SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2000

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	54-1910453
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 South Cameron Street Winchester, Virginia	22601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (540) 678-4070

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 [x]   No [_]

The number of shares of the registrant's common stock, par value $.01 per share, outstanding at May 8, 2000 was 14,127,822 shares.

TREX COMPANY, INC.

INDEX

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

TREX COMPANY, INC.

Consolidated Balance Sheets

	December 31, 1999	March 31, 2000 (unaudited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ --	$ 1,895,000
Trade accounts receivable	1,266,000	4,716,000
Inventories	8,668,000	5,219,000
Prepaid expenses and other assets	1,057,000	1,024,000
Deferred income taxes	360,000	--
Total current assets	11,351,000	12,854,000
Property, plant and equipment, net	59,489,000	63,232,000
Intangible assets, net	8,252,000	8,022,000
Other	211,000	179,000
Total Assets	$79,303,000	$84,287,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	$ 6,416,000	$ 5,823,000
Accrued expenses	1,737,000	942,000
Income taxes payable	117,000	3,958,000
Other current liabilities	1,163,000	1,083,000
Line of credit	5,714,000	1,293,000
Current portion of long-term debt	385,000	392,000
Total current liabilities	15,532,000	13,491,000
Deferred income taxes	3,532,000	3,571,000
Long-term debt	10,838,000	10,722,000
Total Liabilities	29,902,000	27,784,000
Stockholders' Equity:		
Preferred stock, $0.01 par value, 3,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $0.01 par value, 40,000,000 shares authorized; 14,120,572 and 14,122,566 shares issued and outstanding	141,000	141,000
Additional capital	40,992,000	41,037,000
Retained earnings	8,268,000	15,325,000
Total Stockholders' Equity	49,401,000	56,503,000
Total Liabilities and Stockholders' Equity	$79,303,000	$84,287,000

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Consolidated Statements of Operations
(unaudited)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 2000
Net sales	$22,365,000	$38,064,000
Cost of sales	9,942,000	19,902,000
Gross profit	12,423,000	18,162,000
Selling, general, and administrative expenses	4,065,000	6,510,000
Income from operations	8,358,000	11,652,000
Interest income	19,000	--
Interest expense	(819,000)	(277,000)
Income before taxes	7,558,000	11,375,000
Income taxes	--	4,318,000
Net income	$ 7,558,000	$ 7,057,000
Basic earnings per common share	$0.78	$0.50
Weighted average basic shares outstanding	9,500,000	14,122,172
Pro forma data (unaudited, see Note 11):		
Historical income before taxes	$ 7,558,000	
Pro forma income taxes	(2,872,000)	
Pro forma net income	$ 4,686,000	
Pro forma basic earnings per share	$0.49	
Pro forma weighted average basic common shares outstanding	9,500,000	

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 2000
Operating Activities		
Net income	$ 7,558,000	$ 7,057,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	--	399,000
Depreciation and amortization	933,000	1,491,000
Loss on disposal of property, plant and equipment	151,000	--
Changes in operating assets and liabilities:		
Trade accounts receivable	(4,712,000)	(3,450,000)
Inventories	2,896,000	3,449,000
Prepaid expenses and other assets	(380,000)	65,000
Trade accounts payable	3,430,000	(593,000)
Accrued expenses	(115,000)	(795,000)
Income taxes payable	--	3,841,000
Other	(580,000)	(80,000)
Net cash provided by operating activities	9,181,000	11,384,000
Investing Activities		
Expenditures for property, plant and equipment	(8,107,000)	(5,004,000)
Net cash used in investing activities	(8,107,000)	(5,004,000)
Financing Activities		
Borrowings under mortgages and notes	1,487,000	--
Principal payments under mortgages and notes	(46,000)	(109,000)
Borrowings under line of credit	--	2,315,000
Principal payments under line of credit	--	(6,736,000)
Proceeds from employee stock purchase plan	--	45,000
Preferred distributions paid	(101,000)	--
Common distributions paid	(175,000)	--
Net cash provided by (used in) financing activities	1,165,000	(4,485,000)
Net increase in cash and cash equivalents	2,239,000	1,895,000
Cash and cash equivalents at beginning of period	1,200,000	--
Cash and cash equivalents at end of period	$ 3,439,000	$ 1,895,000

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

Notes to Consolidated Financial Statements
For The Three Months Ended March 31, 1999 and 2000 (Unaudited)

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (the "Company"), a Delaware corporation, was incorporated on September 4, 1998 for the purpose of acquiring 100% of the membership interests and operating the business of TREX Company, LLC, a Delaware limited liability company, in connection with an initial public offering ("IPO") of the Company's common stock. The Company had no operations or activity from inception on September 4, 1998 through April 7, 1999, immediately prior to the Reorganization described below. The IPO was consummated on April 13, 1999. On March 22, 1999, the Company amended its certificate of incorporation to increase its authorized capital to 40,000,000 shares of common stock (the "Common Stock") and 3,000,000 shares of preferred stock. All references in the accompanying balance sheets have been restated to reflect the increase in the Company's authorized capital.

TREX Company, LLC manufactures and distributes wood/plastic composite products primarily for residential and commercial decking applications. Trex Wood-Polymer(TM) lumber ("Trex") is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene. TREX Company, LLC is a limited liability company formed under the laws of the State of Delaware on July 1, 1996 (inception). It initiated commercial activity on August 29, 1996. On August 29, 1996, TREX Company, LLC acquired substantially all of the assets and assumed certain liabilities of the Composite Products Division of Mobil Oil Corporation for a cash purchase price of approximately $29.5 million. The acquisition was accounted for using the purchase accounting method.

Reorganization

Trex Company, Inc., TREX Company, LLC and the holders of membership interests in TREX Company, LLC completed certain transactions (the "Reorganization") on April 7, 1999, prior to the consummation of the IPO. In the Reorganization, the junior members of TREX Company, LLC contributed their membership interests to Trex Company, Inc. in exchange for 9,500,000 shares of Common Stock of Trex Company, Inc. Concurrently with such exchange, the preferred member of TREX Company, LLC exchanged its preferred membership interest for a $3.1 million note of Trex Company, Inc. As a result of such exchanges, TREX Company, LLC became a wholly owned subsidiary of Trex Company, Inc. The Company has accounted for the Reorganization as an exchange of shares between entities under common control at historical cost in a manner similar to a pooling of interests. After the Reorganization, the ownership percentage of each Trex Company, Inc. common stockholder was the same as its ownership percentage in the junior membership interests of TREX Company, LLC.

As part of the Reorganization, the Company made a special cash distribution (the "LLC Distribution") to its junior members in the amount of $12.6 million, of which $6.7 million was paid prior to the consummation of the IPO. The Company finalized its determination of amounts due to the junior members for the LLC Distribution in July 1999 and distributed an additional $822,000 in the third quarter of 1999. A deferred income tax liability of $2.6 million was recognized as a result of the conversion of TREX Company, LLC in the Reorganization from a partnership for federal income tax purposes to a corporation taxed in accordance with Subchapter C of the Internal Revenue Code (a "C corporation").

Immediately prior to the Reorganization, TREX Company, LLC exercised an option to repurchase 667 units of junior membership interest from certain members at a price of $.01 per unit.

Initial Public Offering

In the IPO, the Company sold 4,615,450 shares of Common Stock at a public offering price of $10.00 per share. Of such shares, the Company sold 4,000,000 shares on April 13, 1999 and 615,450 shares on May 6, 1999 pursuant to the underwriters' exercise in full of their over-allotment option. The net proceeds from the IPO, after deducting underwriting discounts and commissions and offering expenses payable by the Company, totaled approximately $41.1 million. The net proceeds of approximately $35.5 million from the sale of shares on April 13, 1999 were used as follows: approximately $28.1 million was used to repay approximately $26.3 million of senior and subordinated notes, accrued interest thereon and a related prepayment premium of approximately $1.5 million; approximately $3.1 million was used to repay the note issued to the preferred member of TREX Company, LLC in the Reorganization; and approximately $4.3 million was used to fund a portion of the LLC Distribution. The net proceeds of approximately $5.6 million from the over-allotment exercise were used as follows: approximately $4.4 million was used to repay borrowings under the Company's revolving credit facility and approximately $1.2 million was used for working capital and general corporate purposes.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the accompanying consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normally recurring accruals, except as described below) considered necessary for a fair presentation have been included in the accompanying consolidated financial statements. The consolidated results of operations for the three-month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the full fiscal year. These consolidated financial statements should be read in conjunction with the consolidated audited financial statements as of December 31, 1998 and 1999 and for each of the three years in the period ended December 31, 1999 included in annual report of Trex Company, Inc. on Form 10-K (File No. 001-14649), as filed with the Securities and Exchange Commission.

3. Inventory

Inventories consist of the following:

	December 31, 1999	March 31, 2000
Finished goods	$7,599,000	$3,298,000
Raw materials	1,069,000	1,921,000
	$8,668,000	$5,219,000

4. Debt

On April 27, 2000, the Company and the lender revised the terms of the Company's bank revolving credit facility primarily to extend the maturity and principal amortization terms of the facility. The new terms of the revolving credit facility provide for borrowings of up to $10.0 million on an unsecured basis for working capital and general corporate purposes. In addition, under this facility, the Company may obtain a total of $7.5 million of term loans, collateralized by certain equipment, to finance equipment purchases and for other general corporate purposes. Amounts drawn under the revolving credit facility and any term loans bear interest at an annual rate equal to LIBOR plus 1.00%. The revolving credit facility will mature on June 30, 2003. The unpaid principal balance, if any, of term loans outstanding on June 30, 2001 will be payable in consecutive monthly payments beginning on August 1, 2001, and the entire unpaid principal balance of the term loans will be payable in full on July 1, 2008.

On September 30, 1999, the Company refinanced two loans with which it financed the site acquisition and construction of the Company's second manufacturing facility located in Nevada with a 15-year term loan in the original principal amount of $6.7 million. Pursuant to an interest rate swap, interest on this loan is payable at an annual rate of 7.90%.

5. Stockholders' Equity

The following table sets forth the computation of basic earnings per share:

	Three Months Ended March 31,	
	1999	2000
Numerator:		
Net income	$7,558,000	$ 7,057,000
Preferred dividends	(101,000)	--
Net income available to common shareholders	$7,457,000	$ 7,057,000
Denominator:		
Denominator for basic earnings per share-weighted average shares outstanding	9,500,000	14,122,172
Basic earnings per share	$ 0.78	$ 0.50

The earnings per share amounts shown above have been adjusted to reflect the Reorganization and the issuance of 9,500,000 shares of Trex Company, Inc. Common Stock in exchange for the junior units in TREX Company, LLC. Earnings per share on a fully diluted basis is the same as basic earnings per share and, therefore, is not separately presented.

6. Seasonality

The Company's net sales and income from operations have historically varied from quarter to quarter. Such variations are principally attributable to seasonal trends in the demand for the Trex product. The Company typically experiences lower net sales during the fourth quarter due to holidays and adverse weather conditions in certain regions, which reduce the level of home improvement and new construction activity. Net sales during the first quarter of 1999 accounted for approximately 30% of sales in the year ended December 31, 1999.

7. Pro Forma and Supplemental Pro Forma Data (Unaudited)

The pro forma consolidated statement of operations data set forth in the accompanying consolidated statements of operations give effect to the Reorganization as if the Reorganization had occurred on January 1, 1999. The pro forma income taxes and pro forma net income reflect federal and state income taxes (assuming a 38% combined effective tax rate) as if the Company had been taxed as a C corporation for the three months ended March 31, 1999. The pro forma consolidated statement of operations data excludes one-time charges relating to the Reorganization and IPO, including (i) a net deferred tax liability of approximately $2.6 million and (ii) a $1.1 million extraordinary charge for the extinguishment of debt repaid from the net proceeds of the IPO. Pro forma weighted average shares outstanding reflect 9,500,000 shares of Trex Company, Inc. Common Stock outstanding through March 31, 1999 (See Note 1).

The following table sets forth the computation of basic earnings per common share on a supplemental pro forma basis:

	Three Months Ended March 31, 1999
Numerator:	
Historical income from operations	$ 8,358,000
Supplemental pro forma interest expense, net	(106,000)
Supplemental pro forma income tax provision	(3,136,000)
Supplemental pro forma net income available to common shareholders	$ 5,116,000
Denominator:	
Denominator for supplemental pro forma basic earnings per common share-weighted average shares outstanding	14,115,450
Supplemental pro forma basic earnings per common share	$ 0.36

The foregoing supplemental pro forma basic earnings per common share amounts as of and for the quarter ended March 31, 1999 have been adjusted to reflect the Reorganization (see Note 1) as if the Reorganization had occurred on January 1, 1999. The supplemental pro forma interest expense gives effect to the repayment of the senior and subordinated notes of the Company (see Note 1) as if such repayments had been made as of January 1, 1999. The supplemental pro forma income taxes reflect federal and state income taxes (assuming a 38% combined effective tax rate) as if the Company had been taxed as a C corporation as of January 1, 1999. Supplemental pro forma net income available to common shareholders assumes the preferred units in TREX Company, LLC were exchanged for a note of Trex Company, Inc. as of January 1, 1999 and excludes one-time charges relating to the Reorganization and IPO, including (i) a net deferred tax liability of approximately $2.6 million and (ii) a $1.1 million extraordinary charge for the extinguishment of debt repaid from the net proceeds of the IPO. Supplemental pro forma weighted average shares outstanding assumes that the shares issued in the Reorganization and the IPO were outstanding for all of the quarter ended March 31, 1999. Supplemental pro forma earnings per share on a fully diluted basis is the same as supplemental pro forma basic earnings per share and, therefore, is not separately presented.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations 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 the Company's expected financial position and operating results, its business strategy and its financing plans are forward-looking statements. These statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially. Such risks and uncertainties include the Company's ability to increase market acceptance of its Trex product; the Company's lack of product diversification; the Company's current dependence on its two manufacturing facilities and its ability to increase its manufacturing capacity in its existing facilities; the Company's reliance on the supply of raw materials used in its production process; the Company's sensitivity to economic conditions, which influence the level of activity in home improvements and new home construction; the Company's ability to manage its growth; the Company's significant capital requirements; and the Company's dependence on its largest distributors to market and sell its products. A discussion of these risks and uncertainties is contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 22, 2000.

References to the "Company" in the following discussion mean TREX Company, LLC until the consummation of the reorganization on April 7, 1999 (the "Reorganization") and Trex Company, Inc. and its wholly owned subsidiary, TREX Company, LLC, at all times thereafter. See Note 1 to the Consolidated Financial Statements included elsewhere in this report.

Overview

The Company is the nation's largest manufacturer of non-wood decking alternative products, which are marketed under the brand name Trex(R). Trex Wood-Polymer(TM) lumber ("Trex") is a wood/plastic composite which is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene. Trex is used primarily for residential and commercial decking. Trex also has non-decking product applications, including applications for parks and recreational areas, floating and fixed docks and other marine applications, and landscape edging.

Net sales consists of sales net of returns and discounts. Cost of sales consists of raw material costs, direct labor costs and manufacturing costs, including depreciation. The principal component of selling, general and administrative expenses is branding and other sales and marketing costs, which have increased significantly as the Company has sought to build brand awareness of Trex in the decking market. Sales and marketing costs consist primarily of salaries, commissions and benefits paid to sales and marketing personnel, advertising expenses and other promotional costs. General and administrative expenses include salaries and benefits of personnel engaged in research and development, procurement, accounting and other business functions and office occupancy costs attributable to such functions, as well as amortization expense.

The Company did not record an income tax provision for any period through April 7, 1999. Until the Reorganization, the Company elected to be treated as a partnership for federal and state income tax purposes. Accordingly, the Company's income through April 7, 1999 was taxed directly to the Company's members, rather than to the Company.

Three Months Ended March 31, 2000 Compared with Three Months Ended March 31, 1999

Net Sales

Net sales in the three months ended March 31, 2000 (the "2000 quarter") increased 70.2% to $38.1 million from $22.4 million in the three months ended March 31, 1999 (the "1999 quarter"). The increase in net sales was primarily attributable to a growth in sales volume and, to a lesser extent, to a price increase of approximately 7.2%. Production line rate increases and the opening of the Company's Fernley, Nevada manufacturing facility with two production lines during the third quarter of 1999 and one production line in each of December 1999 and January 2000 significantly increased the Company's production capacity in the 2000 quarter. The increase in the number of dealer outlets, from approximately 2,000 at March 31, 1999 to approximately 2,300 at March 31, 2000, also contributed to the growth in sales volume.

Cost of Sales

Cost of sales increased 100.2% to $19.9 million in the 2000 quarter from $9.9 million in the 1999 quarter. Cost of sales as a percentage of net sales increased to 52.3% in the 2000 quarter from 44.5% in the 1999 quarter. The increase principally reflected higher raw material costs and scrap rates. These increased costs were partially offset by operating efficiencies from improved production line rates and the economies of scale resulting from the second manufacturing facility and additional production lines.

Gross Profit

Gross profit increased 46.2% to $18.2 million in the 2000 quarter from $12.4 million in the 1999 quarter. The increase in gross profit, which was partially offset by increased manufacturing costs, was attributable to the higher sales volume and the price increase. Gross profit as a percentage of net sales decreased to 47.7% in the 2000 quarter from 55.5% in the 1999 quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 60.1% to $6.5 million in the 2000 quarter from $ 4.1 million in the 1999 quarter. The increase was primarily attributable to performance bonuses of $1.1 million recognized in the 2000 quarter, and higher branding costs, including expenses of promotion, advertising, public relations, sales literature, trade shows and cooperative advertising, which increased 35.9% to $2.0 million in the 2000 quarter from $1.5 million in the 1999 quarter. The Company did not record any performance bonuses in the 1999 quarter. An increase in corporate personnel necessary to support the Company's growth accounted for $0.4 million of the increase. Site selection costs related to locating a third manufacturing facility and expenses associated with being a publicly traded company contributed $0.3 million of the increase. Selling, general and administrative expenses as a percentage of net sales decreased to 17.1% in the 2000 quarter from 18.2% in the 1999 quarter.

Interest Expense

Net interest expense decreased 65.4% to $0.3 million in the 2000 quarter from $0.8 million in the 1999 quarter. The decrease was primarily attributable to lower average balances outstanding as a result of the repayment, in the second quarter of 1999, of $21.3 million of senior debt and $5.0 million of subordinated debt with the net proceeds of the Company's initial public offering.

Provision for Income Taxes

The Company was taxed as a partnership for federal and state tax purposes for all periods through April 7, 1999 and thus through that date recorded no provision for income taxes. The income tax provision of $4.3 million in the 2000 quarter represents an assumed 38% combined effective tax.

Net Income

The Company realized net income of $7.1 million in the 2000 quarter compared to net income of $7.6 million in the 1999 quarter. The decrease in net income in the current quarter resulted from the $4.3 million income tax provision, which offset an increase in income from operations of $3.3 million and a decrease in interest expense of $0.5 million.

Liquidity and Capital Resources

The Company's total assets increased from $79.3 million at December 31, 1999 to $84.3 million at March 31, 2000. Higher receivables balances resulting from an increase in net sales in the 2000 quarter accounted for $3.5 million of the increase. Inventories decreased $3.5 million in relation to the increased net sales. Property, plant and equipment, net, increased $3.7 million as the Company installed one additional production line in its Fernley, Nevada manufacturing facility and began procurement and installation of equipment in the facility for two additional production lines.

The Company historically has financed its operations and growth primarily with cash flow from operations, operating leases, normal trade credit terms and borrowings under its credit facility.

The Company's cash flow from operating activities for the 2000 quarter was $11.4 million compared to $9.2 million for the 1999 quarter. Higher sales volume accounted for the increase in cash flow in the 2000 quarter.

On April 27, 2000, the Company and the lender revised the terms of the Company's bank revolving credit facility primarily to extend the maturity and principal amortization terms of the facility. The new terms of the revolving credit facility provide for borrowings of up to $10.0 million on an unsecured basis for working capital and general corporate purposes. In addition, under this facility, the Company may obtain a total of $7.5 million of term loans, collateralized by certain equipment, to finance equipment purchases and for other general corporate purposes. Amounts drawn under the revolving credit facility and any term loans bear interest at an annual rate equal to LIBOR plus 1.00%. The revolving credit facility will mature on June 30, 2003. The unpaid principal balance, if any, of term loans outstanding on June 30, 2001 will be payable in consecutive monthly payments beginning on August 1, 2001, and the entire unpaid principal balance of the term loans will be payable in full on July 1, 2008.

The Company substantially reduced its overall long-term indebtedness on April 13, 1999 following its repayment of $26.3 million principal amount of senior and subordinated notes with the net proceeds of the Company's initial public offering. As of March 31, 2000, the Company's indebtedness had an overall weighted average interest rate of approximately 7.6% per annum.

The Company financed its purchase of its Winchester, Virginia facility in June 1998 with a ten-year term loan of $3.8 million. Pursuant to an interest rate swap agreement, interest on this loan is payable at an annual rate of 7.12%.

The Company financed its purchase of the Trex Technical Center in November 1998 in part with the proceeds of a ten-year term loan of $1.0 million. Pursuant to an interest rate swap agreement, interest on this loan is payable at an annual rate of 6.8%.

The Company financed its acquisition of the site for its manufacturing facility located in Nevada in December 1998 in part with a $2.1 million loan which was payable in September 1999. The Company financed construction of the facility in part with proceeds of $4.6 million under a construction loan which was payable in November 1999. The site acquisition and construction loans accrued interest at an annual rate of 7.5%. The Company refinanced both loans on September 30, 1999 with a fifteen-year term loan in the original principal amount of $6.7 million. Pursuant to an interest rate swap agreement, interest on this loan is payable at an annual rate of 7.90%.

Expansion of the Company's production capacity will continue to require significant capital expenditures. Capital expenditures during the 2000 quarter totaled approximately $5.0 million and for the balance of 2000 are expected to total approximately $28.0 million. Of this amount, approximately $5.0 million is expected to be used for the balance of three new production lines in the Fernley facility and $13.0 million for the further expansion of the Company's manufacturing facilities. The Company believes that cash on hand, cash flow from operations and borrowings expected to be available under the Company's credit facility will provide sufficient funds to enable the Company to expand its business as currently planned for at least the next 12 months. The actual amount and timing of the Company's future capital requirements may differ materially from the Company's estimate depending on the demand for Trex and new market developments and opportunities. The Company may determine that it is necessary or desirable to obtain financing for such requirements through bank borrowings or the issuance of debt or equity securities. Debt financing would increase the leverage of the Company, while equity financing may dilute the ownership of the Company's stockholders. There can be no assurance as to whether, or as to the terms on which, the Company will be able to obtain such financing.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is to changing interest rates. The Company's policy is to manage interest rates through a combination of variable-rate debt under its revolving credit facility and interest rate swap agreements with respect to its other debt. Amounts drawn under the revolving credit facility and any term loans bear interest at an annual rate equal to LIBOR plus 1.00%. As of March 31, 2000, pursuant to interest-rate swap agreements, the Company had effectively fixed its interest rate exposure under its other debt at approximately 7.6% through 2014.

The Company does not use foreign currency forward contracts or commodity contracts and does not have any material foreign currency exposure.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The Company files herewith the following exhibits:

10.1 Second Amendment to Amended and Restated Credit Agreement, dated as of April 27, 2000, among Trex Company, Inc., TREX Company, LLC and First Union National Bank. Filed herewith.

27. Financial Data Schedule. Filed herewith.

(b) The Company did not file any Current Reports on Form 8-K during the period covered by this report.

SIGNATURES

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

TREX COMPANY, INC.
(Registrant)

Date: May 11, 2000

/s/ Anthony J. Cavanna

Anthony J. Cavanna, Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Exhibit 10.1

SECOND AMENDMENT TO AMENDED
AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is dated as of April 27, 2000 by and among TREX COMPANY, LLC, a Delaware limited liability company ("Borrower"), TREX COMPANY, INC., a Delaware corporation ("Guarantor") and FIRST UNION NATIONAL BANK, a national banking association ("Bank").

R E C I T A L S

A. Borrower, Guarantor and Bank are parties to that certain Amended and Restated Credit Agreement dated as of August 3, 1999, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of December 15, 1999 (the "Credit Agreement").

B. Borrower, Guarantor and Bank have agreed to extend the Revolving Credit Period and the Term Loan Period.

A G R E E M E N T

NOW THEREFORE, in consideration of the mutual covenants herein and for Ten Dollars and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein by this reference as if fully set forth in the text of this Amendment.

2. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

3. Amendment.

a. The definition of "Term Loan Period" in the Definitions Appendix to the Credit Agreement is hereby deleted in its entirety and the following new definition is substituted therefor:

"Term Loan Period" means the period from and including the Closing Date to but not including June 30, 2001.

b. The definition of "Termination Date" in the Definitions Appendix to the Credit Agreement is hereby deleted in its entirety and the following new definition is substituted therefor:

"Termination Date" means June 30, 2003, as said date may be extended pursuant to Section 2.07(b).

c. Section 2.07(b)(i) of the Credit Agreement is hereby deleted in its entirety and the following new Section 2.07(b)(i) is substituted therefor:

(i) The Bank my elect, by notice to the Borrower not less than 15 days and not more than 45 days prior to June 30, 2003 or the first anniversary of an Extension Date (as applicable, an "Anniversary Date"), to extend the Revolving Credit Period until the second anniversary of such Anniversary Date (each of the first and subsequent Anniversary Dates on which the Revolving Credit Period is extended hereunder being referred to herein as an "Extension Date"). Failure by the Bank to notify the Borrower of such election within the above time period shall be deemed to constitute an election by the Bank not to extend the Revolving Credit Period.

d. Section 2.08(c) of the Credit Agreement is hereby deleted in its entirety and the following new Section 2.08(c) is substituted therefor:

(c) Term Loans. The unpaid principal balance of the Term Loans on June 30, 2001 shall be payable in consecutive monthly payments on the first day of each month, beginning August 1, 2001, equal to the quotient of the amount of such unpaid principal balance on June 30, 2001 divided by 84; provided, however, that the entire unpaid principal balance of the Term Loans and all accrued interest thereon shall be due and payable in full on July 1, 2008.

4. Representations and Warranties. Each of Borrower and Guarantor hereby confirms to Bank that all representations and warranties of Borrower and Guarantor contained in the Credit Agreement are true and correct as if made on the date hereof.

5. Full Force and Effect. Except as specifically set forth herein, all terms and conditions of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect.

6. Binding Effect. Each of Borrower and Guarantor hereby reaffirms its covenant and agreement to perform, comply with and be bound by each and every one of the terms and provisions of the Credit Agreement, as modified by this Amendment.

7. Acknowledgment; No Novation. Borrower, Guarantor and Bank agree that this Amendment shall not constitute a novation of the indebtedness evidenced by the Term Note or any of the other Obligations.

8. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

9. Severability. In case any one or more of the provisions contained in this Amendment shall be invalid, illegal or unenforceable, the validity and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10. Counterparts. This Amendment may be executed by the parties hereto in two counterparts, each of which shall be deemed an original and both of which shall constitute together but one and the same agreement.

The undersigned have caused this Amendment to be executed in the names and under the seals of the undersigned, with the intent that this be a sealed instrument.

BORROWER:

TREX COMPANY, LLC, a Delaware limited liability company

/s/ Anthony J. Cavanna
By:________________________________(SEAL)
Anthony J. Cavanna
Chief Executive Officer

GUARANTOR:

TREX COMPANY, INC., a Delaware corporation

/s/ Anthony J. Cavanna
By:_________________________________(SEAL)
Anthony J. Cavanna
Chief Financial Officer

BANK:

FIRST UNION NATIONAL BANK, a national banking association

/s/ B. Scott Arthur
By:_________________________________(SEAL)
B. Scott Arthur
Vice President

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3-MOS
DEC-31-2000
MAR-31-2000
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4,716
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0
7,057
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0.50