

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 001-14649



Trex Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
2500 Trex Way
Winchester, Virginia
(Address of principal executive offices)

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

22601
(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TREX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act): Yes No

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding at July 17, 2023 was 108,563,043 shares.

TREX COMPANY, INC.

INDEX

	<u>Page</u>
<u>PART I FINANCIAL INFORMATION</u>	2
Item 1. Condensed Consolidated Financial Statements	2
Condensed Consolidated Statements of Comprehensive Income for the Three Months and Six Months Ended June 30, 2023 and June 30, 2022 (unaudited)	2
Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022 (unaudited)	3
Condensed Consolidated Statements of Changes in Stockholders' Equity for the Six Months Ended June 30, 2023 and June 30, 2022 (unaudited)	4
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2023 and June 30, 2022 (unaudited)	5
Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	30
<u>PART II OTHER INFORMATION</u>	31
Item 1. Legal Proceedings	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 5. Other Information	31
Item 6. Exhibits	33

PART I
FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

TREX COMPANY, INC.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales	\$ 356,538	\$ 386,249	\$ 595,256	\$ 725,477
Cost of sales	200,090	228,872	344,380	433,188
Gross profit	156,448	157,377	250,876	292,289
Selling, general and administrative expenses	51,681	39,568	89,162	79,529
Income from operations	104,767	117,809	161,714	212,760
Interest expense (income), net	1,305	(116)	3,289	(104)
Income before income taxes	103,462	117,925	158,425	212,864
Provision for income taxes	26,426	29,009	40,258	52,737
Net income	\$ 77,036	\$ 88,916	\$ 118,167	\$ 160,127
Basic earnings per common share	\$ 0.71	\$ 0.79	\$ 1.09	\$ 1.41
Basic weighted average common shares outstanding	108,770,204	113,099,561	108,771,077	113,864,741
Diluted earnings per common share	\$ 0.71	\$ 0.79	\$ 1.09	\$ 1.40
Diluted weighted average common shares outstanding	108,871,440	113,259,514	108,893,848	114,052,447
Comprehensive income	\$ 77,036	\$ 88,916	\$ 118,167	\$ 160,127

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Balance Sheets

(In thousands, except share data)

	June 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,226	\$ 12,325
Accounts receivable, net	266,808	98,057
Inventories	74,007	141,355
Prepaid expenses and other assets	24,403	35,105
Total current assets	369,444	286,842
Property, plant and equipment, net	645,656	589,892
Operating lease assets	29,099	30,991
Goodwill and other intangible assets, net	18,372	18,582
Other assets	7,244	7,398
Total assets	<u>\$1,069,815</u>	<u>\$ 933,705</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 32,228	\$ 19,935
Accrued expenses and other liabilities	79,803	44,064
Accrued warranty	4,766	4,600
Line of credit	206,000	222,000
Total current liabilities	322,797	290,599
Deferred income taxes	68,224	68,224
Operating lease liabilities	21,916	23,974
Non-current accrued warranty	21,793	20,999
Other long-term liabilities	11,560	11,560
Total liabilities	446,290	415,356
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, \$0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 360,000,000 shares authorized; 140,931,122 and 140,841,833 shares issued and 108,567,816 and 108,743,423 share outstanding, at June 30, 2023 and December 31, 2022, respectively	1,409	1,408
Additional paid-in capital	134,293	131,539
Retained earnings	1,248,841	1,130,674
Treasury stock, at cost, 32,363,306 shares at June 30, 2023 and 32,098,410 shares at December 31, 2022	(761,018)	(745,272)
Total stockholders' equity	623,525	518,349
Total liabilities and stockholders' equity	<u>\$1,069,815</u>	<u>\$ 933,705</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Statements of Changes in Stockholders' Equity

(Unaudited)
(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, December 31, 2022	108,743,423	\$ 1,408	\$131,539	\$1,130,674	32,098,410	\$(745,272)	\$ 518,349
Net income	—	—	—	41,131	—	—	41,131
Employee stock plans	8,504	—	316	—	—	—	316
Shares withheld for taxes on awards	(28,773)	—	(1,592)	—	—	—	(1,592)
Stock-based compensation	80,362	1	1,972	—	—	—	1,973
Balance, March 31, 2023	108,803,516	\$ 1,409	\$132,235	\$1,171,805	32,098,410	\$(745,272)	\$ 560,177
Net income	—	—	—	77,036	—	—	77,036
Employee stock plans	7,971	—	323	—	—	—	323
Shares withheld for taxes on awards	(15,663)	—	(855)	—	—	—	(855)
Stock-based compensation	36,888	—	2,590	—	—	—	2,590
Repurchases of common stock	(264,896)	—	—	—	264,896	(15,746)	(15,746)
Balance, June 30, 2023	108,567,816	\$ 1,409	\$134,293	\$1,248,841	32,363,306	\$(761,018)	\$ 623,525

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, December 31, 2021	115,148,152	\$ 1,407	\$127,787	\$ 946,048	25,586,601	\$(350,208)	\$ 725,034
Net income	—	—	—	71,211	—	—	71,211
Employee stock plans	9,081	—	523	—	—	—	523
Shares withheld for taxes on awards	(35,856)	—	(2,912)	—	—	—	(2,912)
Stock-based compensation	79,926	1	2,225	—	—	—	2,226
Repurchases of common stock	(833,963)	—	—	—	833,963	(75,017)	(75,017)
Balance, March 31, 2022	114,367,340	\$ 1,408	\$127,623	\$1,017,259	26,420,564	\$(425,225)	\$ 721,065
Net income	—	—	—	88,916	—	—	88,916
Employee stock plans	8,834	—	429	—	—	—	429
Stock-based compensation	2,024	—	1,057	—	—	—	1,057
Repurchases of common stock	(2,814,817)	—	—	—	2,814,817	(169,992)	(169,992)
Balance, June 30, 2022	111,563,381	\$ 1,408	\$129,109	\$1,106,175	29,235,381	\$(595,217)	\$ 641,475

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2023	2022
OPERATING ACTIVITIES		
Net income	\$ 118,167	\$ 160,127
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,198	21,804
Stock-based compensation	4,562	3,282
Gain on disposal of property, plant and equipment	1,081	(43)
Other non-cash adjustments	(388)	(365)
Changes in operating assets and liabilities:		
Accounts receivable	(168,751)	(26,988)
Inventories	67,348	(17,119)
Prepaid expenses and other assets	2,046	949
Accounts payable	13,816	32,943
Accrued expenses and other liabilities	20,686	13,175
Income taxes receivable/payable	25,016	2,227
Net cash provided by operating activities	107,781	189,992
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(82,357)	(66,606)
Proceeds from sales of property, plant and equipment	—	45
Net cash used in investing activities	(82,357)	(66,561)
FINANCING ACTIVITIES		
Borrowings under line of credit	330,000	—
Principal payments under line of credit	(346,000)	—
Repurchases of common stock	(18,192)	(247,921)
Proceeds from employee stock purchase and option plans	639	951
Financing costs	30	(866)
Net cash used in financing activities	(33,523)	(247,836)
Net decrease in cash and cash equivalents	(8,099)	(124,405)
Cash and cash equivalents, beginning of period	12,325	141,053
Cash and cash equivalents, end of period	\$ 4,226	\$ 16,648
Supplemental Disclosure:		
Cash paid for interest, net of capitalized interest	\$ 2,602	\$ —
Cash paid for income taxes, net	\$ 15,348	\$ 48,915
Supplemental non-cash investing and financing disclosure:		
Capital expenditures in accounts payable	\$ 1,523	\$ 21

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

**Notes to Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2023 and June 30, 2022
(Unaudited)**

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (Trex, Company), a Delaware corporation, was incorporated on September 4, 1998. As of December 30, 2022, the Company operates in one reportable segment, Trex Residential Products (Trex Residential). Through December 30, 2022, Trex had one wholly-owned subsidiary, Trex Commercial Products, Inc. (Trex Commercial) and operated in two reportable segments, Trex Residential and Trex Commercial.

Trex Residential, the Company's principal business based on net sales, is the world's largest manufacturer of high-performance, low-maintenance wood-alternative decking and residential railing and outdoor living products and accessories, marketed under the brand name Trex[®], with more than 30 years of product experience. A majority of its products are manufactured in a proprietary process that combines reclaimed wood fibers and scrap polyethylene. The principal executive offices are located at 2500 Trex Way, Winchester, Virginia 22601, and the telephone number at that address is (540) 542-6300.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, the accompanying unaudited condensed consolidated financial statements do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments, except as otherwise described herein) considered necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. Certain reclassifications have been made to prior period balances to conform to current year presentation. The unaudited condensed consolidated financial statements include the accounts of the Company for all periods presented. Intercompany accounts and transactions have been eliminated in consolidation.

The unaudited consolidated results of operations for the three and six months ended June 30, 2023, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023. The Company's results of operations are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, cost of raw materials, inflation, consumer spending and preferences, interest rates, the impact of any supply chain disruptions, economic conditions, and/or any adverse effects from global health pandemics and geopolitical conflicts. Towards the end of June 2022, the Company experienced a reduction in demand from its distribution partners, which the Company believed was primarily spurred by concerns over a potential easing in consumer demand due to rising interest rates, declining consumer sentiment and expectations of a general slowing in the economy. As a result, beginning in the third quarter of 2022 the Company's channel partners met demand partially through inventory drawdown rather than reordering products and maintaining current inventories. This inventory recalibration was completed by year end.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2022, and December 31, 2021, and for each of the three years in the period ended December 31, 2022, included in the Annual Report of Trex Company, Inc. on Form 10-K, as filed with the U.S. Securities and Exchange Commission.

3. SALE OF TREX COMMERCIAL PRODUCTS, INC.

On December 30, 2022, the Company completed the sale of substantially all of the assets of its wholly-owned subsidiary and reportable segment, Trex Commercial. The divestiture reflected the Company's decision to focus on driving the most profitable growth strategy for the Company and its shareholders through the execution of its outdoor living strategy. With the sale complete, the Company will dedicate its resources to accelerating conversion to composites from wood and further strengthen its leadership position in the outdoor living category. The divestiture did not represent a strategic shift with a major effect on the Company's operations. The results of operations of Trex Commercial are consolidated in the Company's results of operations for the three months and six months ended June 30, 2022.

4. RECENTLY ADOPTED ACCOUNTING STANDARDS

In December 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-06 “Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.” The amendments in this update defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. In March 2020, the FASB issued ASU No. 2020-04 “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” These amendments provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. ASU No. 2020-04 provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued. The FASB included a sunset provision within Topic 848 based on the expectations of when the LIBOR would cease being published intended to help stakeholders during the global market-wide reference rate transition period. The guidance is effective for all entities as of March 12, 2020 through December 31, 2024 and can be adopted as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020. The amendments did not have a material effect on the Company’s consolidated financial statements.

5. INVENTORIES

Inventories valued at LIFO (last-in, first-out), consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Finished goods	\$ 52,660	\$ 107,114
Raw materials	56,398	69,292
Total FIFO (first-in, first-out) inventories	109,058	176,406
Reserve to adjust inventories to LIFO value	(35,051)	(35,051)
Total LIFO inventories	<u>\$ 74,007</u>	<u>\$ 141,355</u>

The Company utilizes the LIFO method of accounting related to its Trex Residential wood-alternative decking and residential railing products, which generally provides for the matching of current costs with current revenues. However, under the LIFO method, reductions in annual inventory balances cause a portion of the Company’s cost of sales to be based on historical costs rather than current year costs (LIFO liquidation). Reductions in interim inventory balances expected to be replenished by year-end do not result in a LIFO liquidation. Accordingly, interim LIFO calculations are based, in part, on management’s estimates of expected year-end inventory levels and costs and may differ from actual results. Since inventory levels and costs are subject to factors beyond management’s control, interim results are subject to the final year-end LIFO inventory valuation.

In the six months ended June 30, 2023, the Company had a reduction in inventory that it does not expect will be replenished by year end. However, the Company estimates that the LIFO liquidation will not have a material impact on cost of sales for the year ended December 31, 2023 and, accordingly, it did not impact the cost of sales for the six months ended June 30, 2023.

6. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Prepaid expenses	\$ 9,314	\$ 10,787
Income tax receivable	14,810	23,979
Other	279	339
Total prepaid expenses and other assets	<u>\$24,403</u>	<u>\$ 35,105</u>

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The carrying amount of goodwill at June 30, 2023, and December 31, 2022, was \$14.2 million for Trex Residential. The Company’s intangible assets, purchased in 2018, consist of domain names for Trex Residential. At June 30, 2023, and December 31, 2022, intangible assets were \$6.3 million and accumulated amortization was \$2.1 million and \$1.9 million, respectively. Intangible asset amounts were determined based on the estimated economics of the asset and are amortized over the estimated useful lives on a straight-line basis over 15 years, which approximates the pattern in which the economic benefits are expected to be received. The Company evaluates the recoverability of intangible assets periodically and considers events or circumstances that may warrant revised estimates of useful lives or that may indicate an impairment. Intangible asset amortization expense for the six months ended June 30, 2023, and June 30, 2022, was \$0.2 million and \$0.2 million, respectively.

[Table of Contents](#)

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following (in thousands):

	June 30, 2023	December 31, 2022
Sales and marketing	\$31,230	\$ 19,194
Compensation and benefits	15,576	8,646
Operating lease liabilities	7,498	7,488
Manufacturing costs	3,802	3,425
Income taxes	15,848	—
Other	5,849	5,311
Total accrued expenses and other liabilities	<u>\$79,803</u>	<u>\$ 44,064</u>

9. DEBT

Revolving Credit Facility

Indebtedness prior to May 18, 2022. On November 5, 2019, the Company entered into a Fourth Amended and Restated Credit Agreement (Fourth Amended Credit Agreement) as borrower, Trex Commercial, as guarantor; Bank of America, N.A. (BOA) as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; and certain other lenders including Wells Fargo Bank, N.A. (Wells Fargo), who is also Syndication Agent, and Truist Bank, arranged by BOA Securities, Inc. (BOA Securities), as Sole Lead Arranger and Sole Bookrunner, to amend and restate the Third Amended and Restated Credit Agreement (Third Amended Credit Agreement), dated as of January 12, 2016, as amended. The Fourth Amended Credit Agreement provides the Company with one or more Revolving Loans in a collective maximum principal amount of \$250 million from January 1 through June 30 of each year and a maximum principal amount of \$200 million from July 1 through December 31 of each year throughout the term, which ends November 5, 2024.

On May 26, 2020, the Company entered into a First Amendment to the Original Credit Agreement (the First Amendment) to provide for an additional \$100 million line of credit through May 26, 2022. As a matter of convenience, the parties incorporated the amendments to the Original Credit Agreement made by the First Amendment into a new Fourth Amended and Restated Credit Agreement (New Credit Agreement). In the New Credit Agreement, the revolving commitments under the Original Credit Agreement are referred to as Revolving A Commitments and the new \$100 million line of credit is referred to as Revolving B Commitments. In the New Credit Agreement, all of the material terms and conditions related to the original line of credit (Revolving A Commitments) remained unchanged from the Original Credit Agreement.

The Company's revolving credit facility executed November 5, 2019, was completely replaced by the Company's revolving credit facility executed May 18, 2022.

Indebtedness on and after May 18, 2022 and prior to December 22, 2022. On May 18, 2022, the Company, as borrower; Trex Commercial, as guarantor; BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; Wells Fargo, as lender and Syndication Agent; Regions Bank, PNC Bank, National Association (PNC), and TD Bank, N.A. (TD)(each, a Lender and collectively, the Lenders), arranged by BofA Securities, Inc. as Sole Lead Arranger and Sole Bookrunner, entered into a Credit Agreement (Credit Agreement) to amend and restate the Fourth Amended and Restated Credit Agreement dated as of November 5, 2019.

Under the Credit Agreement, the Lenders agreed to provide the Company with one or more Revolving Loans in a collective maximum principal amount of \$400,000,000 (Loan Limit) throughout the term, which ends May 18, 2027 (Term). Included within the Loan Limit are sublimits for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans are for the purpose of raising working capital and supporting general business operations.

[Table of Contents](#)

The Credit Agreement provides the Company, in the aggregate, the ability to borrow an amount up to the Loan Limit during the Term. The Company is not obligated to borrow any amount under the Loan Limit. Within the Loan Limit, the Company may borrow, repay and reborrow at any time or from time to time while the Notes are in effect. Base Rate Loans (as defined in the Credit Agreement) under the Revolving Loans and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term.

The Company and BofA Securities as a sustainability coordinator, are entitled to establish specified key performance indicators (KPIs) with respect to certain environmental, social and governance targets of the Company and its subsidiaries. The sustainability coordinator and the Company may amend the Credit Agreement for the purpose of incorporating the KPIs and other related provisions, unless the Lenders object to such amendment on or prior to the date that is ten business days after the date on which such amendment is posted for review by the Lenders. Based on the performance of the Company and its subsidiaries against the KPIs, certain adjustments (increase, decrease or no adjustment) to otherwise applicable pricing will be made; provided that the amount of such adjustments shall not exceed certain aggregate caps as in the definitive loan documentation.

Under the terms of the Security and Pledge Agreement, the Company and Trex Commercial, subject to certain permitted encumbrances, as collateral security for the above-stated loans and all other present and future indebtedness of the Company owing to the Lenders grants to BOA, as Administrative Agent for the Lenders, a continuing security interest in certain collateral described and defined in the Security and Pledge Agreement but excluding the Excluded Property (as defined in the Security and Pledge Agreement).

Indebtedness On and After December 22, 2022. As of December 22, 2022, the Company entered into a First Amendment to the Credit Agreement (First Amendment) by and among the Company, as borrower, the guarantors party thereto; BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; TD as lender and Syndication Agent; Regions Bank, PNC, and Wells Fargo (each, a Lender and collectively, the Lenders), arranged by BofA Securities as Sole Lead Arranger and Sole Bookrunner, amending that certain Credit Agreement dated as of May 18, 2022, by and among the Company, as borrower, the guarantors party thereto, BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer and the other lenders identified therein (as so amended, the "Credit Agreement"). The First Amendment removes Trex Commercial as a guarantor to any and all indebtedness under the Credit Agreement. As a part of the First Amendment, the Credit Agreement was amended and restated to provide for an additional Revolving B Loan (as hereinafter defined).

Under the First Amendment, the Lenders agreed to provide the Company with a Revolving B Loan consisting of one or more revolving loans in a collective maximum principal amount of \$150,000,000 (Revolving B Loan Limit) throughout the term, which ends December 22, 2024 (Revolving B Loan Term). Previously, under the Credit Agreement, there was no Revolving B Loan. The First Amendment also provided that TD would serve as Syndication Agent.

As of December 22, 2022, the Credit Agreement was amended and restated to refer to this loan as the Revolving A Loan. The amended and restated Credit Agreement was made an Exhibit A to the First Amendment. All of the terms of the Credit Agreement apply to the Revolving B Loan. The Credit Agreement continues to include sublimits under the Revolving A Loan for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans under Revolving A Loan are for the purpose of raising working capital and supporting general business operations.

The Notes provide the Company, in the aggregate, the ability to borrow an amount up to the Revolving A Loan Limit during the Revolving A Loan Term and Revolving B Loan Limit during the Revolving B Loan Term. The Company is not obligated to borrow any amount under the revolving loans. Within the respective loan limit, the Company may borrow, repay and reborrow at any time or from time to time while the Notes are in effect. With respect to Revolving B Loans, for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 1.20% and 2.15% and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 0.20% and 1.15%.

The Company had \$206 million in borrowings outstanding under its revolving credit facility and available borrowing capacity of \$344 million at June 30, 2023. The weighted average interest rate on the revolving credit facility was 6.15% as of June 30, 2023.

[Table of Contents](#)*Compliance with Debt Covenants and Restrictions*

Pursuant to the terms of the Credit Agreement, the Company is subject to certain loan compliance covenants. The Company was in compliance with all covenants as of June 30, 2023. Failure to comply with the financial covenants could be considered a default of repayment obligations and, among other remedies, could accelerate payment of any amounts outstanding.

10. LEASES

The Company leases office space, storage warehouses, training and manufacturing facilities, and certain plant equipment under various operating leases. The Company's operating leases have remaining lease terms of 1 year to 6 years. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For the six months ended June 30, 2023, and June 30, 2022, total operating lease expense was \$4.2 million and \$4.2 million, respectively. The weighted average remaining lease term at June 30, 2023 and December 31, 2022 was 4.8 years and 5.2 years, respectively. The weighted average discount rate at June 30, 2023 and December 31, 2022 was 2.27% and 2.10%, respectively.

The following table includes supplemental cash flow information for the six months ended June 30, 2023, and June 30, 2022, and supplemental balance sheet information at June 30, 2023 and December 31, 2022 related to operating leases (in thousands):

Supplemental cash flow information	Six Months Ended	
	June 30,	
	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 4,302	\$4,334
Operating ROU assets obtained in exchange for lease liabilities	\$ 1,882	\$6,714

Supplemental balance sheet information	June 30,	December 31,
	2023	2022
Operating lease ROU assets	\$ 29,099	\$ 30,991
Operating lease liabilities:		
Accrued expenses and other current liabilities	\$ 7,498	\$ 7,488
Operating lease liabilities	21,916	23,974
Total operating lease liabilities	\$ 29,414	\$ 31,462

The following table summarizes maturities of operating lease liabilities at June 30, 2023 (in thousands):

Maturities of operating lease liabilities	
2023	\$ 3,863
2024	7,386
2025	5,552
2026	4,851
2027	4,446
Thereafter	4,845
Total lease payments	30,943
Less imputed interest	(1,529)
Total operating lease liabilities	\$29,414

[Table of Contents](#)

11. FINANCIAL INSTRUMENTS

The Company considers the recorded value of its financial assets and liabilities, consisting primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, other current liabilities, and debt to approximate the fair value of the respective assets and liabilities on the Condensed Consolidated Balance Sheets at June 30, 2023 and December 31, 2022.

12. STOCKHOLDERS' EQUITY

Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income available to common shareholders	\$ 77,036	\$ 88,916	\$ 118,167	\$ 160,127
Denominator:				
Basic weighted average shares outstanding	108,770,204	113,099,561	108,771,077	113,864,741
Effect of dilutive securities:				
Stock appreciation rights and options	67,479	96,179	68,742	110,253
Restricted stock	33,757	63,774	54,029	77,453
Diluted weighted average shares outstanding	108,871,440	113,259,514	108,893,848	114,052,447
Basic earnings per share	\$ 0.71	\$ 0.79	\$ 1.09	\$ 1.41
Diluted earnings per share	\$ 0.71	\$ 0.79	\$ 1.09	\$ 1.40

Diluted earnings per share is computed using the weighted average number of shares determined for the basic earnings per share computation plus the dilutive effect of common stock equivalents using the treasury stock method. The computation of diluted earnings per share excludes the following potentially dilutive securities because the effect would be anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Stock appreciation rights	91,402	47,303	100,076	38,789
Restricted stock	101,722	63,131	104,646	38,823

Stock Repurchase Program

On February 16, 2018, the Trex Board of Directors adopted a stock repurchase program of up to 11.6 million shares of its outstanding common stock (Stock Repurchase Program). From January 1, 2023 through May 3, 2023, Trex did not repurchase shares of its outstanding common stock under the Stock Repurchase Program. On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program (2023 Stock Repurchase Program) of up to 10.8 million shares of its outstanding common stock, and terminated the existing Stock Repurchase Program. This repurchase program has no set expiration date. From May 4, 2023 through June 30, 2023, Trex repurchased 264,896 shares of its outstanding common stock under the 2023 Stock Repurchase Program.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Trex Residential Products

Trex Residential principally generates revenue from the manufacture and sale of its high-performance, low-maintenance, eco-friendly wood-alternative composite decking and residential railing products and accessories. Substantially all of its revenues are from contracts with customers, which are purchase orders of short-term duration of less than one year. Its customers, in turn, sell primarily to the residential market, which includes replacement, remodeling and new construction related to outdoor living products. Trex Residential satisfies its performance obligations at a point in time. The shipment of each product is a separate performance obligation as the customer is able to derive benefit from each product shipped and no performance obligation remains after shipment. Upon shipment of the product, the customer obtains control over the distinct product and Trex Residential satisfies its performance obligation. Any performance obligation that remains unsatisfied at the end of a reporting period is part of a contract that has an original expected duration of one year or less. Any variable consideration related to the unsatisfied performance obligation is allocated wholly to the unsatisfied performance obligation, is recognized when the product ships and the performance obligation is satisfied and is included in "Accrued expenses and other liabilities, Sales and marketing" in Note 8 to the Condensed Consolidated Financial Statements.

[Table of Contents](#)

Trex Commercial Products

On December 30, 2022, the Company completed the sale of its wholly-owned subsidiary and reportable segment, Trex Commercial. Prior to December 30, 2022, Trex Commercial generated revenue from the manufacture and sale of its modular and architectural railing and staging systems. All of its revenues were from fixed-price contracts with customers. Trex Commercial contracts had a single performance obligation as the promise to transfer the individual goods or services were not separately identifiable from other promises in the contract and was, therefore, not distinct.

For the three months and six months ended June 30, 2023, and June 30, 2022, net sales were disaggregated in the following tables by (1) market, (2) timing of revenue recognition, and (3) type of contract. The tables also include a reconciliation of the respective disaggregated net sales with the Company's reportable segments (in thousands).

Three Months Ended June 30, 2023

	<i>Trex Residential and Consolidated</i>
Timing of Revenue Recognition and Type of Contract	
Products transferred at a point in time and variable consideration contracts	\$ 356,538
	<u>\$ 356,538</u>

Three Months Ended June 30, 2022

	<u>Reportable Segment</u>		
	<u><i>Trex Residential</i></u>	<u><i>Trex Commercial</i></u>	<u><i>Consolidated</i></u>
Timing of Revenue Recognition and Type of Contract			
Products transferred at a point in time and variable consideration contracts	\$373,922	\$ —	\$ 373,922
Products transferred over time and fixed price contracts	—	12,327	12,327
	<u>\$373,922</u>	<u>\$ 12,327</u>	<u>\$ 386,249</u>

Six Months Ended June 30, 2023

	<i>Trex Residential and Consolidated</i>
Timing of Revenue and Type of Contract	
Products transferred at a point in time and variable consideration contracts	\$ 595,256
	<u>\$ 595,256</u>

[Table of Contents](#)

Six Months Ended June 30, 2022

	Reportable Segment		
	<i>Trex</i> <i>Residential</i>	<i>Trex</i> <i>Commercial</i>	<i>Consolidated</i>
Timing of Revenue Recognition and Type of Contract			
Products transferred at a point in time and variable consideration contracts	\$701,117	\$ —	\$ 701,117
Products transferred over time and fixed price contracts	—	24,360	24,360
	<u>\$701,117</u>	<u>\$ 24,360</u>	<u>\$ 725,477</u>

14. STOCK-BASED COMPENSATION

At the annual meeting of stockholders of the Company held on May 4, 2023, the Company’s stockholders approved the Trex Company, Inc. 2023 Stock Incentive Plan (Plan). The Company’s board of directors unanimously approved the Plan on April 10, 2023, subject to stockholder approval. The Plan amends and restates in its entirety the Trex Company, Inc. 2014 Stock Incentive Plan (2014 Plan), which was last approved by the Company’s stockholders at the annual meeting held on April 30, 2014. The Plan, which will be administered by the compensation committee of the board of directors, provides for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights and unrestricted stock, which are referred to collectively as “awards.” Awards may be granted under the Plan to officers, directors (including non-employee directors) and other employees of the Company or any subsidiary thereof, to any adviser, consultant or other provider of services to the Company (and any employee thereof), and to any other individuals who are approved by the board of directors as eligible to participate in the Plan. Only employees of the Company or any subsidiary thereof are eligible to receive incentive stock options. Subject to certain adjustments as provided in the Plan, the total number of shares of common stock permitted to be granted under the Plan was 4,000,000 shares at the time of adoption, and as of June 30, 2023, the total number of shares available for future grants was 3,999,023.

The following table summarizes the Company’s stock-based compensation grants for the six months ended June 30, 2023:

	Stock Awards Granted	Weighted-Average Grant Price Per Share
Time-based restricted stock units	77,675	\$ 56.73
Performance-based restricted stock units (a)	96,013	\$ 56.79
Stock appreciation rights	51,916	\$ 56.80

- (a) Includes 85,044 of target performance-based restricted stock unit awards granted during the six months ended June 30, 2023, and adjustments of 1,413 and 9,646 to grants due to the actual performance level achieved for restricted stock and restricted stock units awarded in 2021 and 2020, respectively.

The fair value of each SAR is estimated on the date of grant using a Black-Scholes option-pricing formula. For SARs issued in the six months ended June 30, 2023, and June 30, 2022, the data and assumptions shown in the following table were used:

	Six Months Ended June 30, 2023	Six Months Ended June , 2022
Weighted-average fair value of grants	\$ 27.19	\$ 33.90
Dividend yield	0%	0%
Average risk-free interest rate	4.0%	1.9%
Expected term (years)	5	5
Expected volatility	49.5%	44.9%

[Table of Contents](#)

The Company recognizes stock-based compensation expense ratably over the period from the grant date to the earlier of: (1) the vesting date of the award, or (2) the date the grantee is eligible to retire without forfeiting the award. For performance-based restricted stock and performance-based restricted stock units, expense is recognized ratably over the performance and vesting period of each tranche based on management's judgment of the ultimate award that is likely to be paid out based on the achievement of the predetermined performance measures. For the employee stock purchase plan, compensation expense is recognized related to the discount on purchases. Stock-based compensation expense is included in "Selling, general and administrative expenses" in the Condensed Consolidated Statements of Comprehensive Income. The following table summarizes the Company's stock-based compensation expense (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Stock appreciation rights	\$ 198	\$ 196	\$ 412	\$ 350
Time-based restricted stock and restricted stock units	871	959	1,806	1,806
Performance-based restricted stock and restricted stock units	1,320	(151)	2,044	1,007
Employee stock purchase plan	201	53	300	119
Total stock-based compensation	<u>\$ 2,590</u>	<u>\$ 1,057</u>	<u>\$ 4,562</u>	<u>\$ 3,282</u>

Total unrecognized compensation cost related to unvested awards as of June 30, 2023, was \$14.4 million. The cost of these unvested awards is being recognized over the requisite vesting period of each award.

15. INCOME TAXES

The Company's effective tax rate for the six months ended June 30, 2023, was 25.4% and was comparable to the effective tax rate for the six months ended June 30, 2022, of 24.8%, which resulted in income tax expense of \$40.3 million and \$52.7 million, respectively.

During the six months ended June 30, 2023 and June 30, 2022, the Company realized \$0.2 million and \$0.1 million, respectively, of excess tax benefits from stock-based awards and recorded a corresponding benefit to income tax expense.

The Company analyzes its deferred tax assets each reporting period, considering all available positive and negative evidence in determining the expected realization of those deferred tax assets. As of June 30, 2023, the Company maintains a valuation allowance of \$3.0 million against deferred tax assets primarily related to state tax credits it estimates will expire before they are realized.

The Company operates in multiple tax jurisdictions, and, in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities, and the Company accrues a liability when it believes that it is more likely than not that benefits of tax positions will not be realized. The Company believes that adequate provisions have been made for all tax returns subject to examination. As of June 30, 2023, for certain tax jurisdictions tax years 2019 through 2022 remain subject to examination. Sales made to foreign distributors are not taxable in any foreign jurisdiction as the Company does not have a taxable presence in any foreign jurisdiction.

16. SEGMENT INFORMATION

Through December 30, 2022, the Company operated in two reportable segments. On December 30, 2022, the Company completed the sale of its wholly-owned subsidiary and reportable segment, Trex Commercial. Subsequent to the sale of Trex Commercial, the Company operates in one reportable segment, Trex Residential:

- Trex Residential manufactures wood-alternative decking and residential railing and related products marketed under the brand name Trex®. Trex Residential products are sold to distributors and home centers for final resale primarily to the residential market, which includes replacement, remodeling and new construction related to outdoor living products.
- Trex Commercial designed, engineered, and marketed modular and architectural railing and staging systems for the commercial and multi-family market, including sports stadiums and performing arts venues. Trex Commercial products were marketed to architects, specifiers, contractors, and others doing business within the commercial and multi-family market.

[Table of Contents](#)

The Company's reportable segments are determined in accordance with its internal management structure, which, through December 30, 2022, was based on residential and commercial sales activities and, subsequent to December 30, 2022, is based on its residential sales activities. The Company evaluates performance of each segment primarily based on net sales and earnings before interest, income taxes, depreciation and amortization (EBITDA). The Company uses net sales to assess performance and allocate resources as this measure represents the amount of business the segment engaged in during a given period of time, is an indicator of market growth and acceptance of segment products and represents the segment's customers' spending habits along with the amount of product the segment sells relative to its competitors. The Company uses EBITDA to assess performance and allocate resources because it believes that EBITDA facilitates performance comparison between the segments by eliminating interest, income taxes, and depreciation and amortization charges to income. The below segment data for the three months and six months ended June 30, 2023 and June 30, 2022 includes data for its reportable segments (in thousands):

Segment Data:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022		
	Trex Residential and Consolidated	Trex Residential	Trex Commercial	Consolidated
	Net sales	\$ 356,538	\$373,922	\$ 12,327
Net Income (loss)	\$ 77,036	\$ 89,437	\$ (521)	\$ 88,916
EBITDA	\$ 117,050	\$129,550	\$ (410)	\$ 129,140
Depreciation and amortization	\$ 12,283	\$ 11,049	\$ 282	\$ 11,331
Income tax expense (benefit)	\$ 26,426	\$ 29,180	\$ (171)	\$ 29,009
Capital expenditures	\$ 43,165	\$ 44,251	\$ 67	\$ 44,318
Total assets	\$ 1,069,815	\$846,112	\$ 41,182	\$ 887,294

Reconciliation of Net Income to EBITDA:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022		
	Trex Residential and Consolidated	Trex Residential	Trex Commercial	Consolidated
	Net Income (loss)	\$ 77,036	\$ 89,437	\$ (521)
Interest expense (income), net	1,305	(116)	—	(116)
Income tax expense (benefit)	26,426	29,180	(171)	29,009
Depreciation and amortization	12,283	11,049	282	11,331
EBITDA	\$ 117,050	\$129,550	\$ (410)	\$ 129,140

Segment Data:

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		
	Trex Residential and Consolidated	Trex Residential	Trex Commercial	Consolidated
	Net sales	\$ 595,256	\$701,117	\$ 24,360
Net Income (loss)	\$ 118,167	\$161,652	\$ (1,525)	\$ 160,127
EBITDA	\$ 185,912	\$236,031	\$ (1,466)	\$ 234,565
Depreciation and amortization	\$ 24,198	\$ 21,240	\$ 565	\$ 21,805
Income tax expense (benefit)	\$ 40,258	\$ 53,243	\$ (506)	\$ 52,737
Capital expenditures	\$ 82,357	\$ 66,534	\$ 72	\$ 66,606
Total assets	\$ 1,069,815	\$846,112	\$ 41,182	\$ 887,294

[Table of Contents](#)**Reconciliation of Net Income to EBITDA:**

	Six Months Ended	Six Months Ended June 30, 2022		
	June 30, 2023	Trex Residential	Trex Commercial	Consolidated
Net Income (loss)	\$ 118,167	\$161,652	\$ (1,525)	\$ 160,127
Interest expense (income), net	3,289	(104)	—	(104)
Income tax expense (benefit)	40,258	53,243	(506)	52,737
Depreciation and amortization	24,198	21,240	565	21,805
EBITDA	\$ 185,912	\$236,031	\$ (1,466)	\$ 234,565

17. SEASONALITY

The operating results for Trex Residential have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions in certain geographic regions reduce the level of home improvement and construction activity and can shift demand for its products to a later period. As part of its normal business practice and consistent with industry practice, Trex Residential has historically offered incentive programs to its distributors and dealers to build inventory levels before the start of the prime deck-building season in order to ensure adequate availability of its product to meet anticipated seasonal consumer demand. The seasonal effects are often offset by the positive effect of the incentive programs.

18. COMMITMENTS AND CONTINGENCIES*Product Warranty*

The Company warrants that for the applicable warranty period its Trex Residential products, when properly installed, used and maintained, will be free from material defects in workmanship and materials and its decking, cladding, fascia and railing products will not split, splinter, rot or suffer structural damage from termites or fungal decay.

Products sold on or after January 1, 2023: The warranty period for residential use is 50 years for Transcend® decking, 35 years for Select® decking and Universal Fascia, and 25 years for Enhance® decking and Transcend, Select, Enhance and Signature® railing. The warranty period for commercial use is 10 years, excluding Signature railing and Transcend cladding, which each have a warranty period of 25 years. The Company further warrants that Trex Transcend, Trex Enhance and Trex Select decking and cladding and Universal Fascia products will not fade in color from light and weathering exposure more than a certain amount and will be resistant to permanent staining from food and beverage substances or mold and mildew, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, the Company has an obligation either to replace the defective product or refund the purchase price.

Products sold prior to January 1, 2023: The warranty period is 25 years for residential use and 10 years for commercial use. With respect to Trex Signature railing, the warranty period is 25 years for both residential and commercial use. The Company further warrants that Trex Transcend, Trex Enhance, Trex Select and Universal Fascia products will not fade in color more than a certain amount and will be resistant to permanent staining from food substances or mold, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, the company has an obligation either to replace the defective product or refund the purchase price.

Trex Residential continues to receive and settle claims for decking products manufactured at its Nevada facility prior to 2007 that exhibit surface flaking and maintains a warranty reserve to provide for the settlement of these claims. Estimating the warranty reserve for surface flaking claims requires management to estimate (1) the number of claims to be settled with payment and (2) the average cost to settle each claim.

To estimate the number of claims to be settled with payment, the Company utilizes actuarial techniques to determine a reasonable possible range of claims to be received and the percentage of those claims that will ultimately require payment (collectively, elements). Estimates for these elements are quantified using a range of assumptions derived from claim count history and the identification of factors influencing the claim counts to determine its best estimate of future claims for which to record a related liability. The cost per claim varies due to a number of factors, including the size of affected decks, the availability and type of replacement material used, the cost of production of replacement material and the method of claim settlement.

The Company monitors surface flaking claims activity each quarter for indications that its estimates require revision. Typically, a majority of surface flaking claims received in a year are received during the summer outdoor season, which spans the second and third quarters. It has been the Company's practice to utilize the actuarial techniques discussed above during the third quarter, after a significant portion of all claims has been received for the fiscal year and variances to annual claims expectations are more meaningful.

[Table of Contents](#)

The number of incoming claims received in the six months ended June 30, 2023 was lower than the number of claims received in the six months ended June 30, 2022, and lower than the Company's expectations for 2023. Average cost per claim experienced in the six months ended June 30, 2023 was lower than that experienced in the six months ended June 30, 2022, which was elevated due to the closure of three large claims, and lower than the Company's expectations for 2023. The Company believes the reserve at June 30, 2023 is sufficient to cover future surface flaking obligations.

The Company's analysis is based on currently known facts and a number of assumptions, as discussed above, and current expectations. Projecting future events such as the number of claims to be received, the number of claims that will require payment and the average cost of claims could cause the actual warranty liabilities to be higher or lower than those projected, which could materially affect the Company's financial condition, results of operations or cash flows. The Company estimates that the annual number of claims received will continue to decline over time and that the average cost per claim will increase slightly, primarily due to inflation. If the level of claims received or average cost per claim differs materially from expectations, it could result in additional increases or decreases to the warranty reserve and a decrease or increase in earnings and cash flows in future periods. The Company estimates that a 10% change in the expected number of remaining claims to be settled with payment or the expected cost to settle claims may result in approximately a \$1.5 million change in the surface flaking warranty reserve.

The Company also maintains a warranty reserve for the settlement of other residential product warranty claims and records the provision at the time of product sale.

The following is a reconciliation of the Company's residential product warranty reserve (in thousands):

	<u>Six Months Ended June 30, 2023</u>		
	<u>Surface Flaking</u>	<u>Other Residential</u>	<u>Total</u>
Beginning balance, January 1	\$15,905	\$ 9,694	\$25,599
Provisions and changes in estimates	—	3,008	3,008
Settlements made during the period	(891)	(1,157)	(2,048)
Ending balance, June 30	<u>\$15,014</u>	<u>\$ 11,545</u>	<u>\$26,559</u>

	<u>Six Months Ended June 30, 2022</u>		
	<u>Surface Flaking</u>	<u>Other Residential</u>	<u>Total</u>
Beginning balance, January 1	\$18,542	\$ 10,053	\$28,595
Provisions and changes in estimates	—	2,369	2,369
Settlements made during the period	(1,345)	(1,089)	(2,434)
Ending balance, June 30	<u>\$17,197</u>	<u>\$ 11,333</u>	<u>\$28,530</u>

Legal Matters

The Company has lawsuits, as well as other claims, pending against it which are ordinary routine litigation and claims incidental to the business. Management has evaluated the merits of these lawsuits and claims and believes that their ultimate resolution will not have a material effect on the Company's consolidated financial condition, results of operations, liquidity or competitive position.

Arkansas Facility

In October 2021, the Company announced plans to add a third U.S.-based Trex Residential manufacturing facility located in Little Rock, Arkansas, that will sit on approximately 300 acres of land. The development approach for the new campus will be modular and calibrated to demand trends for Trex Residential outdoor living products. Construction began on the new facility in the second quarter of 2022, and in July 2022, the Company entered into a design-build agreement. As previously announced, the Company anticipates spending approximately \$400 million on the facility and the budget for the design-build agreement is contained within this amount. Construction for the new facility will be funded primarily through the Company's ongoing cash generation or its line of credit.

[Table of Contents](#)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following management discussion should be read in conjunction with the Trex Company, Inc. (Trex, Company, we or our) Annual Report on Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and notes thereto included in Part I, Item 1. “Financial Statements” of this quarterly report.

NOTE ON FORWARD-LOOKING STATEMENTS

This management’s discussion and analysis contains 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. All statements regarding our expected financial position and operating results, our business strategy, our financing plans, forecasted demographic and economic trends relating to our industry and similar matters are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as “may,” “will,” “anticipate,” “estimate,” “expect,” “intend” or similar expressions. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Our actual results could be materially different from our expectations because of various factors, including the factors discussed under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC. These statements are also subject to risks and uncertainties that could cause the Company’s actual operating results to differ materially. Such risks and uncertainties include, but are not limited to: the extent of market acceptance of the Company’s current and newly developed products; the costs associated with the development and launch of new products and the market acceptance of such new products; the sensitivity of the Company’s business to general economic conditions; the impact of seasonal and weather-related demand fluctuations on inventory levels in the distribution channel and sales of the Company’s products; the availability and cost of third-party transportation services for the Company’s products and raw materials; the Company’s ability to obtain raw materials, including scrap polyethylene, wood fiber, and other materials used in making our products, at acceptable prices; increasing inflation in the macro-economic environment; the Company’s ability to maintain product quality and product performance at an acceptable cost; the Company’s ability to increase throughput and capacity to adequately match supply with demand; the level of expenses associated with product replacement and consumer relations expenses related to product quality; the highly competitive markets in which the Company operates; cyber-attacks, security breaches or other security vulnerabilities; the impact of upcoming data privacy laws and the EU General Data Protection Regulation and the related actual or potential costs and consequences; material adverse impacts from global public health pandemics, geopolitical conflicts; and material adverse impacts related to labor shortages or increases in labor costs.

OVERVIEW

The following MD&A is intended to help the reader understand the operations and current business environment of the Company. The MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying notes thereto contained in “Item 1. Condensed Consolidated Financial Statements” of this report. MD&A includes the following sections:

- *Operations and Products* — a general description of our business, a brief overview of our reportable segments’ products, and a discussion of our operational highlights.
- *Highlights and Financial Performance* – a summary of financial performance and highlights for the three months and six months ended June 30, 2023, a general discussion of factors that may affect our operations, and a description of relevant financial statement line items.
- *Results of Operations* — an analysis of our consolidated results of operations for the three months and six months ended June 30, 2023 compared to three months and six months ended June 30, 2022, respectively.
- *Liquidity and Capital Resources* — an analysis of cash flows; contractual obligations, and a discussion of our capital and other cash requirements.

OPERATIONS AND PRODUCTS

Prior to December 30, 2022, the Company operated in two reportable segments, Trex Residential Products (Trex Residential), the Company’s principal business based on net sales, and Trex Commercial Products (Trex Commercial). Subsequent to December 30, 2022, the Company currently operates in one reportable segment, Trex Residential. Refer to Note 16, *Segments*, in the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1. *Condensed Consolidated Financial Statements* of this Quarterly Report on Form 10-Q for additional information. The Company is focused on using renewable resources within our Trex Residential segment.

[Table of Contents](#)

Trex Residential is the world’s largest manufacturer of high-performance composite decking and residential railing products, which are marketed under the brand name Trex® and manufactured in the United States. With more than 30 years of product experience, we offer a comprehensive set of aesthetically appealing and durable, low-maintenance product offerings in the decking, residential railing, fencing and outdoor lighting categories. A majority of the products are eco-friendly and leverage recycled and reclaimed materials to the extent possible. Trex Residential decking is made in a proprietary process that combines reclaimed wood fibers and recycled polyethylene film, making Trex Residential one of the largest recyclers of plastic film in North America. In addition to resisting fading and surface staining, Trex Residential products require no sanding and sealing, resist moisture damage, provide a splinter-free surface and do not require chemical treatment against rot or insect infestation. Combined, these aspects yield significant aesthetic advantages and lower maintenance than wood decking and railing and ultimately render Trex Residential products less costly than wood over the life of the deck. Special characteristics (including resistance to splitting, the ability to bend, and ease and consistency of machining and finishing) facilitate installation, reduce contractor call-backs and afford consumers a wide range of design options. Trex Residential products are sold to distributors and home centers for final resale primarily to the residential market.

Trex offers the following products through Trex Residential:

Decking and Accessories	<p>Our principal decking products are Trex Transcend® Lineage™, Trex Transcend®, Trex Signature®, Trex Select®, and Trex Enhance®. In addition, our Trex Transcend decking product can also be used as cladding. Our high-performance, low-maintenance, eco-friendly composite decking products are comprised of a blend of 95 percent reclaimed wood fibers and recycled polyethylene film and feature a protective polymer shell for enhanced protection against fading, staining, mold and scratching. Trex Transcend Lineage is the next generation of design and performance in composite decking and is available in four luxurious, on-trend hues inspired by some of the most picturesque locales in the United States. Our Trex Transcend decking provides elevated aesthetics paired with the highest level of performance and is available in eight multi-tonal monochromatic classical earth tones and premium tropical colors. Trex Signature decking offers realistic woodgrain aesthetics that raises the bar for beauty, performance and sustainability and is available in two luxurious hues inspired by stunning natural settings. Trex Select decking offers the perfect pairing of price and minimal maintenance and is available in five nature-inspired earth tone colors. Our Trex Enhance boards pair the beauty of authentic wood-grain appearance with the durability of composite with minimal maintenance and the affordability of wood and is available in natural and basic colors.</p> <p>We also offer accessories to our decking products. Trex Hideaway®, a self-gapping universal hidden fastener designed to give a seamless finish to every project. Trex DeckLighting™, an outdoor lighting system, is a line of energy-efficient LED dimmable deck lighting designed to use 75% less energy compared to incandescent lighting. It can be installed into the railing, stair risers or the deck itself. The line includes a post cap light, deck rail light, riser light, a soffit light and a recessed deck light. Pre-assembled stair panels that allow for easier installation and are designed to save time on the jobsite.</p>
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[Table of Contents](#)

Railing	Our railing products are Trex Transcend Railing, Trex Select Railing, Trex Select T-Rail and Trex Signature aluminum railing. Our high-performance composite and aluminum deck railing kits and systems are sustainably manufactured, easy to install and durable. Trex railing systems are built with the same durability as Trex decking and won't rot, warp, peel or splinter and resist fading and corrosion. Trex Transcend Railing, made from approximately 40 percent recycled content, is available in the colors of Trex Transcend decking and finishes that make it appropriate for use with Trex decking products as well as other decking materials, which we believe enhances the sales prospects of our railing products. Trex Select Railing, made from approximately 40 percent recycled content, is offered in a white finish and is ideal for consumers who desire a simple clean finished look for their deck. Trex Select T-Rail, made from a minimum of 40 percent recycled materials, is available in square composite balusters in Classic White for a cohesive, coordinated look, or round aluminum balusters in Charcoal Black for a more modern contrast. Trex Signature aluminum railing, made from a minimum of 40 percent recycled content, is available in three colors and designed for consumers who want a sleek, contemporary look.
Fencing	Our Trex Seclusions® composite fencing product is offered through two specialty distributors. This product consists of structural posts, bottom rail, pickets, top rail and decorative post caps. The top and bottom rails of Trex fencing are designed to provide a "picture frame" element and the deep rich colors have a matte surface to prevent harsh sunlight reflections.

We are a licensor in a number of licensing agreements with third parties to manufacture and sell products under the Trex trademark. Our licensed products are:

Trex® Outdoor Furniture™	A line of outdoor furniture products manufactured and sold by PolyWood, Inc.
Trex® RainEscape® and Trex® Protect®	An above joist deck drainage system manufactured and sold by DriDeck Enterprises, LLC. Trex Protect Joist, Beam and Rim tape is a self-adhesive butyl tape that protects wooden deck framing/substructure elements.
Trex® Pergola™	Pergolas made from low maintenance cellular PVC and all-aluminum product, manufactured by Home & Leisure, Inc. dba Structureworks Fabrication.
Trex® Latticeworks™	Outdoor lattice boards manufactured and sold by Structureworks Fabrication.
Trex® Cornhole™	Cornhole boards manufactured and sold by IPC Global Marketing LLC.
Trex® Blade™	A specialty saw blade for wood-alternative composite decking manufactured and sold by Freud America, Inc.
Trex® SpiralStairs	A staircase alternative for use with all deck substructures manufactured and sold by M. Cohen and Sons, Inc. dba The Iron Shop.
Trex® Outdoor Kitchens™	Outdoor kitchen cabinetry manufactured and sold by Danver Stainless Outdoor Kitchens.

[Table of Contents](#)

Trex Commercial designed and engineered custom solutions prevalent in professional and collegiate sports facilities, commercial and high-rise applications, performing arts, sports, and event production and rentals. Trex Commercial marketed to architects, specifiers, contractors, and building owners.

Trex offered the following products through Trex Commercial through December 30, 2022:

- Architectural railing systems;
- Aluminum railing systems; and
- Staging equipment and accessories.

HIGHLIGHTS AND FINANCIAL PERFORMANCE

Highlights:

- *Trex Introduced New Style-Centric, Entry Level Composite Railing System.* The Trex Select T-Rail composite railing system features a popular T-shaped top rail and is designed to make the beauty and convenience of Trex's high-performance composite and aluminum railing available to a wider audience with pricing that competes head-to-head with PVC vinyl railing.
- *Trex Updated its Trex® Deck Design Tool and Online Deck Planner.* The interactive deck design tool allows homeowners to plan every detail of their outdoor space and is engineered to make the deck planning journey efficient and all-inclusive.
- *Builders Rank Trex Their Brand of Choice for Composite Decking and Railing.* Trex earned top honors in the Composite Decking and Deck Railing categories in Builder Magazine's 2023 Brand Use Study for the 16th consecutive year.
- *The Board of Directors of Trex Appointed Human Resources Leader Melkeya McDuffie as a New Independent Member of its Board of Directors.* Ms. McDuffie is an accomplished executive and leader with a long career in human capital and general business management. She is currently Executive Vice President, Chief Human Resources Officer for Clean Harbors.
- *Trex Published its 2022 Environmental, Social and Governance (ESG) Report.* In June 2023, Trex published its 2022 ESG report. Highlights included focusing on circularity and energy efficiency, prioritizing employee safety and career growth, fostering diversity in leadership, resolute on governance and ethics, supporting communities where we operate, and earning industrywide ESG recognition.

Financial Performance:

The following table presents highlights of our financial performance:

	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
(\$ 000s omitted, except per share data)				
Net sales	\$356,538	\$386,249	\$(29,711)	(7.7)%
Gross profit	\$156,448	\$157,377	\$ (929)	(0.6)%
Net income	\$ 77,036	\$ 88,916	\$(11,880)	(13.4)%
EBITDA	\$117,050	\$129,140	\$(12,090)	(9.4)%
Diluted earnings per share	\$ 0.71	\$ 0.79	\$ (0.08)	(10.1)%

	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
(\$ 000s omitted, except per share data)				
Net sales	\$595,256	\$725,477	\$(130,221)	(17.9)%
Gross profit	\$250,876	\$292,289	\$ (41,413)	(14.2)%
Net income	\$118,167	\$160,127	\$ (41,960)	(26.2)%
EBITDA	\$185,912	\$234,565	\$ (48,653)	(20.7)%
Diluted earnings per share	\$ 1.09	\$ 1.40	\$ (0.31)	(22.1)%

[Table of Contents](#)

Capital expenditures. During the six months ended June 30, 2023, our capital expenditures were \$82.4 million primarily related to \$45.5 million for the Arkansas manufacturing facility, \$10.6 million in cost reduction initiatives, \$9.6 million for our new corporate headquarters, \$2.4 million in capacity expansion in our existing facilities, and \$3.6 million for safety, environmental and general support.

Repurchases of common shares. During the six months ended June 30, 2023, we repurchased 264,896 shares of our outstanding common stock under the 2023 Stock Repurchase Program.

RESULTS OF OPERATIONS

General. Our results of operations are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, cost of raw materials, inflation, interest rates, consumer spending and preferences, the impact of any supply chain disruptions, economic conditions, and any adverse effects from global health pandemics and geopolitical conflicts.

Sale of Substantially All of the Assets of Trex Commercial Products, Inc. On December 30, 2022, we completed the sale of substantially all of the assets of our wholly-owned subsidiary and reportable segment, Trex Commercial, for net proceeds of \$7.3 million. The divestiture of Trex Commercial reflects our decision to focus on driving the most profitable growth strategy for the Company and its shareholders through the execution of our outdoor living strategy. With the sale complete, we will dedicate our resources to accelerating conversion to composites from wood and further strengthen our leadership position in the outdoor living category. The divestiture did not represent a strategic shift with a major effect on the Company's operations and financial results. As such, the results of operations of Trex Commercial are consolidated in the Company's results of operations for the three months and six months ended June 30, 2022.

Russian / Ukraine Conflict. The conflict between Russia and Ukraine has not directly affected our business and results of operations. We have no operations or direct sales in Russia or Ukraine but continue to monitor the potential economic impact of the conflict on supply chains, commodity and fuel prices, and prices of raw materials. We cannot predict the impact of the continued conflict on the global economy, our industry or our business.

Net Sales. Net sales consist of sales and freight, net of discounts. The level of net sales is principally affected by sales volume and the prices paid for Trex products. Trex Residential operating results have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions in certain geographic regions reduce the level of home and commercial improvement and residential and commercial construction and can shift demand for our products to a later period. As part of our normal business practice and consistent with industry practice, we have historically provided our distributors and dealers of our Trex Residential products incentives to build inventory levels before the start of the prime deck-building season to ensure adequate availability of our product to meet anticipated seasonal consumer demand and to enable production planning. These incentives include payment discounts, favorable payment terms, price discounts, or volume rebates on specified products and other incentives based on increases in purchases as part of specific promotional programs. The timing of our incentive programs can significantly impact sales, receivables and inventory levels during the offering period.

Gross Profit. Gross profit represents the difference between net sales and cost of sales. Cost of sales consists of raw material costs, direct labor costs, manufacturing costs, subcontract costs and freight. Raw material costs generally include the costs to purchase and transport reclaimed wood fiber, reclaimed polyethylene, pigmentation for coloring our products, and commodities used in the production of railing and staging. Direct labor costs include wages and benefits of personnel engaged in the manufacturing process. Manufacturing costs consist of costs of depreciation, utilities, maintenance supplies and repairs, indirect labor, including wages and benefits, and warehouse and equipment rental activities.

Selling, General and Administrative Expenses. The largest component of selling, general and administrative expenses is personnel related costs, which includes salaries, commissions, incentive compensation, and benefits of personnel engaged in sales and marketing, accounting, information technology, corporate operations, research and development, and other business functions. Another component of selling, general and administrative expenses is branding and other sales and marketing costs, which are used to build brand awareness. These costs consist primarily of advertising, merchandising, and other promotional costs. Other general and administrative expenses include professional fees, office occupancy costs attributable to the business functions previously referenced, and consumer relations expenses. As a percentage of net sales, selling, general and administrative expenses may vary from quarter to quarter due, in part, to the seasonality of our business.

Below is the discussion and analysis of our operating results and material changes in our operating results for the three months ended June 30, 2023 (2023 quarter) compared to the three months ended June 30, 2022 (2022 quarter), and for the six months ended June 30, 2023 (2023 six-month period) compared to the six months ended June 30, 2022 (2022 six-month period).

[Table of Contents](#)**Three Months Ended June 30, 2023 Compared To The Three Months Ended June 30, 2022****Net Sales**

	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
	(dollars in thousands)			
Total net sales	\$ 356,538	\$ 386,249	\$(29,711)	(7.7)%
Trex Residential net sales	\$ 356,538	\$ 373,922	\$(17,384)	(4.6)%
Trex Commercial net sales	N/A	\$ 12,327	N/A	N/A

Total net sales in the 2023 quarter were lower compared to net sales in the 2022 quarter resulting in a decrease of \$29.7 million, or 7.7%. The change in the 2023 quarter was the result of strong secular trends in the outdoor living category, continued execution of our wood-to-composite market strategy share conversion offset by the non-recurrence of the channel inventory build that occurred during the second quarter prior year. In addition, on December 30, 2022, we completed the sale of substantially all of the assets of our wholly-owned subsidiary and reportable segment, Trex Commercial, whose sales are reflected in the 2022 quarter.

Gross Profit

	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
	(dollars in thousands)			
Cost of sales	\$ 200,090	\$ 228,872	\$(28,782)	(12.6)%
% of total net sales	56.1%	59.3%		
Gross profit	\$ 156,448	\$ 157,377	\$ (929)	(0.6)%
Gross margin	43.9%	40.7%		

Gross profit as a percentage of net sales, gross margin, was 43.9% in the 2023 quarter compared to 40.7% in the 2022 quarter. Excluding Trex Commercial, gross margin for the 2022 quarter was 41.7%. The increase was primarily the result of production optimization and cost savings programs, partially offset by lower absorption due to decreased production and higher depreciation.

Selling, General and Administrative Expenses

	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
	(dollars in thousands)			
Selling, general and administrative expenses	\$ 51,681	\$ 39,568	\$ 12,113	30.6%
% of total net sales	14.5%	10.2%		

Selling, general and administrative expenses increased \$12.1 million in the 2023 quarter. The increase primarily related to a \$9.1 million increase in personnel related expenses including incentive compensation, a \$0.8 million increase related to disposal of manufacturing equipment, a \$0.9 million increase related to expenses to exit our prior corporate headquarters, and a \$0.9 million increase in other expenses.

Provision for Income Taxes

	Three Months Ended June 30,		\$ Change	% Change
	2023	2022		
	(dollars in thousands)			
Provision for income taxes	\$ 26,426	\$ 29,009	\$ (2,583)	(8.9)%
Effective tax rate	25.5%	24.6%		

[Table of Contents](#)

The effective tax rate for the 2023 quarter of 25.5% and was comparable to the effective tax rate of 24.6% for the 2022 quarter.

Net Income and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)¹ (dollars in thousands)

Reconciliation of net income (GAAP) to EBITDA and EBITDA margin (non-GAAP):

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022		
	Trex Residential and Consolidated	Trex Residential	Trex Commercial	Consolidated
Net Income (loss)	\$ 77,036	\$ 89,437	\$ (521)	\$ 88,916
Interest expense (income), net	1,305	(116)	—	(116)
Income tax expense (benefit)	26,426	29,180	(171)	29,009
Depreciation and amortization	12,283	11,049	282	11,331
EBITDA	<u>\$ 117,050</u>	<u>\$ 129,550</u>	<u>\$ (410)</u>	<u>\$ 129,140</u>

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	\$ Change	% Change
	(dollars in thousands)			
Total EBITDA	\$ 117,050	\$ 129,140	\$ (12,090)	(9.4)%
Trex Residential EBITDA	\$ 117,050	\$ 129,550	\$ (12,500)	(9.6)%
Trex Commercial EBITDA	N/A	\$ (410)	N/A	N/A

Total EBITDA decreased 9.4% to \$117.1 million for the 2023 quarter compared to \$129.1 million for the 2022 quarter. The decrease in EBITDA was driven primarily by a decrease in net sales.

Six Months Ended June 30, 2023 Compared To The Six Months Ended June 30, 2022

Net Sales

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	\$ Change	% Change
	(dollars in thousands)			
Total net sales	\$ 595,256	\$ 725,477	\$ (130,221)	(17.9)%
Trex Residential net sales	\$ 595,256	\$ 701,117	\$ (105,861)	(15.1)%
Trex Commercial net sales	N/A	\$ 24,360	N/A	N/A

Total net sales decreased by \$130.2 million, or 17.9%, in the 2023 six-month period compared to the 2022 six-month period. The decrease was substantially all due to a decrease in volume, which was primarily the result of the non-recurrence of the 2022 distribution inventory build and more cautious purchase patterns due to concerns regarding the economic strength of the consumer. On December 30, 2022, we completed the sale of substantially all of the assets of our wholly-owned subsidiary and reportable segment, Trex Commercial.

¹ EBITDA represents net income before interest, income taxes, depreciation and amortization. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States (GAAP). We have included data with respect to EBITDA because management believes it facilitates performance comparison between the Company and its competitors, and management evaluates the performance of its reportable segments using several measures, including EBITDA. Management considers EBITDA to be an important supplemental indicator of our core operating performance because it eliminates interest, income taxes, and depreciation and amortization charges to net income or loss. In relation to competitors, EBITDA eliminates differences among companies in capitalization and tax structures, capital investment cycles and ages of related assets. For these reasons, management believes that EBITDA provides important information regarding the operating performance of the Company and its reportable segments. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP and are not meant to be considered superior to or a substitute for our GAAP results.

[Table of Contents](#)

Gross Profit

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2023</u>	<u>2022</u>		
Cost of sales	\$ 344,380	\$433,188	\$(88,808)	(20.5)%
% of total net sales	57.9%	59.7%		
Gross profit	\$ 250,876	\$292,289	\$(41,413)	(14.2)%
Gross margin	42.1%	40.3%		

Gross profit as a percentage of net sales, gross margin, was 42.1% in the 2023 six-month period compared to 40.3% in the 2022 six-month period. Excluding Trex Commercial, gross margin for the 2022 quarter was 41.3%. The increase was primarily the result of production optimization and cost savings programs, partially offset by lower absorption due to decreased production and higher depreciation.

Selling, General and Administrative Expenses

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2023</u>	<u>2022</u>		
Selling, general and administrative expenses	\$ 89,162	\$ 79,529	\$ 9,633	12.1%
% of total net sales	15.0%	11.0%		

Selling, general and administrative expenses increased \$9.6 million in the 2023 six-month period. The increase primarily related to a \$5.6 million increase in personnel related expenses including incentive compensation, a \$1.5 million increase in research and development expenses, a \$0.8 million increase related to disposal of manufacturing equipment, a \$0.9 million increase in expenses related the exit of our prior corporate headquarters, and a \$1.2 million increase in other expenses.

Provision for Income Taxes

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2023</u>	<u>2022</u>		
Provision for income taxes	\$ 40,258	\$ 52,737	\$(12,479)	(23.7)%
Effective tax rate	25.4%	24.8%		

The effective tax rate for the 2023 six-month period of 25.4% and was comparable to the effective tax rate of 24.8% for the 2022 six-month period.

Net Income and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)² (dollars in thousands)

Reconciliation of net income (GAAP) to EBITDA and EBITDA margin (non-GAAP):

² EBITDA represents net income before interest, income taxes, depreciation and amortization. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States (GAAP). We have included data with respect to EBITDA because management believes it facilitates performance comparison between the Company and its competitors, and management evaluates the performance of its reportable segments using several measures, including EBITDA. Management considers EBITDA to be an important supplemental indicator of our core operating performance because it eliminates interest, income taxes, and depreciation and amortization charges to net income or loss. In relation to competitors, EBITDA eliminates differences among companies in capitalization and tax structures, capital investment cycles and ages of related assets. For these reasons, management believes that EBITDA provides important information regarding the operating performance of the Company and its reportable segments. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP and are not meant to be considered superior to or a substitute for our GAAP results.

[Table of Contents](#)

	<u>Six Months Ended June 30, 2023</u>	<u>Six Months Ended June 30, 2022</u>		
	<u>Trex Residential and Consolidated</u>	<u>Trex Residential</u>	<u>Trex Commercial</u>	<u>Consolidated</u>
Net Income (loss)	\$ 118,167	\$ 161,652	\$ (1,525)	\$ 160,127
Interest expense (income), net	3,289	(104)	—	(104)
Income tax expense (benefit)	40,258	53,243	(506)	52,737
Depreciation and amortization	24,198	21,240	565	21,805
EBITDA	<u>\$ 185,912</u>	<u>\$ 236,031</u>	<u>\$ (1,466)</u>	<u>\$ 234,565</u>

	<u>Six Months Ended June 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2023</u>	<u>2022</u>		
Total EBITDA	\$ 185,912	\$ 234,565	\$(48,653)	(20.7)%
Trex Residential EBITDA	\$ 185,912	\$ 236,031	\$(50,119)	(21.2)%
Trex Commercial EBITDA	N/A	\$ (1,466)	N/A	N/A

Total EBITDA decreased 20.7% to \$185.9 million for the 2023 six-month period compared to \$234.6 million for the 2022 six-month period. The decrease in EBITDA was driven primarily by a decrease in net sales and gross profit.

LIQUIDITY AND CAPITAL RESOURCES

We finance operations and growth primarily with cash flows from operations, borrowings under our revolving credit facilities, operating leases and normal trade credit terms from operating activities. At June 30, 2023 we had \$4.2 million of cash and cash equivalents.

Sources and Uses of Cash. The following table summarizes our cash flows from operating, investing and financing activities (in thousands):

	<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Net cash provided by operating activities	\$ 107,781	\$ 189,992
Net cash used in investing activities	(82,357)	(66,561)
Net cash used in financing activities	(33,523)	(247,836)
Net decrease in cash and cash equivalents	<u>\$ (8,099)</u>	<u>\$ (124,405)</u>

Operating Activities

Cash provided by operating activities was \$107.8 million during the 2023 six-month period compared to cash provided by operations of \$190.0 million during the 2022 six-month period. The \$82.2 million decrease in cash provided by operating activities was primarily related to an increase in accounts receivable and, to a lesser extent, reduced profitability in the 2023 six-month period. Shorter payment terms offered as part of our 2022 early buy program resulted in stronger cash collections from accounts receivable in the 2022 six-month period compared to historical collections. The timing of collections in the 2023 six-month period were more aligned with the timing of collections in six-month periods prior to 2022. We anticipate the timing of collections in the third quarter of 2023 will be more comparable to those in the third quarter of 2022. Substantially all of the accounts receivables balances as of June 30, 2023 will be collected during the third quarter of 2023. The effects of the increase in accounts receivable and reduced profitability were offset, in part, by a decrease in inventories in the 2023 six-month period.

Investing Activities

Capital expenditures in the 2023 six-month period were \$82.4 million primarily related to \$45.5 million for the Arkansas manufacturing facility, \$10.6 million in cost reduction initiatives, \$9.6 million for our new corporate headquarters, \$2.4 million in capacity expansion in our existing facilities, and \$3.6 million for safety, environmental and general support.

[Table of Contents](#)

Financing Activities

Net cash used in financing activities in the 2023 six-month period consisted primarily of net borrowings under our line of credit and repurchases of our outstanding common stock.

Stock Repurchase Program. On February 16, 2018, the Trex Board of Directors adopted a stock repurchase program of up to 11.6 million shares of its outstanding common stock (Stock Repurchase Program). The Company repurchased 10.1 million shares under the Stock Repurchase Program. On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program (2023 Stock Repurchase Program) of up to 10.8 million shares of its outstanding common stock, and terminated the existing Stock Repurchase Program. The 2023 Stock Repurchase Program has no set expiration date and as of June 30, 2023, the Company has repurchased 264,896 shares under the 2023 Stock Repurchase Program.

Indebtedness prior to May 18, 2022. On November 5, 2019, the Company entered into a Fourth Amended and Restated Credit Agreement (Fourth Amended Credit Agreement) as borrower, Trex Commercial, as guarantor; Bank of America, N.A. (BOA) as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; and certain other lenders including Wells Fargo Bank, N.A. (Wells Fargo), who is also Syndication Agent, and Truist Bank, arranged by BOA Securities, Inc. (BOA Securities), as Sole Lead Arranger and Sole Bookrunner, to amend and restate the Third Amended and Restated Credit Agreement (Third Amended Credit Agreement), dated as of January 12, 2016, as amended. The Fourth Amended Credit Agreement provides the Company with one or more Revolving Loans in a collective maximum principal amount of \$250 million from January 1 through June 30 of each year and a maximum principal amount of \$200 million from July 1 through December 31 of each year throughout the term, which ends November 5, 2024.

On May 26, 2020, the Company entered into a First Amendment to the Original Credit Agreement (the First Amendment) to provide for an additional \$100 million line of credit through May 26, 2022. As a matter of convenience, the parties incorporated the amendments to the Original Credit Agreement made by the First Amendment into a new Fourth Amended and Restated Credit Agreement (New Credit Agreement). In the New Credit Agreement, the revolving commitments under the Original Credit Agreement are referred to as Revolving A Commitments and the new \$100 million line of credit is referred to as Revolving B Commitments. In the New Credit Agreement, all of the material terms and conditions related to the original line of credit (Revolving A Commitments) remained unchanged from the Original Credit Agreement.

The Company's revolving credit facility executed November 5, 2019, was completely replaced by the Company's revolving credit facility executed May 18, 2022.

Indebtedness on and after May 18, 2022 and prior to December 22, 2022. On May 18, 2022, the Company, as borrower; Trex Commercial, as guarantor; BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; Wells Fargo, as lender and Syndication Agent; Regions Bank, PNC Bank, National Association (PNC), and TD Bank, N.A. (TD)(each, a Lender and collectively, the Lenders), arranged by BofA Securities, Inc. as Sole Lead Arranger and Sole Bookrunner, entered into a Credit Agreement (Credit Agreement) to amend and restate the Fourth Amended and Restated Credit Agreement dated as of November 5, 2019.

Under the Credit Agreement, the Lenders agreed to provide the Company with one or more Revolving Loans in a collective maximum principal amount of \$400,000,000 (Loan Limit) throughout the term, which ends May 18, 2027 (Term). Included within the Loan Limit are sublimits for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans are for the purpose of raising working capital and supporting general business operations.

The Credit Agreement provides the Company, in the aggregate, the ability to borrow an amount up to the Loan Limit during the Term. The Company is not obligated to borrow any amount under the Loan Limit. Within the Loan Limit, the Company may borrow, repay and reborrow at any time or from time to time while the Notes are in effect. Base Rate Loans (as defined in the Credit Agreement) under the Revolving Loans and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term.

[Table of Contents](#)

The Company and BofA Securities as a sustainability coordinator, are entitled to establish specified key performance indicators (KPIs) with respect to certain environmental, social and governance targets of the Company and its subsidiaries. The sustainability coordinator and the Company may amend the Credit Agreement for the purpose of incorporating the KPIs and other related provisions, unless the Lenders object to such amendment on or prior to the date that is ten business days after the date on which such amendment is posted for review by the Lenders. Based on the performance of the Company and its subsidiaries against the KPIs, certain adjustments (increase, decrease or no adjustment) to otherwise applicable pricing will be made; provided that the amount of such adjustments shall not exceed certain aggregate caps as in the definitive loan documentation.

Under the terms of the Security and Pledge Agreement, the Company and Trex Commercial, subject to certain permitted encumbrances, as collateral security for the above-stated loans and all other present and future indebtedness of the Company owing to the Lenders grants to BOA, as Administrative Agent for the Lenders, a continuing security interest in certain collateral described and defined in the Security and Pledge Agreement but excluding the Excluded Property (as defined in the Security and Pledge Agreement).

Indebtedness On and After December 22, 2022. As of December 22, 2022, the Company entered into a First Amendment to the Credit Agreement (First Amendment) by and among the Company, as borrower, the guarantors party thereto; BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer; TD as lender and Syndication Agent; Regions Bank, PNC, and Wells Fargo (each, a Lender and collectively, the Lenders), arranged by BofA Securities as Sole Lead Arranger and Sole Bookrunner, amending that certain Credit Agreement dated as of May 18, 2022, by and among the Company, as borrower, the guarantors party thereto, BOA, as a Lender, Administrative Agent, Swing Line Lender and L/C Issuer and the other lenders identified therein (as so amended, the "Credit Agreement"). The First Amendment removes Trex Commercial as a guarantor to any and all indebtedness under the Credit Agreement. As a part of the First Amendment, the Credit Agreement was amended and restated to provide for an additional Revolving B Loan (as hereinafter defined).

Under the First Amendment, the Lenders agreed to provide the Company with a Revolving B Loan consisting of one or more revolving loans in a collective maximum principal amount of \$150,000,000 (Revolving B Loan Limit) throughout the term, which ends December 22, 2024 (Revolving B Loan Term). Previously, under the Credit Agreement, there was no Revolving B Loan. The First Amendment also provided that TD would serve as Syndication Agent.

As of December 22, 2022, the Credit Agreement was amended and restated to refer to this loan as the Revolving A Loan. The amended and restated Credit Agreement was made an Exhibit A to the First Amendment. All of the terms of the Credit Agreement apply to the Revolving B Loan. The Credit Agreement continues to include sublimits under the Revolving A Loan for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans under Revolving A Loan are for the purpose of raising working capital and supporting general business operations.

The Notes provide the Company, in the aggregate, the ability to borrow an amount up to the Revolving A Loan Limit during the Revolving A Loan Term and Revolving B Loan Limit during the Revolving B Loan Term. The Company is not obligated to borrow any amount under the revolving loans. Within the respective loan limit, the Company may borrow, repay and reborrow at any time or from time to time while the Notes are in effect. With respect to Revolving B Loans, for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 1.20% and 2.15% and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 0.20% and 1.15%.

At June 30, 2023, we had \$206 million in outstanding borrowings under the revolving credit facility and borrowing capacity under the facility of \$344 million.

Compliance with Debt Covenants. Pursuant to the terms of the Credit Agreement, the Company is subject to certain loan compliance covenants. The Company was in compliance with all covenants as of June 30, 2023. Failure to comply with the financial covenants could be considered a default of repayment obligations and, among other remedies, could accelerate payment of any amounts outstanding.

We believe that cash on hand, cash from operations and borrowings expected to be available under our revolving credit facilities will provide sufficient funds to fund planned capital expenditures, make scheduled principal and interest payments, fund warranty payments, and meet other cash requirements. We currently expect to fund future capital expenditures from operations and financing activities. The actual amount and timing of future capital requirements may differ materially from our estimate depending on the demand for Trex products and new market developments and opportunities.

[Table of Contents](#)

Capital Requirements. In October 2021, we announced plans to add a third U.S.-based Trex Residential manufacturing facility located in Little Rock, Arkansas. The new campus will sit on approximately 300 acres of land and will address increased demand for Trex Residential outdoor living products. The development approach for the new campus will be modular and calibrated to demand trends for Trex Residential outdoor living products. Construction began on the new facility in the second quarter 2022, and in July 2022, the Company entered into a design-build agreement. As previously announced, the Company anticipates spending approximately \$400 million on the facility and the budget for the design-build agreement is contained within this amount. Construction for the new facility will be funded primarily through the Company's ongoing cash generation or its line of credit.

Our capital expenditure guidance for 2023 is \$145 million to \$155 million. In addition to the construction of our third facility located in Arkansas, our capital allocation priorities include expenditures for internal growth opportunities, manufacturing cost reductions, upgrading equipment and support systems, and acquisitions which fit our long-term growth strategy as we continue to evaluate opportunities that would be a good strategic fit for Trex, and return of capital to shareholders.

Inventory in Distribution Channels. We sell our Trex Residential decking and railing products through a tiered distribution system. We have over 50 distributors worldwide and two national retail merchandisers to which we sell our products. The distributors in turn sell the products to dealers and retail locations who in turn sell the products to end users. Significant increases in inventory levels in the distribution channel without a corresponding change in end-use demand could have an adverse effect on future sales.

Product Warranty. We warrant that for the applicable warranty period our Trex Residential products, when properly installed, used and maintained, will be free from material defects in workmanship and materials and our decking, cladding, fascia and railing products will not split, splinter, rot or suffer structural damage from termites or fungal decay.

Products sold on or after January 1, 2023: The warranty period for residential use is 50 years for Transcend® decking, 35 years for Select® decking and Universal Fascia, and 25 years for Enhance® decking and Transcend, Select, Enhance and Signature® railing. The warranty period for commercial use is 10 years, excluding Signature railing and Transcend cladding, which each have a warranty period of 25 years. We further warrant that Trex Transcend, Trex Enhance and Trex Select decking and cladding and Universal Fascia products will not fade in color from light and weathering exposure more than a certain amount and will be resistant to permanent staining from food and beverage substances or mold and mildew, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, we have an obligation either to replace the defective product or refund the purchase price.

Products sold prior to January 1, 2023: The warranty period is 25 years for residential use and 10 years for commercial use. With respect to Trex Signature railing, the warranty period is 25 years for both residential and commercial use. We further warrant that Trex Transcend, Trex Enhance, Trex Select and Universal Fascia products will not fade in color more than a certain amount and will be resistant to permanent staining from food substances or mold, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, we have an obligation either to replace the defective product or refund the purchase price.

We continue to receive and settle claims for decking products manufactured at our Trex Residential Nevada facility prior to 2007 that exhibit surface flaking and maintain a warranty reserve to provide for the settlement of these claims. We monitor surface flaking claims activity each quarter for indications that our estimates require revision. Typically, a majority of surface flaking claims received in a fiscal year are received during the summer outdoor season, which spans the second and third fiscal quarters.

It has been our practice to utilize actuarial techniques during the third quarter, after a significant portion of all claims has been received for the fiscal year and variances to annual claims expectations are more meaningful. Our actuarial analysis is based on currently known facts and a number of assumptions. Projecting future events such as the number of claims to be received, the number of claims that will require payment and the average cost of claims could cause the actual warranty liabilities to be higher or lower than those projected, which could materially affect our financial condition, results of operations or cash flows.

The number of incoming claims received in the six months ended June 30, 2023, was lower than the number of claims received in the six months ended June 30, 2023 and lower than our expectations for 2023. Average cost per claim experienced in the six months ended June 30, 2023 was lower than that experienced in the six months ended June 30, 2022, which was elevated due to the closure of three large claims, and lower than our expectations for the current year. We believe the reserve at June 30, 2023 is sufficient to cover future surface flaking obligations.

[Table of Contents](#)

We estimate that the annual number of claims received will decline over time and that the average cost per claim will increase. If the level of claims received or average cost per claim differs materially from expectations, it could result in additional increases or decreases to the warranty reserve and a decrease or increase in earnings and cash flows in future periods. We estimate that a 10% change in the expected number of remaining claims to be settled with payment or the expected cost to settle claims may result in approximately a \$1.5 million change in the surface flaking warranty reserve.

The following table details surface flaking claims activity related to our warranty:

	Six Months Ended June 30,	
	2023	2022
Claims open, beginning of period	1,729	1,759
Claims received (1)	236	292
Claims resolved (2)	(212)	(304)
Claims open, end of period	1,753	1,747
Average cost per claim (3)	\$ 4,160	\$ 5,233

- (1) Claims received include new claims received or identified during the period.
(2) Claims resolved include all claims settled with or without payment and closed during the period.
(3) Average cost per claim represents the average settlement cost of claims closed with payment during the period.

Seasonality. The operating results for Trex Residential have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions in certain geographic regions reduce the level of home improvement and construction activity and can shift demand for its products to a later period. As part of its normal business practice and consistent with industry practice, Trex Residential has historically offered incentive programs to its distributors and dealers to build inventory levels before the start of the prime deck-building season in order to ensure adequate availability of its product to meet anticipated seasonal consumer demand. The seasonal effects are often offset by the positive effect of the incentive programs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see “Quantitative and Qualitative Disclosures about Market Risk,” in Part II, Item 7A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. There were no material changes to the Company’s market risk exposure during the six months ended June 30, 2023.

Item 4. Controls and Procedures

The Company’s management, with the participation of its President and Chief Executive Officer (the Company’s principal executive officer) and its Acting Chief Financial Officer (the Company’s principal financial officer), has evaluated the effectiveness of the Company’s disclosure controls and procedures as of June 30, 2023. Based on this evaluation, the President and Chief Executive Officer and the Acting Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective. There have been no changes in the Company’s internal control over financial reporting during the six-month period ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**PART II
OTHER INFORMATION**

Item 1. Legal Proceedings

The Company has lawsuits, as well as other claims, pending against it which are ordinary routine litigation and claims incidental to the business. Management has evaluated the merits of these lawsuits and claims and believes that their ultimate resolution will not have a material effect on the Company's consolidated financial condition, results of operations, liquidity or competitive position.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) The following table provides information relating to the purchases of our common stock during the three months ended June 30, 2023 in accordance with Item 703 of Regulation S-K:

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit) (\$)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum number of Shares (or Units) that May Yet Be Purchased Under the Plan or Program
April 1, 2023 – April 30, 2023	—	\$ —	—	10,800,000
May 1, 2023 – May 31, 2023	15,663	\$ 54.56	—	10,800,000
June 1, 2023 – June 30, 2023	264,896	\$ 59.44	264,896	10,535,104
Quarterly period ended June 30, 2023	<u>280,559</u>		<u>264,896</u>	

- (1) During the three months ended June 30, 2023, 15,663 shares were withheld by, or delivered to, the Company pursuant to provisions in agreements with recipients of restricted stock granted under the Trex 2014 and 2023 Stock Incentive Plan allowing the Company to withhold, or the recipient to deliver to the Company, the number of shares having the fair value equal to tax withholding due.
- (2) On February 16, 2018, the Trex Board of Directors authorized a common stock repurchase program of up to 11.6 million shares of its outstanding common stock (Stock Repurchase Program). The Stock Repurchase Program was publicly announced on February 21, 2018. The Company did not purchase shares of its common stock under the Stock Repurchase Program during the period April 1, 2023 through May 3, 2023. On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program (2023 Stock Repurchase Program) of up to 10.8 million shares of its outstanding common stock, and terminated the existing Stock Repurchase Program. The 2023 Stock Repurchase Program has no set expiration date and 264,896 shares were repurchased under the 2023 Stock Repurchase Program as of June 30, 2023.

Item 5. Other Information

Amended and Restated By-Laws of the Company dated July 26, 2023. On July 26, 2023, the Board of Directors of the Company approved and adopted Amended and Restated By-Laws of the Company (as so amended, New By-Laws), which became effective upon approval. The New By-Laws, among other things, provided for the following changes to the Company's prior by laws:

Places of Meetings; List of Stockholders – The New By-Laws provide that stockholder meetings may be held by means of remote communication. Further, the New By-Laws clarify that in connection with any stockholder meetings, the list of stockholders entitled to vote at the meeting will be available for examination for a period of at least ten days ending on the day before the meeting date.

[Table of Contents](#)

Advance Notice – Informational and Disclosure Requirements. The New By-Laws require that the stockholder proposing business or nominating directors (other than proposals to be included in the Company’s proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (Exchange Act)) provide certain additional information regarding the stockholder and the proposal or nominee, as applicable. Additionally, the New By-Laws require any candidate for the Board nominated by a stockholder to provide certain additional information and representations, including, but not limited to, information regarding the absence of any voting commitments, disclosure of compensation for service, compliance with the Company’s corporate governance and other policies, and intention to serve the entire term. The New By-Laws also clarify the Company’s authority to reasonably request additional information from such stockholders and director nominees. All disclosures must be updated as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten business days prior to the meeting. Additionally, the New By-Laws state explicitly that the Board is entitled to solicit against any such nomination or proposal.

Advance Notice – Other. The New By-Laws require that a stockholder proposing business to be brought before an annual meeting or nominating person(s) for election to the Board of Directors at an annual meeting or special meeting, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such meeting. Further, the New By-Laws prohibit stockholders from submitting more nominees than the number of directors up for election at the applicable meeting.

Advance Notice – Universal Proxy. The New By-Laws Rule 14a-19 under the Exchange Act by requiring that any stockholder soliciting proxies in support of a nominee other than the Board’s nominees must comply with Rule 14a-19 under the Exchange Act, including applicable notice and solicitation requirements, and providing the Company a remedy if a stockholder fails to comply with the requirements of Rule 14a-19 or fails to timely provide reasonable evidence that certain requirements of such rule have been satisfied. Further, any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, with the white proxy card being reserved for the exclusive use by the Board.

A copy of the New By-Laws is attached as Exhibit 3.3 hereto and is incorporated herein by reference. The foregoing summary of the material changes to the Company’s prior bylaws is qualified in its entirety by reference to the text of Exhibit 3.3.

The Trex Company Amended and Restated 1999 Incentive Plan for Outside Directors as amended on July 26, 2023. On March 12, 1999, Trex adopted the Trex Company Amended and Restated 1999 Incentive Plan for Outside Directors (the Outside Directors Plan). On July 26, 2023, the Company approved an amendment to the Outside Directors Plan (the Amendment). The purpose of the Amendment was to (1) replace references to the 2014 Stock Incentive Plan with references to the 2023 Stock Incentive Plan, (2) align the vesting provisions with the 2023 Stock Incentive Plan, (3) modify compensation when the Lead Independent Director role is being filled by the chair of a Committee, and (4) remove the five-year expiration term of vested SARs in the event of termination of service. No other changes were made to the Outside Directors Plan by the Amendment. The Amended and Restated 1999 Incentive Plan for Outside Directors, as amended, is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.

Form of Trex Company, Inc. 2023 Stock Incentive Plan Stock Appreciation Rights Agreement. The Company had previously filed a Form of Trex Company, Inc. 2014 Stock Incentive Plan Stock Appreciation Rights Agreement (the Old SAR Form). On July 26, 2023, the Company approved a new Form of Trex Company, Inc. 2023 Stock Incentive Plan Stock Appreciation Rights Agreement (New SAR Form) which replaced the Old SAR Form. The New SAR Form is the same as the Old SAR Form except that all references to the 2014 Stock Incentive Plan have been replaced with references to the 2023 Stock Incentive Plan and the five-year expiration term in the event of termination of service due to death, disability or retirement has been deleted, which is aligned with the 2023 Stock Incentive Plan. The New SAR Form is filed as Exhibit 10.3 to this Quarterly Report on Form 10-Q.

Form of Trex Company, Inc. 2023 Stock Incentive Plan Time-Based Restricted Stock Unit Agreement. The Company had previously filed a Form of Trex Company, Inc. 2014 Stock Incentive Plan Time-Based Restricted Stock Unit Agreement (the Old Time-Based RSU Form). On July 26, 2023, the Company approved a new Form of Trex Company, Inc. 2023 Stock Incentive Plan Time-Based Restricted Stock Unit Agreement (New Time-Based RSU Form). The New Time-Based RSU Form is the same as the Old Time-Based RSU Form except that all references to the 2014 Stock Incentive Plan have been replaced with references to the 2023 Stock Incentive Plan and the Shareholder Rights Section has been aligned with the 2023 Stock Incentive Plan. The Old Time-Based RSU Form included shareholder rights in the event of dividends but the New Time-Based RSU Form states there are no shareholder rights with respect to restricted stock units, which is aligned with the 2023 Stock Incentive Plan. The New Time-Based RSU Form is filed as Exhibit 10.4 to this Quarterly Report on Form 10-Q.

[Table of Contents](#)

Form of Trex Company, Inc. 2023 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement. The Company had previously filed a Form of Trex Company, Inc. 2014 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement (the Old RSU Performance-Based Form). On July 26, 2023, the Company approved a new Form of Trex Company, Inc. 2023 Stock Incentive Plan Performance-Based Stock Unit Agreement (the New RSU Performance-Based Form). The New Performance-Based RSU Form is the same as the Old Performance-Based RSU Form except that all references to the 2014 Stock Incentive Plan have been replaced with references to the 2023 Stock Incentive Plan and the Shareholder Rights Section has been aligned with the 2023 Stock Incentive Plan. The Old Performance-Based RSU Form included shareholder rights in the event of dividends, but the New Performance-Based RSU Form states there are no shareholder rights with respect to restricted stock units, which is aligned with the 2023 Stock Incentive Plan. The New Performance-Based RSU Form is filed as Exhibit 10.5 to this Quarterly Report on Form 10-Q.

Form of Trex Company, Inc. Amended and Restated Stock Incentive Plan for Outside Directors Restricted Stock Unit Agreement. The Company had previously filed a Form of Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors Restricted Stock Unit Agreement (the Old Form for Outside Director RSU Grants). On July 26, 2023, the Company approved a new Form of Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors Restricted Stock Unit Agreement (the New Form for Outside Director RSU Grants). The New Form for Outside Director RSU Grants is the same as the Old Form for Outside Director RSU Grants except that all reference to the 2014 Stock Incentive Plan have been replaced with references to the 2023 Stock Incentive Plan and the Shareholder Rights Section has been aligned with the 2023 Stock Incentive Plan. The Old Form for Outside Director RSU Grants included shareholder rights in the event of dividends, but the New Form for Outside Director RSU Grants states there are no shareholder rights with respect to restricted stock units, which is aligned with the 2023 Stock Incentive Plan. The New Form for Outside Director RSU Grants is filed as Exhibit 10.6 to this Quarterly Report on Form 10-Q.

Amended and Restated Severance Agreement by and between Trex Company, Inc. and Bryan H. Fairbanks. The Company had previously filed an Amended and Restated Severance Agreement dated February 21, 2020 by and between Trex Company, Inc. and Bryan H. Fairbanks (the Old Severance Agreement). The Old Severance Agreement expires in August 2023. As a result the Company is entering into an Amended and Restated Severance Agreement dated July 31, 2023 by and between Trex Company, Inc. and Bryan H. Fairbanks (the New Severance Agreement) which is substantially the same as the Old Severance Agreement except that the New Severance Agreement (1) auto renews every three years for renewal terms of three years each, but has a one year notice of termination, (2) indicates that in the event of termination for cause there is no bonus payout if the bonus has not already been paid, and (3) clarifies language to indicate that in the event of termination for cause, the executive is entitled only to earned but unpaid salary. The New Severance Agreement is filed as Exhibit 10.7 to this Quarterly Report on Form 10-Q.

Form of Severance Agreement between Trex Company Inc. and Officers other than the Chief Executive Officer. The Company previously filed a Form of Severance Agreement between Trex Company, Inc. and Officers other than the Chief Executive Officer (the Old Form of Severance Agreement). On July 26, 2023, the Company approved a new Form of Severance Agreement between Trex Company, Inc. and Officers other than the Chief Executive Officer (the New Form of Severance Agreement). The Old Form of Severance Agreement expires in August 2023, so the New Form of Severance Agreements is being adopted. The New Form of Severance Agreement is substantially the same as the Old Form of Severance Agreement except that the New Form of Severance Agreement (1) auto renews every three years for renewal terms of three years each, but has a one year notice of termination, (2) indicates in the event of termination for cause there is no bonus payout if the bonus has not already been paid, (3) clarifies language to indicate that in the event of termination for cause executive is entitled only to earned but unpaid salary, and (4) removes references to “him” and “his” to make it gender neutral. The New Form of Severance Agreement is filed as Exhibit 10.8 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

See Exhibit Index at the end of the Quarterly Report on Form 10-Q for the information required by this Item which is incorporated by reference.

[Table of Contents](#)

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by reference</u>			
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	<u>File No.</u>
3.1	Restated Certificate of Incorporation of Trex Company, Inc. dated July 28, 2021.	10-Q	3.6	August 2, 2021	001-14649
3.2	First Certificate of Amendment to the Restated Certificate of Incorporation of Trex Company, Inc. dated May 5, 2022.	10-Q	3.2	May 9, 2022	001-14649
3.3*	Amended and Restated By-Laws of the Company dated July 26, 2023.				
10.1**	Trex Company, Inc. 2023 Stock Incentive Plan.	10-Q	10.1	May 8, 2023	001-14649
10.2* / **	Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors as amended on July 26, 2023.				
10.3* / **	Form of Trex Company, Inc. 2023 Stock Incentive Plan Stock Appreciation Rights Agreement.				
10.4* / **	Form of Trex Company, Inc. 2023 Stock Incentive Plan Time-Based Restricted Stock Unit Agreement.				
10.5* / **	Form of Trex Company, Inc. 2023 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement.				
10.6* / **	Form of Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors Restricted Stock Unit Agreement.				
10.7* / **	Amended and Restated Severance Agreement dated July 31, 2023 by and between Trex Company, Inc. and Bryan H. Fairbanks.				
10.8* / **	Form of Severance Agreement between Trex Company, Inc. and Officers other than the Chief Executive Officer.				
31.1*	Certification of Chief Executive Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.				
31.2*	Certification of Chief Financial Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.				
32***	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350).				
101.INS*	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				

[Table of Contents](#)

<u>Exhibit Number</u>	<u>Description</u>	<u>Form</u>	<u>Incorporated by reference</u>		
			<u>Exhibit</u>	<u>Filing Date</u>	<u>File No.</u>
104.1	Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.				
*	Filed herewith.				
**	Management contract or compensatory plan or agreement.				
***	Furnished herewith.				

TREX COMPANY, INC.
AMENDED AND RESTATED
BY-LAWS
ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, located in the county of New Castle. The name of its registered agent at such address is Corporation Service Company.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
STOCKHOLDERS MEETINGS

Section 1. Places of Meetings. All meetings of stockholders shall be held at such place or places in or outside of the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or waiver of notice thereof, subject to any provisions of the laws of the State of Delaware. The Board of Directors may, in its sole discretion, determine that a meeting shall not be held at any place, but shall instead be held solely by means of remote communication in accordance with Section 211(a) of the General Corporation Law of the State of Delaware, as amended (the "DGCL").

Section 2. Annual Meetings. Unless otherwise determined from time to time by the Board of Directors, the annual meeting of stockholders shall be held each year for the election of directors and the transaction of such other business as may properly come before the meeting at such date and time as may be designated by the Board of Directors. Written notice of the time and place of the annual meeting shall be given by mail to each stockholder entitled to vote at such meeting, at the stockholder's address as it appears on the records of the Corporation, not less than ten (10) nor more than sixty (60) days prior to the scheduled date thereof. An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors. For purposes of these By-laws the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies or unfilled seats in previously authorized directorships.

Section 3. Special Meetings. A special meeting of the stockholders of the Corporation may be called at any time by the Chairman of the Board or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies, but such special meeting may not be called by any other person or persons. Written notice of the date, time, place and specific purpose or purposes for which such meeting is called shall be given by mail to each stockholder entitled to vote thereat at such stockholder's address as it appears on the records of the Corporation not less than ten (10) nor more than sixty (60) days prior to the scheduled date thereof. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 4. Voting and Proxies.

(a) At all meetings of stockholders, each stockholder entitled to vote on the record date as determined under these By-Laws or, if not so determined, as prescribed under the laws of the State of Delaware, shall be entitled to one vote for each share of stock standing on record in such stockholder's name, subject to any voting powers, restrictions or qualifications set forth in the Restated Certificate of Incorporation of the Corporation or any amendment thereto (the "Restated Certificate of Incorporation").

(b) Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

Section 5. Quorum; Voting. At any stockholders meeting, a majority of the voting power of the shares of stock outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum, but a smaller interest may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice, subject to such limitations as may be imposed under the laws of the State of Delaware. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote thereon, present in person or by proxy, shall decide any question brought before such meeting unless such question is one upon which a different vote is required by express provision of the Restated Certificate of Incorporation, these By-Laws, the rules or regulations of the New York Stock Exchange, Inc. or any law or other rule or regulation applicable to the Corporation, in which case such express provision shall govern.

Section 6. Inspectors of Election; Opening and Closing the Polls. The Board of Directors may, by resolution, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at a meeting of stockholders and make a written report thereof. One or more persons may be designated as alternative inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at the meeting.

Section 7. List of Stockholders. No later than the tenth day before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary or the transfer agent in charge of the stock ledger of the Corporation. Such list shall be open for examination by any stockholder for a period of at least ten (10) days ending on the day before the meeting date as required by the laws of the State of Delaware. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or the books of the Corporation or to vote in person or by proxy at such meeting.

Section 8. Written Consent in Lieu of Meeting. Except as otherwise provided for or fixed pursuant to the provisions of the Restated Certificate of Incorporation relating to the rights of the holders of any series of preferred stock, no action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting of stockholders, unless the action to be effected by written consent of the stockholders and the taking of such action by written consent have been expressly approved in advance by the Board of Directors.

Section 9. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may, to the extent not prohibited by law, adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of

an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 10. Notice of Stockholder Business to Be Brought Before a Meeting.

This Section 10 sets forth the advance notice requirements for proposals of business, other than the nomination of directors, to be properly brought before a meeting of stockholders. The advanced notice provisions with respect to nomination of directors are addressed in Section 11 of this Article II below.

(a) At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the Corporation's notice of meeting (or any supplement thereto), (ii) if not specified in a notice of meeting, otherwise brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation present in person who (A) (1) was a stockholder of record of the Corporation both at the time the notice provided for in this Section 10 is delivered to the Secretary of the Corporation and at the time of the meeting, (2) is entitled to vote at the meeting, and (3) has complied with this Section 10 in all applicable respects or (B) properly made such proposal in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the "Exchange Act").

The foregoing sub clause (iii) of paragraph (a) of this Section 10 shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the notice of meeting given by or at the direction of the person calling the meeting pursuant to Section 3 of this Article II, and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders.

For purposes of this Section 10, "present in person" shall mean that the stockholder proposing that the business be brought before the annual meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be, if such proposing stockholder is (i) a general or limited partnership, any general partner or person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (ii) a corporation or a limited liability company, any officer or person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust. Stockholders seeking to nominate persons for election to the Board of Directors must comply with Sections 11 and 12 of this Article II and this Section 10 shall not be applicable to nominations except as expressly provided in Sections 11 and 12 of this Article II.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a) of this Section 10, the stockholder must (i) have given Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation ("Secretary"), and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 10, and (iii) such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary, or mailed and received, at the principal executive offices of the Corporation not later than 5 p.m. Eastern Time on the ninetieth (90th) day nor earlier than 5 p.m. Eastern Time on the one hundred twentieth (120th) day prior to the one-year anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not earlier than 5 p.m. Eastern Time on the one hundred twentieth (120th) day prior to such annual meeting and not later than 5 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such annual

meeting or the tenth (10th) date of public disclosure of the date of such meeting is first made by the Corporation (such notice within such time periods, "Timely Notice"). In no event shall an adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period (or extend any time period) for the giving of a stockholder's Timely Notice as described above.

(c) To be in proper form for purposes of this Section 10, a stockholder's notice shall set forth:

(1) As to each Proposing Person (as defined below):

(i) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation's books and records);

(ii) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (i) and (ii) are referred to as "Stockholder Information");

(iii) the full notional amount of any securities that, directly or indirectly, underlie any "derivative securities" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of shares of the Corporation; provided that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative securities" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, provided, further, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person's business as a derivatives dealer;

(iv) any pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation;

(v) any other relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand;

(vi) any direct or indirect interest in any contract or agreement of such Proposing Person with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(vii) a representation whether the Proposing Person intends, or is part of a group which intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding stock required to approve or adopt the proposal or (B) otherwise to solicit proxies from stockholders in support of such proposal; and

(viii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (i) through (viii) are referred to as “**Disclosable Interests**”); provided, however, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(2) As to each item of business that the stockholder proposes to bring before the annual meeting:

(i) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person;

(ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event such business includes a proposal to amend the Bylaws, the language of the proposed amendment);

(iii) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder(s) or persons(s) who have a right to acquire beneficial ownership at any time in the future of the shares of any class or series of the Corporation or any other person or entity (including their names) in connection with the proposal of such business by such stockholder; and

(iv) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; provided, however, that the disclosures required by this paragraph (2) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

For purposes of this Section 10, the term “Proposing Person” shall mean (i) the stockholder providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (iii) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or affiliate or associate (within the meaning of Rule 12b-2 under the Exchange Act for purposes of these Bylaws) of such stockholder or beneficial owner.

(d) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 10 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this Section 10 or any other Section of these Bylaws shall not limit the Corporation’s rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(e) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 10. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 10, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(f) This Section 10 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation's proxy statement. In addition to the requirements of this Section 10 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 10 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(g) For the avoidance of doubt, and notwithstanding any other provision of these Bylaws, the Corporation may, in its sole discretion, solicit against, and include in the proxy statement its own statements or other information relating to, any stockholder proposal or Proposing Person, including any information provided to the Corporation with respect to the foregoing notice to the Corporation.

Section 11. Notice of Nominations for Election of Directors to the Board of Directors.

(a) Nominations of any person for election to the Board of Directors at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (i) by or at the direction of the Board of Directors, including by any committee or persons authorized to do so by the Board of Directors or these Bylaws, or (ii) by a stockholder present in person (A) who was a record owner of shares of the Corporation both at the time of giving the notice provided for in this Section 11 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with this Section 11 and Section 12 of this Article II as to such notice and nomination.

For purposes of this Section 11, "present in person" shall mean that the stockholder nominating any person for election to the Board of Directors at the meeting of the Corporation, or, if the proposing stockholder is not an individual, a qualified representative of such stockholder, appear at such meeting.

The foregoing clause (a)(ii) of this Section 11 shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting or special meeting.

(b)

(1) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board of Directors at an annual meeting, the stockholder must (A) provide Timely Notice (as defined in Section 10 of this Article II) thereof in writing and in proper form to the Secretary, (B) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be set forth by this Section 11 and Section 12 of this Article II and (C) provide any updates or supplements to such notice at the times and in the forms required by this Section 11 and Section 12 of this Article II.

(2) In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(3) In no event may a Nominating Person (as defined below) provide Timely Notice with respect to a greater number of director candidates than are subject to election by stockholders at the applicable meeting. If the Corporation shall, subsequent to such notice, increase the number of directors subject to election at the meeting, such notice as to any additional nominees shall be due on the later of (1) the conclusion of the time period for Timely Notice or (2) the tenth day following the date of public disclosure.

(c) To be in proper form for purposes of this Section 11, a stockholder's notice to the Secretary shall set forth:

(1) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 10(c)(1) of this Article II, except that for purposes of this Section 11 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 10(c)(1));

(2) As to each Nominating Person, any Disclosable Interests (as defined in Section 10(c)(1)(viii) of this Article II, except that for purposes of this Section 11 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 10(c)(1) of this Article II and the disclosure with respect to the business to be brought before the meeting in Section 10(c)(2) of this Article II shall be made with respect to the election of directors at the meeting); and provided that, in lieu of including the information set forth in Section 10(c)(1)(vii), the Nominating Person's notice for purposes of this Section 11(b) shall include a representation as to whether the Nominating Person or the proposed nominee, intends, or is part of a group which intends, (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect such nominee(s), (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination or nominations or (z) to solicit proxies in support of any proposed nominee in accordance with Rule 14a-19 promulgated under the Exchange Act; and

(3) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder's notice pursuant to this Section 11 and Section 12 of this Article II if such candidate for nomination were a Nominating Person, (B) all information relating to such candidate for nomination that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in an election contest or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement and accompanying proxy cards as a nominee and to serving as a director if elected); (C) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective affiliates, associates or any other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (A) through (C) are referred to as "Nominee Information"), and (D) a completed and signed questionnaire, representation and agreement as provided in Section 12(a) of this Article II.

For purposes of this Section 11, the term "Nominating Person" shall mean (i) the stockholder providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, and (iii) any affiliate or associate of such stockholder or beneficial owner or any other participant in such solicitation.

(d) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 11 shall be true and correct as of the record date for notice of the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for notice of the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set

forth in this Section 11 or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any nomination or to submit any new nomination.

(e) In addition to the requirements of this Section 11 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations. Notwithstanding the foregoing provisions of this Section 11, unless otherwise required by law, (i) no Nominating Person shall solicit proxies in support of director nominees other than the Corporation's nominees unless such Nominating Person has complied with Rule 14a-19 promulgated under the Exchange Act in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner and (ii) if any Nominating Person (1) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act and (2) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3) promulgated under the Exchange Act, including the provision to the Corporation of notices required thereunder in a timely manner, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such Nominating Person has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act in accordance with the following sentence, then the Corporation shall disregard any proxies or votes solicited for the Nominating Person's candidates. If any Nominating Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Nominating Person shall deliver to the Corporation, no later than seven (7) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

(f) Nothing in this Section 11 of Article II shall limit the Corporation's ability to solicit against and include in its proxy materials its own statements relating to any Nominating Person or stockholder nomination or director nominee.

Section 12. Additional Requirements for Valid Nomination to Serve as Directors.

(a) To be eligible to be a candidate for election as a director of the Corporation at an annual or special meeting, a candidate must be nominated in the manner prescribed in Section 11 of this Article II and the candidate for nomination, whether nominated by the Board of Directors or by a stockholder of record, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such candidate given by or on behalf of the Board of Directors), to the Secretary at the principal executive offices of the Corporation, (x) a completed written questionnaire (in a form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such proposed nominee and such additional information with respect to such proposed nominee as would be required to be provided by the Corporation pursuant to Schedule 14A if such proposed nominee were a participant in the solicitation of proxies by the Corporation in connection with such annual or special meeting, and (y) a written representation and agreement (in form provided by the Corporation) that such candidate for nomination (A) is not and, if elected as a director during his or her term of office, will not become a party to (1) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") or (2) any Voting Commitment that could limit or interfere with such proposed nominee's ability to comply, if elected as a director of the Corporation, with such proposed nominee's fiduciary duties under applicable law, (B) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director, (C) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Secretary shall provide to such candidate for nomination all such policies and guidelines then in effect), and (D) if elected as director of the Corporation, intends to serve the entire term until the next meeting at which such candidate would face re-election.

(b) The Corporation may require any proposed candidate for nomination as a Director to furnish such other information as it may reasonably require in writing prior to the meeting of stockholders at which such candidate's nomination is to be acted upon in order for the Corporation to determine the eligibility of such candidate for nomination to serve as an independent director of the Corporation.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 12 is delivered to the Secretary of the Corporation, who shall be entitled to vote at the meeting and upon such election, and who (i) provides timely notice thereof in writing and in proper form to the Secretary at the principal offices of the Corporation, (ii) provides the information with respect to such stockholder and its candidate for nomination as required by this Section 12 and Section 11 of this Article II and (iii) provides any updates or supplements to such notice at the times and in the forms required by Section 11. To be timely, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, a stockholder's notice for nominations to be made at such special meeting must be delivered to the Secretary at the principal executive offices of the Corporation not earlier than 5 p.m. Eastern Time on the one hundred twentieth (120th) day prior to such special meeting and not later than 5 p.m. Eastern Time on the later of the ninetieth (90th) day prior to such special meeting, or the tenth (10th) day following the date of public disclosure of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(d) Except as otherwise provided by law, only such persons who are nominated in accordance with the procedures set forth in Section 11 and Section 12 of this Article II shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors. Except as otherwise provided by law or the Restated Certificate of Incorporation, the chairman of the meeting shall have the power and duty to (i) determine whether a nomination brought before the meeting was made, as the case may be, in accordance with the procedures set forth in Section 11 and Section 12 of this Article II and (ii) if any proposed nomination is not in compliance with Section 11 and 12 of this Article II (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicits (or is part of a group which solicits), or fails to so solicit (as the case may be), proxies in compliance with such stockholder's representation as required by clause (2) of paragraph (c) of Section 11 of this Article II, to declare that such defective nomination shall be disregarded.

(e) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 12. Nothing in this Section 12 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Restated Certificate of Incorporation.

ARTICLE III BOARD OF DIRECTORS

Section 1. Number and Qualification. The authorized number of directors that shall constitute the full Board of Directors of the Corporation shall be fixed from time to time as provided in the Restated Certificate of Incorporation. Directors need not be stockholders of the Corporation.

Section 2. Powers. The business and affairs of the Corporation shall be carried on by or under the direction of the Board of Directors, which shall have all the powers authorized by the laws of the State of Delaware, subject to such limitations as may be provided by the Restated Certificate of Incorporation or these By-Laws. Except as otherwise expressly provided herein or in the Restated Certificate of Incorporation, the vote of the majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

The Chairman of the Board, when present, shall preside at all meetings of the stockholders and of the Board of Directors.

Section 3. Compensation. The Board of Directors may from time to time by resolution authorize the payment of fees or other compensation to the directors for services as such to the Corporation, including, but not limited to, fees for attendance at all meetings of the Board or of the executive or other committees, and determine the amount of such fees and compensation. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor in amounts authorized or otherwise approved from time to time by the Board.

Section 4. Meetings and Quorum. Meetings of the Board of Directors may be held either in or outside of the State of Delaware. At all meetings of the Board, a majority of the then authorized number of directors shall constitute a quorum. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

The first meeting of the Board of Directors after the election of a new class of directors shall be held immediately after the annual meeting of stockholders and at the same place, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all the directors.

Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board. Notice of special meetings shall be given to each director on 24 hours notice to each director, either personally, by mail, telegram, facsimile, personal delivery or similar means. Special meetings may be called by the President or the Chairman of the Board of Directors and shall be called by the President or Secretary in the manner and on the notice set forth above upon the written request of a majority of the total number of directors which the Corporation would have if there were no vacancies.

Notice of any meeting shall state the time and place of such meeting, but need not state the purposes thereof unless otherwise required by the laws of the State of Delaware, the Restated Certificate of Incorporation, these By-Laws or the Board of Directors.

Section 5. Executive Committee. The Board of Directors may designate an Executive Committee to exercise, subject to applicable provisions of law, all the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session, including without limitation the power to declare dividends and to authorize the issuance of the Corporation's capital stock, and may, by resolution similarly adopted, designate one or more other committees, including such committees specified in Section 6 of this Article III. The Executive Committee shall consist of two or more directors of the Corporation. The Board may designate one or more directors as alternate members of the Executive Committee, who may replace any absent member at any meeting of the Executive Committee. The members of the Executive Committee present at any meeting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent member. The Executive Committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required.

A majority of the Executive Committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the Executive Committee in the manner provided for in Section 4 of this Article III. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve the Executive Committee.

Section 6. Other Committees.

(a) The Board may appoint the following standing committees, the members of which shall serve at the pleasure of the Board: a Nominating / Corporate Governance Committee, a Compensation Committee and an Audit Committee. The Board may appoint such other committees among the directors of the Corporation as it deems necessary and appropriate for the proper conduct of the Corporation's business and may appoint such

officers, agents or employees of the Corporation to assist the committees of the Board as it deems necessary and appropriate. Meetings of committees may be called by the chairman of the committee on 24 hours notice to each committee member, either personally, by mail, telegram, facsimile or similar means and shall be called by the chairman of the committee in like manner and on like notice on the written request of a committee member. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

(b) The Nominating / Corporate Governance Committee shall consist of no fewer than three members of the Board, all of whom shall meet the independence requirements of the New York Stock Exchange. The Nominating / Corporate Governance Committee shall be responsible for proposing to the Board nominees for election as directors and shall possess and may exercise such additional powers and authority as may be delegated to it by the Board from time to time. The Nominating / Corporate Governance Committee shall report its actions to the Board at the next meeting of the Board following such actions. Vacancies in the membership of the Nominating / Corporate Governance Committee shall be filled by the Board of Directors.

(c) The Compensation Committee shall consist of no fewer than three members of the Board. The members of the Compensation Committee shall meet the independence requirements of the New York Stock Exchange and any legal requirements relevant to the proper administration of the Company's executive compensation program, including requirements under the federal securities laws and the Internal Revenue Code of 1986. The Compensation Committee shall be responsible for establishing salaries, bonuses and other compensation for the executive officers of the Corporation and for administering the Corporation's benefit plans, and shall possess and may exercise such additional powers and authority as may be delegated to it by the Board from time to time. The Compensation Committee shall report its actions to the Board at the next meeting of the Board following such actions. Vacancies in the membership of the Compensation Committee shall be filled by the Board of Directors.

(d) The Audit Committee shall consist of no fewer than three members of the Board. The members of the Audit Committee shall meet the independence requirements of the New York Stock Exchange, and any legal requirements relevant to the proper administration of the Company's financial reporting. The Audit Committee shall have general oversight responsibility with respect to the Corporation's financial reporting, shall engage the independent auditors and oversee, evaluate and, where appropriate, replace the independent auditors. Any engagement of the independent auditors by the Audit Committee may be subject to stockholder approval or ratification, as determined by the Board of Directors. The Audit Committee shall review with the independent auditors the scope of their examination and other matters (relating to both audit and non-audit activities), and review generally the internal auditing procedures of the Corporation. In undertaking the foregoing responsibilities, the Audit Committee shall have unrestricted access, if necessary, to personnel of the Corporation and documents and shall be provided with the resources and assistance necessary to discharge its responsibilities, including periodic reports from management assessing the impact of regulation, accounting, and reporting of other significant matters that may affect the Corporation. The Audit Committee shall review the financial reporting and adequacy of internal controls of the Corporation, consult with the internal auditors and certified public accountants, and from time to time, but not less than annually, report to the Board. Vacancies in the membership of the Audit Committee shall be filled by the Board of Directors.

Section 7. Conference Telephone Meetings. Any one or more members of the Board of Directors or any committee thereof may participate in meetings by means of a conference telephone or similar communications equipment and such participation in a meeting shall constitute presence in person at the meeting.

Section 8. Action Without Meetings. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken by unanimous written consent without a meeting to the extent and in the manner authorized by the laws of the State of Delaware.

ARTICLE IV
OFFICERS

Section 1. Titles and Election. The officers of the Corporation may consist of a Chairman, a Chief Executive Officer, a President, one or more Vice Presidents (who may be designated as corporate Vice Presidents, Senior Vice Presidents, Executive Vice Presidents or Group Vice Presidents) a Secretary and a Treasurer, as appointed by the Board of Directors. The Corporation may have such additional or assistant officers as the Board of Directors may deem necessary for the Corporation's business and may appoint from time to time. The Board of Directors shall also have the authority, but shall not be required, to designate officers as the Chief Operating Officer, the Chief Financial Officer or similar such titles. Any two or more offices may be held by the same person.

The officers of the Corporation shall be appointed annually by the Board of Directors at the first meeting of the Board held after each annual meeting of the stockholders. If officers are not appointed at such meeting, such appointment shall occur as soon as possible thereafter, or may be left vacant. Each officer shall hold office until a successor shall have been appointed and qualified or until said officer's earlier death, resignation, or removal.

If a director has not been designated as Chairman, or if the designated Chairman is not present at a meeting, the Board of Directors shall elect a Chairman from amongst its members to serve as Chairman of the Board of Directors for such meeting. The Chairman shall preside at all meetings of the Board of Directors, and shall have such other powers as the Board may determine.

Section 2. Duties. Subject to such extension, limitations, and other provisions as the Board of Directors or these By-Laws may from time to time prescribe or determine, the following officers shall have the following powers and duties:

(a) Chief Executive Officer. The Chief Executive Officer shall have general charge and supervision of the business of the Corporation, shall see that all orders, actions and resolutions of the Board of Directors are carried out, and shall have such other authority and shall perform such other duties as set forth in these By-Laws or, to the extent consistent with the By-Laws, such other authorities and duties as prescribed by the Board.

(b) Authority and Duties of Other Officers. Each officer other than the Chief Executive Officer shall have the authority and shall perform the duties prescribed by the Board of Directors, by the Chief Executive Officer, or by an officer authorized by the Board to prescribe the duties of such officer. Any designation of duties by the Chief Executive Officer or other officer shall be subject to review by the Board of Directors but shall be in full force and effect in the absence of such review.

In the absence or disability of the President, the Vice Presidents in order of seniority may, unless otherwise determined by the Board, exercise the powers and perform the duties pertaining to the office of President, except that if one or more executive Vice Presidents has been elected or appointed, the person holding such office in order of seniority shall exercise the powers and perform the duties of the office of President.

(c) Delegation of Authority. The Board of Directors may at any time delegate the powers and duties of any officer for the time being to any other officer, director or employee.

ARTICLE V
RESIGNATIONS AND VACANCIES

Section 1. Resignations. Any director or officer may resign at any time by giving written notice thereof to the Board of Directors, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

Section 2. Vacancies.

(a) Directors. Except for the rights of the holders of any series of preferred stock to elect additional directors, newly created directorships resulting from any increase in the authorized number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal, or other cause shall be filled only by the affirmative vote of a majority of the remaining directors then in office, even though

less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or in which the vacancy occurred and until such director's successor is duly elected and has been qualified. The directors also may reduce the authorized number of directors by the number of vacancies on the Board. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) Officers. The Board of Directors may at any time or from time to time fill any vacancy among the officers of the Corporation.

Section 3. Director Resignation Policy. Pursuant to Section A of Article IX of the Corporation's Restated Certificate of Incorporation, as amended, the Corporation has a majority voting standard in uncontested elections of directors, and plurality voting in contested elections. Any director who is not elected by a majority of the votes cast in an uncontested election shall immediately tender his or her resignation to the Chairman of the Nominating/Corporate Governance Committee ("NCG Committee"). Within 60 days after certification of the election results, the NCG Committee will recommend to the Board of Directors whether to accept or reject the resignation, or whether other action should be taken. In determining whether to recommend that the Board accept any resignation, the NCG Committee may consider all factors that such Committee's members believe are relevant. The Board shall act on the NCG Committee's recommendation within 90 days after certification of the election results. In deciding whether to accept the resignation, the Board will consider the factors considered by the NCG Committee and any additional information and factors that the Board believes to be relevant. If the Board accepts a director's resignation pursuant to this process, the NCG Committee will recommend to the Board and the Board will thereafter determine whether to fill the vacancy or reduce the size of the Board. Any director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the NCG Committee or the Board with respect to his or her own resignation.

ARTICLE VI CAPITAL STOCK

Section 1. Certificate of Stock. Every stockholder shall be entitled to a certificate or certificates for shares of the capital stock of the Corporation in such form as may be prescribed or authorized by the Board of Directors, duly numbered and setting forth the number and kind of shares represented thereby. Such certificates shall be signed by the Chairman of the Board, the President or a Vice President and by the Treasurer or an assistant Treasurer or by the Secretary or an assistant Secretary. Any or all of such signatures may be in facsimile if and to the extent authorized under the laws of the State of Delaware. Notwithstanding the foregoing, the Board of Directors may provide by resolution that some or all of any or all classes or series of the Corporation's capital stock shall be uncertificated shares.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate has ceased to be such officer, transfer agent or registrar before the certificate has been issued, such certificate may nevertheless be issued and delivered by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 2. Transfer of Stock. Shares of the capital stock of the Corporation shall be transferable only upon the books of the Corporation upon the surrender of the certificate or certificates properly assigned and endorsed for transfer. If the Corporation has a transfer agent or agents or transfer clerk and registrar of transfers acting on its behalf, the signature of any officer or representative thereof may be in facsimile.

The Board of Directors may appoint a transfer agent and one or more co-transfer agents and a registrar and one or more co-registrars of transfer and may make or authorize the transfer agents to make all such rules and regulations deemed expedient concerning the issue, transfer and registration of shares of stock.

Section 3. Record Dates.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix in advance a record date which, in the case of a meeting, shall not be less than ten (10) nor more than sixty (60) days prior to the scheduled date of such meeting and which, in the case of any other action, shall be not more than the maximum or less than the minimum number of days prior to any such action permitted by the laws of the State of Delaware.

(b) If no such record date is fixed by the Board, the record date shall be that prescribed by the laws of the State of Delaware.

(c) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost Certificates. In case of loss or mutilation or destruction of a stock certificate, a duplicate certificate may be issued upon such terms as may be determined or authorized by the Board of Directors or by the President if the Board does not do so.

ARTICLE VII
FISCAL YEAR, BANK DEPOSITS, CHECK, ETC.

Section 1. Fiscal Year. The fiscal year of the Corporation shall commence or end at such time as the Board of Directors may designate.

Section 2. Bank Deposits, Checks, etc. The funds of the Corporation shall be deposited in the name of the Corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the Board of Directors, or by such officer or officers as the Board may authorize to make such designations.

All checks, drafts or other orders for the withdrawal of funds from any bank account shall be signed by such person or persons as may be designated from time to time by the Board of Directors. The signatures on checks, drafts or other orders for the withdrawal of funds may be in facsimile if authorized in the designation.

ARTICLE VIII
BOOKS AND RECORDS

Section 1. Place of Keeping Books. Unless otherwise expressly required by the laws of the State of Delaware, the books and records of the Corporation may be kept outside of the State of Delaware.

Section 2. Examination of Books. Except as may otherwise be provided by the laws of the State of Delaware, the Restated Certificate of Incorporation or these By-Laws, the Board of Directors shall have power to determine from time to time whether and to what extent and at what times and places and under what conditions any of the accounts, records and books of the Corporation are to be open to the inspection of any stockholder. No stockholder shall have any right to inspect any account or book or document of the Corporation except as prescribed by the laws of the State of Delaware or authorized by express resolution of the Board of Directors.

ARTICLE IX
NOTICES

Section 1. Requirements of Notice. Whenever notice is required to be given by the laws of the State of Delaware, the Restated Certificate of Incorporation or these By-Laws, it shall not mean personal notice unless so specified, but such notice may be given in writing by depositing the same in a post office, letter box, or mail chute postpaid and addressed to the person to whom such notice is directed at the address of such person on the records of the Corporation, and such notice shall be deemed given at the time when the same shall be thus mailed.

Section 2. Waivers. Any stockholder, director or officer may, in writing or by telegram or cable, at any time waive any notice or other formality required by statute, the Restated Certificate of Incorporation or these By-Laws. Such waiver of notice, whether given before or after any meeting or action, shall be deemed equivalent to notice. Presence of a stockholder either in person or by proxy at any stockholders meeting and presence of any director at any meeting of the Board of Directors shall constitute a waiver of such notice as may be required by any statute, the Restated Certificate of Incorporation or these By-Laws.

ARTICLE X
SEAL

The corporate seal of the Corporation shall consist of two concentric circles between which shall be the name of the Corporation and the date of its incorporation, and in the center of which shall be inscribed "Corporate Seal, Delaware."

ARTICLE XI
POWERS OF ATTORNEY

The Board of Directors may authorize one or more of the officers of the Corporation to execute powers of attorney delegating to named representatives or agents power to represent or act on behalf of the Corporation, with or without power of substitution.

In the absence of any action by the Board, the President, any Vice President, the Secretary or the Treasurer of the Corporation may execute for and on behalf of the Corporation waivers of notice of stockholders meetings and proxies for such meetings in any company in which the Corporation may hold voting securities.

ARTICLE XII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Definitions. As used in this article, the term "person" means any past, present or future director or officer of the Corporation or any subsidiary or operating division thereof.

Section 2. Indemnification Granted. The Corporation shall indemnify, to the full extent and under the circumstances permitted by the General Corporation Law of the State of Delaware in effect from time to time, any person as defined above, made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or a subsidiary or operating division thereof, or is or was serving at the specific request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person's behalf in connection with such action, suit or proceeding and any appeal therefrom, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful.

Section 3. Requirements for Indemnification Relating to an Action or Suit by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or a subsidiary thereof or a designated officer of an operating division of the Corporation, or is or was serving at the specific request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by such person or on such person's behalf in connection with the defense or settlement of such action or suit and any appeal therefrom, if such person acted in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interest of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs, charges and expenses which the Court of Chancery or such other court shall deem proper.

Section 4. Success on Merits of Any Action. Notwithstanding any other provision of this Article XII, to the extent that a director or officer of the Corporation or any subsidiary or operating division thereof has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in this Article XII, or in defense of any claim, issue or matter therein, such person shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by such person or on such person's behalf in connection therewith.

Section 5. Determination of Standard of Conduct. Any indemnification under Sections 2 and 3 of this Article XII (unless ordered by a court) shall be paid by the Corporation only after a determination has been made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders, that indemnification of the director or officer is proper in the circumstances of the specific case because such person has met the applicable standard of conduct set forth in Sections 2 and 3 of this Article XII.

Section 6. Advance Payment; Representation by Corporation. Costs, charges and expenses (including attorneys' fees) incurred by a person referred to in Sections 2 and 3 of this Article XII in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by a director or officer in such capacity as officer or director (and not in any other capacity and which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article XII. Such costs, charges and expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Corporation may, in the manner set forth above, and upon approval of such director or officer, authorize the Corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 7. Procedure for Obtaining Indemnity. Any indemnification under Sections 2, 3 and 4, or advance of costs, charges and expenses under Section 6, of this Article XII shall be made promptly, and in any event within sixty (60) days, of the written notice of the director or officer. The right to indemnification or advances as granted by this Article XII shall be enforceable by the director or officer in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within sixty (60) days. Such person's costs and expenses incurred in connection with successfully establishing a right to indemnification or advancement of expenses, in whole or in part, in any action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 6 of this Article XII where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in Section 2 or 3 of this Article XII, but

the burden of proving such defense shall be on the Corporation. Neither failure of the Corporation (including its Board of Directors, a committee thereof, its independent legal counsel, and its stockholders) to have made a determination that indemnification of the claimant is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 2 or 3 of this Article XII, nor the fact that there has been an actual determination by the Corporation (including its directors, a committee thereof, its independent legal counsel and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 8. Indemnification Not Exclusive. This right of indemnification shall not be deemed exclusive of any other rights to which a person indemnified herein may be entitled by law, agreement, vote of stockholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, designated officer, employee or agent and shall inure to the benefit of the heirs, executors, administrators and other legal representatives of such person. It is not intended that the provisions of this Article XII be applicable to, and they are not to be construed as granting indemnity with respect to, matters as to which indemnification would be in contravention of the laws of Delaware or of the United States of America, whether as a matter of public policy or pursuant to statutory provision.

Section 9. Invalidity of Certain Provisions. If this Article XII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director, officer, employee and agent of the Corporation or any subsidiary or operating division thereof as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article XII that shall not have been invalidated and to the full extent permitted by applicable law.

Section 10. Miscellaneous. The Board of Directors may also on behalf of the Corporation grant indemnification to any individual other than a person defined herein to such extent and in such manner as the Board in its sole discretion may from time to time and at any time determine.

ARTICLE XIII AMENDMENTS

These By-Laws may be altered, amended or repealed, and new By-Laws may be made, by the affirmative vote of a majority of the directors then in office.

Adopted by the Board of Directors on March 22, 1999, and amended and restated on November 20, 2003, April 27, 2004, July 21, 2005, February 22, 2007, January 8, 2008, May 1, 2019, and July 26, 2023.

TREX COMPANY, INC.
AMENDED AND RESTATED
1999 INCENTIVE PLAN FOR OUTSIDE DIRECTORS

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS	1
2. PURPOSE	2
3. SHARES SUBJECT TO THE PLAN	2
4. ANNUAL DIRECTOR AND COMMITTEE FEES	3
4.1. Annual Director Fee	3
4.1.1 Cash Portion of Annual Director Fee	3
4.1.2 Equity Portion of Annual Director Fee	3
4.2. Annual Committee Fee	3
4.3. Election	3
4.4. Proration	3
4.5. Initial Grant upon Election to Board	3
4.6. Equity	3
4.6.1 Form of Equity	3
4.6.2 Options and SARs	4
4.6.3 Restricted Stock and Restricted Stock Units	4
5. GRANT DATE	4
6. ELECTION TO RECEIVE ADDITIONAL EQUITY	4
6.1. Election Form	4
6.2. Time for Filing Election Form	5
7. ADMINISTRATION	5
7.1. Committee	5
7.2. Rules for Administration	5
7.3. Committee Action	5
7.4. Delegation	5
7.5. Services	5
7.6. Indemnification	5
8. AMENDMENT AND TERMINATION	5
9. GENERAL PROVISIONS	6
9.1. Limitation of Rights	6
9.2. No Rights as Stockholders	6
9.3. Rights as a Non-Employee Director	6
9.4. Assignment, Pledge or Encumbrance	6
9.5. Binding Provisions	6
9.6. Notices	6
9.7. Governing Law	6
9.8. Withholding	6
9.9. Effective Date	6

1. DEFINITIONS

To the extent any capitalized words used in this Plan are not defined, they shall have the definitions stated for them in the Trex Company, Inc. 2023 Stock Incentive Plan.

- 1.1 "Annual Director Fee" means an annual fee earned by an Eligible Director for service on the Board of Directors.
- 1.2 "Annual Committee Fee" means an annual fee earned by an Eligible Director for service on various committees of the Board of Directors.
- 1.3 "Board of Directors" or "Board" means the Board of Directors of the Company.
- 1.4 "Cash Portion of the Annual Director Fee" means the portion of the Annual Director Fee to be received in cash, or if elected by the Eligible Director, in Equity, as provided in Sections 4.3 and 6 hereof.
- 1.5 "Committee" means the Nominating/Corporate Governance Committee which administers the Plan.
- 1.6 "Common Stock" means the common stock, par value \$0.01 per share, of the Company.
- 1.7 "Company" means Trex Company, Inc., a Delaware corporation, or any successor thereto.
- 1.8 "Election Form" means the form used by an Eligible Director to elect to receive all or a portion of the Cash Portion of the Annual Director Fee and the Annual Committee Fee for a Plan Year in the form of Equity.
- 1.9 "Eligible Director" for each Plan Year means a member of the Board of Directors who is not an employee of the Company or any Subsidiary.
- 1.10 "Equity" means Options, Restricted Stock, Restricted Stock Units or SARs, or any combination thereof, as designated by the Committee from time to time, as provided in Section 4.6.
- 1.11 "Equity Portion of the Annual Director Fee" means the portion of the Annual Director Fee to be received in Equity, as provided in Section 4.1.2 hereof.
- 1.12 "Fair Market Value" means the closing price of a share of Common Stock reported on the New York Stock Exchange (the "NYSE") on the date Fair Market Value is being determined, provided that if there is no closing price reported on such date, the Fair Market Value of a share of Common Stock on such date shall be deemed equal to the closing price as reported by the NYSE for the last preceding date on which sales of shares of Common Stock were reported. Notwithstanding the foregoing, in the event that the shares of Common Stock are listed upon more than one established stock exchange, "Fair Market Value" means the closing price of the shares of Common Stock reported on the exchange that trades the largest volume of shares of Common Stock on the date Fair Market Value is being determined. If the Common Stock is not at the time listed or admitted to trading on a stock exchange, Fair Market Value means the mean between the lowest reported bid price and highest reported asked price of the Common Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by the Board and regularly reporting the market price of Common Stock in such market. If the Common Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, Fair Market Value shall be as determined in good faith by the Board.
- 1.13 "Grant Date" has the meaning set forth in Section 5 hereof.
- 1.14 "Option" means a non-qualified Option granted pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan as may be amended from time to time.

- 1.15 "Option Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Option.
- 1.16 "Option Price" means the purchase price for each share of Common Stock subject to an Option.
- 1.17 "Participant" for any Plan Year means an Eligible Director who participates in the Plan for that Plan Year in accordance with Section 6.1 hereof.
- 1.18 "Plan" means the Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors as set forth herein and as amended from time to time.
- 1.19 "Plan Year" means the twelve-month period beginning on July 1 and ending on June 30.
- 1.20 "Restricted Stock" means shares of Common Stock, issued pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan as may be amended from time to time.
- 1.21 "Restricted Stock Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Restricted Stock.
- 1.22 "Restricted Stock Unit" means restricted stock units issued pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan as may be amended from time to time.
- 1.23 "Restricted Stock Unit Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Restricted Stock Unit.
- 1.24 "SAR Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the SARs.
- 1.25 "Stock Appreciation Right" or "SAR" means a right granted pursuant to, and in accordance with the terms of, the Trex Company, Inc. 2023 Stock Incentive Plan to receive, upon exercise thereof, the excess of (x) the Fair Market Value of one share of Common Stock on the date of exercise over (y) the grant price of the SAR, determined pursuant to Section 4.6.2 hereof.
- 1.26 "SAR Price" means the grant price of the SAR.
- 1.27 "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Internal Revenue Code of 1986, as amended.

2. PURPOSE

The purpose of the Plan is to compensate Eligible Directors for service on the Board of Directors and various committees of the Board, and to provide an incentive for Eligible Directors to increase their equity holdings in the Company so that the financial interests of the Eligible Directors shall be more closely aligned with the financial interests of the Company's stockholders.

3. SHARES SUBJECT TO THE PLAN

The shares of Common Stock issuable under the Plan shall be issued pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan.

4. ANNUAL DIRECTOR AND COMMITTEE FEES

4.1 Annual Director Fee

Each Eligible Director shall be entitled to an Annual Director Fee, which may be adjusted by the Board from time to time, as follows:

4.1.1 Cash Portion of the Annual Director Fee. Each Eligible Director shall receive the amount of eighty two thousand five hundred dollars (\$82,500) (the "Cash Portion of the Annual Director Fee"). The Cash Portion of the Annual Director Fee (after reduction pursuant to Section 4.3 hereof, if any) shall be paid to an Eligible Director in four equal quarterly installments in arrears on the first business day following the end of each quarter of the Plan Year in which the Eligible Director provided services to the Company. Notwithstanding the foregoing, (a) any Eligible Director who serves as Chairman of the Board shall receive the amount of eighty five thousand dollars (\$85,000) in addition to the \$82,500 payment referred to above, (b) any Eligible Director who serves as Vice Chairman of the Board shall receive the amount of fifty five thousand dollars (\$55,000) in addition to the \$82,500 payment referred to above, and (c) any Eligible Director that serves as Lead Independent Director shall receive the amount of twenty five thousand dollars (\$25,000) in addition to the \$82,500 payment referred to above, with all other provisions of this subsection being applicable to such Eligible Director(s).

4.1.2 Equity Portion of the Annual Director Fee. Each Eligible Director shall receive Equity valued at one hundred and twenty thousand dollars (\$120,000) (the "Equity Portion of the Annual Director Fee"). The Equity Portion of the Annual Director Fee shall be paid in arrears as provided in Section 5 below.

4.2 Annual Committee Fee

Each Eligible Director shall be entitled to an Annual Committee Fee, which may be adjusted by the Board from time to time, for each Committee they serve on, in the amount of ten thousand dollars (\$10,000) for a Committee member (other than the Chairman) and twenty thousand dollars (\$20,000) for a Committee Chairman. The Annual Committee Fee shall be paid to an Eligible Director in four equal quarterly installments in arrears on the first business day following each quarter of the Plan Year in which the Eligible Director served on the applicable committee(s). Notwithstanding the foregoing, if the Eligible Director that serves as a Committee Chairman simultaneously serves as the Lead Independent Director, then such Eligible Director shall not receive an Annual Committee Fee, but shall receive the Annual Director Fee and additional compensation set forth in clause 4.1.1 above.

4.3 Election

Pursuant to Section 6 hereof, an Eligible Director may elect to receive all or a portion of the Cash Portion of the Annual Director Fee and the Annual Committee Fee in the form of Equity.

4.4 Proration

The Cash Portion of the Annual Director Fee, the Equity Portion of the Annual Director Fee and the Annual Committee Fee shall be prorated for any partial periods served.

4.5 Initial Grant upon Election to Board

Upon initial election to the Board (but not subsequent re-elections), each Eligible Director shall receive Equity valued at fifty five thousand dollars (\$55,000).

4.6 Equity

4.6.1 Form of Equity. Whenever Equity is to be granted to Eligible Directors hereunder, the Committee shall, prior to such grant, determine whether such Equity shall be in the form of Options, Restricted Stock, Restricted Stock Units or SARs, or any combination thereof.

4.6.2 **Options and SARs.** If Options or SARs are granted, the number of Options or SARs granted shall be determined by dividing the dollar amount of the grant by the value of each Option or SAR on the Grant Date as determined pursuant to the methodology then in use by the Company's Finance Department to value Options and SARs granted pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan. The Option Price or SAR Price of Common Stock covered by each SAR or Option, as the case may be, granted under the Plan shall be the Fair Market Value of such Common Stock on the Grant Date. Each Option or SAR, as the case may be, granted hereunder shall be exercisable on the date(s) specifically provided in an Option or SAR Agreement. Any limitation on the exercise of an Option or SAR contained in any Option or SAR Agreement may be rescinded, modified or waived by the Committee, in its sole discretion, at any time and from time to time after the date of grant of such Option or SAR. Notwithstanding the foregoing, in no event shall the vesting period stated in an Option or SAR Agreement be less than one (1) year. The Option or SAR, as the case may be, shall be exercisable, in whole or in part, at any time and from time to time, prior to the termination of the Option or SAR; provided, that no single exercise of the Option or SAR shall be for less than 100 shares, unless the number of shares purchased is the total number at the time available for purchase under the Option or SAR. Each Option or SAR, as the case may be, granted under the Plan shall terminate, and all rights to purchase shares of Common Stock thereunder shall cease, upon the expiration of ten years (eleven years if the service of the Participant as a director of the Company shall terminate due to death in the tenth year of the Option or SAR term) from the date such Option or SAR is granted. Except as otherwise provided in the Option or SAR Agreement, upon the termination of service (a "Service Termination") of the Participant as a director of the Company for any reason, the Participant shall have the right prior to termination of the Option or SAR, to exercise any Option or SAR held by such Participant at the date of such Participant's Service Termination. After the termination of the Option or SAR, the Participant shall have no further right to purchase shares of Common Stock pursuant to such Option or SAR.

4.6.3 **Restricted Stock and Restricted Stock Units.** If Restricted Stock or Restricted Stock Units are granted, the number of shares of Restricted Stock or Restricted Stock Units shall be determined by dividing the dollar amount of the grant by the Fair Market Value of a share of Common Stock on the Grant Date. Except as otherwise provided in the Restricted Stock Agreement or Restricted Stock Unit Agreement, each share of Restricted Stock or each Restricted Stock Unit will vest on the first anniversary of the grant, provided that such Restricted Stock or Restricted Stock Unit has not been forfeited, as provided below. Except as otherwise provided in the Restricted Stock Agreement or Restricted Stock Unit Agreement, (a) in the event of a Service Termination of a Participant due to death, "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), or retirement, any unvested Restricted Stock or Restricted Stock Units held by such Participant shall immediately vest, and (b) in the event of a Service Termination for any other reason, any unvested Restricted Stock or Restricted Stock Unit held by such Participant shall immediately be deemed forfeited.

5. GRANT DATE

The date of grant for the Equity Portion of the Annual Director Fee shall be the date of the first regularly scheduled Board of Directors' Meeting following the end of each Plan Year in which the Eligible Director provided services to the Company, and the date of grant for Equity issued in lieu of the Cash Portion of the Annual Director Fee and the Annual Committee Fee, as provided in Section 8 hereof, shall be the date such Fees would otherwise be due (each of such dates being referred to as the "Grant Date").

6. ELECTION TO RECEIVE ADDITIONAL EQUITY

6.1 Election Form

A Participant who wishes to receive all or any portion of the Cash Portion of the Annual Director Fee and the Annual Committee Fee in the form of Equity shall file an Election Form with the Company, in the form and manner prescribed by the Committee. Filing of a completed Election Form will authorize the Company to issue Equity to the Participant in lieu of all or any portion of the Cash Portion of the Annual Director Fee and the Annual Committee Fee, in accordance with the Participant's instructions on the Election Form.

6.2 Time for Filing Election Form

An Election Form shall be completed and filed by each newly elected Eligible Director within thirty (30) days after the Participant's election to the Board, and elections under the Plan made by a newly elected Eligible Director shall apply to the Participant's Annual Director Fee and Annual Committee Fee for the remainder of the Plan Year and subsequent Plan Years unless and until a new Election Form is submitted by an Eligible Director to the Corporate Secretary. Notwithstanding the foregoing, a new Election Form may be submitted by each Eligible Director no more than once each Plan Year, and any new election shall not be effective until the start of the next calendar year.

7. ADMINISTRATION

7.1 Committee

The general administration of the Plan and the responsibility for carrying out its provisions shall be placed in the Nominating/Corporate Governance Committee.

7.2 Rules for Administration

Subject to the limitations of the Plan, the Committee may from time to time establish such rules and procedures for the administration and interpretation of the Plan and the transaction of its business as the Committee may deem necessary or appropriate. The determination of the Committee as to any disputed question relating to the administration and interpretation of the Plan shall be conclusive.

7.3 Committee Action

Any act which the Plan authorizes or requires the Committee to do may be done by a majority of its members. The action of such majority, expressed from time to time by a vote at a meeting (i) in person, or (ii) by telephone or other means by which all members can hear one another shall have the same effect for all purposes as if assented to by all members of the Committee at the time in office. The Committee may also act without a meeting by unanimous written consent.

7.4 Delegation

The members of the Committee may authorize one or more of their number to execute or deliver any instrument, make any payment or perform any other act which the Plan authorizes or requires the Committee to do.

7.5 Services

The Committee may employ or retain agents to perform such clerical, accounting and other services as it may require in carrying out the provisions of the Plan.

7.6 Indemnification

The Company shall indemnify and save harmless each member of the Committee against all expenses and liabilities arising out of membership on the Committee, other than expenses and liabilities arising from the such member's own gross negligence or willful misconduct, as determined by the Board of Directors.

8. AMENDMENT AND TERMINATION

The Company, by action of the Board of Directors or the Committee, may at any time or from time to time modify or amend any or all of the provisions of the Plan, or may at any time terminate the Plan. No such action shall adversely affect the accrued rights of any Participant hereunder without the Participant's consent thereto.

9. GENERAL PROVISIONS

9.1 Limitation of Rights

No Participant shall have any right to any payment or benefit hereunder except to the extent provided in the Plan.

9.2 No Rights as Stockholders

Nothing contained in this Plan shall be construed as giving any Participant rights as a stockholder of the Company.

9.3 Rights as a Non-Employee Director

Nothing contained in this Plan shall be construed as giving any Participant a right to be retained as a non-employee director of the Company.

9.4 Assignment, Pledge or Encumbrance

No assignment, pledge or other encumbrance of any payments or benefits under the Plan shall be permitted or recognized and, to the extent permitted by law, no such payments or benefits shall be subject to legal process or attachment for the payment of any claim of any person entitled to receive the same, except to the extent such assignment, pledge or other encumbrance is in favor of the Company to secure a loan or other extension of credit from the Company to the Participant.

9.5 Binding Provisions

The provisions of this Plan shall be binding upon each Participant as a consequence of the Participant's election to participate in the Plan, upon the Company, upon the Participant's heirs, executors and administrators and upon the successors and assigns of the Participant and the Company.

9.6 Notices

Any election made or notice given by a Participant pursuant to the Plan shall be in writing to the Committee or to such representative thereof as may be designated by the Committee for such purpose and shall be deemed to have been made or given on the date received by the Committee or its representative.

9.7 Governing Law

The validity and interpretation of the Plan and of any of its provisions shall be construed under the laws of the State of Delaware without giving effect to the choice of law provisions thereof.

9.8 Withholding

The Company shall have the right to deduct from the amounts distributable hereunder any federal, state or local taxes required by law to be withheld with respect to such distributions, and such additional amounts of withholding as are reasonably requested by the Participant.

9.9 Effective Date

This Plan shall be effective as of March 12, 1999. The Plan was amended and restated effective May 14, 2002, October 24, 2003, July 27, 2004, February 10, 2005, July 21, 2005, February 8, 2006, July 20, 2006 and November 12, 2007. The Plan was amended on May 5, 2010, July 20, 2010, July 24, 2012, April 30, 2014, February 18, 2015, July 27, 2015, October 21, 2015, October 24, 2018, February 21, 2020, February 17, 2021, February 23, 2022 and July 26, 2023.

TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AGREEMENT

Trex Company, Inc., a Delaware corporation (the "Company"), hereby grants stock appreciation rights ("SARs") relating to its common stock, \$.01 par value, (the "Stock") to the Grantee named below, subject to the vesting conditions set forth in the attachment. Additional terms and conditions of the grant are set forth in this cover sheet, in the attachment, and in the Company's 2023 Stock Incentive Plan (the "Plan").

Grant Date: _____

Name of Grantee: _____

Number of SARs: _____

SAR Grant Price per Share: \$_____

Vesting Schedule:	Vesting Date	Number of SARs
	Vest 1	#
	Vest 2	#
	Vest 3	#

Last Date to Exercise: _____¹

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Agreement and in the Plan. You acknowledge that you have carefully reviewed the Plan, and agree that unless otherwise specifically provided herein, the Plan will control in the event any provision of this Agreement should appear to be inconsistent.

Grantee: _____
(Signature)

Company: _____
 Amy M. Fernandez
 Vice President, General Counsel and Secretary

This is not a stock certificate or a negotiable instrument.

¹ Certain events can cause an earlier termination of the SAR. See "Effects of Changes in Capitalization" in the Plan. This date shall be extended for one (1) year in the event your employment terminates due to your death during the tenth year of the term.

TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AGREEMENT

SARs	<p>The SARs are only exercisable before the Last Date to Exercise (noted on the cover sheet) and then only with respect to the vested portion of the SARs. Subject to the preceding sentence, you may exercise the SARs, in whole or in part, by following the procedures set forth in the Plan and below in this Agreement. For the purpose of this Agreement, “Service” means service as an employee of the Company or any Affiliate or service as Service Provider.</p>
Vesting	<p>Your right to exercise the SARs vests as to thirty three and one-third percent (33^{1/3}%) of the total number of SARs on each anniversary of the grant, as shown on the cover sheet, provided that you then continue in Service on each such vesting date. The resulting aggregate number of vested SARs will be rounded to the nearest whole number, and you may not vest in more than the number of SARs shown on the cover sheet.</p> <p>Except as otherwise provided herein, no SARs will vest after your Service has terminated for any reason.</p>
Forfeiture; Early Vesting; Exercise	<p>Upon the termination of your Services, other than by reason of your death, Disability, Retirement, or termination by the Company without “Cause” or at your election with “Good Reason,” any SARs that have not vested hereunder shall immediately be deemed forfeited and your vested SARs will expire at the close of business at Company headquarters on the 90th day after your termination date (or, if such 90th day is a Saturday, Sunday or holiday, at the close of business on the next preceding day that is not a Saturday, Sunday or holiday); but in any event no later than the Last Date to Exercise.</p> <p>In the event of the termination of your Services because of your death, Disability, or Retirement, any SARs that have not vested hereunder shall immediately become fully vested and will expire at the close of business on the Last Date to Exercise. Up to the Last Date to Exercise, you or your estate or heirs may exercise your SARs. As a condition to such SARs vesting upon your termination of employment by the Company without “Cause” or at your election with “Good Reason”, you must first execute a written release and agreement provided by the Company and not revoke such release and agreement within the time permitted therein for such revocation.</p> <p>In the event of the termination of your Services by the Company without “Cause” or at your election with “Good Reason”, or in the event of a “Change in Control”, any SARs that have not vested hereunder shall immediately become fully vested and will expire at the close of business at Company headquarters on the 90th day after your termination date or Change in Control, whichever is applicable, (or, if such 90th day is a Saturday, Sunday or holiday, at the close of business on the next preceding day that is not a Saturday, Sunday or holiday); but in any event no later than the Last Date to Exercise.</p> <p>“Cause” means one of the following reasons for which your employment with the Company is terminated: (1) Your willful or grossly negligent misconduct that is materially injurious to the Company; (2) Your embezzlement or misappropriation of funds or property of the Company; (3) Your conviction of a felony or the entrance of a plea of guilty or nolo contendere to a felony; (4) Your conviction of any crime involving fraud, dishonesty, moral turpitude or breach of trust or the entrance of a plea of guilty or nolo contendere to such a crime; or (5) Your willful failure or refusal by you to devote your full business time (other than on account of disability or approved leave) and attention to the performance of your duties and responsibilities if such breach has not been cured within 15 days after written notice thereof is given to you by the Board of Directors.</p>

“Good Reason” shall exist upon: (1) a material and adverse change in your status or position(s) as an officer or management employee of the Company, including, without limitation, any adverse change in your status or position as an employee of the Company as a result of a material diminution in your duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly owned) or the assignment to you of any duties or responsibilities which are materially inconsistent with such status or position(s) (other than any isolated and inadvertent failure by the Company that is cured promptly upon your giving notice), or any removal of you from or any failure to reappoint or reelect you to such position(s) (except in connection with your termination other than for Good Reason); (2) a 10% or greater reduction in your aggregate base salary and targeted bonus, other than any such reduction proportionately consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company; (3) the failure by the Company to continue in effect any material employee benefit plan (excluding any equity compensation plan) in which you are participating (or plans providing you with similar benefits that are not materially reduced in the aggregate) other than as a result of the normal expiration of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company or any successor which would adversely affect your continued participation in any of such plans on at least as favorable a basis to you or which would materially reduce your benefits under any of such plans; (4) Company’s requiring you to be based at an office that is both more than 50 miles from where your office is located and further from your then current residence; or (5) a material breach by the Company of any agreement with you; provided, however, that if any of the conditions exists, you must provide written notice to the Company no more than ninety (90) calendar days following the initial existence of the condition and your intention to terminate your employment for Good Reason. Upon such notice, the Company shall have a period of thirty (30) calendar days during which it may remedy the condition and, if the Company fails to remedy such condition, you terminate your Services within ninety (90) calendar days following such failure.

“Change in Control” shall have the meaning given to such term in the Change in Control Severance Agreement between you and the Company, provided that in all cases such Change in Control constitutes a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

Notwithstanding the foregoing or any other provision herein to the contrary, SARs shall also vest according to the terms and conditions, if so provided, in any separate agreement between you and the Company, including but not limited to any Employment Agreement, Severance Agreement or Change in Control Severance Agreement.

Notice of Exercise

When you wish to exercise this award of SARs, you must notify the Company by filing the proper “Notice of Exercise” form at the address given on the form. All exercises must take place before, and your SARs will expire on, the Last Date to Exercise (shown on the cover sheet), or such earlier date following termination of your service as otherwise provided herein or a Change in Control. Your notice must specify how many SARs you wish to exercise. Your notice must also specify how the shares of Stock received on the exercise of your SARs should be registered (in your name only or in your and your spouse’s names as joint tenants with right of survivorship). The notice will be effective when it is received by the Company.

If someone else wants to exercise the SARs after your death, that person must prove to the Company’s satisfaction that he or she is entitled to do so.

Payment for SARs

Upon your exercise of the SARs, the Company will pay you in shares of Stock an amount equal to the positive difference (if any) between the Fair Market Value of a share of Stock on the exercise date and the SAR Grant Price, multiplied by the number of SARs being exercised. Any fractional shares of Stock will be paid to you in cash.

Withholding Taxes	You agree, as a condition of this grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the exercise of SARs. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the exercise of SARs, the Company shall have the right to require such payments from you, withhold shares that would otherwise have been issued to you under this Agreement or withhold such amounts from other payments due to you from the Company or any Affiliate.
Retention Rights	This Agreement does not give you the right to be retained by the Company in any capacity. The Company reserves the right to terminate your Service at any time and for any reason.
Shareholder Rights	You, or your estate or heirs, have no rights as a shareholder of the Company until a certificate for shares of Stock received pursuant to the exercise of your SARs has been issued (or an appropriate book entry has been made). No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued (or an appropriate book entry has been made), except as described in the Plan.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Stock, the number of SARs and the SAR Grant Price per share shall be adjusted (and rounded down to the nearest whole number) if required pursuant to the Plan. Your SARs shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	<p>The text of the Plan is incorporated in this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</p> <p>This Agreement and the Plan constitute the entire understanding between you and the Company regarding the SARs. Any prior agreements, commitments or negotiations concerning the SARs are superseded.</p>
Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting the SARs you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please contact Corporate Human Resources to request paper copies of these documents.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

**TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
TIME-BASED VESTING**

Trex Company, Inc., a Delaware corporation (the “Company”), hereby grants restricted stock units (“RSUs”) relating to its common stock, \$.01 par value (the “Stock”), to the Grantee named below, subject to the vesting conditions set forth in the attachment. Additional terms and conditions of the grant are set forth in this cover sheet, in the attachment and in the Company’s 2023 Stock Incentive Plan (the “Plan”).

Grant Date:

Name of Grantee:

Grant Date Value:

Number of RSUs Covered by Grant:

Vesting Schedule:

<u>Vesting Date</u>	<u>Number of RSUs</u>
_____, 20____	#
_____, 20____	#
_____, 20____	#

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Agreement and in the Plan. You acknowledge that you have carefully reviewed the Plan, and agree that unless otherwise specifically provided herein, the Plan will control in the event any provision of this Agreement should appear to be inconsistent.

Grantee: _____
(Signature)

Company: _____
Amy M. Fernandez, Vice President, General Counsel and Secretary

This is not a stock certificate or a negotiable instrument.

TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
TIME-BASED VESTING

Restricted Stock Units	This grant is an award of restricted stock units in the number of units set forth on the cover sheet, and subject to the vesting and other conditions described below (the “RSUs”). Each RSU represents the right to receive one share of Stock, subject to the terms and conditions set forth in this Agreement and the Plan. Your RSUs may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the RSUs be made subject to execution, attachment or similar process.
Vesting	Your RSUs will vest as to thirty three and one-third percent (33 ¹ / ₃ %) of the total number of RSUs covered by this grant, on each anniversary of the grant, as shown on the cover sheet; provided, that you continue to provide services to the Company or a Subsidiary as an employee or a Service Provider (“Services”) on each such vesting date. The resulting aggregate number of vested RSUs will be rounded to the nearest whole number, and you may not vest in more than the number of RSUs covered by this grant.
Delivery	As soon as practicable following the vesting of the RSUs hereunder, the Company will issue to you a share certificate for the shares of Stock to which such vested RSUs relate. In the alternative, the Company may use the book-entry method of share recordation to indicate your share ownership. You will have no further rights with regard to a RSU once the share of Stock related to such RSU has been issued.
Early Vesting	<p>Upon the termination of your Services, other than by reason of your death, Disability, Retirement, or termination by the Company without “Cause” or at your election with “Good Reason,” any RSUs that have not vested hereunder shall immediately be deemed forfeited.</p> <p>In the event of the termination of your Services because of your death, Disability, Retirement or termination by the Company without “Cause” or at your election with “Good Reason”, any RSUs that have not vested hereunder shall immediately become fully vested. (For purposes of clarification, these vesting provisions apply notwithstanding any different vesting provision in the Plan.) As a condition to such RSUs vesting upon your termination of employment by the Company without “Cause” or at your election with “Good Reason”, you must first execute a written release and agreement provided by the Company and not revoke such release and agreement within the time permitted therein for such revocation.</p> <p>“Cause” means one of the following reasons for which your employment with the Company is terminated: (1) Your willful or grossly negligent misconduct that is materially injurious to the Company; (2) Your embezzlement or misappropriation of funds or property of the Company; (3) Your conviction of a felony or the entrance of a plea of guilty or nolo contendere to a felony; (4) Your conviction of any crime involving fraud, dishonesty, moral turpitude or breach of trust or the entrance of a plea of guilty or nolo contendere to such a crime; or (5) Your willful failure or refusal by you to devote your full business time (other than on account of disability or approved leave) and attention to the performance of your duties and responsibilities if such breach has not been cured within 15 days after written notice thereof is given to you by the Board of Directors.</p> <p>“Good Reason” shall exist upon: (1) a material and adverse change in your status or position(s) as an officer or management employee of the Company, including, without limitation, any adverse change in your status or position as an employee of the Company</p>

as a result of a material diminution in your duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly owned) or the assignment to you of any duties or responsibilities which are materially inconsistent with such status or position(s) (other than any isolated and inadvertent failure by the Company that is cured promptly upon your giving notice), or any removal of you from or any failure to reappoint or reelect you to such position(s) (except in connection with your termination other than for Good Reason); (2) a 10% or greater reduction in your aggregate base salary and targeted bonus, other than any such reduction proportionately consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company; (3) the failure by the Company to continue in effect any material employee benefit plan (excluding any equity compensation plan) in which you are participating (or plans providing you with similar benefits that are not materially reduced in the aggregate) other than as a result of the normal expiration of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company or any successor which would adversely affect your continued participation in any of such plans on at least as favorable a basis to you or which would materially reduce your benefits under any of such plans; (4) Company's requiring you to be based at an office that is both more than 50 miles from where your office is located and further from your then current residence; or (5) a material breach by the Company of any agreement with you; provided, however, that if any of the conditions exists, you must provide written notice to the Company no more than ninety (90) calendar days following the initial existence of the condition and your intention to terminate your employment for Good Reason. Upon such notice, the Company shall have a period of thirty (30) calendar days during which it may remedy the condition and, if the Company fails to remedy such condition, you terminate your Services within ninety (90) calendar days following such failure.

In the event of a Change in Control, any RSUs that have not vested hereunder shall immediately become fully vested. "Change in Control" shall have the meaning given to such term in the Change in Control Severance Agreement between you and the Company, provided that in all cases such Change in Control constitutes a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

Notwithstanding the foregoing or any other provision herein to the contrary, RSUs shall also vest according to the terms and conditions, if so provided, in any separate agreement between you and the Company, including but not limited to any Employment Agreement, Severance Agreement or Change in Control Severance Agreement.

Withholding Taxes

You agree, as a condition of this grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting in RSUs (including any employment taxes that may become payable if you become eligible for Retirement prior to the end of the performance period for the RSUs) or delivery of Stock acquired under this grant. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the vesting in RSUs or delivery of shares arising from this grant, the Company shall have the right to require such payments from you, withhold shares that would otherwise have been issued to you under this Agreement or withhold such amounts from other payments due to you from the Company or any Affiliate.

Retention Rights

This Agreement does not give you the right to be retained by the Company in any capacity. The Company reserves the right to terminate your service with the Company at any time and for any reason.

Shareholder Rights

You do not have any of the rights of a shareholder with respect to the RSUs.

Adjustments	In the event of a stock split, a stock dividend or a similar change in the Stock, the number of RSUs covered by this grant shall be adjusted (and rounded down to the nearest whole number) pursuant to the Plan. Your RSUs shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
Section 409A	To the extent applicable, the RSUs granted under this Agreement are intended to comply with Section 409A of the Internal Revenue Code and the regulations and other guidance promulgated thereunder (collectively, "Section 409A"). The provisions of this paragraph shall qualify and supersede all other provisions of this Agreement and the Plan as necessary to fulfill the foregoing intent. In furtherance of the foregoing, any RSUs that accelerate and vest upon a termination of Services hereunder and that are otherwise subject to Section 409A shall accelerate and vest upon such a termination of Services solely if such termination constitutes a "separation from service" within the meaning of Section 409A. Additionally, if at the time of any such separation from service you are entitled to accelerated vesting of any RSUs granted hereunder and are also a "specified employee" (within the meaning of Section 409A and as determined by the Company) and such RSUs granted hereunder may not be settled without subjecting you to additional tax, interest and/or penalties under Section 409A, then such RSUs shall accelerate and vest upon your separation from service but shall not settle until the earlier of (i) your death or (ii) the first business day of the seventh (7th) month immediately following your separation from service. For purposes of Section 409A, each tranche of RSUs granted hereunder shall be treated as a separate payment and not as one of a series of payments treated as a single payment for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii).
The Plan	The text of the Plan is incorporated in this Agreement by reference. <i>Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</i> This Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of RSUs. Any prior agreements, commitments or negotiations concerning this grant are superseded.
Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to receive, the Company would be pleased to provide copies. Please contact the Director of Human Resources to request paper copies of these documents.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

**TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
PERFORMANCE-BASED VESTING**

Trex Company, Inc., a Delaware corporation (the “Company”), hereby grants restricted stock units (“RSUs”) relating to its common stock, \$.01 par value (the “Stock”), to the Grantee named below, subject to the vesting conditions set forth in the attachment. Additional terms and conditions of the grant are set forth in this cover sheet, in the attachment and in the Company’s 2023 Stock Incentive Plan (the “Plan”).

Grant Date:

Name of Grantee:

Grant Date Target Value:

Target Number of RSUs Covered by Grant:

Maximum Number of RSUs Covered by Grant:

Vesting Schedule:

<u>Vesting Date</u>	<u>Target # of RSUs</u>	<u>Maximum # of RSUs</u>
20____	_____	_____
20__	_____	_____
20__	_____	_____

The actual vesting date each year shall be the date of the first regularly scheduled Compensation Committee meeting held in that year.

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Agreement and in the Plan. You acknowledge that you have carefully reviewed the Plan, and agree that unless otherwise specifically provided herein, the Plan will control in the event any provision of this Agreement should appear to be inconsistent.

Grantee: _____
(Signature)

Company: _____
Amy M. Fernandez, Vice President, General Counsel and Secretary

This is not a stock certificate or a negotiable instrument.

TREX COMPANY, INC.
2023 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
PERFORMANCE-BASED VESTING

Restricted Stock Units

This grant is an award of up to the maximum number of RSUs set forth on the cover sheet, and subject to the vesting and other conditions described below (the “RSUs”). Each RSU represents the right to receive one share of Stock, subject to the terms and conditions set forth in this Agreement and the Plan. Your RSUs may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the RSUs be made subject to execution, attachment or similar process.

Vesting

The actual number of RSUs that will vest each year, if any, will be determined based on the Company’s attainment of the performance goals set forth on Schedule A for the time periods indicated; provided that you continue to provide services to the Company or a Subsidiary as an employee or a Service Provider (“Services”) on each such vesting date. Each year, on the vesting date referred to on the cover sheet, the actual performance multiple, as referred to on the attached Schedule A, shall be applied to the Target # of RSUs set forth on the cover sheet to determine the actual number of RSUs that shall vest (which in no event shall be more than the Maximum Number of RSUs set forth on the cover sheet), with any fractional RSUs being rounded to the nearest whole number.

Delivery

As soon as practicable following the vesting of the RSUs hereunder, the Company will issue to you a share certificate for the shares of Stock to which such vested RSUs relate. In the alternative, the Company may use the book-entry method of share recordation to indicate your share ownership. You will have no further rights with regard to a RSU once the share of Stock related to such RSU has been issued.

Early Vesting

Upon the termination of your Services, other than by reason of your death, Disability, Retirement, or termination by the Company without “Cause” or at your election with “Good Reason,” any RSUs that have not vested hereunder shall immediately be deemed forfeited.

In the event of the termination of your Services because of your death, Disability, Retirement, or termination by the Company without “Cause” or at your election with “Good Reason”, any RSUs that have not vested hereunder shall immediately become fully vested. (For purposes of clarification, these vesting provisions apply notwithstanding any different vesting provision in the Plan.) As a condition to such RSUs vesting upon your termination of employment by the Company without “Cause” or at your election with “Good Reason”, you must first execute a written release and agreement provided by the Company and not revoke such release and agreement within the time permitted therein for such revocation.

“Cause” means one of the following reasons for which your employment with the Company is terminated: (1) Your willful or grossly negligent misconduct that is materially injurious to the Company; (2) Your embezzlement or misappropriation of funds or property of the Company; (3) Your conviction of a felony or the entrance of a plea of guilty or nolo contendere to a felony; (4) Your conviction of any crime involving fraud, dishonesty, moral turpitude or breach of trust or the entrance of a plea of guilty or nolo contendere to such a crime; or (5) Your willful failure or refusal by you to devote your full business time (other than on account of disability or approved leave) and attention to the performance of your duties and responsibilities if such breach has not been cured within 15 days after written notice thereof is given to you by the Board of Directors.

“Good Reason” shall exist upon: (1) a material and adverse change in your status or position(s) as an officer or management employee of the Company, including, without limitation, any adverse change in your status or position as an employee of the Company as a result of a material diminution in your duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly owned) or the assignment to you of any duties or responsibilities which are materially inconsistent with such status or position(s) (other than any isolated and inadvertent failure by the Company that is cured promptly upon your giving notice), or any removal of you from or any failure to reappoint or reelect you to such position(s) (except in connection with your termination other than for Good Reason); (2) a 10% or greater reduction in your aggregate base salary and targeted bonus, other than any such reduction proportionately consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company; (3) the failure by the Company to continue in effect any material employee benefit plan (excluding any equity compensation plan) in which you are participating (or plans providing you with similar benefits that are not materially reduced in the aggregate) other than as a result of the normal expiration of any such plan in accordance with its terms; or the taking of any action, or the failure to act, by the Company or any successor which would adversely affect your continued participation in any of such plans on at least as favorable a basis to you or which would materially reduce your benefits under any of such plans; (4) Company’s requiring you to be based at an office that is both more than 50 miles from where your office is located and further from your then current residence; or (5) a material breach by the Company of any agreement with you; provided, however, that if any of the conditions exists, you must provide written notice to the Company no more than ninety (90) calendar days following the initial existence of the condition and your intention to terminate your employment for Good Reason. Upon such notice, the Company shall have a period of thirty (30) calendar days during which it may remedy the condition and, if the Company fails to remedy such condition, you terminate your Services within ninety (90) calendar days following such failure.

In the event of a Change in Control, any RSUs that have not vested hereunder shall immediately become fully vested. “Change in Control” shall have the meaning given to such term in the Change in Control Severance Agreement between you and the Company, provided that in all cases such Change in Control constitutes a “change in control event” within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

Notwithstanding the foregoing or any other provision herein to the contrary, RSUs shall also vest according to the terms and conditions, if so provided, in any separate agreement between you and the Company, including but not limited to any Employment Agreement, Severance Agreement or Change in Control Severance Agreement.

In the event a RSU vests early (under any circumstance), it shall vest at the “Target” amount (and not the “Maximum” amount) (regardless of the amount of the relevant performance period that precedes such event or the level of performance to date).

Withholding Taxes

You agree, as a condition of this grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting in RSUs (including any employment taxes that may become payable if you become eligible for Retirement prior to the end of the performance period for the RSUs) or delivery of Stock acquired under this grant. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the vesting in RSUs or delivery of shares arising from this grant, the Company shall have the right to require such payments from you, withhold shares that would otherwise have been issued to you under this Agreement or withhold such amounts from other payments due to you from the Company or any Affiliate.

Retention Rights	This Agreement does not give you the right to be retained by the Company in any capacity. The Company reserves the right to terminate your service with the Company at any time and for any reason.
Shareholder Rights	You do not have any of the rights of a shareholder with respect to the RSUs.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Stock, the number of RSUs covered by this grant shall be adjusted (and rounded down to the nearest whole number) pursuant to the Plan. Your RSUs shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
Section 409A	To the extent applicable, the RSUs granted under this Agreement are intended to comply with Section 409A of the Internal Revenue Code and the regulations and other guidance promulgated thereunder (collectively, "Section 409A"). The provisions of this paragraph shall qualify and supersede all other provisions of this Agreement and the Plan as necessary to fulfill the foregoing intent. In furtherance of the foregoing, any RSUs that accelerate and vest upon a termination of Services hereunder and that are otherwise subject to Section 409A shall accelerate and vest upon such a termination of Services solely if such termination constitutes a "separation from service" within the meaning of Section 409A. Additionally, if at the time of any such separation from service you are entitled to accelerated vesting of any RSUs granted hereunder and are also a "specified employee" (within the meaning of Section 409A and as determined by the Company) and such RSUs granted hereunder may not be settled without subjecting you to additional tax, interest and/or penalties under Section 409A, then such RSUs shall accelerate and vest upon your separation from service but shall not settle until the earlier of (i) your death or (ii) the first business day of the seventh (7th) month immediately following your separation from service. For purposes of Section 409A, each tranche of RSUs granted hereunder shall be treated as a separate payment and not as one of a series of payments treated as a single payment for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii).
The Plan	The text of the Plan is incorporated in this Agreement by reference. <i>Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</i> This Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of RSUs. Any prior agreements, commitments or negotiations concerning this grant are superseded.
Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to receive, the Company would be pleased to provide copies. Please contact the Director of Human Resources to request paper copies of these documents.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

TREX COMPANY, INC.
AMENDED AND RESTATED 1999 INCENTIVE PLAN FOR OUTSIDE DIRECTORS RESTRICTED
STOCK UNIT AGREEMENT

Restricted Stock Units	This grant is an award of restricted stock units in the number of units set forth on the cover sheet, and subject to the vesting and other conditions described below (the "RSUs"). Each RSU represents the right to receive one share of Stock, subject to the terms and conditions set forth in this Agreement and the Plan. Your RSUs may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the RSUs be made subject to execution, attachment or similar process.
Vesting	Your RSUs will vest as to one hundred percent (100%) of the total number of RSUs covered by this grant, on the first anniversary of the grant, as shown on the cover sheet, except as otherwise provided below.
Delivery	As soon as practicable following the vesting of the RSUs hereunder, the Company will issue to you a share certificate for the shares of Stock to which such vested RSUs relate. In the alternative, the Company may use the book-entry method of share recordation to indicate your share ownership. You will have no further rights with regard to a RSU once the share of Stock related to such RSU has been issued.
Service Termination	In the event of the termination of your service as a director of the Company (a "Service Termination") due to death, Disability, retirement or termination in connection with a change in control of the Company, any unvested RSUs held by you shall immediately vest. In the event of a Service Termination for any other reason, any unvested RSUs held by you shall immediately be deemed forfeited. (For purposes of clarification, these vesting provisions apply notwithstanding any different vesting provisions in the Plan.)
Withholding Taxes	You agree, as a condition of this grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting in RSUs or delivery of Stock acquired under this grant. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the vesting in RSUs or delivery of shares arising from this grant, the Company shall have the right to require such payments from you, withhold shares that would otherwise have been issued to you under this Agreement or withhold such amounts from other payments due to you from the Company or any Affiliate.
Shareholder Rights	You do not have any of the rights of a shareholder with respect to the RSUs.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Stock, the number of RSUs covered by this grant may be adjusted (and rounded down to the nearest whole number) pursuant to the Plan. Your RSUs shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	The text of the Plan is incorporated in this Agreement by reference. <i>Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</i>

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of RSUs. Any prior agreements, commitments or negotiations concerning this grant are superseded.

Consent to Electronic Delivery The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to receive, the Company would be pleased to provide copies. Please contact the Director of Human Resources to request paper copies of these documents.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

AMENDED AND RESTATED SEVERANCE AGREEMENT

This Severance Agreement is entered into as of July 31, 2023, by and between Bryan H. Fairbanks, an individual (“Executive”) and Trex Company, Inc., a Delaware corporation (the “Company”).

Executive and the Company entered into a Severance Agreement dated as of July 24, 2019 setting forth their agreement pursuant to which Executive will receive certain benefits upon severance from the Company under certain circumstances. The parties now desire to further extend the term of the Severance Agreement. The Severance Agreement, as amended and restated, is as follows:

Recitals

Executive is an executive officer of the Company. The Company and Executive desire to set forth their agreement pursuant to which Executive will receive certain benefits upon severance from the Company under certain circumstances.

Agreement

Now, therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Term. The term of this Agreement shall be for a period beginning on the date hereof and ending on August 1, 2026. Thereafter, this Agreement shall automatically renew for successive three (3) year periods unless either party gives to the other party written notice of termination at least one (1) year prior to the end of the initial or any renewal term.

2. Termination of Employment.

(a) Termination by the Company for Cause or at the Election of Executive Without Good Reason. In the event Executive’s employment is terminated for Cause, as defined in Section 3(a), or at the election of Executive for any reason other than Good Reason, as defined in Section 3(b), the Company shall pay to Executive the compensation and benefits otherwise due and payable to Executive in a lump sum payment in cash, on the first regular payroll date after the date of termination of employment, equal to the sum of Executive’s salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment. For the avoidance of doubt, Executive’s annual bonus for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs shall not be paid (if such bonus has not been paid as of the date of termination of employment).

(b) Termination for Death or Disability. If Executive’s employment is terminated by death or because of Disability, as defined in Section 3(c), the Company shall pay to the estate of Executive or to Executive, as the case may be, a lump sum payment in cash, payable within 10 days after termination of employment, equal to the sum of (1) Executive’s salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment, and (2) Executive’s annual bonus earned for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs, minus deductions required by law, if such bonus has not been paid as of the date of termination of employment.

(c) Termination by the Company Without Cause or By Executive for Good Reason. If Executive’s employment is terminated by the Company without Cause, or is terminated by Executive for Good Reason, at any time during the Term (including extensions thereof), except during the Change in Control Protection Period (as defined in Executive’s Change In Control Severance Agreement) (“Change in Control Severance Agreement”), Executive will be entitled to the following payments and benefits outlined in this Section 2(c):

(1) Payment of Accrued Obligations. The Company shall pay to Executive a lump sum payment in cash, on the first regular payroll date after the date of termination of employment, equal to the sum of (1) Executive's salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment, and (2) Executive's annual bonus earned for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs, minus deductions required by law, if such bonus has not been paid as of the date of termination of employment.

(2) Payment of Severance. The Company shall pay to Executive a lump sum cash payment, no later than 10 days after such termination, equal to two (2) times Executive's Final Pay as defined in Section 3(d), minus deductions required by law. In the event Executive materially breaches any non-compete or confidentiality agreement then in effect with the Company, Executive agrees to return to the Company all amounts received under this Section 2(c)(2).

(3) Equity. Outstanding equity shall vest as follows: (1) The unexercised portions of all Options and SARs (as defined in the Trex Company, Inc. 2023 Stock Incentive Plan or a predecessor or successor plan ("Incentive Plan") granted to Executive under the Incentive Plan that have not expired or been forfeited pursuant to their terms shall automatically accelerate and become fully exercisable, (2) the restrictions and conditions on all outstanding Restricted Stock and Restricted Stock Units (as defined in the Incentive Plan) granted to the Executive that have not expired or been forfeited pursuant to their terms shall immediately lapse and such Restricted Stock and Restricted Stock Units shall vest, and (3) all outstanding Restricted Stock Units and Restricted Stock (as defined in the Incentive Plan) granted to the Executive that are based upon performance of the Company over a certain period of time shall become payable at the Executive's target payment for the relevant performance period (regardless of the amount of the relevant performance period that precedes the termination of employment).

(4) Benefit Continuation. Commencing on the date immediately following Executive's date of termination of employment and continuing for 12 months (or such lesser time as required to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) (the "Welfare Benefit Continuation Period"), the Company shall cover Executive under the same type of Company-sponsored group health plan and dental plan (e.g., individual or family coverage) in which Executive was covered immediately prior to termination of employment. The Executive shall receive such continued coverage under the same terms and conditions (e.g., any requirement that employees pay all or any portion of the cost of such coverage) that would apply if Executive had continued to be an employee of the Company during the Welfare Benefit Continuation Period.

(5) For each month during the Welfare Benefit Continuation Period in which Executive's continued coverage under an insured plan is not possible, the Company shall, in lieu of providing the coverage described in the preceding paragraph, make a monthly cash payment to Executive equal to the monthly premium the Company would be charged for coverage of a similarly-situated employee. The Company shall not be obligated to "gross up" or otherwise compensate Executive for any taxes due on amounts paid pursuant to the preceding sentence.

(6) Notwithstanding any other provision of this Section 2(c), the Company's obligation to provide continued coverage (or, in lieu thereof, make a cash payment) pursuant to this Section 2(c) shall expire on the date Executive becomes covered under one or more plans sponsored by a new employer (other than a successor to the Company) that, at the sole discretion of the Administrator, as defined in Section 3(e), are determined to provide coverage at least equivalent in the aggregate to the benefits continued under Section 2(c)(4). The coverage period for purposes of the group health continuation requirements of Section 4980B of the Code shall commence at the expiration of the Welfare Benefit Continuation Period.

(7) Release. The Executive shall not be eligible to receive any payments or benefits provided in Section 2(c) (other than payments under Section 2(c)(1)) unless Executive first executes a written release and agreement provided by the Company and does not revoke such release and agreement within the time permitted therein for such revocation.

(8) Restriction on Timing of Distribution. Anything in this Agreement to the contrary notwithstanding, if (1) on Executive's date of termination of employment, any of the Company's stock is publicly traded on an established securities market or otherwise (within the meaning of Section 409A(a)(2)(B)(i) of the Code) and (2) as a result of such termination, Executive would receive any payment that, absent the application of this Section 2(c)(8), would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(1)(B) of the Code, then no such payment shall be payable prior to the date that is the earliest of (x) six months after Executive's date of termination of employment, (y) Executive's death or (z) such other date as will cause such payment not to be subject to such interest and additional tax. For the avoidance of doubt, upon the Executive's involuntary separation from service (as defined in Treas. Regs. §1.409A-1(n)), the preceding sentence shall not prevent payment to the Executive during such six-month period of an aggregate amount not exceeding the lesser of (a) two (2) times the sum of the Executive's annualized compensation based upon the annual rate of pay for Executive's taxable year preceding the taxable year of the separation from service, or (b) two (2) times the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive has a separation from service, as permitted pursuant to Treas. Regs. §1.409A-1(b)(9)(iii).

(d) Termination During a Change in Control Protection Period. If Executive's employment is terminated during a Change in Control Protection Period (as that term is defined in Executive's Change in Control Severance Agreement), Executive shall be entitled to receive such severance payments and benefits as are set forth in Executive's Change in Control Severance Agreement, and shall not be entitled to any benefits under this Section 2.

3. Definitions.

(a) "Cause" means one of the following reasons for which the Executive's employment with the Company is terminated: (1) Executive's willful or grossly negligent misconduct that is materially injurious to the Company; (2) Executive's embezzlement or misappropriation of funds or property of the Company; (3) Executive's conviction of a felony or the entrance of a plea of guilty or nolo contendere to a felony; (4) Executive's conviction of any crime involving fraud, dishonesty, moral turpitude or breach of trust or the entrance of a plea of guilty or nolo contendere to such a crime; or (5) Executive's willful failure or refusal by Executive to devote Executive's full business time (other than on account of disability or approved leave) and attention to the performance of Executive's duties and responsibilities if such breach has not been cured within 15 days after written notice thereof is given to the Executive by the Board.

(b) For the purposes of this Agreement, "Good Reason" shall exist upon: (1) a material and adverse change in Executive's status or position(s) as an officer or management employee of the Company, including, without limitation, any adverse change in Executive's status or position as an employee of the Company as a result of a material diminution in Executive's duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly owned) or the assignment to Executive of any duties or responsibilities which are materially inconsistent with such status or position(s) (other than any isolated and inadvertent failure by the Company that is cured promptly upon Executive giving notice), or any removal of Executive from or any failure to reappoint or reelect Executive to such position(s) (except in connection with Executive's termination other than for Good Reason); (2) a 10% or greater reduction in Executive's aggregate Base Salary and targeted bonus, other than any such reduction proportionately consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company; (3) Company's requiring Executive to be based at an office that is both more than 50 miles from where Executive's office is located and further from Executive's then current residence; or (4) a material breach by the Company of this Agreement; provided, however, that if any of the conditions in this Section 3(b) exists, Executive must provide notice to the Company no more than ninety (90) calendar days following the initial existence of the condition and Executive's intention to terminate Executive's employment for Good Reason. Upon such notice, the Company shall have a period of thirty (30) calendar days during which it may remedy the condition.

(c) For the purposes of this Agreement, the term “Disability” shall have the meaning given that term under the Trex Company, Inc. disability plan carrier, as in effect at the time a determination of Disability is to be made.

(d) For the purposes of this Agreement, the term “Final Pay” shall be defined as the sum of (1) Executive’s annual base salary (“Base Salary”) in effect at the time employment terminates (without taking into consideration a reduction in Base Salary which constitutes “Good Reason” as provided in Section 3(b)(2) above), and (2) the greater of (A) Executive’s targeted cash bonus for the year immediately prior to the year in which employment terminates or (B) the actual cash bonus earned by the Executive for the year immediately prior to the year in which employment terminates.

(e) For the purposes of this Agreement, the term “Administrator” means the Compensation Committee of the Board of Directors or such other person or persons appointed from time to time by the Committee.

4. Notices. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when hand delivered, sent by overnight courier, or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by telegram, telecopy, or telex, addressed, in the case of Executive, to Executive’s address as shown on the Company’s records and, in the case of the Company, to the Company’s principal office, to the attention of the General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

5. Entire Agreement. This Agreement, together with the Executive’s Change In Control Severance Agreement, any stock appreciation rights agreement, restricted stock agreement and/or any other equity agreement issued pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan (or a predecessor or successor plan), any Director/Officer Indemnification Agreement, and any restrictive covenant agreement, constitute the entire agreement between the parties and supersede all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

6. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and Executive.

7. Governing Law. This Agreement shall be construed, interpreted and enforced as a sealed instrument under and in accordance with the laws of the Commonwealth of Virginia, without reference to the conflicts of laws provisions thereof. Any action, suit or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Virginia (or, if appropriate, a federal court located within Virginia), and the Company and Executive each consents to the jurisdiction of such a court.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Company may be merged or which may succeed to its assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by Executive. Notwithstanding the foregoing, in the event of Executive’s death, any payments that Executive was otherwise entitled to under this Agreement shall be made to Executive’s estate.

9. Acknowledgment. Executive states and represents that Executive has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. The Executive further states and represents that Executive has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs their own name of their own free act. The Company represents that it has obtained all necessary consents and approvals to execute this Agreement.

10. Miscellaneous.

(a) No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

(b) The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

(c) Termination of employment under this Agreement shall mean a separation from service under Section 409A of the Code.

(d) In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

Trex Company, Inc.

By: _____

Title: _____

Executive:

Name: _____

AMENDED AND RESTATED SEVERANCE AGREEMENT

This Severance Agreement is entered into as of _____, by and between _____ an individual (“Executive”) and Trex Company, Inc., a Delaware corporation (the “Company”).

Executive and the Company entered into a Severance Agreement dated as of _____ setting forth their agreement pursuant to which Executive will receive certain benefits upon severance from the Company under certain circumstances. The parties now desire to further extend the term of the Severance Agreement. The Severance Agreement, as amended and restated, is as follows:

Recitals

Executive is an executive officer of the Company. The Company and Executive desire to set forth their agreement pursuant to which Executive will receive certain benefits upon severance from the Company under certain circumstances.

Agreement

Now, therefore, in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. Term. The term of this Agreement shall be for a period beginning on the date hereof and ending on August 1, 2026. Thereafter, this Agreement shall automatically renew for successive three (3) year periods unless either party gives to the other party written notice of termination at least one (1) year prior to the end of the initial or any renewal term.

2. Termination of Employment.

(a) Termination by the Company for Cause or at the Election of Executive Without Good Reason. In the event Executive’s employment is terminated for Cause, as defined in Section 3(a), or at the election of Executive for any reason other than Good Reason, as defined in Section 3(b), the Company shall pay to Executive the compensation and benefits otherwise due and payable to Executive in a lump sum payment in cash, on the first regular payroll date after the date of termination of employment, equal to the sum of Executive’s salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment. For the avoidance of doubt, Executive’s annual bonus for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs shall not be paid (if such bonus has not been paid as of the date of termination of employment).

(b) Termination for Death or Disability. If Executive’s employment is terminated by death or because of Disability, as defined in Section 3(c), the Company shall pay to the estate of Executive or to Executive, as the case may be, a lump sum payment in cash, payable within 10 days after termination of employment, equal to the sum of (1) Executive’s salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment, and (2) Executive’s annual bonus earned for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs, minus deductions required by law, if such bonus has not been paid as of the date of termination of employment.

(c) Termination by the Company Without Cause or By Executive for Good Reason. If Executive’s employment is terminated by the Company without Cause, or is terminated by Executive for Good Reason, at any time during the Term (including extensions thereof), except during the Change in Control Protection Period (as defined in Executive’s Change In Control Severance Agreement) (“Change in Control Severance Agreement”), Executive will be entitled to the following payments and benefits outlined in this Section 2(c):

(1) Payment of Accrued Obligations. The Company shall pay to Executive a lump sum payment in cash, on the first regular payroll date after the date of termination of employment, equal to the sum of (1) Executive's salary earned but unpaid and any unused accrued vacation pay, minus deductions required by law, through the date of termination of employment, and (2) Executive's annual bonus earned for the fiscal year immediately preceding the fiscal year in which the date of termination of employment occurs, minus deductions required by law, if such bonus has not been paid as of the date of termination of employment.

(2) Payment of Severance. The Company shall pay to Executive a lump sum cash payment, no later than 10 days after such termination, equal to one (1) times Executive's Final Pay as defined in Section 3(d), minus deductions required by law. In the event Executive materially breaches any non-compete or confidentiality agreement then in effect with the Company, Executive agrees to return to the Company all amounts received under this Section 2(c)(2).

(3) Equity. Outstanding equity shall vest as follows: (1) The unexercised portions of all Options and SARs (as defined in the Trex Company, Inc. 2023 Stock Incentive Plan ("Incentive Plan") granted to Executive under the Incentive Plan (or a predecessor or successor plan) that have not expired or been forfeited pursuant to their terms shall automatically accelerate and become fully exercisable, (2) the restrictions and conditions on all outstanding Restricted Stock and Restricted Stock Units (as defined in the Incentive Plan) granted to the Executive that have not expired or been forfeited pursuant to their terms shall immediately lapse and such Restricted Stock and Restricted Stock Units shall vest, and (3) all outstanding Restricted Stock Units and Restricted Stock (as defined in the Incentive Plan) granted to the Executive that are based upon performance of the Company over a certain period of time shall become payable at the Executive's target payment for the relevant performance period (regardless of the amount of the relevant performance period that precedes the termination of employment).

(4) Benefit Continuation. Commencing on the date immediately following Executive's date of termination of employment and continuing for 12 months (or such lesser time as required to avoid the imposition of additional taxes under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) (the "Welfare Benefit Continuation Period"), the Company shall cover Executive under the same type of Company-sponsored group health plan and dental plan (e.g., individual or family coverage) in which Executive was covered immediately prior to termination of employment. The Executive shall receive such continued coverage under the same terms and conditions (e.g., any requirement that employees pay all or any portion of the cost of such coverage) that would apply if Executive had continued to be an employee of the Company during the Welfare Benefit Continuation Period.

(5) For each month during the Welfare Benefit Continuation Period in which Executive's continued coverage under an insured plan is not possible, the Company shall, in lieu of providing the coverage described in the preceding paragraph, make a monthly cash payment to Executive equal to the monthly premium the Company would be charged for coverage of a similarly-situated employee. The Company shall not be obligated to "gross up" or otherwise compensate Executive for any taxes due on amounts paid pursuant to the preceding sentence.

(6) Notwithstanding any other provision of this Section 2(c), the Company's obligation to provide continued coverage (or, in lieu thereof, make a cash payment) pursuant to this Section 2(c) shall expire on the date Executive becomes covered under one or more plans sponsored by a new employer (other than a successor to the Company) that, at the sole discretion of the Administrator, as defined in Section 3(e), are determined to provide coverage at least equivalent in the aggregate to the benefits continued under Section 2(c)(4). The coverage period for purposes of the group health continuation requirements of Section 4980B of the Code shall commence at the expiration of the Welfare Benefit Continuation Period.

(7) Release. The Executive shall not be eligible to receive any payments or benefits provided in Section 2(c) (other than payments under Section 2(c)(1)) unless Executive first executes a written release and agreement provided by the Company and does not revoke such release and agreement within the time permitted therein for such revocation.

(8) Restriction on Timing of Distribution. Anything in this Agreement to the contrary notwithstanding, if (1) on Executive's date of termination of employment, any of the Company's stock is publicly traded on an established securities market or otherwise (within the meaning of Section 409A(a)(2)(B)(i) of the Code) and (2) as a result of such termination, Executive would receive any payment that, absent the application of this Section 2(c)(8), would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(1)(B) of the Code, then no such payment shall be payable prior to the date that is the earliest of (x) six months after Executive's date of termination of employment, (y) Executive's death or (z) such other date as will cause such payment not to be subject to such interest and additional tax. For the avoidance of doubt, upon the Executive's involuntary separation from service (as defined in Treas. Regs. §1.409A-1(n)), the preceding sentence shall not prevent payment to the Executive during such six-month period of an aggregate amount not exceeding the lesser of (a) two (2) times the sum of the Executive's annualized compensation based upon the annual rate of pay for Executive's taxable year preceding the taxable year of the separation from service, or (b) two (2) times the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive has a separation from service, as permitted pursuant to Treas. Regs. §1.409A-1(b)(9)(iii).

(d) Termination During a Change in Control Protection Period. If Executive's employment is terminated during a Change in Control Protection Period (as that term is defined in Executive's Change in Control Severance Agreement), Executive shall be entitled to receive such severance payments and benefits as are set forth in Executive's Change in Control Severance Agreement, and shall not be entitled to any benefits under this Section 2.

3. Definitions.

(a) "Cause" means one of the following reasons for which the Executive's employment with the Company is terminated: (1) Executive's willful or grossly negligent misconduct that is materially injurious to the Company; (2) Executive's embezzlement or misappropriation of funds or property of the Company; (3) Executive's conviction of a felony or the entrance of a plea of guilty or nolo contendere to a felony; (4) Executive's conviction of any crime involving fraud, dishonesty, moral turpitude or breach of trust or the entrance of a plea of guilty or nolo contendere to such a crime; or (5) Executive's willful failure or refusal by Executive to devote Executive's full business time (other than on account of disability or approved leave) and attention to the performance of Executive's duties and responsibilities if such breach has not been cured within 15 days after written notice thereof is given to the Executive by the Board.

(b) For the purposes of this Agreement, "Good Reason" shall exist upon: (1) a material and adverse change in Executive's status or position(s) as an officer or management employee of the Company, including, without limitation, any adverse change in Executive's status or position as an employee of the Company as a result of a material diminution in Executive's duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly owned) or the assignment to Executive of any duties or responsibilities which are materially inconsistent with such status or position(s) (other than any isolated and inadvertent failure by the Company that is cured promptly upon Executive giving notice), or any removal of Executive from or any failure to reappoint or reelect Executive to such position(s) (except in connection with Executive's termination other than for Good Reason); (2) a 10% or greater reduction in Executive's aggregate Base Salary and targeted bonus, other than any such reduction proportionately consistent with a general reduction of pay across the executive staff as a group, as an economic or strategic measure due to poor financial performance by the Company; (3) Company's requiring Executive to be based at an office that is both more than 50 miles from where Executive's office is located and further from Executive's then current residence; or (4) a material breach by the Company of this Agreement; provided, however, that if any of the conditions in this Section 3(b) exists, Executive must provide notice to the Company no more than ninety (90) calendar days following the initial existence of the condition and Executive's intention to terminate Executive's employment for Good Reason. Upon such notice, the Company shall have a period of thirty (30) calendar days during which it may remedy the condition.

(c) For the purposes of this Agreement, the term “Disability” shall have the meaning given that term under the Trex Company, Inc. disability plan carrier, as in effect at the time a determination of Disability is to be made.

(d) For the purposes of this Agreement, the term “Final Pay” shall be defined as the sum of (1) Executive’s annual base salary (“Base Salary”) in effect at the time employment terminates (without taking into consideration a reduction in Base Salary which constitutes “Good Reason” as provided in Section 3(b)(2) above), and (2) the greater of (A) Executive’s targeted cash bonus for the year immediately prior to the year in which employment terminates or (B) the actual cash bonus earned by the Executive for the year immediately prior to the year in which employment terminates.

(e) For the purposes of this Agreement, the term “Administrator” means the Compensation Committee of the Board of Directors or such other person or persons appointed from time to time by the Committee.

4. Notices. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when hand delivered, sent by overnight courier, or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by telegram, telecopy, or telex, addressed, in the case of Executive, to Executive’s address as shown on the Company’s records and, in the case of the Company, to the Company’s principal office, to the attention of the General Counsel, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

5. Entire Agreement. This Agreement, together with the Executive’s Change In Control Severance Agreement, any stock appreciation rights agreement, restricted stock agreement and/or any other equity agreement issued pursuant to the Trex Company, Inc. 2023 Stock Incentive Plan (or a predecessor or successor plan), any Director/Officer Indemnification Agreement, and any restrictive covenant agreement, constitute the entire agreement between the parties and supersede all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

6. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and Executive.

7. Governing Law. This Agreement shall be construed, interpreted and enforced as a sealed instrument under and in accordance with the laws of the Commonwealth of Virginia, without reference to the conflicts of laws provisions thereof. Any action, suit or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Virginia (or, if appropriate, a federal court located within Virginia), and the Company and Executive each consents to the jurisdiction of such a court.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which or into which the Company may be merged or which may succeed to its assets or business, provided, however, that the obligations of Executive are personal and shall not be assigned by Executive. Notwithstanding the foregoing, in the event of Executive’s death, any payments that Executive was otherwise entitled to under this Agreement shall be made to Executive’s estate.

9. Acknowledgment. Executive states and represents that Executive has had an opportunity to fully discuss and review the terms of this Agreement with an attorney. The Executive further states and represents that Executive has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs their own name of their own free act.

The Company represents that it has obtained all necessary consents and approvals to execute this Agreement.

10. Miscellaneous.

(a) No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

(b) The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

(c) Termination of employment under this Agreement shall mean a separation from service under Section 409A of the Code.

(d) In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

Trex Company, Inc.

By: _____
Title: _____

Executive:

Name: _____

CERTIFICATION

I, Bryan H. Fairbanks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function(s)):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2023

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, Bryan H. Fairbanks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function(s)):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2023

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks

Acting Chief Financial Officer

(Principal Financial Officer)

**Certifications of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the President and Chief Executive Officer and the Vice President and Chief Financial Officer of Trex Company, Inc. (the "Company"), each hereby certifies that, on the date hereof:

- (a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2023 filed on the date hereof with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2023

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks
President and Chief Executive Officer

Date: July 31, 2023

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks
Acting Chief Financial Officer