be made by such Secured Party to one or more of the other Secured Parties pursuant to (S)6.15 hereof), then this Agreement shall be renewed as of such date and shall thereafter continue in full force and effect to the extent of the Secured Obligations so invalidated, set aside, paid or repaid.

(b) The Secured Parties agree with each other that neither (i) the Noteholders in the case of the Note Agreement, (ii) BB&T-VA in the case of the Credit Agreement, and (iii) the relevant Additional Creditors party to any Qualified Replacement Credit Agreement, if any, will effect or agree to any waiver, amendment, restatement, extension or modification to the Note Agreement, the Credit Agreement, or the Qualified Replacement Credit Agreement, if any, as the case may be, which shall have the effect of (1) increasing the aggregate principal amount of indebtedness owed (or commitments to lend) thereunder other than additional Funded Debt (as defined in the Note Agreement) which the Company is permitted to incur under the relevant terms and provisions of the Note Agreement without giving effect to any amendment thereto after the date hereof, (2) shortening the scheduled amortization of the indebtedness (excluding the Term Debt) issued thereunder from the amortization in effect as of the date hereof or (3) (A) in the case of the Note Agreement, increase the rate of interest borne by the Notes by more than 100 basis points per annum (other than the imposition of the relevant default rate of interest; provided that there shall be no increase in any such default rate from the rate imposed on the date hereof), (B) in the case of the Credit Agreement, increase the interest rate on the Revolving Debt by increasing any margin over the LIBOR rate (as defined in the Credit Agreement) assessed with respect to the Revolving Debt by more than 100 basis points per annum from such margins which are in effect on the date hereof, and with respect to any interest rate or percentage fee assessed with respect to the Revolving Debt determined without reference to such LIBOR rate, no increase in such interest rate or percentage fee shall be made by an amount which exceeds 100 basis points per annum from such rate or percentage fee in effect on the date hereof (other than the imposition of the relevant default rate of interest; provided that there shall be no increase in any such default rate from the rate imposed on the date hereof), and (C) in the case of any Qualified Replacement Credit Agreement, increases the interest rate thereon which would result in an interest rate in excess of such rate which is or would have been permitted under clause (B) above if the Additional Funded Debt thereunder was considered to be Revolving Debt under the Credit Agreement, in each case without the prior written approval of BB&T-VA (or, if applicable, the Additional Creditors under any Qualified Replacement Credit Agreement) and the holders of at least 66-2/3% in principal amount of the Notes at the time outstanding.

Section 3.5. Additional Creditor. Additional Creditors may, upon compliance with the relevant provisions of the Note Agreement, the Credit Agreement and any outstanding Additional Facility, become "Secured Parties" hereunder by executing and delivering to the Collateral Agent and to each of the then existing Secured Parties (a) a joinder agreement in the form attached hereto as Exhibit C and (b) a copy of the Additional Facility or Additional Facilities to which such Person is a party. Accordingly, upon the execution and delivery of any such copy of this Agreement by any such Person, such Person, shall, upon delivery thereof to the

then existing Secured Parties, thereafter become a Secured Party for all purposes of this Agreement.

SECTION 4 Appointment and Authorization Of Collateral Agent.

(a) Each Secured Party hereby irrevocably designates and appoints Branch Banking and Trust Company of Virginia as the Collateral Agent of such Secured Party under this Agreement and the Collateral Documents, and each Secured Party hereby irrevocably authorizes Branch Banking and Trust Company of Virginia as the Collateral Agent for such Secured Party to execute and enter into each of the Collateral Documents and all other instruments relating to said Collateral Documents and (i) to take action on its behalf and exercise such powers and use such discretion as are expressly permitted hereunder and under the Collateral Documents and all instruments relating hereto and thereto and (ii) to exercise such powers and perform such duties as are, in each case, expressly delegated to the Collateral Agent by the terms hereof and thereof together with such other powers and discretion as are reasonably incidental hereto and thereto.

(b) Notwithstanding any provision to the contrary elsewhere in this Agreement or the Collateral Documents, the Collateral Agent shall not have any duties or responsibilities except those expressly set forth herein or therein or any fiduciary relationship with any Secured Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any Collateral Document or otherwise exist against the Collateral Agent.

SECTION 5 Agency Provisions.

Section 5.1. Delegation of Duties. The Collateral Agent may exercise its powers and execute any of its duties under this Agreement and the Collateral Documents by or through employees, agents or attorneys-in-fact and shall be entitled to take and to rely on advice of counsel concerning all matters pertaining to such powers and duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. The Collateral Agent may utilize the services of such Persons as the Collateral Agent in its sole discretion may determine, and all reasonable fees and expenses of such Persons shall be borne by the Company.

Section 5.2. Exculpatory Provisions. Neither the Collateral Agent nor any of the Collateral Agent's officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action taken or omitted to be taken by it or such Person under or in connection with this Agreement or any Collateral Document or any Collateral (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Secured Parties for any recitals, statements, representations or warranties made by the Grantors, any officer thereof or any other Person contained in, or made or deemed made in connection with, the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, this Agreement, the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document, or for the due execution, legality, value, validity, effectiveness, genuineness, enforceability or sufficiency of the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document or any other document or instrument

furnished pursuant thereto or of any of the Collateral or for any failure of any Grantor to perform its obligations under such documents. The Collateral Agent shall be under no obligation to the Secured Parties to ascertain or to inquire as to the observance or performance of any of the agreements contained in, statements made in, or conditions of the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document or to inspect the property (including the books and records) of the Grantors.

Section 5.3. Reliance by Collateral Agent. The Collateral Agent shall be entitled to rely, and shall be fully protected and shall incur no liability in acting and relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Grantors), independent accountants and other experts selected by the Collateral Agent. Without limiting the generality of the foregoing, the Collateral Agent may treat the payee of any Revolving and Noteholder Debt or any Additional Facility Note as the registered holder thereof until it receives notice or otherwise has actual knowledge that such payee is no longer the registered holder of such Revolving and Noteholder Debt or Additional Facility Note. Notwithstanding anything to the contrary contained herein or in any Collateral Document, the Collateral Agent shall be fully justified in failing or refusing to take action under this Agreement or the Collateral Documents (including, without limitation, the exercise of any rights or remedies under, or the entering into of any agreement amending, modifying, supplementing, waiving any provision of, or the giving of consent pursuant to, any of the Collateral Documents) unless it shall first receive instructions of the Required Secured Parties as is contemplated by (S)6 hereof and it shall first be indemnified to its reasonable satisfaction by the relevant Secured Parties against any and all liability and expense which may be incurred by it by reason of taking, continuing to take or refraining from taking any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Collateral Documents in accordance with the provisions of (S)6.5 hereof and in accordance with written instructions of the Required Secured Parties pursuant to (S)6.3 hereof, and such instructions and any action taken or failure to act pursuant thereto shall be binding upon all the relevant Secured Parties.

Section 5.4. Knowledge or Notice of Default, Event of Default. The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect knowledge or notice of the occurrence of any Default or Event of Default unless and until the Collateral Agent has received written notice from a Secured Party or the Company referring to the Credit Agreement, the Note Agreement, the Additional Facility Documents, or the Collateral Documents, describing such Default or Event of Default and stating that it is a "notice of default" or a "notice of event of default", setting forth in reasonable detail the facts and circumstances thereof and stating that the Collateral Agent may rely on such notice without further inquiry; provided that if BB&T-VA (or any Additional Creditor under a Qualified Replacement Credit Agreement) is the Collateral Agent hereunder, the Collateral Agent shall be deemed to have actual knowledge and notice of the occurrence of any Default or Event of Default (as defined in the Credit Agreement or Qualified Replacement Credit Agreement) under the Credit Agreement or Qualified Replacement Credit Agreement if BB&T-VA (or such Additional Creditor) has actual knowledge of such Default or Event of Default or has declared an Event of Default under the Credit Agreement or Qualified Replacement Credit Agreement. The Collateral Agent shall have

no obligation or duty prior to or after receiving any such notice to inquire whether a Default or Event of Default has in fact occurred and shall be entitled to rely, and shall be fully protected in so relying, on any such notice furnished to it.

Section 5.5. Non-Reliance on Collateral Agent and Other Secured Parties. Each Secured Party expressly acknowledges that, except as expressly set forth in this Agreement, neither the Collateral Agent nor any of the Collateral Agent's officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Collateral Agent hereafter taken, including any review of the affairs of the Grantors, shall be deemed to constitute any representation or warranty by the Collateral Agent to any Secured Party. Each Secured Party represents that it has, independently and without reliance upon the Collateral Agent or any other Secured Party, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and credit-worthiness of the Grantors and made its own decision to enter into this Agreement, the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document. Each Secured Party also represents that it will, independently and without reliance upon the Collateral Agent or any other Secured Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under the Credit Agreement, the Note Agreement, any Additional Facility Document or any Collateral Document and this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and credit-worthiness of the Grantors. Except for notices, reports and other documents expressly required to be furnished to the Secured Parties by the Collateral Agent hereunder, the Collateral Agent shall not have any duty or responsibility to provide the Secured Parties with any credit or other information concerning the business, operations, property, financial and other condition or credit-worthiness of the Grantors which may come into the possession of the Collateral Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 5.6. Indemnification. The Secured Parties agree to indemnify the Collateral Agent in its capacity as such (to the extent not reimbursed by the Company, but without limiting any obligation of the Company to do so) ratably in accordance with the Secured Parties' Pro Rata Shares, against, and hold the Collateral Agent harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, which may be imposed on, incurred by, or asserted against the Collateral Agent, in any way relating to or arising out of this Agreement or any Collateral Document or the transactions contemplated hereby or thereby or any action taken or omitted by the Collateral Agent in connection with any of the foregoing; provided that no Secured Party shall be liable to the Collateral Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from the Collateral Agent's gross negligence or willful misconduct. The agreements in this (S)5.6 shall survive the payment of the Secured Obligations.

Section 5.7. Collateral Agent in Its Individual Capacity. BB&T-VA and its Affiliates may make loans to and generally engage in any kind of business with the Company or any other Grantor as though such Person was not the Collateral Agent hereunder and without any duty to

account therefor to the Secured Parties. With respect to any Revolving and Noteholder Debt issued to it and advances made by it under the Credit Agreement, if any, BB&T-VA shall have the same rights and powers under this Agreement as any Secured Party and may exercise the same as though it were not the Collateral Agent, and the terms "Secured Party" and "Secured Parties" shall include BB&T-VA in its individual capacity. Any Additional Creditor which succeeds BB&T-VA as Collateral Agent shall have the same rights as BB&T-VA under this Section 5.7 with respect to Debt issued to it and advances made by it under the Additional Facilities.

Section 5.8. Successor Collateral Agent.

(a) The Collateral Agent may resign at any time upon thirty days' notice to the Secured Parties and the Company and may be removed at any time, with or without cause, by the Required Secured Parties by written notice delivered to the Company, the Collateral Agent and the Secured Parties. If the Collateral Agent is also BB&T-VA, or an Additional Creditor under the Qualified Replacement Credit Agreement, then the Noteholders may remove the Collateral Agent for a material breach of its obligations under this Agreement at any time upon a vote of the holders of 75% or more of the aggregate principal amount of outstanding Notes. After any resignation or removal hereunder of the Collateral Agent, the provisions of this (S)5 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it in connection with its role as Collateral Agent hereunder while it was the Collateral Agent under this Agreement and it shall be entitled to be paid promptly when due any amounts owing to it pursuant to (S)5.6.

(b) Upon receiving notice of any such resignation or removal, a successor Collateral Agent shall be appointed by the Required Secured Parties; provided, however, that such successor Collateral Agent shall be (i) a bank or trust company having a combined capital and surplus of at least $500,000,000, subject to supervision or examination by a federal or state banking authority; and (ii) authorized under the laws of the jurisdiction of its incorporation or organization to assume the functions of the Collateral Agent. If the appointment of such successor shall not have become effective (as hereafter provided) (x) within such thirty day period after the Collateral Agent's notice of resignation or (y) upon removal of the Collateral Agent, then the Collateral Agent may assign the Liens and its duties hereunder and under the Collateral Documents to the Secured Parties, as their interests may appear, and in such case all references herein to "Collateral Agent" shall be deemed to refer to the "Required Secured Parties." Any Secured Party may petition a court of competent jurisdiction for the appointment of a successor Collateral Agent. Such court shall, after such notice as it may deem proper, appoint a successor Collateral Agent meeting the qualifications specified in this (S)5.8(b). The Secured Parties hereby consent to such petition and appointment so long as such criteria are met.

(c) The resignation or removal of a Collateral Agent shall become effective upon the execution and delivery of such documents or instruments as are necessary to transfer the rights and obligations of the Collateral Agent under the Collateral Documents, including, without limitation, the delivery and recordation of all amendments, instruments, deed of trusts, financing statements, continuation statements and other documents necessary to maintain the perfection of the security interests held by the Collateral Agent hereunder. Copies of each such document or instrument shall be delivered to all Secured Parties. Subject to the foregoing provisions of this (S)5.8(c), the appointment of a successor Collateral Agent pursuant to this (S)5.8

shall become effective upon the acceptance of the appointment as Collateral Agent hereunder by a successor Collateral Agent. Upon such effective appointment, the successor Collateral Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent and the retiring Collateral Agent shall be discharged from its rights, powers, privileges and duties under this Agreement and the other Collateral Documents; provided, however, that the provisions of this (S)5 shall continue to inure to the retiring Collateral Agent's benefit as to any actions taken or omitted to be taken by it in connection with its role as Collateral Agent hereunder while it was the Collateral Agent under this Agreement.

SECTION 6 Actions By The Collateral Agent.

Section 6.1. Duties and Obligations. The duties and obligations of the Collateral Agent are only those set forth in this Agreement and in the Collateral Documents.

Section 6.2. Notification of Default. If the Collateral Agent has been notified in a writing conforming to the requirements of (S)5.4 by any Secured Party that a Default, an Event of Default or a Special Event of Default has occurred, the Collateral Agent shall furnish to the Secured Parties a copy of such written notice and may, but is under no obligation to, furnish to the Company a copy of the notice received by the Collateral Agent and a copy of the Collateral Agent's notice to the Secured Parties. The failure of any Secured Party having knowledge of the occurrence of a Default, an Event of Default or a Special Event of Default to notify the Collateral Agent or any Secured Party of such occurrence, however, does not constitute a waiver of such Default, Event of Default or Special Event of Default by the Secured Parties. Upon receipt of a notice conforming to the requirements of (S)5.4 from a Secured Party of the occurrence of an Event of Default or a Special Event of Default, the Collateral Agent shall (in addition to the action required by the first sentence of this (S)6.2) promptly (and in any event no later than three Business Days after receipt of such notice) issue its Notice of Default to all Secured Parties. Such Notice of Default shall indicate the nature of such Event of Default or Special Event of Default. The Notice of Default may contain a recommendation of actions to be taken by the Secured Parties and/or request instructions from the Secured Parties and shall specify the date on which responses are due in order to be timely within (S)6.4 hereof.

Section 6.3. Exercise of Remedies. Except as otherwise provided in (S)6.5, the Collateral Agent shall take only such actions and exercise only such remedies under the Collateral Documents as are approved in written instructions delivered to the Collateral Agent and signed by the Required Secured Parties required under (S)6.4. In the event that the Collateral Agent shall determine in good faith that taking the actions specified in such instructions is contrary to law, it may refrain (and shall be fully protected in so refraining) from taking such action and shall immediately give notice of such fact to each of the Secured Parties. In the event that instructions received by the Collateral Agent are in its good faith judgment ambiguous or conflict with other instructions received by the Collateral Agent, the Collateral Agent (a) shall promptly notify the Secured Parties of such ambiguity or conflict and request clarifying instructions, and (b) may either (1) delay taking any such action or exercising any such remedy pending the receipt of such clarifying instructions (and shall be fully protected in so delaying) or (2) take such actions as it is entitled under (S)6.5.

Section 6.4. Instructions from Secured Parties.

Notwithstanding anything express or implied to the contrary in any Collateral Document:

(a) remedies and other actions to be taken under the Collateral Documents or applicable law with respect to the Collateral shall be directed by the Required Secured Parties; and

(b) if any Secured Party does not respond in a timely manner to any notice (including, without limitation, a Notice of Default) from the Collateral Agent or request for instructions within the time period specified by the Collateral Agent in such notice or request for instructions (which shall be a minimum of five Business Days), the Secured Obligations held by such Secured Party which would otherwise be included in a determination of Required Secured Parties shall not be included in the determination of Required Secured Parties for purposes of such notice or request for instructions. Any action taken or not taken without the vote of such Secured Party or Secured Parties under this (S)6.4 shall nevertheless be binding on such Secured Party or Secured Parties.

Section 6.5. Emergency Actions. If the Collateral Agent has asked the Secured Parties for instruction and if the Required Secured Parties have not yet responded to such request, the Collateral Agent shall be authorized to take, but shall not be required to take and shall in no event have any liability for the taking or the failure to take, such actions (other than any action described or permitted under (S)6.7 hereof) with regard to a Default or Event of Default which the Collateral Agent, in good faith, believes to be reasonably required to promote and protect the interests of the Secured Parties and to preserve the value of the Collateral and shall give the Secured Parties appropriate notice of such action; provided that once instructions with respect to such request have been received by the Collateral Agent from the Required Secured Parties, the actions of the Collateral Agent shall be governed thereby and the Collateral Agent shall not take any further action which would be contrary thereto.

Section 6.6. Changes to Collateral Documents. Any term of the Collateral Documents may be amended, and the performance or observance by the parties to a Collateral Document of any term of such Collateral Document may be waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Required Secured Parties.

Section 6.7. Release of Collateral. The release of any Collateral by the Collateral Agent from the Lien of any Collateral Document shall be permitted with the written consent of all of the Secured Parties; provided, however, that if the Company or its Subsidiaries disposes of Collateral pursuant to a disposition that is permitted under both the Credit Agreement and the Note Agreement or Collateral is released as permitted under the terms of the Collateral Documents, then the written consent of the Secured Parties to the release by the Collateral Agent of such Collateral shall not be required.

Section 6.8. Other Actions. The Collateral Agent shall have the right to take such actions, or omit to take such actions, hereunder and under the Collateral Documents not inconsistent with the written instructions of the Required Secured Parties delivered pursuant to (S)6.3 hereof or the terms of this Agreement, including actions the Collateral Agent deems necessary or appropriate to perfect or continue the perfection of the Liens on the Collateral for

the benefit of the Secured Parties. Except as otherwise provided by applicable law, the Collateral Agent shall have no duty as to any Collateral, the collection or protection of the Collateral or any income therefrom (including any duty to ascertain or take action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters), nor as to the preservation of rights against prior parties, nor as to the preservation of rights pertaining to the Collateral beyond the safe custody of any Collateral in the Collateral Agent's actual possession.

Section 6.9. Cooperation. To the extent that the exercise of the rights, powers and remedies of the Collateral Agent in accordance with this Agreement requires that any action be taken by any Secured Party, such Secured Party shall take such action and cooperate with the Collateral Agent to ensure that the rights, powers and remedies of all Secured Parties are exercised in full.

Section 6.10. Distribution of Proceeds of Collateral and Subsidiary Guaranties.

(a) Upon any realization upon the Collateral, the Secured Parties agree that the proceeds thereof shall be applied (i) first, to the amounts owing to the Collateral Agent, solely in its capacity as Collateral Agent (or owing to the Secured Parties in such capacity if the Collateral Agent has resigned or has been removed), by the Grantors or the Secured Parties pursuant to this Agreement or the Collateral Documents; (ii) second, to reimburse the Secured Parties for any amounts paid under (S)5.6 hereof ratably; (iii) third, ratably to the payment of all amounts of accrued and unpaid interest (other than breakage costs or any Make-Whole Amount) which constitute Secured Obligations according to the aggregate amounts of such interest then owing to each Secured Party; (iv) fourth, ratably to all amounts of principal outstanding in respect of the Secured Obligations (including therein the unpaid reimbursement obligations relating to any drawings under letters of credit issued under the Credit Agreement or any Qualified Replacement Credit Agreement and, without duplication, in the manner set forth in the following paragraph the undrawn portion of any face amount of any such letters of credit) according to the aggregate amounts of such principal then owing to each Secured Party; (v) fifth, ratably to all other Secured Obligations then owing to the Secured Parties according to the aggregate amounts of such Secured Obligations then owing to each Secured Party; and (vi) sixth, the balance, if any, shall be returned to the Grantors or such other Persons as are entitled thereto.

Any payment pursuant to this (S)6.10 with respect to the undrawn amount of any letters of credit shall be paid to the Collateral Agent for deposit in an account (the "Letter of Credit Collateral Account") to be held as collateral for the Secured Obligations and disposed of as provided herein. On each date after the occurrence of a Special Event of Default on which a payment is made to a beneficiary pursuant to a draw on a letter of credit, the Collateral Agent shall distribute from the Letter of Credit Collateral Account for application to the payment of the reimbursement obligation due to BB&T-VA or any Additional Creditors under the Qualified Replacement Credit Agreement, as applicable, with respect to such draw an amount equal to the product of (1) the amount then on deposit in the Letter of Credit Collateral Account, and (2) a fraction, the numerator of which is the amount of such draw and the denominator of which is the aggregate amount of all undrawn letters of credit with respect to the Revolving Debt (or, if applicable, revolving debt under the Qualified Replacement Credit Agreement) immediately prior to such draw. On each date on which a reduction in the aggregate amount of all undrawn

letters of credit occurs other than on account of a payment made to a beneficiary pursuant to a draw on a letter of credit, then the Collateral Agent shall distribute from the Letter of Credit Collateral Account an amount equal to the product of (1) the amount then on deposit in the Letter of Credit Collateral Account, and (2) a fraction, the numerator of which is the amount of such reduction in the aggregate amount of all undrawn letters of credit and the denominator of which is the aggregate amount of all undrawn letters of credit with respect to the Revolving Debt (or, if applicable, revolving debt under the Qualified Replacement Credit Agreement), immediately prior to such reduction, which amount shall be distributed as provided in the first paragraph of this (S)6.10. At such time as the aggregate amount of all undrawn letters of credit is reduced to zero, any amount remaining in the Letter of Credit Collateral Account, after the distribution therefrom as provided above, shall be distributed as provided in the first paragraph of this (S)6.10.

(b) Upon the request of the Collateral Agent prior to any distribution under this (S)6.10, each Secured Party shall provide to the Collateral Agent certificates, in form and substance reasonably satisfactory to the Collateral Agent, setting forth the respective amounts referred to in (S)6.10(a) hereof which each such Secured Party believes it is entitled to receive.

Section 6.11. Senior Preferential Payments and Special Trust Account.

(a) After the receipt by each Secured Party of a Notice of Default pursuant to (S)6.2 stating that a Special Event of Default has occurred, all Senior Preferential Payments other than those payments received pursuant to subsection (b) of this (S)6.11 shall be delivered to the Collateral Agent for deposit into the Special Trust Account.

(b) If (i) such Special Event of Default is waived by BB&T-VA, the Additional Creditors, and the Noteholders and if no other Event of Default has occurred and is continuing, (ii) such Special Event of Default is cured by the Company or by any amendment of the Credit Agreement, the Additional Facility Documents, or the Note Agreement, as the case may be, and if no other Event of Default has occurred and is continuing or (iii) any or all of the Secured Obligations have not been accelerated and the Required Secured Parties have not instructed the Collateral Agent to foreclose on a substantial portion of the Collateral, seek the appointment of a receiver, commence litigation against the Company, liquidate the Collateral, commence a Bankruptcy Proceeding against the Company, seize Collateral, or exercise other remedies of similar character prior to the 180th day following such Special Event of Default, the Collateral Agent thereupon shall return all amounts, together with their pro rata share of any interest earned thereon, held in the Special Trust Account representing payment of any Secured Obligations to the Secured Party initially entitled thereto, and no payments thereafter received by a Secured Party shall constitute a Senior Preferential Payment by reason of such cured or waived Special Event of Default. No payment returned to a Secured Party for which such Secured Party has been obligated to make a deposit into the Special Trust Account shall thereafter ever be characterized as a Senior Preferential Payment.

(c) Each Secured Party agrees that upon the occurrence of a Special Event of Default it shall (i) promptly notify the Collateral Agent of the receipt of any Senior Preferential Payments, (ii) hold such amounts in trust for the Secured Parties and act as agent of the Secured Parties during the time any such amounts are held by it, and (iii) deliver promptly to the Collateral Agent such amounts for deposit into the Special Trust Account as soon as practicable.

(d) If the Secured Obligations have been accelerated or the Required Secured Parties have instructed the Collateral Agent to foreclose on a substantial portion of the Collateral, seek the appointment of a receiver, commence litigation against the Company, liquidate the Collateral, commence a Bankruptcy Proceeding against the Company, seize Collateral, or exercise other remedies of similar character, then all funds, together with interest earned thereon, held in the Special Trust Account and all subsequent Senior Preferential Payments shall be applied in accordance with the provisions of (S)6.10 above.

Section 6.12. Authorized Investments. Any and all funds held by the Collateral Agent in its capacity as Collateral Agent, whether pursuant to any provision of this Agreement or any of the Collateral Documents, shall to the extent feasible within a reasonable time be invested by the Collateral Agent in Cash Equivalent Investments. Prior to making such investment or to the extent it is not feasible to invest such funds in Cash Equivalent Investments, the Collateral Agent shall hold any such funds in an interest bearing account. Any interest earned on such funds shall be disbursed to the Secured Parties in accordance with (S)6.10 or (S)6.11, as applicable. The Collateral Agent shall have no duty to place funds held and invested pursuant to this (S)6.12 in investments which provide a maximum return. The Collateral Agent shall not be responsible for any loss of any funds invested in accordance with this (S)6.12.

Section 6.13. Restoration of Obligations. For the purposes of determining the amount of outstanding Secured Obligations, if any Secured Party is required to deposit any Senior Preferential Payment in the Special Trust Account, then the obligations intended to be satisfied by such Senior Preferential Payment shall be revived, as of the date of the deposit of such amount with the Collateral Agent, in the amount of such Senior Preferential Payment and such obligation shall continue in full force and effect (and, if applicable, bear interest from such deposit date at the non-default rate as provided in the Notes or in the Credit Agreement or in the Additional Facility Documents, as the case may be) as if such Secured Party had not received such payment. All such revived obligations shall be included as Secured Obligations for purposes of allocating any payments under (S)6.10 and for applying the definition of Required Secured Parties. If any such revived obligation shall not be allowed as a claim under the Bankruptcy Code due to the fact that the Senior Preferential Payment has in fact been made by the Company, the Secured Parties shall make such other equitable arrangements for the purchase and sale of participations in the Secured Obligations to effectuate the intent of this (S)6.13.

Section 6.14. Bankruptcy, Preferences, etc. If any payment to a Secured Party is subsequently invalidated, declared to be fraudulent or preferential or set aside and is required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or Federal law, common law or equitable cause, and such Secured Party has previously made a deposit in respect of such payment into the Special Trust Account pursuant to (S)6.11, then the Collateral Agent shall distribute to such Secured Party proceeds from the Special Trust Account in an amount equal to such deposit or so much thereof as is affected by such events and if, due to previous disbursements to the Secured Parties pursuant to (S)6.11(d), the proceeds in the Special Trust Account are insufficient for such purpose, then each other Secured Party shall pay to such Secured Party upon demand an amount equal to a ratable portion of such disbursements of the deposit which was distributed to each such Secured Party according to the aggregate amounts so distributed to each such Secured Party.

Section 6.15. Sharing of Proceeds. If, despite the provisions of this Agreement, any Secured Party shall receive any payment or other recovery in excess of its portion of payments on account of the Secured Obligations to which it is then entitled in accordance with this Agreement, such Secured Party shall hold such payment or other recovery in trust for the benefit of the parties entitled thereto and promptly pay over or deliver such payment or other recovery to the Collateral Agent for application by the Collateral Agent in accordance with this Agreement.

SECTION 7 Bankruptcy Proceedings.

The following provisions shall apply during any Bankruptcy Proceeding of any Grantor:

(a) The Collateral Agent shall represent all Secured Parties in connection with all matters directly relating to the Collateral, including without limitation, use, sale or lease of Collateral, use of cash collateral, relief from the automatic stay and adequate protection. The Collateral Agent shall act on the instructions of the Required Secured Parties; provided that such instructions by the Required Secured Parties shall not treat any Secured Party differently with respect to rights in the Collateral from any other Secured Party; and provided further that if action is required prior to the time such instructions are received or if the Required Secured Parties fail to give instructions with respect to any matter, the Collateral Agent shall be authorized to act, or refrain from acting, in accordance with (S)6.5 hereof.

(b) Each Secured Party shall be free to act independently on any issue not directly relating to the Collateral, including without limitation, matters relating to appointment of a trustee, conversion of a case, filing of claims, and plans of reorganization. Each Secured Party shall give prior notice to the Collateral Agent of any such action to the extent that such notice is possible. If such prior notice is not given, such Secured Party shall give prompt notice following any such action.

SECTION 8 Additional Agreements of Secured Parties.

(a) BB&T-VA, in its capacity as the Lender under the Credit Agreement agrees that the Secured Parties, through their authorized representatives or agents, may (to the extent BB&T-VA has the right to restrict access to the Winchester Collateral) enter upon any real property constituting Winchester Collateral from time to time during normal business hours for the sole purpose of inspecting, repairing, removing, caring for, protecting or conducting a sale or sales of any or all of the Collateral if the Collateral Agent provides BB&T-VA notice prior to each entry (which shall not be less than two (2) business days except in the case of emergency). BB&T-VA further agrees that neither the Collateral Agent nor any Secured Party shall have any obligation or liability to BB&T-VA, except, however, that the Secured Parties shall promptly repair any damage to the Winchester Collateral caused by the removal, repair, sale or inspection and the Secured Parties shall be liable for, and shall indemnify, defend and hold the Collateral Agent and BB&T-VA harmless from the gross negligence or willful misconduct of their employees or agents in connection with such removal, repairs, sale or inspection. The Collateral Agent and the Secured Parties agree that neither the Collateral Agent nor BB&T-VA shall have any obligation or liability to preserve, protect, manage, maintain, safekeep or otherwise have any responsibility for the Collateral beyond the safe custody of any Collateral in any such Person's actual possession.

(b) The Collateral Agent agrees to use its best efforts to give to BB&T-VA, via certified mail, written notice prior to the exercise by the Collateral Agent of any of its rights or remedies against the Collateral at the address provided for in (S)10.2 below; provided, however, that any failure to so provide such notice shall have no effect on the ability of the Collateral Agent to exercise any of its rights or remedies against the Collateral.

(c) BB&T-VA agrees to use its best efforts to give to the Secured Parties, via certified mail, written notice prior to the exercise by BB&T-VA of any of its rights or remedies against the Winchester Collateral at the address provided for in (S)10.2 below; provided, however, that any failure to so provide such notice shall have no effect on the ability of BB&T-VA to exercise any of its rights or remedies against the Winchester Collateral.

(d) If the Collateral Agent takes possession of the Grantors' books and records included in the Collateral, the Collateral Agent shall provide BB&T-VA reasonable access to inspect and copy such books and records if BB&T-VA provides prior notice (which shall be not less than two (2) business days except in the case of emergency) and if such access is necessary to exercise its rights and remedies in the Winchester Collateral.

(e) If the Collateral Agent or the Secured Parties receives any Winchester Collateral or any proceeds thereof or if BB&T-VA (in its capacity as lender of the Term Debt under the Credit Agreement) receives any Collateral or any proceeds thereof in which the Secured Parties have a prior perfected security interest, such party shall (i) notify the other party in writing of the nature of such receipt, the date of the receipt and the amount thereof; (ii) deduct from the proceeds received any costs or expenses (including attorneys' fees and expenses) incurred in connection with the acquisition of such proceeds; (iii) hold the remaining amount of such proceeds in trust for the benefit of the other party until paid over to the other party; and (iv) pay the remaining amount of such proceeds or deliver the applicable Collateral to the other party hereto promptly upon receipt thereof. If at any time payment, in whole or in part, of any Collateral or proceeds of Collateral distributed hereunder is rescinded or must otherwise be restored or returned as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, then each party receiving any portion of such proceeds agrees, upon demand, to return the portion of such proceeds it has received to the party responsible for restoring or returning such proceeds.

(f) References to BB&T-VA in this Section 8 shall also refer to all Additional Creditors under the Qualified Replacement Credit Agreement if such Additional Creditors are also the holders of a Lien on the Winchester Collateral.

SECTION 9 Miscellaneous.

Section 9.1. Entire Agreement. This Agreement represents the entire Agreement among the Collateral Agent, the Secured Parties and the Grantors in respect of the subject matter hereof.

Section 9.2. Notices. Notices hereunder shall be given to the Secured Parties at their addresses as set forth in the Note Agreement or the Credit Agreement or at such other address as may be designated by each in a written notice to the other parties hereto.

Section 9.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Collateral Agent and each of the Secured Parties and their respective successors and assigns, whether so expressed or not, and, in particular, shall inure to the benefit of and be enforceable by and against any future holder or holders of any Secured Obligations, and the term "Secured Party" shall include any such subsequent holder of Secured Obligations, wherever the context permits.

Section 9.4. Consents, Amendment, Waivers. All amendments, waivers or consents of any provision of this Agreement shall be effective only if the same shall be in writing and signed by the Collateral Agent and all of the Secured Parties.

Section 9.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflicts of law principles.

Section 9.6. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one Agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 9.7. Sale of Interest. No Secured Party will sell, transfer or otherwise dispose of any interest in the Secured Obligations unless such purchaser or transferee shall agree, in writing, to be bound by the terms of this Agreement.

Section 9.8. Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

Section 9.9. Expenses. In the event of any litigation to enforce this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees (including the allocated costs of in-house counsel).

Section 9.10. Term of Agreement. This Agreement shall terminate when all Secured Obligations are paid in full and such payments are not subject to any possibility of revocation or rescission and no Secured Party has any commitment to extend any additional credit constituting Secured Obligations under the terms of the Credit Agreement or any Qualified Replacement Credit Agreement, or when the Collateral Agent, BB&T-VA (if then a Secured Party) and all of the other Secured Parties mutually agree in a writing to terminate this Agreement, whichever occurs earlier.

Section 9.11. Obligations Several. The obligations of the Secured Parties and the Collateral Agent hereunder are several. The failure of any Secured Party or the Collateral Agent to carry out its obligations hereunder shall not relieve any other Secured Party or the Collateral Agent of any obligation hereunder, nor shall any Secured Party or the Collateral Agent be responsible for the obligations of, or any action taken or omitted by, any other Person hereunder. Nothing contained in this Agreement shall be deemed to cause any Secured Party or the Collateral Agent to be considered a partner of or joint venturer with any other Secured Party, the Collateral Agent, the Subsidiary Guarantors or the Company.

In Witness Whereof, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

Branch Banking and Trust Company of
Virginia, As Collateral Agent

By: /s/ David A. Chandler

Name: David A. Chandler

Its: Senior Vice President

Teachers Insurance and Annuity
Association of America

By: /s/ John Goodreds

Name: John Goodreds

Its: Associate Director--Private Placements

Nationwide Life Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Its: Credit Officer--Fixed Income Securities

Nationwide Life and Annuity Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Its: Credit Officer--Fixed Income Securities

AMCO Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Its: Credit Officer--Fixed Income Securities

Nationwide Mutual Insurance Company

By: /s/ Joseph P. Young

Name: Joseph P. Young

Its: Credit Officer--Fixed Income Seucrities

Great West Life & Annuity Insurance Company

By: /S/ Wayne T. Hoffman

Name: Wayne T. Hoffman

Its: Senior Vice President - Investments

By: /s/ Tad Anderson

Name: Tad Anderson

Its: Manager -- Investments

Branch Banking and Trust Company of Virginia

By: /s/ David A. Chandler

Name: David A. Chandler

Its: Senior Vice President

The Undersigned Hereby Acknowledge and Agree to the foregoing Agreement.

Trex Company, Inc.

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna
Its: Executive Vice President and
Chief Financial Officer

TREX Company, LLC

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna
Its: Executive Vice President and
Chief Financial Officer

Exhibit 10.5

This Instrument Prepared By:
Thomas E. duB. Fauls
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

CREDIT LINE DEED OF TRUST

dated June 19, 2002,

by and among

TREX COMPANY, LLC,
as Grantor,

BB&T-VA COLLATERAL SERVICE CORPORATION
as Trustee,

and

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA and
BRANCH BANKING AND TRUST COMPANY,
as Noteholder

THIS IS 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 secured by this Deed of Trust is Branch Banking and Trust Company of Virginia and Branch Banking and Trust Company, (ii) the address at which communications may be mailed or delivered to such noteholder is 110 South Stratford Road, Suite 301, Winston-Salem, North Carolina 27104, Attention: Cory Boyte, and (iii) the maximum aggregate amount of principal to be secured at any one time is $12,600,000.

This Instrument Prepared By:
Thomas E. duB. Fauls
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

THIS IS A CREDIT LINE DEED OF TRUST

THIS CREDIT LINE DEED OF TRUST (this "Deed of Trust"), dated this 19th day of June, 2002, by and among TREX COMPANY, LLC, a Delaware limited liability company (hereinafter referred to as the "Grantor"), as grantor, the first party; BB&T-VA COLLATERAL SERVICE CORPORATION, a Virginia corporation whose address is 823 East Main Street, 11th Floor, Richmond, Virginia 23219, as trustee (hereinafter referred to as the "Trustee"), as grantee, the second party; and BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a Virginia banking corporation, and BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation (hereinafter collectively referred to as the "Noteholder"), as beneficiaries, the third party;

The Noteholder's address to which any notice or communication permitted to be given pursuant to the provisions of ss. 55-58.2 of the Code of Virginia of 1950, as amended, may be mailed or delivered is Branch Banking and Trust Company of Virginia and Branch Banking and Trust Company, 110 South Stratford Road, Suite 301, Winston-Salem, North Carolina 27104, Attention: Cory Boyte.

W I T N E S S E T H:

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) except for the Excluded Property (as hereinafter defined), all fixtures, machinery, equipment, building materials and other personal property of every nature whatsoever owned by the Grantor now or hereafter located in, or 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 costs and expenses incurred by the Noteholder 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."

"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) Permitted Liens (as defined in the Credit Agreement dated as of June 19, 2002, by and among the Grantor, Trex Company, Inc. and Branch Banking and Trust Company of Virginia, as amended, restated, supplemented or otherwise modified from time to time (the "Credit Agreement")).

"Excluded Property" shall mean all property of the Grantor, whether now owned or hereafter acquired, that constitutes inventory (as defined in the Uniform Commercial Code as adopted in the Commonwealth of Virginia (the "UCC")) or equipment (as defined in the UCC) other than Excluded Fixtures (as hereinafter defined), whether now or hereafter located in, or on, or used, or intended to be used, in connection with the operation of the Property, together with all cash and non-cash proceeds thereof. For purposes hereof, "Excluded Fixtures" shall mean all fixtures (as defined in the UCC) other than manufacturing or production equipment of the Grantor.

IN TRUST to secure to the Noteholder the following:

(a) (i) the payment and performance of 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on Real Estate Term Loans 1, 2, 3 & 4 (as each such term is defined in the Credit Agreement), fees payable or reimbursement obligations under, Real Estate Term Loan 1, Real Estate Term Loan 2, Real Estate Term Loan 3, or Real Estate Term Loan 4 (as each such term is defined in the Credit Agreement);

(ii) all other amounts now or hereafter payable by the Borrower 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 the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to Real Estate Term Loan 1, Real Estate Term Loan 2, Real Estate Term Loan 3, or Real Estate Term Loan 4;

(iii) all Derivatives Obligations (as defined in the Credit Agreement)(including, without limitation, all amounts payable with respect to the ISDA Master Agreement (as defined in the Credit Agreement) and any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) of the Borrower to Branch Banking and Trust Company;

(iv) all other indebtedness, obligations and liabilities of the Borrower to Branch Banking and Trust Company of Virginia or Branch Banking and Trust Company, now existing or hereafter arising or incurred, whether or not evidenced by notes or other instruments, and whether such indebtedness, obligations and liabilities are direct or indirect, fixed or contingent, liquidated or unliquidated, due or to become due, secured or unsecured, joint, several or joint and several, but excluding the Revolving Credit Loan Obligations (as defined in the Credit Agreement);

(v) all renewals, modifications, consolidations or extensions of or to each of the obligations described in clauses (a)(i) to and including (a)(iv) above (the obligations described in clauses (a)(i) to and including (a)(v) shall collectively be referred to herein as the "Real Estate Term Loan Obligations"); and

(vi) all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Noteholder for taxes and/or insurance relating to, or maintenance or preservation of, the Property and any other collateral securing the Real Estate Term Loan Obligations or incurred by the Noteholder in the collection or enforcement of the Real Estate Term Loan Obligations, including, without limitation, any such collection or enforcement of the Real Estate Term Loan Obligations owing to the Noteholder 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; all of which obligations described in clauses (a)(i) to and including (a)(vi) shall not exceed, at any one time, the aggregate principal amount of TWELVE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS ($12,600,000.00), together with interest thereon as provided in the Credit Agreement; 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 Noteholder, and hereby grants to the Noteholder 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 Noteholder as its attorney-in-fact to do all things which the Grantor might otherwise do with respect to the leasing of the Property, 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 Noteholder, or at the option of the Noteholder, 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), 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 Noteholder. The curing of such Event of Default, however, shall not entitle the Grantor to do any such things which the Grantor might otherwise do with respect to the Property and the leases thereon or again to collect such rents unless consented to in writing by the Noteholder. 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 Noteholder 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 Noteholder for failure or inability to collect any rents under any such lease. The Grantor covenants and warrants that (i) it will comply with all 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 Noteholder's prior written consent, the rents, issues or profits from the Property and leases thereof to any person other than the Noteholder; (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 Noteholder's prior written consent; and (vi) upon request of the Noteholder, it will serve such written notice or notices as the Noteholder 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 Noteholder such other instruments or documents reasonably requested by the Noteholder for the purpose of securing or exercising its rights herein and it will provide to the Noteholder true copies or originals of such leases and all amendments, supplements, renewals or correspondence related thereto. All leases and renewals and extensions of existing leases shall be subject in all respects to the Noteholder's advance written approval. 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.

So long as no Event of Default exists under this Deed of Trust, 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 (as defined in the Credit Agreement)), and immediately thereafter will

forward to the Noteholder official receipts evidencing such payments; or in the alternative and at the option of the Noteholder, exercisable at any time upon the occurrence and during the continuance of an Event of Default, will deposit with the Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole and absolute discretion of the Noteholder, to enable the Noteholder 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 Noteholder. If, at any time, the Noteholder 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 Noteholder. The Grantor does hereby grant to the Noteholder 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 a responsible company or companies reasonably satisfactory to the Noteholder 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 Noteholder pursuant to the Credit Agreement. The insurance policy (or policies) will have attached thereto a standard mortgagee clause, without contribution, in favor of the Noteholder, as its interest may appear, and will otherwise be in form reasonably acceptable to the Noteholder, 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 Noteholder. The Grantor will deliver to the Noteholder certificates evidencing that the Noteholder 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 Noteholder 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 Noteholder, at such time or times as the Noteholder directs, such amounts as are necessary, in the sole and absolute discretion of the Noteholder, to enable the Noteholder 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 Noteholder. If, at any time, the Noteholder 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 Noteholder. The Grantor does hereby grant to the Noteholder for the benefit of the Noteholder 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 Noteholder may, after ten (10) days' written notice mailed to the Grantor at its last known address, change any or all of the coverages, terms, amounts or insurers, cause any policy to name the Noteholder as insured as its interest may appear, surrender existing policies for cancellation, obtain any cancellation, obtain any additional insurance it 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 Noteholder may negotiate with any insurance companies involved and make a reasonable settlement of such claim, and the Noteholder 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 Noteholder of any damage to or destruction of the Property or any part thereof having an aggregate fair market value in excess of $250,000. 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 Noteholder in the aggregate amount of less than $1,000,000 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 Noteholder in the aggregate amount of more than $1,000,000 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 Noteholder 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 Noteholder 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 Noteholder plans and specifications for the restoration which shall be reasonably satisfactory to it; (iv) the Grantor shall submit to the Noteholder 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 Noteholder; and (v) the Grantor shall have provided to the Noteholder 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 Noteholder be disbursed from time to time as restoration progresses to pay for restoration work completed and in place and such disbursements may at the Noteholder'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 Noteholder. The Noteholder 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 Real Estate Term Loans 1, 2, 3 & 4 at the time such costs or expenses are incurred. The Noteholder 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 Noteholder 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 applicable to Real Estate Term Loans 1, 2, 3 & 4. 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 Noteholder 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, 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, and the Grantor will promptly restore any part of the Property which may be damaged by fire or other casualty as required by paragraph 2 hereof.

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 Noteholder 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 Noteholder, 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 any note evidencing the Secured Obligations (collectively, the "Notes"), under the ISDA Master Agreement or under this Deed of Trust or providing for its release or discharge from any liability under the Notes, the ISDA Master Agreement 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 ISDA Master Agreement 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 Noteholder 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 Noteholder, and will forthwith upon receipt pay to the Noteholder, 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 Noteholder, lease, bargain, sell, transfer, assign or convey the Property, or any portion thereof, or any legal or equitable interest therein.

NOTICE -- THE DEBT SECURED HEREBY IS SUBJECT TO CALL IN FULL OR THE TERMS THEREOF BEING MODIFIED IN THE EVENT OF SALE OR CONVEYANCE OF THE PROPERTY CONVEYED.

11. USE OF PROPERTY. The Grantor will not, without the prior written consent of the Noteholder, (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 Noteholder, 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 affects the Property or title thereto or the interest of the Trustee or the Noteholder therein, including, without limitation, eminent domain, insolvency, arrangements or proceedings involving a bankrupt or decedent, then, in any of such events, the Noteholder may, at its option, make such appearances, disburse such amount and take such action as the Noteholder deems necessary, in its reasonable discretion, to protect its interest, including, without limitation, (i) the employment of attorneys and disbursement of 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 Noteholder shall, in its sole and absolute discretion, deem necessary or advisable. Any amounts disbursed by the Noteholder 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 Real Estate Term Loan Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate (as defined in the Credit Agreement) applicable to Real Estate Term Loans 1, 2, 3 & 4, and shall, together with the interest thereon, be repayable by the Grantor on demand.

13. ESTOPPEL CERTIFICATE. The Grantor will, within ten (10) days of being requested in writing by the Noteholder so to do, furnish a written statement to the Noteholder, 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 Substances (as defined in the Credit Agreement), and this investigation has revealed no fact which would indicate that the Property has been involved in the use, manufacturing, storage or disposal of Hazardous Substances other than in accordance with all applicable Environmental Laws (as defined in the Credit Agreement). 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 Noteholder all pending or threatened litigation and all orders, rulings, notices, permits or investigations regarding Hazardous Substances on the Property.

c. The Grantor and any other parties, including, but not limited to, tenants, licensees and occupants, will not be involved in any activity at or near the Property, which activity is likely to involve or lead to (i) the use, manufacture, storage or disposal of Hazardous Substances 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 Noteholder in the event of the discovery of Hazardous Substances at the Property which are not in compliance with applicable Environmental Laws. Further, the Grantor will promptly forward to the Noteholder copies of all orders, notices, permits, applications and other communications and reports in connection with any discharge, spillage, use or discovery of Hazardous Substances on the Property which constitutes or is alleged to constitute a violation of any Environmental Law. 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 Substances 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 Noteholder has reasonable cause to believe there are Hazardous Substances upon the Property that are being used, stored, manufactured or disposed of other than in accordance with all applicable Environmental Laws, the Noteholder 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 Noteholder, to assess with a reasonable degree of certainty (i) the presence of any such Hazardous Substances 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 Substances 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 requirements of all applicable Environmental Laws, the Noteholder 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 Noteholder shall deem necessary or advisable in order to abate, remove and clean up the Hazardous Substances 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 Noteholder 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 Noteholder 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 Real Estate Term Loan Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate (as defined in the Credit Agreement) applicable to Real Estate Term Loans 1, 2, 3 & 4, 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 (as defined in the Credit Agreement). 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 Noteholder 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 therefor; 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 Commonwealth of Virginia 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 any Note, the ISDA Master Agreement, any agreement evidencing or securing any of the other Real Estate Term Loan 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 Noteholder 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 Noteholder's option and without notice to the Grantor:

(i) The Noteholder may declare the Notes, or any of them, and all of the other Secured Obligations immediately due and payable, without demand;

(ii) The Noteholder 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 Noteholder 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 Noteholder 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 Noteholder 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 Noteholder, 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 Noteholder or the Trustee to expend any money or to take any other discretionary act herein permitted, and neither the Noteholder 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 Noteholder 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 sums due under the Notes, the ISDA Master Agreement, this Deed of Trust and the other Secured Obligations, 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 Noteholder, in its sole and absolute discretion, deems it advisable, the Noteholder 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 Noteholder reserves the right, but shall have no obligation, to make additional advances of proceeds in connection with the Real Estate Term Loan Obligations from time to time, including the advance of the proceeds of Real Estate Term Loan 4 (as defined in the Credit Agreement) and the readvance of any sums previously repaid on the Notes.

23. INDEMNIFICATION BY THE GRANTOR. The Grantor shall protect and indemnify the Trustee and the Noteholder 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 the Trustee, the Noteholder or the directors, officers or employees of the Noteholder 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, any of the Notes, the ISDA Master Agreement, 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 the Trustee or the Noteholder, or any of them, attacking the validity, priority or enforceability of this Deed of Trust, any Note, the ISDA Master Agreement, 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 Substances on the Property; provided, however, that the Grantor shall not be obligated to indemnify the Trustee or the Noteholder from any loss, damage, cost or expense directly attributable to their or any of their gross negligence or willful misconduct. Any amounts payable to the Trustee or the Noteholder under this paragraph 23 which are not paid within ten (10) days after written demand therefor by the Trustee or the Noteholder 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 Real Estate Term Loan Obligations are secured, shall bear interest from the date of the disbursement thereof at a fluctuating rate of interest equal to the Default Rate (as defined in the Credit Agreement) applicable to Real Estate Term Loans 1, 2, 3 & 4, 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 the Trustee, the Noteholder or the directors, officers, agents of employees of the Noteholder by reason of any such occurrence, the Grantor, upon the request of the Trustee or the Noteholder 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 the Trustee and/or the Noteholder. 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 Noteholder, 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.

IN WITNESS WHEREOF the Grantor has caused this Credit Line Deed of Trust to be executed in its name and on its behalf by its duly authorized officers pursuant to due authorization.

TREX COMPANY, LLC

By: /s/ Anthony J. Cavanna
_____

Name: Anthony J. Cavanna
Title: Executive Vice President and
Chief Financial Officer

COMMONWEALTH OF VIRGINIA

CITY OF RICHMOND, to-wit:

The foregoing instrument was duly acknowledged before me in my jurisdiction aforesaid this 19th day of June, 2002, by Anthony J. Cavanna who is Executive Vice President and Chief Financial Officer of TREX Company, LLC, a Delaware limited liability company, on behalf of the company.

[AFFIX NOTARIAL SEAL]

/s/ Trudi Brown
_____
(Notary Public)

My commission expires: May 31, 2003
_____

Exhibit 99

Wednesday June 19, 5:20 pm Eastern Time

Press Release

SOURCE: Trex Company, Inc.

Trex Company Completes Debt Refinancing

WINCHESTER, Va.--(BUSINESS WIRE)--June 19, 2002--Trex Company, Inc. (NYSE: TWP - News), manufacturer of Trex(R) Easy Care Decking(R), today completed a refinancing of total indebtedness of $47.6 million outstanding under its existing senior credit facility and various real estate loans.

The Company refinanced this indebtedness from the proceeds of its sale of $40 million principal amount of senior secured notes due 2009 and borrowings under new real estate loans having a total principal amount of $12.6 million. In connection with the refinancing, the Company replaced its existing $17 million revolving credit facility with a $20 million revolving credit facility with a new lender.

The senior secured notes, which were privately placed with institutional investors, will accrue interest at an annual rate of 8.32%. Five principal payments of $8 million annually to retire the notes will be payable beginning on the third anniversary of the closing date.

The new revolving credit facility and real estate loans will accrue interest at annual rates equal to LIBOR plus specified margins and will mature on the third anniversary of the closing date. Branch Banking and Trust Company of Virginia is the lender under the credit facility and real estate loans.

"This financing provides us with a stable capital structure for the long term, at attractive terms," said Trex Company President Robert Matheny. "In addition, by refinancing this debt we have eliminated the former lender's conditional right under an existing warrant to purchase 353,778 shares of common stock at $14.89 per share."

Early retirement of the outstanding indebtedness will result in a one-time non-cash charge to interest expense of $2.4 million in the second quarter of 2002 as a result of accelerated amortization of the remaining debt discount balance. This debt discount was previously scheduled to be amortized through January 31, 2003.

"We are pleased that this refinancing has been successfully executed," concluded Matheny. "Having this financial foundation is another important step in the continuing development of the Trex Company."

About Trex Company

Trex Company is the nation's largest manufacturer of non-wood decking, which is marketed under the brand name Trex(R). Trex Wood-Polymer(R) lumber offers an attractive appearance and the workability of wood without the ongoing need for protective sealants or repairs. Trex decking and railing is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene and is used primarily for residential and commercial decking. The company sells its products through 90 wholesale distribution locations, which in turn sell Trex decking to approximately 2,900 independent contractor-oriented retail lumberyards across the United States.

For a Trex decking and railing dealer near you, call 1-800-BUY-TREX (289-8739) or for dealers and product details, visit www.trex.com.

The statements in this press release regarding the Company's expected sales performance and operating results, its anticipated financial condition and its business strategy constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are subject to risks and uncertainties that could cause the Company's actual operating results to differ materially. Such risks and uncertainties include the extent of market acceptance of the Company's products, the sensitivity of the Company's business to general economic conditions, and the highly competitive markets in which the Company operates. The Company's report on Form 10-K filed with the Securities and Exchange Commission on March 21, 2002 discusses some of the important factors that could cause the Company's actual results to differ materially from those expressed or implied in these forward-looking statements. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.