

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 September 30, 2001

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)

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

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

22603-8605
(Zip Code)

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

20 South Cameron Street, Winchester, Virginia 22601
(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 No

The number of shares of the registrant's common stock, par value \$.01 per share, outstanding at November 11, 2001 was 14,154,558 shares.

TREX COMPANY, INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of December 31, 2000
and September 30, 2001 (unaudited)..... 3

Condensed Consolidated Statements of Operations for the Three
and Nine Months Ended September 30, 2000 and 2001 (unaudited)... 4

Condensed Consolidated Statements of Cash Flows for the Nine
Months Ended September 30, 2000 and 2001 (unaudited)..... 5

Notes to Condensed Consolidated Financial Statements
(unaudited)..... 6

Item 2. Management's Discussion and Analysis of Financial Condition and
Results of Operations..... 9

Item 3. Quantitative and Qualitative Disclosures about Market Risk..... 13

PART II. OTHER INFORMATION

Item 1. Legal Proceedings..... 14

Item 2. Changes in Securities and Use of Proceeds..... 14

Item 3. Defaults Upon Senior Securities..... 14

Item 4. Submission of Matters to a Vote of Security Holders..... 14

Item 5. Other Information..... 14

Item 6. Exhibits and Reports on Form 8-K..... 14

Signatures 16

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TREX COMPANY, INC.

Condensed Consolidated Balance Sheets

	December 31, 2000	September 30, 2001
	-----	----- (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ --	\$ --
Trade accounts receivable.....	10,582,000	5,308,000
Inventories.....	23,017,000	32,002,000
Prepaid expenses and other assets.....	689,000	741,000
Deferred income taxes.....	478,000	360,000
	-----	-----
Total current assets.....	34,766,000	38,411,000
	-----	-----
Property, plant, and equipment, net.....	113,635,000	137,330,000
Intangible assets, net.....	7,544,000	7,013,000
Other.....	650,000	500,000
	-----	-----
Total assets.....	\$156,595,000	\$183,254,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable.....	\$ 17,082,000	\$ 10,449,000
Accrued expenses.....	2,053,000	1,156,000
Income taxes payable.....	574,000	181,000
Other current liabilities.....	664,000	894,000
Current portion of long-term debt.....	697,000	25,662,000
	-----	-----
Total current liabilities.....	21,070,000	38,342,000
	-----	-----
Deferred income taxes.....	5,782,000	6,354,000
Line of credit.....	44,748,000	41,764,000
Debt-related derivatives.....	--	1,906,000
Long-term debt.....	15,954,000	15,471,000
	-----	-----
Total liabilities.....	87,554,000	103,837,000
	-----	-----
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; 14,135,060 and 14,151,125 shares issued and outstanding.....	141,000	142,000
Additional capital.....	41,330,000	41,542,000
Retained earnings.....	27,570,000	38,915,000
Accumulated other comprehensive net loss.....	--	(1,182,000)
	-----	-----
Total stockholders' equity.....	69,041,000	79,417,000
	-----	-----
Total liabilities and stockholders' equity.....	\$156,595,000	\$183,254,000
	=====	=====

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	2001	2000	2001
Net sales.....	\$25,806,000	\$29,868,000	\$101,308,000	\$99,791,000
Cost of sales.....	12,703,000	16,716,000	52,030,000	55,754,000
Gross profit.....	13,103,000	13,152,000	49,278,000	44,037,000
Selling, general and administrative expenses..	4,647,000	7,478,000	19,097,000	24,602,000
Income from operations.....	8,456,000	5,674,000	30,181,000	19,435,000
Interest income.....	3,000	--	5,000	2,000
Interest (expense).....	(79,000)	(760,000)	(621,000)	(1,710,000)
Income before taxes.....	8,380,000	4,914,000	29,565,000	17,727,000
Income taxes.....	3,184,000	1,511,000	11,231,000	6,382,000
Net income.....	\$ 5,196,000	\$ 3,403,000	\$ 18,334,000	\$11,345,000
Basic earnings per common share.....	\$ 0.37	\$ 0.24	\$ 1.30	\$ 0.80
Weighted average basic shares outstanding.....	14,132,959	14,149,049	14,127,938	14,142,686
Diluted earnings per common share.....	\$ 0.37	\$ 0.24	\$ 1.29	\$ 0.80
Weighted average diluted shares outstanding...	14,193,579	14,171,593	14,182,491	14,172,971

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Condensed Consolidated Statements of Cash Flows
(unaudited)

Nine Months Ended September 30,

	2000	2001
OPERATING ACTIVITIES		
Net income.....	\$ 18,334,000	\$ 11,345,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes.....	1,465,000	1,414,000
Depreciation and amortization.....	4,899,000	6,254,000
Loss on disposal of property, plant and equipment.....	14,000	472,000
Changes in operating assets and liabilities:		
Trade accounts receivable.....	(4,430,000)	5,274,000
Inventories.....	(3,851,000)	(8,985,000)
Prepaid expenses and other assets.....	(819,000)	98,000
Trade accounts payable.....	4,443,000	(6,633,000)
Accrued expenses.....	941,000	(897,000)
Income taxes payable.....	2,304,000	(393,000)
Other current liabilities.....	(436,000)	230,000
Net cash provided by operating activities.....	22,864,000	8,179,000
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment.....	(40,422,000)	(29,890,000)
Net cash used in investing activities.....	(40,422,000)	(29,890,000)
FINANCING ACTIVITIES		
Borrowing under mortgages and term loans.....	5,940,000	--
Principal payments under mortgages and term loans.....	(329,000)	(518,000)
Borrowings under line of credit.....	29,321,000	72,655,000
Principal payments under line of credit.....	(17,575,000)	(50,639,000)
Proceeds from exercise under employee stock purchase and option plans.....	201,000	213,000
Net cash provided by financing activities.....	17,558,000	21,711,000
Net increase in cash and cash equivalents.....	--	--
Cash and cash equivalents at beginning of period.....	--	--
Cash and cash equivalents at end of period.....	\$ --	\$ --
Supplemental Disclosure:		
Cash paid for interest.....	\$ 1,039,000	\$ 3,475,000
Cash paid for income taxes.....	\$ 7,517,000	\$ 5,367,000

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Notes to Condensed Consolidated Financial Statements
For the Three and Nine months Ended September 30, 2000 and 2001 (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 of the Company's common stock. Through its wholly owned subsidiary, TREX Company, LLC, the Company manufactures and distributes wood/plastic composite products primarily for residential and commercial decking applications. Trex Wood-Polymer(R) 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.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed 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 condensed 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) considered necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements. The consolidated results of operations for the three-month and nine-month periods ended September 30, 2001 are not necessarily indicative of the results that may be expected for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated audited financial statements as of December 31, 1999 and 2000 and for each of the three years in the period ended December 31, 2000 included in the 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, 2000	September 30, 2001
	-----	-----
		(unaudited)
Finished goods.....	\$19,523,000	\$26,103,000
Raw materials.....	3,494,000	5,899,000
	-----	-----
	\$23,017,000	\$32,002,000
	=====	=====

4. DEBT

On November 13, 2001, the Company and the lender revised the terms of the Company's bank credit facility, primarily to increase the maximum amount of borrowings available to the Company, restructure the form of borrowings, and modify the term of the facility. The terms of the revised credit agreement provide for borrowings under a revolving credit facility of up to \$17.0 million for working capital and general corporate purposes through January 31, 2003. Amounts drawn under the revolving credit agreement bear interest at an annual rate equal to LIBOR plus 3.00% through June 30, 2002 and LIBOR plus 4.00% thereafter, and are subject to a borrowing base consisting of accounts receivable and finished goods inventories. The revised agreement also provides for a \$58.0 million term loan, with scheduled

principal reductions of \$5.0 million on each of March 1, April 1, May 1, June 1 and July 1, 2002. The remaining principal balance and accrued interest on the term loan will be payable in full on January 31, 2003. Amounts drawn under the term loan up to \$33.0 million bear interest at an annual rate equal to LIBOR plus 3.00% through June 30, 2002 and LIBOR plus 4.00% thereafter. Amounts drawn under the term loan in excess of \$33.0 million bear interest at an annual rate equal to LIBOR plus 5.00%. As of the date of this report, the Company has drawn down \$58.0 million under the term loan. In connection with the revised agreement, the maturity dates of the Company's real estate mortgage loans with this lender were modified and the interest rates on these loans were increased by 200 basis points through June 30, 2002 and by 300 basis points thereafter. The mortgage loans will be payable in full on January 31, 2003 or, if earlier, on the date on which the term loan and revolving credit facility are repaid, subject to an extension of such maturity dates until January 31, 2005 if the Company meets certain conditions. The revised agreement, which was effective as of September 30, 2001, contains restrictive and financial covenants, and borrowings under the agreement are secured by a lien on substantially all of the Company's assets. In connection with the revised agreement, the Company issued the lender a warrant exercisable until January 31, 2005 to purchase up to 707,557 shares of the Company's common stock at a price per share equal to the average of the last sale price of the common stock on the New York Stock Exchange for the 20 consecutive trading days beginning on October 30, 2001. The lender's right to purchase one-half of those shares will automatically terminate if the Company repays the revolving credit facility and term loan and an outstanding letter of credit on or before June 30, 2002. Before the foregoing revisions to the credit agreement, the Company was not in compliance with certain requirements of the agreement, including covenants that require the Company to maintain minimum leverage and capitalization ratios and to reduce its outstanding borrowings under the credit facility to \$50 million as of a specified date. As a result of such non-compliance, the Company was also in violation of certain of its mortgage loans with a total balance of approximately \$9.9 million as of September 30, 2001. The revision of the credit agreement eliminated such non-compliance as of September 30, 2001 under both the credit facility and such mortgage loans.

5. STOCKHOLDERS' EQUITY

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	2001	2000	2001
Numerator:				
Net income available to common shareholders, basic and diluted.....	\$ 5,196,000	\$ 3,403,000	\$18,334,000	\$11,345,000
Denominator:				
Weighted average shares outstanding, basic....	14,132,959	14,149,049	14,127,938	14,142,686
Impact of potential common shares:				
Stock options.....	60,620	22,544	54,553	30,285
Weighted average shares outstanding, diluted..	14,193,579	14,171,593	14,182,491	14,172,971
Basic earnings per share.....	\$0.37	\$0.24	\$1.30	\$0.80
Diluted earnings per share.....	\$0.37	\$0.24	\$1.29	\$0.80

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 has historically experienced lower net sales during the fourth quarter because of holidays and adverse weather conditions in certain regions, which reduce the level of home improvement and new construction activity. Net sales during the third quarter of 2000 accounted for approximately 21.9% of annual sales in 2000. During the third quarter of 2000, the Company's increased production capacity enabled it to eliminate the allocation of product supply to its network of wholesale distributors and retail dealers. Because customer stockpiling of inventories resulting from this allocation policy affected seasonality, the Company's historical seasonality may not be a reliable indicator of future seasonality.

7. NEW ACCOUNTING STANDARDS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by Statement of Financial

Accounting Standard No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value.

In order to manage market risk exposure related to changing interest rates, the Company has entered into interest rate swap agreements effectively converting its floating rate mortgage debt to a fixed-rate obligation. These interest rate swap agreements have the same payment and maturity terms as the underlying debt and are accounted for under the short-cut method as permitted by SFAS No. 133.

The transition adjustment to implement this new standard, which is presented as a cumulative effect of change in accounting principle, increased liabilities by approximately \$820,000, with a corresponding reduction in stockholders' equity through other comprehensive income (approximately \$508,000, net of tax). The Company recognized an increase in the liability of \$1,056,000, with a corresponding decrease to stockholders' equity through other comprehensive income (approximately \$732,000 net of tax and reclassification of earnings), for the three-month period ended September 30, 2001 and an increase in the liability of \$1,086,000 with a corresponding decrease to stockholders' equity through other comprehensive income (approximately \$825,000, net of tax and reclassification to earnings), for the nine-month period ended September 30, 2001. The Company estimates that of the amounts included in other comprehensive income, approximately \$410,000, net of taxes of approximately \$251,000, will be reclassified to earnings over the next 12 months.

Comprehensive income for the Company includes net income and derivative gains or losses that are excluded from net income but included as a separate component of total stockholders' equity. Comprehensive income for the three-month and nine-month periods ended September 30, 2000 and 2001 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	2001	2000	2001
Net income.....	\$5,196,000	\$3,403,000	\$18,334,000	\$11,345,000
Cumulative effect of a change in accounting principle.....	--	--	--	(508,000)
Net derivative change in fair value.....	--	(732,000)	--	(825,000)
Derivative loss reclassified to earnings.....	--	77,000	--	151,000
Total comprehensive income.....	\$5,196,000	\$2,748,000	\$18,334,000	\$10,163,000

The Company implemented the consensus of the Emerging Issues Task Force Issue 00-10, "Accounting for Shipping and Handling Fees and Costs," or EITF 00-10, in the fourth quarter of 2000. This rule requires that all shipping and handling fees be recorded in net sales and that the related costs be included in cost of sales. Previously, the Company had classified shipping and handling fees, net of shipping and handling costs, as cost of sales. The effect of this reclassification was to increase net sales and cost of sales by approximately \$0.7 million for three-month period ended September 30, 2000, and approximately \$2.6 million for the nine-month period ended September 30, 2000. This reclassification had no effect on net income in any period.

In September 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets," effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of 2002. During 2002, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of January 1, 2002. The Company has not yet determined what the effect of these tests will be on its earnings and financial position.

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; 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 ability to raise capital; 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 28, 2001. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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(R) 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 consist of sales and freight, net of returns and discounts. Cost of sales consists of raw material costs, direct labor costs and manufacturing costs, including depreciation and freight. The most significant 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.

For most fiscal periods since the Company's inception, the Company has had to allocate its product supply to its customers. In 2000, the Company made capital expenditures of approximately \$60.1 million, primarily to increase production capacity. Because of the expansion of its production capacity, during the third quarter of 2000 the Company was able to eliminate the allocation of product supply to its network of wholesale distributors and retail dealers. As a result of this development and current adverse economic conditions, customers generally no longer seek to stockpile inventories. The Company believes there has been a temporary slowdown in new orders as excess inventories at the wholesale and retail levels are reduced. The Company also believes that the slowdown in new orders and the effect of the slowdown on net sales may continue until the more normal seasonal demand for Trex products is fully resumed in 2002. During the quarters ended June 30 and September 30, 2001, the Company suspended operations on a portion of its production capacity and halted a substantial portion of its capital projects to reduce investments in inventory and working capital and preserve capital. As of September 30, 2001, the Company's capital projects in process totaled approximately \$44.2 million. The Company has ceased the capitalization of interest on these projects until they are resumed. The Company is currently utilizing six of its 15 available production lines, representing approximately 40% of its production capacity. In connection with the curtailment of production capacity, the Company in August 2001 terminated approximately 15 employees at its Fernley, Nevada manufacturing facility and in October 2001 terminated a total of approximately 75 employees at its Fernley, Nevada and Winchester, Virginia manufacturing facilities and its corporate headquarters.

Three Months Ended September 30, 2001 Compared with Three Months Ended
September 30, 2000

Net Sales

Net sales in the three months ended September 30, 2001 (the "2001 quarter") increased 15.7 % to \$29.9 million from \$25.8 million in the three months ended September 30, 2000 (the "2000 quarter"). The increase in net sales was significantly influenced by the increase in the number of dealer outlets, from approximately 2,500 at September 30, 2000 to approximately 2,900 at September 30, 2001, and to a lesser extent, a price increase of approximately 6.8%.

Cost of Sales

Cost of sales increased 31.6% to \$16.7 million in the 2001 quarter from \$12.7 million in the 2000 quarter as a result of the higher sales volume. Cost of sales as a percentage of net sales increased to 56.0% in the 2001 quarter from 49.2% in the 2000 quarter. The increase principally reflected operating inefficiencies from the reduced production level in the 2001 quarter.

Gross Profit

Gross profit increased 0.4% to \$13.2 million in the 2001 quarter from \$13.1 million in the 2000 quarter. The increase in gross profit was primarily attributable to the higher sales volume, which was substantially offset by production inefficiencies from the reduced production level in the 2001 quarter. Gross profit as a percentage of net sales decreased to 44.0% in the 2001 quarter from 50.8% in the 2000 quarter, primarily because of the increase in cost of sales as a percentage of net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 60.9% to \$7.5 million in the 2001 quarter from \$4.6 million in the 2000 quarter, primarily because of an increase of \$1.0 million in corporate personnel expenses and related hiring costs necessary to support the Company's growth and an increase of \$1.1 million in expense incurred in the Company's marketing and branding activities. Expenses relating to information technology increased \$0.3 million as the Company continued installation of a new enterprise reporting system. During the 2001 quarter, the Company wrote off \$0.3 million of previously capitalized costs relating to work performed on a prospective third plant site in Knoxville, Tennessee, which the Company decided not to pursue, and unamortized leasehold improvements of \$0.2 million relating to the relocation of the Company's corporate headquarters. Rental expense increased \$0.2 million at the new headquarters facility. The foregoing increases were partially offset by a reduction of \$1.8 million in the accrual for profit sharing and management bonuses. The Company reversed these profit sharing and bonus accruals in the 2001 quarter based on management's revised assessment that none of the amounts would be earned and payable for 2001. As a percentage of net sales, selling, general and administrative expenses increased to 25.0% in the 2001 quarter from 18.0% in the 2000 quarter.

Interest Expense

Net interest expense increased to \$0.8 million in the 2001 quarter from \$0.1 million in the 2000 quarter. The increased expense primarily reflected higher average debt balances incurred since the 2000 quarter to fund the expansion of the Company's production capacity and, to a lesser extent, higher interest rates charged on outstanding borrowings. The increase was partially offset by the capitalization of interest with respect to projects financed with those borrowings.

Provision for Income Taxes

The Company recorded a provision for income taxes of \$1.5 million in the 2001 quarter compared to a provision of \$3.2 million in the 2000 quarter. Both provisions reflect a 38% combined effective tax rate. The provision in the 2001 quarter reflects a \$0.3 million adjustment to decrease the accrual for state taxes payable.

Net Income

The Company's net income decreased 34.5% to \$3.4 million in the 2001 quarter from \$5.2 million in the 2000 quarter. The decrease in net income in the 2001 quarter was primarily attributable to higher costs of sales attributable to production inefficiencies from the reduced production level and the increase in selling, general and administrative expenses.

Nine Months Ended September 30, 2001 Compared with Nine Months Ended September 30, 2000

Net Sales

Net sales in the nine months ended September 30, 2001 (the "2001 nine-month period") decreased 1.5% to \$99.8 million from \$101.3 million in the nine months ended September 30, 2000 (the "2000 nine-month period"). The decrease in net sales was primarily attributable to a reduction in sales volume, as the Company eliminated the allocation of product supply in October 2000, which led to customers reducing stockpiles of inventory in 2001. The increase in net sales was significantly influenced by the increase in the number of dealer outlets, from approximately 2,500 at September 30, 2000 to approximately 2,900 at September 30, 2001, and to a lesser extent, a price increase of approximately 6.8%.

Cost of Sales

Cost of sales increased 7.2% to \$55.8 million in the 2001 nine-month period from \$52.0 million in the 2000 nine-month period. Cost of sales as a percentage of net sales increased to 55.9% in the 2001 nine-month period from 51.4% in the 2000 nine-month period. The increase principally reflected operating inefficiencies from the reduced production level in the 2001 nine-month period.

Gross Profit

Gross profit decreased 10.6% to \$44.0 million in the 2001 nine-month period from \$49.3 million in the 2000 nine-month period. The decrease in gross profit was primarily attributable to the lower sales volume and production inefficiencies from the reduced production level in the 2001 nine-month period. Gross profit as a percentage of net sales decreased to 44.1% in the 2001 nine-month period from 48.6% in the 2000 nine-month period, primarily because of the increase in cost of sales as a percentage of net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 28.8% to \$24.6 million in the 2001 nine-month period from \$19.1 million in the 2000 nine-month period. The increase was primarily attributable to an increase of approximately \$2.8 million in corporate personnel expense and related hiring costs necessary to support the Company's planned growth, and an increase in marketing and branding expenses of \$1.2 million. Healthcare costs increased \$0.6 million due to a larger workforce and higher medical costs. Expenses relating to information technology increased \$0.3 million as the Company continued installation of a new enterprise reporting system. During the 2001 quarter, the Company wrote off \$0.3 million of previously capitalized costs relating to work performed on a prospective third plant site in Knoxville, Tennessee, which the Company decided not to pursue, and unamortized leasehold improvements of \$0.2 million relating to the relocation of the Company's corporate headquarters. Rental expense increased \$0.2 million at the new headquarters facility. The foregoing increases were partially offset by a reduction of \$1.8 million in the accrual for profit sharing and management bonuses. The Company reversed these profit sharing and bonus accruals in the 2001 quarter based on management's revised assessment that none of the amounts would be earned and payable for 2001. As a percentage of net sales, selling, general and administrative expenses increased to 24.7% in the 2001 nine-month period from 18.9% in the 2000 nine-month period.

Interest Expense

Net interest expense increased to \$1.7 million in the 2001 nine-month period from \$0.6 million in the 2000

nine-month period. The increased expense primarily reflected higher average debt balances incurred since the 2000 nine-month period to fund the expansion of the Company's production capacity and, to a lesser extent, higher interest rates charged on outstanding borrowings. The increase was partially offset by the capitalization of interest with respect to projects financed with those borrowings.

Provision for Income Taxes

The Company recorded a provision for income taxes of \$6.4 million in the 2001 nine-month period compared to a provision of \$11.2 million in the 2000 nine-month period. Both provisions reflect a 38% combined effective tax rate. The provision in the 2001 nine-month period reflects a \$0.3 million adjustment to decrease the accrual for state taxes payable.

Net Income

The Company's net income decreased 38.1% to \$11.3 million in the 2001 nine-month period from \$18.3 million in the 2000 nine-month period. The decrease in net income in the 2001 nine-month period was primarily attributable to lower net sales resulting from the stockpiling of inventories by customers, higher costs of sales attributable to production inefficiencies from the reduced production level, and the increase in selling, general and administrative expenses.

Liquidity and Capital Resources

The Company's total assets increased from \$156.6 million at December 31, 2000 to \$183.3 million at September 30, 2001. Receivables decreased by \$5.3 million as the Company offered some distributors extended payment terms in the fourth quarter of 2000 to facilitate the addition of new distributors and the introduction on a national basis of the newest Trex color, Madeira. Inventories increased by \$9.0 million from December 31, 2000 to September 30, 2001 as a result of lower net sales in the 2001 nine-month period. Property, plant and equipment, net, increased \$23.7 million as the Company continued construction of a second manufacturing facility in Winchester, Virginia, installation of manufacturing lines in both its Winchester, Virginia and Fernley, Nevada facilities, and construction of a plastic processing facility in Winchester, Virginia. Trade accounts payable decreased \$6.6 million as a result of the timing of payments relating to the foregoing construction projects. The Company financed these activities in the 2001 nine-month period from operating cash flows and additional net draws of approximately \$22.0 million under its revolving credit facilities.

The Company historically has financed its operations and growth primarily with cash flow from operations and borrowings under its credit facilities.

The Company's cash flow from operating activities for the 2001 nine-month period was \$8.2 million compared to cash flow from operating activities of \$22.9 million for the 2000 nine-month period. Trade accounts receivable, net, decreased from \$5.7 million at September 30, 2000 to \$5.3 million at September 30, 2001. Inventories increased from \$12.5 million at September 30, 2000 to \$32.0 million at September 30, 2001 as the Company's production of Trex products grew at a faster rate than net sales. Trade accounts payable decreased from \$10.9 million at September 30, 2000 to \$10.4 million at September 30, 2001 as a result of the timing of payments relating to the Company's construction projects.

As of September 30, 2001, the Company's indebtedness, excluding amounts outstanding under its revolving credit facility, totaled \$16.1 million and had an overall weighted average interest rate of approximately 9.0% per annum.

On November 13, 2001, the Company and the lender revised the terms of the Company's bank credit facility, primarily to increase the maximum amount of borrowings available to the Company, restructure the form of borrowings, and modify the term of the facility. The terms of the revised credit agreement provide for borrowings under a revolving credit facility of up to \$17.0 million for working capital and general corporate purposes through January 31, 2003. Amounts drawn under the revolving credit

agreement bear interest at an annual rate equal to LIBOR plus 3.00% through June 30, 2002 and LIBOR plus 4.00% thereafter, and are subject to a borrowing base consisting of accounts receivable and finished goods inventories. The revised agreement also provides for a \$58.0 million term loan, with scheduled principal reductions of \$5.0 million on each of March 1, April 1, May 1, June 1 and July 1, 2002. The remaining principal balance and accrued interest on the term loan will be payable in full on January 31, 2003. Amounts drawn under the term loan up to \$33.0 million bear interest at an annual rate equal to LIBOR plus 3.00% through June 30, 2002 and LIBOR plus 4.00% thereafter. Amounts drawn under the term loan in excess of \$33.0 million bear interest at an annual rate equal to LIBOR plus 5.00%. As of the date of this report, the Company has drawn down \$58.0 million under the term loan. In connection with the revised agreement, the maturity dates of the Company's real estate mortgage loans with this lender were modified and the interest rates on these loans were increased by 200 basis points through June 30, 2002 and by 300 basis points thereafter. The mortgage loans will be payable in full on January 31, 2003 or, if earlier, on the date on which the term loan and revolving credit facility are repaid, subject to an extension of such maturity dates until January 31, 2005 if the Company meets certain conditions. The revised agreement, which was effective as of September 30, 2001, contains restrictive and financial covenants, and borrowings under the agreement are secured by a lien on substantially all of the Company's assets. In connection with the revised agreement, the Company issued the lender a warrant exercisable until January 31, 2005 to purchase up to 707,557 shares of the Company's common stock at a price per share equal to the average of the last sale price of the common stock on the New York Stock Exchange for the 20 consecutive trading days beginning on October 30, 2001. The lender's right to purchase one-half of those shares will automatically terminate if the Company repays the revolving credit facility and term loan and an outstanding letter of credit on or before June 30, 2002. Before the foregoing revisions to the credit agreement, the Company was not in compliance with certain requirements of the agreement, including covenants that require the Company to maintain minimum leverage and capitalization ratios and to reduce its outstanding borrowings under the credit facility to \$50 million as of a specified date. As a result of such non-compliance, the Company was also in violation of certain of its mortgage loans with a total balance of approximately \$9.9 million as of September 30, 2001. The revision of the credit agreement eliminated such non-compliance as of September 30, 2001 under both the credit facility and such mortgage loans.

Capital expenditures during the 2001 nine-month period totaled \$29.9 million and for the balance of 2001 are expected to total approximately \$2.1 million. The Company is currently utilizing six of its 15 available production lines, representing approximately 40% of its production capacity. The nine other production lines can resume operation at nominal expense. The Company has temporarily halted a substantial portion of its capital projects to preserve capital. The Company believes that cash flow from operations and borrowings expected to be available under the Company's bank credit facility will provide sufficient funds to enable the Company to continue its business as currently planned and meet scheduled debt service obligations for 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 products and evolving market and economic conditions. The Company may determine that it is necessary or desirable to obtain financing for such requirements through 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 existing 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 and term loan facilities and interest rate swap agreements with respect to its other debt. Amounts drawn under the Company's revolving credit and term loan facilities bear interest at annual rates between LIBOR plus 3.0% and LIBOR plus 5.0%. As of September 30, 2001, pursuant to interest rate swap agreements on its variable-rate mortgage debt, the Company had effectively fixed its interest rate exposure at a rate of 9.0% on \$16.1 million of such variable-rate debt.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in the Company's report on Form 10-Q for the quarter ended June 30, 2001, commencing on or about July 11, 2001, four purported class action lawsuits (the "Class Actions") were filed in the United States District Court for the Western District of Virginia naming as defendants Trex Company, Inc. and certain directors and officers of the Company, including Robert G. Matheny, the President and a director of the Company, Roger A. Wittenberg, the Executive Vice President of Technical Operations and Materials Sourcing and a director of the Company, and Anthony J. Cavanna, the Executive Vice President, Chief Financial Officer and a director of the Company. The plaintiffs in the lawsuits purport to represent a class of purchasers of the Company's common stock between November 2, 2000 and June 18, 2001. The complaints, one of which since has been dismissed voluntarily, principally allege that the Company and certain directors and officers of the Company violated Sections 10(b) and 20(a) of, and Rule 10b-5 under, the Securities Exchange Act of 1934 by, among other things, making false and misleading public statements concerning the Company's operating and financial results and expectations and by filing misleading and inaccurate financial statements with the Securities and Exchange Commission. They also allege that Mr. Matheny and Mr. Wittenberg sold shares of the Company's common stock during a period in which the price of the common stock was inflated artificially due to the purportedly misleading statements. The plaintiffs in the lawsuits seek unspecified monetary damages together with any other relief permitted by law, equity and federal statutory provisions identified in the complaints. The Company believes that the lawsuits are without merit and intends to vigorously defend these lawsuits and any other similar lawsuits that may be served on the Company.

On or about September 21, 2001, Trex Company, Inc. was named in a related complaint filed in the Circuit Court for the City of Winchester, Virginia (the "Bennett Complaint"). The Bennett Complaint purports to assert a derivative suit for the benefit of the Company against each of its directors. It alleges that during the same period at issue in the Class Actions and in violation of applicable state and/or federal laws, the individual defendants caused the Company to issue materially misleading disclosures in order to inflate the Company's common stock price and permit insider trading by two of the individual defendants, Mr. Matheny and Mr. Wittenberg. The Bennett Complaint further alleges that the individual defendants thereby exposed the Company to potential damages in connection with the Class Actions. The Bennett Complaint seeks a constructive trust in favor of the Company over the profits received from the allegedly improper insider sales, as well as an unspecified amount of damages allegedly sustained by the Company, together with attorneys' fees, costs and expenses. No damages or other relief are sought from the Company. On October 19, 2001, the Bennett Complaint was removed to the federal court in which the related Class Actions are pending.

Item 2. Changes in Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

The information set forth in this report under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" is incorporated by reference in this Item.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) The Company files herewith the following exhibits:

- 10.1 Second Amended and Restated Credit Agreement, dated as of September 30, 2001, among TREX Company, LLC, Trex Company, Inc., and First Union National Bank.
- 10.2 Security Agreement, dated as of September 30, 2001, among TREX Company, LLC, Trex Company, Inc., and First Union National Bank.
- 10.3 Deed of Trust, Security Agreement and Assignment of Leases and Rents, dated as of September 30, 2001, granted by TREX Company, LLC to Western Title Company, Inc. securing First Union National Bank.
- 10.4 Modified Deed of Trust, Security Agreement and Assignment of Leases and Rents, dated as of September 30, 2001, granted by TREX Company, LLC to TRSTE, Inc. securing First Union National Bank.
- 10.5 \$5,940,000 Amended and Restated Promissory Note, dated September 30, 2001, made by TREX Company, LLC and Trex Company, Inc. payable to First Union National Bank.
- 10.6 \$1,035,000 Amended and Restated Promissory Note, dated September 30, 2001, made by TREX Company, LLC and Trex Company, Inc. payable to First Union National Bank.
- 10.7 \$3,780,000 Amended and Restated Promissory Note, dated September 30, 2001, made by TREX Company, LLC and Trex Company, Inc. payable to First Union National Bank.
- 10.8 \$58,000,000 Promissory Note, dated September 30, 2001, made by TREX Company, LLC and Trex Company, Inc. payable to First Union National Bank.
- 10.9 Registration Rights Agreement, dated as of November 13, 2001, among Trex Company, Inc., First Union National Bank and the other Holders from time to time thereafter.
- 10.10 Trex Company, Inc. Common Stock Purchase Warrant, dated November 13, 2001, issued to First Union National Bank.

(b) The following Current Report on Form 8-K was filed by the Company during the period covered by this report:

Date of Report -----	Item Covered -----
September 18, 2001	Item 5 (termination of land purchase contract for prospective third plant site)

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: November 14, 2001

By: /s/ Anthony J. Cavanna

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

Exhibit Index

Number -----	Exhibit Description -----
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10.10	Trex Company, Inc. Common Stock Purchase Warrant, dated November 13, 2001, issued to First Union National Bank.

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of September 30, 2001 among TREX COMPANY, LLC, a Delaware limited liability company, TREX COMPANY, INC., a Delaware corporation, (collectively the "Borrower") and FIRST UNION NATIONAL BANK (the "Bank"), a national banking association.

RECITALS:

WHEREAS, TREX Company, LLC, Trex Company, Inc. and the Bank entered into an Amended and Restated Credit Agreement dated as of August 3, 1999 as amended from time to time (the "Original Credit Agreement") pursuant to which the Bank made available to TREX Company, LLC a revolving line of credit and a term loan facility which revolving line of credit and term loan facility were guaranteed by Trex Company, Inc.;

WHEREAS, this Agreement amends and restates in its entirety the Original Credit Agreement and applies to all loan or loans (individually and collectively the "Obligations") between Bank and Borrower as evidenced by one or more promissory notes and other documents, as modified from time to time (the Loan Documents as defined in the Appendix);

WHEREAS, Trex Company, Inc. has agreed to be added to the Loan Documents as a Borrower;

WHEREAS, Borrower and Bank have agreed to restructure the Obligations;

WHEREAS, in furtherance of the foregoing the Borrower and the Bank have agreed to amend and restate the Original Credit Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Bank agree to amend, restate and replace the Original Credit Agreement as follows:

ARTICLE I

DEFINITIONS

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

Section 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles in the United States of America as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Bank.

ARTICLE II

THE CREDIT

Section 2.01. Commitment To Lend.

(a) Term Loan. The Bank agrees, on the terms and conditions set forth in this Agreement, to convert \$58,000,000 of the Revolving Loans of TREX Company, LLC made pursuant to the Original Credit Agreement to a term loan to the Borrower ("Term Loan A").

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

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

- i. "Borrowing Base" means 85.00% of the net amount of Eligible Accounts, plus 60.00% of the value of Eligible Inventory, less the amount of any Reserves required by Bank.
- ii. "Eligible Account" means an account receivable which is (a) not more than 90 days from the date of the original invoice and (b) not more than 60 days from the due date of the original invoice that arises in the ordinary course of Borrower's business and meets the following eligibility requirements:
 1. the sale of goods or service reflected in such account is final and such goods and services have been delivered or provided and accepted by the account debtor and payment for such is owing;
 2. the invoices comprising an account are not subject to any claims, returns or disputes of any kind;
 3. the account debtor is not insolvent;

4. the account debtor has its principal place of business in the United States;
 5. the account debtor is not an Affiliate of Borrower and is not a supplier to Borrower and the account is not otherwise exposed to risk of set-off; and
 6. the account is not subject to any lien prior to the lien of Bank
- iii. "Eligible Inventory" means inventory of finished goods in Borrower's possession that is held for use or sale in the ordinary course of Borrower's business and is not unmerchantable or obsolete and is subject to a first priority perfected security interest in favor of Bank. The value of the inventory will be valued at the lower of cost or market on a first-in, first-out basis as determined in accordance with generally accepted accounting principles applied on a consistent basis.
- iv. "Reserves" means such amounts as may be required by Bank, at any time and from time to time without prior notice to Borrower, which Bank deems, in its sole but reasonable discretion, to be adequate to reserve against outstanding letters of credit, outstanding banker's acceptances, Borrower's obligations to Bank or its affiliates or any guaranties or other contingent debts of Borrower.

Section 2.02. Existing Loans

- (a) Term Real Estate Term Loan 1.
- (b) Real Estate Term Loan 2.
- (c) Real Estate Term Loan 3.
- (d) ISDA Master Agreement.
- (e) Letter of Credit SM413821.

Section 2.03. Methods of Borrowing.

(a) Notice of Borrowing. Except as otherwise provided in this Section and/or the Services Agreement, the Borrower may, with the approval of the Bank, give the Bank notice substantially in the form of Exhibit A hereto (a "Notice of Borrowing") not later than 12:00 p.m. (local time in Winchester, Virginia) on the date of each requested Loan, specifying the date of such Loan and the amount of such Loan.

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

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

Section 2.04. Funding of Revolving Loans. The Bank shall disburse the proceeds of each Loan made pursuant to Section 2.01 as follows: the proceeds of each Loan under Section 2.01 shall be made available by the Bank to the Borrower in federal or other funds immediately available at the Bank's address referred to in Section 9.01.

Section 2.05. Revolving Loans Note.

(a) Evidence of Loans. The Revolving Loans shall be evidenced by a single Note payable to the order of the Bank in an amount equal to the Revolving Commitment.

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

Section 2.06. Interest Rate.

(a) Revolving Loans. From the date hereof until and including June 30, 2002, each Revolving Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day plus 300 basis points. From July 1, 2002 and continuing while the Revolving Loans remain outstanding, each Revolving Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day plus 400 basis points. Such interest shall be payable for each month in arrears on the first day of the immediately succeeding calendar month.

(b) Term Loan A. From the date hereof until and including June 30, 2002, the first \$33,000,000 of unpaid principal balance on Term Loan A shall bear interest, payable monthly in arrears, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day plus 300 basis points and any unpaid principal balance in excess of \$33,000,000 shall bear interest, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day plus 500 basis points. From July 1, 2002, the first \$33,000,000 of unpaid principal balance on Term Loan A shall bear interest, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day

plus 400 basis points and any unpaid principal balance in excess of \$33,000,000 shall bear interest, at a rate per annum equal to the applicable LIBOR Market Index-Based Rate for such day plus 500 basis points.

"LIBOR Market Index-Based Rate" shall be the rate per annum equal to the LIBOR Market Index Rate as that rate may change from day to day. "LIBOR Market Index Rate," for any day, is the rate for one-month U.S. Dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or, if not so reported, then as determined by the Bank from another recognized source or interbank quotation).

(c) Real Estate Term Loans 1, 2 & 3. From the date hereof until and including June 30, 2002, each of Real Estate Term Loans 1, 2 & 3 shall bear interest on the unpaid principal balance thereof, payable monthly in arrears at a rate per annum equal to LIBOR + 300 basis points. From July 1, 2002, each of Real Estate Term Loans 1, 2 & 3 shall bear interest on the unpaid principal balance thereof, payable monthly in arrears at a rate per annum equal to LIBOR + 400 basis points.

As further provided in the Real Estate Term Loan Notes, "LIBOR" is the rate for U.S. dollar deposits with a one-month maturity, as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before the relevant one-month interest period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation).

(d) Overdue Amounts. Any overdue principal of or interest on any Loan shall bear interest, payable on demand, for each day from and including the date payment thereof was due to but excluding the date of actual payment, at a rate per annum equal to the sum of 2% over the rate, as calculated above, applicable to such Loan on such day.

Section 2.07. Unused Commitment Fee. The Borrower shall pay to the Bank an unused commitment fee (the "Unused Commitment Fee") for each day at a rate per annum equal to the product of (i) 15 basis points multiplied by (ii) the excess of the Revolving Commitment over the aggregate amount of the Revolving Loans on such day. Such unused commitment fee shall accrue from and including the Effective Date to but excluding the Termination Date (or earlier date of termination of the Revolving Commitment in its entirety) and shall be payable quarterly in arrears on each Quarterly Date and on the Termination Date.

Section 2.08. Adjustments of Commitment.

(a) Optional Termination or Reductions of Revolving Commitment. The Borrower may, upon at least three Business Days' notice to the Bank, (i) terminate the Revolving Commitment at any time, if no Revolving Loans are outstanding at such time, or (ii) reduce from time to time the amount of the Revolving Commitment in excess of the aggregate outstanding principal amount of the Revolving Loans. If the Revolving Commitment is terminated in its entirety, all accrued fees shall be payable on the effective date of such termination.

Section 2.09. Maturity and Repayment of Loan.

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

(b) Cash Management Services. The Revolving Loans shall be repaid as set forth in the Services Agreement, and consistent with this Agreement.

(c) Term Loan A. Term Loan A shall be payable in part by five consecutive monthly payments of \$5,000,000 each beginning on March 1, 2002 and continuing through July 1, 2002. The entire unpaid principal balance of Term Loan A and all accrued interest thereon shall be due and payable in full on January 31, 2003.

(d) Real Estate Term Loans 1, 2 & 3. Real Estate Term Loans 1, 2 & 3 shall continue on their current amortization schedule; provided, however, that the entire unpaid principal balance of Real Estate Term Loans 1, 2 & 3, and all accrued interest thereon shall be due and payable in full on the earlier of (i) the date that Borrower repays in full all principal and interest due on Revolving Loans and Term Loan A and (ii) January 31, 2003. Provided, however, that in the event that Borrower repays in full all principal and interest outstanding Revolving Loans and Term Loan A, and Borrower desires to maintain Real Estate Term Loans 1, 2 & 3, Borrower may elect to extend the maturity date of Real Estate Term Loans 1, 2 & 3 to January 31, 2005 if it is demonstrated to the Bank's sole satisfaction, based upon MAI appraisals performed at the time that Borrower makes such election, that the loan to value of each Real Estate Term Loan to the real estate, together with all improvements thereon as of the date of the election, originally secured by such loan does not exceed 70%.

(e) Optional Prepayment of Loans. Provided that with respect to Real Estate Terms Loans 1, 2 & 3, Borrower shall indemnify Bank against Bank's loss or expense in employing deposits of as a consequence of Borrower's payment, prepayment or conversion of Real Estate Term Loans 1, 2 & 3, on a date other than the last date of the one-month interest period set forth in the Real Estate Term Notes, the Borrower may upon at least one Business Day's notice to the Bank, prepay Real Estate Term Loans 1, 2 & 3 and/or Term Loan A, in whole at any time, or from time to time in part, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. The notice of prepayment delivered by the Borrower to the Bank shall not be revocable by the Borrower following its receipt by the Bank. Any prepayment of Real Estate Term Loans 1, 2 & 3 shall be applied to Real Estate Term Loans 1, 2 & 3 in the inverse order of their maturities. Repayment of the Revolving Loans shall be governed by the Services Agreement.

Section 2.10. General Provisions as to Payments. The Borrower shall make each payment of principal of and interest on the Loans and fees hereunder not later than 12:00 noon (local time in Winchester, Virginia) on the date when due, without setoff, counterclaim or other deduction, in federal or other funds immediately available to the Bank at its address referred to in Section 9.01 or such other location as designated by the Bank. Whenever any payment of

principal of, or interest on, the Loans or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

Section 2.11. Computation of Interest and Fees. Interest on Loans hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

ARTICLE III

COLLATERAL

Section 3.01. Collateral. The Obligations shall be secured by a lien in the following assets of Borrower and its Subsidiaries.

(a) First priority deed of trust on property located in the City of Winchester and Frederick County, Virginia, as more particularly described therein.

(b) Second priority deed of trust on property located in Lyon County, Nevada, as more particularly described therein.

(c) First priority lien on all of the business assets of any type and description of Borrower and its Subsidiaries, excluding Winchester Capital, Inc. and Trex Wood Polymer Espana, S.L. including any property or acquisitions, whether now owned of hereafter acquired and wherever located as more particularly described in the Security Agreement; and

(d) First priority lien on all stock of Borrowers' in their Subsidiaries, excluding the stock of Trex Wood Polymer Espana, S.L, as more particularly described in the Security Agreement.

ARTICLE IV

CONDITIONS

Section 4.01. Conditions to Closing. The obligation of the Bank to make the first Loan hereunder is subject to the satisfaction of the following conditions:

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

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

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

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

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

(f) Opinion of Counsel. On the Closing Date, the Bank shall have received from counsel to the Borrower an opinion addressed to the Bank, dated the Closing Date, substantially in the form of Exhibit C hereto and covering such additional matters incident to the transactions contemplated hereby as the Bank may reasonably request.

(g) Borrower's Proceedings.

(i) On the Closing Date, the Bank shall have received for TREX Company, LLC: (A) a copy of the its Certificate of Formation, as amended, certified by the Secretary of State of Delaware and dated as of a recent date prior to the Closing Date; (B) a certificate of the Secretary of State of Delaware and each other state in which it is qualified as a foreign limited liability company to do business, dated as of a recent date prior to the Closing Date, as to the good standing of the Borrower; (C) a copy of the its Limited Liability Company Agreement, including all amendments thereto; and (D) a certificate of the appropriate officer or other authorized person of TREX Company, LLC dated the Closing Date and certifying (1) that the documents referred to in clause (C) above have not been amended since the date of said certificate, (2) that attached thereto is a true, correct and complete copy of resolutions and consents adopted by its sole member authorizing the execution, delivery and performance of the Credit Agreement, the Notes and the Security Agreement and each other document delivered in connection herewith or therewith and that said resolutions have not been amended and are in full force and effect on the date of such certificate, (3) as to the incumbency and specimen signatures of its officer or other authorized person executing this Agreement, the Notes and the Security Agreement or any other document delivered in connection herewith or therewith and (4) certifying as to the names and respective jurisdictions of organization of all of its Subsidiaries existing on the Closing Date.

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

(ii) On the Closing Date, the Bank shall have received for Trex Company, Inc.: (A) a copy of the its Certificate of Incorporation, as amended, certified by the Secretary of State of Delaware and dated as of a recent date prior to the Closing Date; (B) a certificate of the Secretary of State of Delaware and each other state in which it is qualified as a foreign corporation to do business, dated as of a recent date prior to the Closing Date, as to the good standing of the Borrower; (C) a copy of the its by-laws, including all amendments thereto; and (D) a certificate of the appropriate officer or other authorized person of Trex Company, Inc. dated the Closing Date and certifying (1) that the documents referred to in clause (C) above have not been amended since the date of said certificate, (2) that attached thereto is a true, correct and complete copy of resolutions adopted by its directors authorizing the execution, delivery and performance of the Credit Agreement, the Notes, the Security Agreement, the Warrant, the Registration Agreement and each other document delivered in connection herewith or therewith and that said resolutions have not been amended and are in full force and effect on the date of such certificate, (3) as to the incumbency and specimen signatures of its officer or other authorized person executing this Agreement, the Notes and the Security Agreement or any other document delivered in connection herewith or therewith and (4) certifying as to the names and respective jurisdictions of organization of all of its Subsidiaries existing on the Closing Date.

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

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

(i) a Perfection Certificate of the Borrower, substantially in the form of Exhibit A to the Security Agreement;

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

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

(iv) appropriate Deeds of Trust fully executed for filing under applicable local law of each jurisdiction in which the filing of a Deed of Trust is required by the Bank to perfect the liens purported to be created thereby;

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

(vi) evidence of the completion of all other filings and recordings of, or with respect to, the Loan Documents as may be necessary or, in the opinion of the Bank, desirable to perfect the security interests intended to be created by the Loan Documents. (After the aforementioned filings and recordings have been effected, the Bank shall execute all termination statements submitted by the Borrower effecting the termination of all filings and recordings pertaining to previous terminated or superseded agreements between the parties.)

(i) Payment of Fees. All reasonable costs, fees and expenses due to the Bank on or before the Closing Date (including, without limitation, that portion of the Commitment Fee then due and owing, legal fees and expenses) shall have been paid.

(j) Counsel Fees. The Bank shall have received payment from the Borrower of the reasonable fees and expenses of Kutak Rock LLP described in Section 8.03 which are billed through the Closing Date.

(k) Warrants. The Bank shall have received the fully-executed Warrant and Registration Agreement.

The Bank shall promptly notify the Borrower of the Closing Date, and such notice shall be conclusive and binding on all parties hereto. The documents referred to in this Section shall be delivered to the Bank no later than the Closing Date. The certificates and opinion referred to in this Section shall be dated the Closing Date.

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

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

(b) with respect to each Revolving Loan, the fact that, immediately after the making of such Loan, the aggregate outstanding principal amount of all Revolving Loans will not exceed the Revolving Commitment;

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

(d) the fact that the representations and warranties of the Borrower contained in this Agreement shall be true on and as of the date of such Loan; and

(e) (i) the Bank shall in good faith have determined that its prospect of receiving payment in full of the Obligations then outstanding or its ability to exercise its rights and remedies hereunder and under the other Loan Documents have not been impaired, (ii) no event or condition shall have occurred since the Effective Date which has or could reasonably be expected to have a Material Adverse Effect or (iii) the Bank shall not reasonably suspect that one or more Events of Default have occurred and are continuing.

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

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 5.01. Existence and Power. TREX Company, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Trex Company, Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Each of the Subsidiaries is duly organized, validly existing and in good standing under the laws of the state of its organization and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Each Borrower and the Subsidiaries is duly qualified as a foreign entity, licensed and in good standing in each jurisdiction where

qualification or licensing is required by the nature of its business or the character and location of its property, business or customers and in which the failure to so qualify or be licensed, as the case may be, in the aggregate, could have a Material Adverse Effect.

Section 5.02. Company and Governmental Authorization; No Contravention.

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

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

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

Section 5.04. Financial Condition.

(a) Interim Financial Statements. The unaudited consolidated balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of September 30, 2001 and the related unaudited consolidated income statements for the fiscal quarter then ended, copies of which have been delivered to the Bank, fairly present, in conformity with generally accepted accounting principles applied on a basis consistent with the audited

financial statements for the fiscal year ended December 31, 2000, the consolidated financial position of Trex Company, Inc. and its Consolidated Subsidiaries as of such date and their consolidated results of operations and changes in financial position for such 12-month period (subject to normal year-end audit adjustments).

(b) Material Adverse Change. Since September 30, 2001, there has been no material adverse change in condition (financial or otherwise), results of operations, properties, assets, business or prospects of Trex Company, Inc. or Trex Company, Inc. and its Consolidated Subsidiaries, considered as a whole.

Section 5.05. Litigation. Except as set forth on Schedule 5.05, there is no material action, suit, proceeding or investigation pending against, or to the knowledge of the Borrower threatened against, contemplated or affecting, the Borrower or any of its Subsidiaries before any court, arbitrator or governmental body, agency or official which has, or could reasonably be expected to have, a Material Adverse Effect, or which in any manner draws into question the validity or enforceability of this Agreement or the Notes, and there is no basis known to the Borrower or any of its Subsidiaries for any such action, suit, proceeding or investigation.

Section 5.06. Regulation U; Use of Proceeds. The Borrower and its Subsidiaries do not own any "margin stock" as such term is defined in Regulation U. The proceeds of the Loans will be used by the Borrower only for the purposes set forth in Section 6.15 hereof.

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

Section 5.08. Subsidiaries. Part I of Schedule 5.08 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date) hereto lists each Subsidiary of the Borrower (and the direct and indirect ownership interests of the Borrower therein), in each case existing on the Effective Date. Except as set forth on Part I of such Schedule 5.08, each such Subsidiary existing on the date hereof is, and in the case of any additional corporate Subsidiaries formed after the Effective Date each of such additional corporate Subsidiaries will be at each time that this representation is made or deemed to be made after the Effective Date, a wholly owned Subsidiary that is a corporation duly incorporated, validly existing and, to the extent relevant in such jurisdiction, in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Except as listed on Part II of Schedule 5.08 (as such Schedule may be supplemented by a writing delivered by the Borrower to the Bank from time to time after the Effective Date), neither the Borrower nor any of its Subsidiaries are engaged in any joint venture or partnership with any other Person.

Section 5.09. Full Disclosure. All factual information (taken as a whole) furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided. Except for economic trends generally known to the public affecting generally the industry in which the Borrower and its Subsidiaries conduct their business, the Borrower has disclosed to the Bank in writing any and all facts which materially and adversely affect or may materially and adversely affect (to the extent the Borrower can now reasonably foresee) the business, operations or financial condition of Trex Company, Inc. and its Consolidated Subsidiaries taken as a whole or the ability of the Borrower to perform its obligations under this Agreement.

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

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

Section 5.12. Intellectual Property. Each of the Borrower and its Subsidiaries owns or possesses or holds under valid noncancelable licenses all patents, trademarks, service marks, trade names, copyrights, licenses and other intellectual property rights that are necessary for the operation of their respective properties and businesses, and neither the Borrower nor any of its Subsidiaries are in violation of any provision thereof. The Borrower and its Subsidiaries conduct their business without infringement or claim of infringement of any material license, patent, trademark, trade name, service mark, copyright, trade secret or any other intellectual property right of others and there is no infringement or, except as set forth on Schedule 5.12, claim of infringement by others of any material license, patent, trademark, trade name, service mark, copyright, trade secret or other intellectual property right of the Borrower and its Subsidiaries.

Section 5.13. No Burdensome Restrictions. No contract, lease, agreement or other instrument to which the Borrower or any of its Subsidiaries are a party or by which any of their property is bound or affected, no charge, corporate restriction, judgment, decree or order and no provision of applicable law or governmental regulation have had or are reasonably expected to have a Material Adverse Effect.

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

ARTICLE VI

COVENANTS

The Borrower agrees that, so long as the Bank has any commitment to make Revolving Loans or Term Loans hereunder or any Obligation remains unpaid:

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

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a consolidated and consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated and consolidating statements of income, changes in equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion thereon by Ernst & Young, LLP or other independent public accountants reasonably satisfactory to the Bank, which opinion shall not be qualified as to the scope of the audit and which shall state that such consolidated financial statements present fairly the consolidated financial position of Trex Company, Inc. and its Consolidated Subsidiaries as of the date of such financial statements and the results of their operations for the period covered by such financial statements in conformity with generally accepted accounting principles applied on a consistent basis (except for changes in the application of which such accountants concur) and shall not contain any "going

concern" or like qualification or exception or qualification arising out of the scope of the audit. In addition, within 30 days after the end of each fiscal year, Borrower shall provide to Bank a copy of its annual plan for the next succeeding fiscal year. Within 10 days of any change to such annual plan, Borrower shall provide Bank with a copy of such change.

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Trex Company, Inc., a consolidated and consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries as of the end of such fiscal quarter (with all supporting schedules) and the related consolidated and consolidating statements of income, changes in equity and cash flows of Trex Company, Inc. and its Consolidated Subsidiaries for such quarter, setting forth in each case in comparative form the figures for the corresponding quarter of the previous fiscal year, all certified (subject to normal year-end audit adjustments) as to fairness of presentation, generally accepted accounting principles and consistency by the chief financial officer or chief accounting officer of Trex Company, Inc.

(c) Monthly Financial Statements. As soon as available and in any event within 15 days after (i) the end of each month: (A) a Borrowing Base report and (B) a financial report of accounts receivable, inventory and production; and (ii) the end of the first two months of each fiscal quarter, a consolidated and consolidating balance sheet of Trex Company, Inc. and its Consolidated Subsidiaries and the related consolidated and consolidating statements of income, changes in equity and cash flows of Trex Company, Inc. and its Consolidated Subsidiaries for such month all certified (subject to normal year-end audit adjustments) as to fairness of presentation, generally accepted accounting principles and consistency by the chief financial officer or chief accounting officer of Trex Company, Inc.

(d) Officer's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsections (a), (b) and (c) above, a certificate of the chief financial officer or chief accounting officer of Trex Company, Inc., (i) if applicable, setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 6.07, 6.11, 6.17 and 6.18, on the date of such financial statements, (ii) including a copy of the monthly internal memorandum setting forth in reasonable detail the business of Trex Company, Inc. and its Consolidated Subsidiaries as of the date of such certificate, (iii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto, and (iv) stating whether, since the date of the most recent previous delivery of financial statements pursuant to subsections (a) and (b) of this Section, there has been any material adverse change in the condition (financial or otherwise), results of operations, properties, assets, business or prospects of Trex Company, Inc. or of Trex Company, Inc. and its Consolidated Subsidiaries, considered as a whole, and, if so, the nature of such material adverse change.

(e) Accountant's Certificate. Simultaneously with the delivery of each set of financial statements referred to in subsection (a) above, a statement of the firm of independent public accountants which reported on such statements (i) whether anything has come to its attention to cause it to believe that any Default existed on the date of such statements and (ii) confirming the calculations set forth in the officer's certificate delivered simultaneously therewith pursuant to subsection (c) above.

(f) Default. Forthwith upon the occurrence of any Default, a certificate of the chief financial officer or chief accounting officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

(g) Litigation. As soon as reasonably practicable after obtaining knowledge of the commencement of, or of a material threat of the commencement of, an action, suit, proceeding or investigation against the Borrower or any of its Subsidiaries which could materially adversely affect the condition (financial or otherwise), results of operations, properties, assets, business or prospects of the Borrower and its Consolidated Subsidiaries, considered as a whole, or could otherwise have a Material Adverse Effect or which in any manner questions the validity of this Agreement or any of the other transactions contemplated hereby or thereby, an explanation of the nature of such pending or threatened action, suit, proceeding or investigation and such additional information as may be reasonably requested by the Bank.

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

(i) ERISA Matters. If and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate; impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan

pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could reasonably be expected to result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take.

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

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

Section 6.02. Payment of Obligations. The Borrower will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, as the same shall become due and payable, (a) all their respective obligations and liabilities, including all claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like persons which, in any such case, if unpaid, might by law give rise to a Lien upon any of their properties or assets and (b) all lawful taxes, assessments and charges or levies made upon their properties or assets, by any governmental body, agency or official, except where any of the items in clause (a) or (b) of this Section 6.02 may be diligently contested in good faith by appropriate proceedings and the Borrower or such Subsidiary shall have set aside on its books, if required under generally accepted accounting principles, appropriate reserves for the accrual of any such items.

Section 6.03. Maintenance of Property; Insurance.

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

(b) Insurance. The Borrower will maintain, and will cause each of its Subsidiaries to maintain, insurance with financially sound and responsible companies in such amounts (and with such risk retentions) and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which the

Borrower and its Subsidiaries operate. The Bank shall be named as loss payee and additional insured on such insurance policies. The Borrower will deliver to the Bank certificates evidencing that they are named as loss payee and additional insured and such other information as the Bank shall reasonably request from time to time.

Section 6.04. Conduct of Business and Maintenance of Existence. The Borrower will continue, and will cause each of its Subsidiaries to continue, to engage in business of the same general type as now conducted by the Borrower and its Subsidiaries, and will preserve, renew and keep in full force and effect, and will cause each of its Subsidiaries to preserve, renew and keep in full force and effect, their respective corporate existence and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business.

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

Section 6.06. Accounting; Inspection of Property, Books and Records. The Borrower will keep, and will cause each of the Subsidiaries to keep, proper books of record and account in which full, true and correct entries in conformity with generally accepted accounting principles shall be made of all dealings and transactions in relation to their respective businesses and activities, will maintain, and will cause each of the Subsidiaries to maintain, their respective fiscal reporting periods on the present basis and will permit, and will cause each of their respective Subsidiaries to permit, representatives of the Bank to visit and inspect any of their respective properties, to examine and make copies from any of their respective books and records and to discuss their respective affairs, finances and accounts with their officers, employees and independent public accountants, including field audits of Accounts Receivable and Inventory, all at such reasonable times and as often as may reasonably be desired, and further, if requested, Borrower and each of its Subsidiaries shall provide equipment and real estate appraisals to the Bank for the Collateral. The costs of all field audits, inspections and appraisals will be borne by the Borrower; provided, however, that unless an Event of Default has occurred and is continuing, the Borrower shall only be responsible for the payment of one such audit, inspection or appraisal prior to December 31, 2001 and one such audit, inspection or appraisal in any twelve month period thereafter. Notwithstanding the above, the Borrower shall be permitted to make adjustments to its books of record and accounts as may be required or as may be requested by an audit or outside review, so long as the purpose of such adjustment is to bring said books or accounts into conformity with generally accepted accounting principles.

Section 6.07. Minimum EBITDA. Beginning with the month ended September 30, 2001, Borrower, and its Subsidiaries, shall earn a minimum Consolidated EBITDA of \$25,000,000 measured on a rolling twelve-month basis, except that Consolidated EBITDA shall not fall below (i) \$22,000,000 for the twelve months ending on each of October 31, 2001, November 30, 2001 and December 31, 2001 and (ii) \$20,000,000 for the twelve months ending on each of January 31, 2002, February 28, 2002 and March 31, 2002.

Section 6.08. Financial Advisors. On or before December 31, 2001, Borrower must hire a financial advisor acceptable to Bank in its sole but reasonable discretion.

Section 6.09. Restriction on Indebtedness and Liens. The Borrower will not, and will not permit any of its Subsidiaries to, without the written permission of Bank, incur any Debt or create, incur, assume or suffer to exist any Lien upon or with respect to any Collateral, or other accounts, or ownership interests in its Subsidiaries, or proceeds thereof, or sell any Collateral, or other accounts or ownership interests in its Subsidiaries, or proceeds thereof subject to an understanding or agreement, contingent or otherwise, to repurchase such Collateral, or other accounts, or ownership interests in its Subsidiaries, or proceeds thereof (including sales of accounts receivable or notes with recourse to the Borrower or any of its Subsidiaries) or assign any right to receive income, or file or permit the filing of any financing statement under the Uniform Commercial Code as in effect in any applicable jurisdiction or any other similar notice of Lien under any similar recording or notice statute, provided that the provisions of this Section 6.09 shall not prevent the creation, incurrence, assumption or existence of the following (with such Liens described below being herein referred to as "Permitted Liens"):

(a) Lien in favor of Bank of America encumbering Borrower's real property located in Lyon County, Nevada, which lien is evidenced by that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated September 28, 1999 and recorded on September 30, 1999 in the Official Records of Lyon County, Nevada as Document No. 239622. Provided, that Borrower shall not be permitted to amend or modify the loan secured by such lien.

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

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

(d) Liens imposed by law securing the charges, claims, demands or levies of carriers, warehousemen, mechanics and other like persons which were incurred in the ordinary course of business which (i) do not in the aggregate materially detract from the value of the property or assets subject to such Lien or materially impair the use thereof in the operation of the business of the Borrower or any Subsidiary or (ii) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to such lien; and

(e) Liens on unearned insurance premiums held by Persons financing the payment thereof.

Section 6.10. Limitation on Guarantees. Neither the Borrower nor any of its Subsidiaries shall Guarantee any Debt of any Person or Persons in excess of \$250,000 in the aggregate at any time.

Section 6.11. Limitations on Capital Expenditures. Without the prior written permission of the Bank, the Borrower and its Subsidiaries shall not make capital expenditures of more than \$3,000,000, in the aggregate, in the fiscal quarter ending December 31, 2001 and will not make capital expenditures of more than \$2,000,000 plus any unspent monies from prior fiscal quarters, in the aggregate in any fiscal quarter thereafter; provided, that in no event shall aggregate capital expenditures exceed \$10,500,000 between October 1, 2001 and January 31, 2003.

Section 6.12. Consolidations, Mergers and Sales of Assets. Neither the Borrower nor any Subsidiary will, without the prior written permission of the Bank, (a) consolidate or merge with or into any other Person or (b) sell, lease or otherwise transfer, directly or indirectly, all or substantially all of the assets of the Borrower or such Subsidiary to any other Person or Persons, provided that so long as no Default shall have occurred after giving effect thereto, (i) a Subsidiary may merge into the Borrower if the Borrower is the surviving entity, and (ii) the Borrower or any Subsidiary may merge into or consolidate with another Person if the Borrower or such Subsidiary, as the case may be, is the entity surviving such merger or consolidation. Notwithstanding the foregoing, or any other provision of this Agreement or in any of the other Loan Documents, upon thirty (30) days prior written notice to the Bank (a) TREX Company, LLC may merge into or consolidate with Trex Company, Inc., and (b) TREX Company, LLC or Trex Company, Inc. may create a wholly-owned Subsidiary (the "IP Subsidiary") and transfer thereto all patents, trademarks, copyrights and other intellectual property of the Borrower the ("IP"); provided, however, that the IP Subsidiary shall execute and deliver to the Bank a written agreement or agreements in form and substance satisfactory to the Bank, in its sole but reasonable discretion, pursuant to which the IP Subsidiary shall grant to the Bank a Lien on the IP to secure payment and performance of the Obligations.

Section 6.13. Investments; Asset Acquisitions.

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

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

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

(iii) the Borrower and any Subsidiary may acquire and own investments (including Debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with customers and supplies arising in the ordinary course of business;

(iv) the Borrower and any Subsidiary may make loans and advances to any employees, current and/or prospective customers and/or vendors in the ordinary course of business, provided such loans and advances do not exceed at any time, in the aggregate, \$500,000;

(v) any Acquisition permitted by Section 6.13(b);

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

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

(viii) Trex Company, Inc. and TREX Company, LLC may invest in Trex Wood Polymer Espana, S.L. and one additional to-be-formed foreign sales subsidiary, provided that the total investment, exclusive of Trex Company, Inc. and TREX Company, LLC's existing investment in Trex Wood Polymer Espana, S.L., in these two Subsidiaries shall not exceed \$500,000;

(ix) any Subsidiary may invest in the Borrower;

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

(xi) Trex Wood Polymer Espana, S.L. may maintain its existing investment in DENPLAX, S.A.

(b) Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Acquisition transaction except that the Borrower and any Subsidiary may acquire assets in the ordinary course of business for fair consideration;

Section 6.14. Payments, Etc. Except as permitted below, the Borrower will not, and will not permit any of its Subsidiaries to, make any distribution, dividend, payment or delivery of property or cash on or with respect to its capital stock or its membership interests, or issue, redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any membership or other interests or shares of any class of its capital stock now or hereafter outstanding (or any warrants exercisable for, or options or stock appreciation rights in respect of, any of such shares of capital stock or membership interests), or set aside any funds for any of the foregoing purposes, or permit any of its Subsidiaries to purchase or otherwise acquire for consideration any shares of capital stock or any membership interest in the Borrower or any shares of capital stock or other equity interest in any other Subsidiary, as the case may be, now or hereafter outstanding (or any options or warrants exercisable for or stock appreciation rights issued by the Borrower or any Subsidiary with respect to its capital stock or membership interests).

The foregoing provisions of this Section 6.14 shall not limit or prohibit any of the following transactions:

(a) the payment of any distribution or dividend by any Subsidiary to Trex Company, Inc. or to TREX Company, LLC;

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

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

(d) the issuance by Trex Company, Inc. of shares of its common stock and options to purchase its common stock pursuant to its employee stock purchase plan and stock option and incentive plan for up to the number of shares of common stock authorized by such plans as of the date hereof; or

(e) any transaction which is expressly permitted by Section 6.12 or Section 6.13.

Section 6.15. Use of Proceeds. The proceeds of the Revolving Loans made under this Agreement will be used by the Borrower for permanent working capital financing of the Borrower's accounts receivable and inventory, to purchase equipment and/or other general corporate purposes. The proceeds of Term Loan A made under this Agreement were used by the Borrower to purchase equipment and/or other general corporate purposes. No such use of the proceeds for general corporate purposes will be, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U.

Section 6.16. Transactions With Other Persons. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement with any Person whereby any of them shall agree to any restriction on the right of the Borrower or any of its Subsidiaries to amend or waive any of the provisions of this Agreement or any other Loan Document.

Section 6.17. Limitations on Debt. The Borrower will not as of the end of any month permit the ratio of Total Consolidated Debt to Total Consolidated Capitalization, as a percentage, to exceed 55%.

Section 6.18. Funded Debt Coverage Ratio. The Borrower will not, as of the end of any fiscal quarter, permit the ratio of the Total Consolidated Debt to Consolidated EBITDA for the four quarter period ended as of the end of such fiscal quarter to exceed 4.0:1.0 through June 30, 2002 and 3.0:1.0 for all testing periods thereafter.

Section 6.19. Location of Finished Goods Inventory. The Borrower will store all finished goods Inventory at a location owned by Borrower or its Subsidiaries. In the event that Borrower wishes to store any finished goods Inventory at a location not owned by Borrower or its Subsidiaries, Borrower will obtain a waiver from each landlord of such a location, in form and

substance satisfactory to the Bank in its sole but reasonable discretion, by which such landlord waives its rights, if any, in the finished goods Inventory stored at such location.

Section 6.20. Deposit Accounts. To facilitate the administration of the Loans, the Borrower and its Subsidiaries shall maintain all of their operating deposit accounts with the Bank and if requested by the Bank will establish and maintain a lock box cash management system in an assignee account at the Bank. Notwithstanding the foregoing, Borrower or its Subsidiaries may maintain one general operating depository account in each of Fernley, Nevada and Almeria, Spain; provided that, if at any time the balance in the operating depository account in Fernley, Nevada exceeds \$100,000 the Bank shall be entitled to a first priority security interest therein and Borrower shall take such actions as are necessary to perfect such security interest.

Section 6.21. Warrants. On or before the Closing Date, Trex Company, Inc. shall issue to the Bank a warrant for the purchase of up to 707,557 shares of the common stock of Trex Company, Inc. at a price per share based on the average market price (as defined in such warrant) of the common stock for the 20 consecutive trading days beginning on October 30, 2001. Notwithstanding the foregoing, and as provided for in the warrant, if the Obligations, exclusive of the ISDA Master Agreement and Real Estate Term Loans 1, 2 & 3, are paid in full on or before June 30, 2002, such warrant shall be exercisable for a maximum of 353,779 shares of common stock of Trex Company, Inc. Trex Company, Inc. shall also agree in the Registration Agreement to provide the Bank with registration rights with respect to Bank's resale of any common stock issued upon exercise of such warrant. This agreement shall be further evidenced by the Warrant and Registration Agreement to be delivered on the Closing Date. By its acceptance of the Warrant, the Bank shall be deemed to have made the representations and warranties contained in Section 3 thereof.

Section 6.22. Commitment Fee. Borrower hereby agrees to pay the Commitment Fee to the Bank.

Section 6.23. Independence of Covenants. All covenants contained herein shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or condition exists.

ARTICLE VII

DEFAULTS

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

(a) the Borrower shall fail to pay, within five days after the date when due, any principal, interest, fee or any other amount payable hereunder or under the Notes, the ISDA Master Agreement or the Letters of Credit;

(b) the Borrower shall fail to pay the Commitment Fee or the Unused Commitment Fee when due;

(c) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement, except those covenants or agreements contained in Sections 6.01, 6.02, 6.03, 6.05, 6.13, 6.16 and 6.20 hereof;

(d) the Borrower shall fail, after fifteen (15) days written notice thereof from Bank to observe or perform the covenants and agreements contained in Sections 6.01, 6.02, 6.03, 6.05, 6.13, 6.16 and 6.20 hereof;

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

(f) the Borrower or any Subsidiary shall fail to make any payment or perform any collateralization obligation in respect of any Material Financial Obligations when due or within any applicable grace period;

(g) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Borrower or any Subsidiary or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

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

(i) an involuntary case or other proceeding shall be commenced against the Borrower or any Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Borrower or any Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$25,000 which it shall have become liable to pay under Title IV of ERISA or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of

ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or default, within the meaning of Section 4219(c)(5) of ERISA, with respect to one or more Multiemployer Plans which could reasonably be expected to cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$25,000;

(k) one or more judgments or orders for the payment of money in excess of \$25,000 in the aggregate shall be rendered against the Borrower or any Subsidiary of the Borrower and such judgments or orders shall continue unsatisfied and unstayed for a period of 30 days; or

(l) a Change of Control shall have occurred;

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

ARTICLE VIII

CHANGE IN CIRCUMSTANCES

Section 8.01. Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible for the Bank to make, maintain or fund Loans and the Bank shall so notify the Borrower, until the Bank notifies the Borrower that the circumstances giving rise to such suspension no longer exist, each Loan then outstanding which bears interest at LIBOR or the LIBOR Market Index-Based

Rate shall be converted immediately to a Base Rate Loan and all new Loans shall be Base Rate Loans.

Section 8.02. Base Rate Loans Substituted for Affected LIBOR Market Index-Based Loans. Upon the occurrence of any event or condition set forth in Section 8.01, each Loan then outstanding which bears interest at LIBOR or the LIBOR Market Index-Based Rate shall be converted immediately to a Base Rate Loan and all new Loans shall be Base Rate Loans. If the Bank notifies the Borrower that the circumstances giving rise to such change in interest rate no longer apply, the principal amount of each such Base Rate Loan shall cease immediately to constitute a Base Rate Loan and shall thereafter bear interest in accordance with Section 2.06.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. Unless otherwise specified herein, all notices, requests and other communications to a party hereunder shall be in writing (including bank wire, facsimile transmission or similar writing) and shall be given to such party: (a) at its address or facsimile number set forth on the signature pages hereof, or (b) at such other address, facsimile number or telex number as such party may hereafter specify for the purpose of communication hereunder by notice to the other party hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails, certified mail, return receipt requested, with appropriate first-class postage prepaid, addressed as specified in this Section, or (iii) if given by any other means, when delivered at the address specified in this Section 9.01. Rejection or refusal to accept or the inability to deliver because of a changed address of which no notice was given shall not affect the validity of notice given in accordance with this Section.

Section 9.02. Release and Waiver. Borrower hereby releases the Bank and its officers, employees and agents from any and all liability, claims, known or unknown related to this Agreement or otherwise. In the event any Borrower is the subject of any insolvency, bankruptcy, receivership, dissolution, reorganization or similar proceeding, Federal or State, voluntary or involuntary, under any present or future law or act, Borrower hereby agrees that in consideration for the restructuring of the Loan Documents being made herein, Bank shall be and hereby is entitled to the automatic and absolute lifting of any automatic stay or other form of injunction so as to allow for the immediate enforcement of its remedies under the Loan Documents and any applicable law, including without limitation, the automatic and absolute lifting of the automatic stay imposed by ss. 362 of the United States Bankruptcy Code.

Section 9.03. No Waivers. No failure by either party to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under the Notes shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.04. Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Bank, including reasonable fees and disbursements of special and local counsel for the Bank, in connection with the preparation and administration of this Agreement and the other Loan Documents, any waiver or consent thereunder or any amendment thereof or any Default or alleged Default thereunder and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Bank, including (without duplication) the reasonable fees and disbursements of outside counsel, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

Section 9.05. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Bank.

Section 9.06. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Bank, except as may be permitted pursuant to Section 6.12 hereof. The Bank shall have the right to assign or otherwise transfer any of its rights under this Agreement or the Loan Documents; provided, however, that transfer of any of Bank's rights with respect to the Revolving Loans shall require the prior written consent of Borrower which consent shall not be unreasonably withheld or delayed.

Section 9.07. Governing Law. This Agreement and the Notes shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 9.08. Arbitration; Submission to Jurisdiction.

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

(b) All arbitration hearings shall be conducted in the city in which the office of the Bank set forth on the signature page hereof is located. A hearing shall begin within 90 days of demand for arbitration and all hearings shall be concluded within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000. Arbitrators shall be licensed attorneys selected from the

Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable federal or state substantive law except as provided herein.

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

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

(e) The parties acknowledge that by agreeing to binding arbitration they have irrevocably waived any right they may have to a jury trial with regard to a Dispute.

Section 9.09. Counterparts; Integration; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Each of this Agreement, the Notes and the other Loan Documents shall be deemed to incorporate the other of said documents by reference and all of said documents shall constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective upon receipt by the Bank of counterparts hereof signed by each of the parties hereto.

Section 9.10. Confidentiality. The Bank agrees to hold all nonpublic information obtained pursuant to the requirements of this Agreement in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices, provided that nothing herein shall prevent the Bank from disclosing such information (a) to any other Person if reasonably incidental to the administration of the Loans, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority, (d) which had been publicly disclosed other than as a result of a disclosure by the Bank prohibited by this Agreement, (e) in connection with any litigation to which the Bank or its subsidiaries or parent may be a party, (f) to the extent necessary in connection with the exercise of any remedy hereunder and (g) to the Bank's legal counsel and independent auditors.

Section 9.11. Severability; Modification. If any provision hereof is invalid or unenforceable in any jurisdictions, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction; and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provisions in any other jurisdiction.

[Signatures on Following Page]

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

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

TREX COMPANY, LLC

By /s/ Anthony J. Cavanna

Anthony J. Cavanna, Executive Vice
President; Chief Financial Officer;
Treasurer

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

TREX COMPANY, INC.

By /s/ Robert G. Matheny

Robert G. Matheny, President

301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
Facsimile: (704) 374-6319

FIRST UNION NATIONAL BANK

By /s/ Barbara Gell Carroll

Name/Title Barbara Gell Carroll,

Senior Vice President/Director

DEFINITIONS APPENDIX

The definitions set forth in this Definitions Appendix are incorporated by reference into Section 1.01 of the Second Amended and Restated Credit Agreement dated as of September 30, 2001 among TREX Company, LLC, Trex Company, Inc. and First Union National Bank (as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"). Reference in this Definitions Appendix to "this Agreement," "herein," "hereof," "hereunder" and to any Article or Section shall be interpreted to mean the Credit Agreement and the referenced Article or Section, including this Definitions Appendix.

DEFINITIONS

"Accounts" means all "accounts" (as defined in the UCC) now owned or hereafter acquired by the Borrower, and shall also mean and include all accounts receivable, contract rights, book debts, notes, drafts and other obligations or indebtedness owing to the Borrower arising from the sale, lease or exchange of goods or other property by it and/or the performance of services by it (including, without limitation, any such obligation which might be characterized as an account, contract right or general intangible under the Uniform Commercial Code in effect in any jurisdiction) and all of the Borrower's rights in, to and under all purchase orders for goods, services or other property, and all of the Borrower's rights to any goods, services or other property represented by any of the foregoing (including returned or repossessed goods and unpaid seller's rights of rescission, replevin and reclamation and rights to stoppage in transit) and all moneys due to or to become due to the Borrower under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services by it (whether or not yet earned by performance on the part of the Borrower), in each case whether now in existence or hereafter arising or acquired, including, without limitation, the right to receive the proceeds of said purchase orders and contracts and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Acquisition," by any Person (herein called the "Acquiror"), means any transaction involving the purchase, lease or other acquisition by such Acquiror of any or all of the capital stock or assets of another Person that, for purposes of preparing a statement of cash flows for such Acquiror prepared in accordance with GAAP, would be considered "investing activity."

"Affiliate" means (a) any Person that directly, or indirectly through one or more intermediaries, controls the Borrower (a "Controlling Person") or (b) any Person (other than the Borrower or a Subsidiary) which is controlled by or is under common control with a Controlling Person. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Second Amended and Restated Credit Agreement, as it may be amended, modified or supplemented from time to time.

"Bank" means First Union National Bank, a national banking association, and its successors and assigns.

"Base Rate" means, for any day, the Prime Rate for such day plus 1% as adjusted by the Variance.

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

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

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

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

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

"Cash Equivalents" means (a) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States of any agency thereof, (b) commercial paper rated in the highest grade by a nationally recognized credit rating agency or (c) time deposits with, including certificates of deposit issued by, any office located in the United States of any bank or trust company which is organized under the laws of the United States or any state thereof and has capital, surplus and undivided profits aggregating at least \$250,000,000, provided in each case that such investment matures within one year from the date of acquisition thereof by the Borrower.

"Change of Control" means any event or condition a result of which is that (a) Anthony J. Cavanna, Roger A. Wittenberg, Robert G. Matheny and Andrew U. Ferrari (or any of their current or former spouses, lineal descendants, current or former spouses of any such lineal descendants, or any trust or other Person controlled by any of the foregoing) cease, as a group, to own beneficially at least 25% of the voting common stock of Trex Company, Inc.; or (b) TREX Company, Inc. ceases to own beneficially all of the membership interests in TREX Company, LLC.

"Closing Date" means the date, not later than November 9, 2001, on which the Bank determines that the conditions specified in or pursuant to Section 4.01 have been satisfied.

"Collateral" means the real estate, and improvements thereon, of the Borrower as more particularly described in those certain Deeds of Trust dated as of the date hereof and all other collateral described in the Security Agreement.

"Commitment Fee" means the \$100,000 fee due upon the execution of this Agreement and the \$200,000 fee due to the Bank if the Obligations, exclusive of the ISDA Master Agreement and Real Estate Term Loans 1, 2 & 3, are not paid in full on or before June 30, 2002.

"Consolidated EBITDA" means as of the date of determination, the total earnings before interest and taxes plus depreciation and amortization of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis as of such date.

"Consolidated Debt" means at any date the Debt of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

"Consolidated Net Worth" means, as of the date of determination:

(i) the total assets of the Borrower and its Subsidiaries which would be shown as assets on a consolidated balance sheet of the Borrower and its Subsidiaries as of such time prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries; minus

(ii) the total liabilities of the Borrower and its Subsidiaries which would be shown as liabilities on a consolidated balance sheet of the Borrower and its Subsidiaries as of such time prepared in accordance with GAAP.

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

"Debt" of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (d) all obligations of such Person as lessee under Capital Leases, (e) all obligations of such Person to purchase securities or other property which arise out of or in connection with the sale of the same or substantially similar securities or property, (f) all noncontingent obligations (and, for purposes of Section 6.09 and the definitions of Material Debt and Material Financial Obligations, all contingent obligations) of such Person to reimburse any bank or other person in respect of amounts paid under a letter of credit, bankers' acceptance or similar instrument, (g) all obligations of others secured by a Lien on any asset of such Person, whether or not such obligation is assumed by such Person, and (h) all obligations of others Guaranteed by such Person; provided, however, that Debt shall not include (i) indebtedness incurred in connection with the financing of insurance premiums, (ii) obligations of TREX Company, LLC as borrower and Trex Company, Inc. as guarantor with respect to the indebtedness secured by the Permitted Lien identified in Section 6.09(a) of the Credit Agreement, and (iii) Guarantees of obligations of TREX Company, LLC or Trex Company, Inc.

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

"Derivatives Obligations" of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate

option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

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

"Effective Date" means September 30, 2001.

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

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

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

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

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

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

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

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

"Inventory" means all "inventory" (as defined in the UCC) now owned or hereafter acquired by the Borrower, wherever located, and shall also mean and include, without limitation, all raw materials and other materials and supplies, work-in-process and finished goods and any products made or processed therefrom and all substances, if any, commingled therewith or added thereto.

"Investment" means any investment in any Person, whether by means of share purchase capital contribution, loan, time deposit or otherwise.

"ISDA Master Agreement" means that certain agreement between Trex Company, LLC and Bank dated as of March 20, 1998, and all amendments thereto and transactions thereunder.

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

"Letter of Credit SM413821" means that certain irrevocable standby letter of credit for the benefit of Treasurer, County of Frederick, Virginia with in the amount of \$108,756.

"LIBOR" has the meaning set forth in Section 2.06(c).

"LIBOR Market Index-Based Rate" has the meaning set forth in Section 2.06(b).

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

"Loan Documents" means the Credit Agreement, the Mortgage the Notes and the Security Agreement, collectively, and "Loan Document" means any of them.

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

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

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

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

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

"Mortgage" means those certain Deed Of Trusts, Security Agreement, And Absolute Assignment Of Leases to be filed in Virginia and Nevada pursuant to Section 3 hereof.

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

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

"Notice of Borrowing" means a Notice of Borrowing (as defined in Section 2.03(a)).

"Obligations" means:

(i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Real Estate Term Loan, Term Loan A, Revolving Loan, ISDA Master Agreement, Letter of Credit SM413821, fees payable or reimbursement obligation under, or any note issued pursuant to, this Agreement or any other Loan Document;

(ii) all other amounts now or hereafter payable by the Borrower and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) on the part of the Borrower pursuant to this Agreement or any other Loan Document;

(iii) all Derivatives Obligations (including, without limitation, any amounts which accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower, whether or not allowed or allowable as a claim in any such proceeding) of the Borrower to the Bank;

(iv) all other indebtedness, obligations and liabilities of the Borrower to the Bank, now existing or hereafter arising or incurred, whether or not evidenced by notes or other instruments, and whether such indebtedness, obligations and liabilities are direct or

indirect, fixed or contingent, liquidated or unliquidated, due or to become due, secured or unsecured, joint, several or joint and several, related to the Loans;

together in each case with all renewals, modifications, consolidations or extensions thereof.

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

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

"Perfection Certificate" means a certificate of the Borrower, substantially in the form of Exhibit A to the Security Agreement, completed and supplemented with the schedules and attachments contemplated thereby to the satisfaction of the Bank, and duly executed by the chief executive officer, president or chief financial officer of the Borrower.

"Permitted Liens" has the meaning set forth in Section 6.09.

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

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

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

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

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

"Real Estate Term Loan 1 " means the \$3,780,000 loan made by Bank to Borrower on June 15, 1998.

"Real Estate Term Loan 2" means the \$1,035,000 loan made by Bank to Borrower on November 20, 1998.

"Real Estate Term Loan 3" means the \$5,940,000 loan made by Bank to Borrower on August 15, 2000.

"Real Estate Term Loan 1 Note" means the amended and restated promissory note of the Borrower evidencing the obligation of the Borrower to repay Real Estate Term Loan 1.

"Real Estate Term Loan 2 Note" means the amended and restated promissory note of the Borrower evidencing the obligation of the Borrower to repay Real Estate Term Loan 2.

"Real Estate Term Loan 3 Note" means the amended and restated promissory note of the Borrower evidencing the obligation of the Borrower to repay Real Estate Term Loan 3.

"Registration Agreement" means the Registration Rights Agreement between Trex Company, Inc. and the Bank dated as of November 13, 2001 requiring Trex Company, Inc. to register the common stock acquired by the Bank pursuant to any Warrants.

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

"Revolving Commitment" means \$17,000,000.00.

"Revolving Credit Period" means the period from and including the Effective Date to but not including January 31, 2003.

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

"Revolving Note" means a promissory note of the Borrower substantially in the form of Exhibit B-1 hereto, evidencing the obligation of the Borrower to repay the Revolving Loans.

"Security Agreement" means the Security Agreement between the Borrower and the Bank, dated as of the date hereof, as it may be amended, modified or supplemented from time to time.

"Services Agreement" means the description of the Sweep Plus Service provided by the Bank to the Borrower, the terms of which are hereby incorporated in this Agreement by reference.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or

other persons performing similar functions are at the time directly or indirectly owned by Trex Company, Inc.

"Term Loan A " means the \$58,000,000 loan made by Bank to Borrower as of the Effective Date.

"Term Loan A Period" means the period from and including the Closing Date to but not including January 31, 2003.

"Term Loan A Note" means the promissory note of the Borrower evidencing the obligation of the Borrower to repay Term Loan A.

"Termination Date" means January 31, 2003, as said date may be extended pursuant to Section 2.07(b).

"Total Consolidated Capitalization" means, as of any date of determination with respect to the Borrower, the sum of Total Consolidated Debt and Consolidated Net Worth.

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

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the Commonwealth of Virginia, provided that if by reason of mandatory provisions of law, for matters pertaining only to the perfection or the effect of perfection or nonperfection of the Security Interest in any Collateral (as that term is defined in the Security Agreement) is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Virginia, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or nonperfection.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (a) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (b) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"United States" means the United States of America, including the states and the District of Columbia, but excluding its territories and possessions.

"Variance" means a rate per annum (which may be a negative number) above or below the Base Rate which the Bank, in its sole discretion, determines is appropriate to adjust the Base Rate in order that the interest rate on the Loans converted to Base Rate Loans in accordance with

Section 8.02 of this Agreement will be comparable to the applicable LIBOR or LIBOR Market Index-Based Rate plus the basis points over those rates set forth in Section 2.06.

"Warrant" means the common stock purchase warrant referred to in Section 6.21, dated as of November 13, 2001, and any common stock purchase warrant subsequently issued in exchange, replacement or substitution therefor or any subsequently issued warrant.

USAGE

The following rules of construction and usage shall be applicable to any instrument that is governed by this Appendix:

(a) All terms defined in this Appendix shall have the defined meanings when used in any instrument governed hereby and in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(b) The words "hereof," "herein," "hereunder" and words of similar import when used in an instrument refer to such instrument as a whole and not to any particular provision or subdivision thereof; references in any instrument to "Article," "Section" or another subdivision or to an attachment are, unless the context otherwise requires, to an article, section or subdivision of or an attachment to such instrument; and the term "including" means "including, without limitation."

(c) The definitions contained in this Appendix are equally applicable to both the singular and plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(d) Any agreement, instrument or statute defined or referred to below or in any agreement or instrument that is governed by this Appendix means such agreement or instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of September 30, 2001, by and between TREX COMPANY, LLC, a Delaware limited liability company, TREX COMPANY, INC., a Delaware corporation (collectively, the "Borrower") and FIRST UNION NATIONAL BANK, a national banking association (the "Bank"), recites and provides as follows:

The Borrower and the Bank are parties to a Second Amended and Restated Credit Agreement of even date herewith (as the same may be amended, supplemented or modified from time to time and including any agreement extending the maturity of, refinancing or otherwise restructuring all or any portion of the obligations of the Borrower under such agreement or any successor agreement, the "Credit Agreement"). To induce the Bank to enter into the Credit Agreement, and as a condition precedent to the Bank's obligations thereunder, the Borrower has agreed to grant a continuing security interest in and to the Collateral (as hereinafter defined) to secure the obligations of the Borrower as set forth in the Credit Agreement (the "Obligations"). Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Terms defined in the Credit Agreement and not otherwise defined herein have, as used herein, the respective meanings provided for in the Credit Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 2.01. Title to Collateral. The Borrower has good and marketable title to all the Collateral, free and clear of any Liens other than Permitted Liens. The Borrower has not performed any acts which might prevent the Bank from enforcing any of the terms of this Agreement or which would limit the Bank in any such enforcement. Other than financing statements or other similar or equivalent documents or instruments with respect to the Security Interests and Permitted Liens, no financing statement, mortgage, security agreement or similar or equivalent document or instrument covering all or any part of the Collateral is on file or on record in any jurisdiction in which such filing or recording would be effective to create a Lien on such Collateral. No Collateral is in the possession of any Person (other than Borrower) asserting any claim thereto or security interest therein, except that the Bank or its designee may have possession of the Collateral as contemplated hereby and by the Credit Agreement.

Section 2.02. Condition of Collateral. Borrower represents that the Collateral is in good repair and condition and that Borrower shall use reasonable care to prevent Collateral from being damaged or depreciating, ordinary wear and tear excepted. Borrower shall immediately notify Bank of any material loss or damage to Collateral. Borrower shall not permit any item of Collateral to become a fixture to real estate or an accession to other personal property. Borrower represents it is in compliance in all respects with all laws, rules and regulations applicable to the Collateral and its properties, operations, business, and finances except when noncompliance could not reasonably be expected to have a Material Adverse Affect. In addition, Borrower shall promptly notify Bank of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting the Collateral.

Section 2.03. Validity, Perfection and Priority of Security Interests. The Security Interests constitute valid security interests under the UCC securing the Obligations. When UCC financing statements containing a description of the Collateral in the form specified in Exhibit B hereto shall have been filed in the offices specified in Schedule 4.01 hereto, the Security Interests shall constitute perfected security interests in all right, title and interest of Borrower in the Collateral to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all other Liens and rights of others therein except for the Permitted Liens.

Section 2.04. Insurance. The Collateral is insured in accordance with the requirements of the Credit Agreement.

Section 2.05. Fair Labor Standards Act. All Inventory has or will have been produced in compliance with the applicable requirements of the Fair Labor Standards Act, as amended from time to time, or any successor statute and regulations promulgated thereunder.

ARTICLE III

SECURITY INTEREST

Section 3.01. Grant of Security Interest. In order to secure the full and punctual payment of the Obligations in accordance with the terms thereof, the Borrower hereby grants to the Bank a continuing security interest in and to all of the Collateral, whether now owned or existing or hereafter acquired, created or arising, whether tangible or intangible, and regardless of where located (the "Security Interests").

As used in this Agreement, "Collateral" means all right, title and interest of the Borrower in the following, whether now owned or existing or hereafter acquired, created or arising, whether tangible or intangible, and regardless of where located:

- (a) the Cash Proceeds Account and the Insurance Account;

(b) all business assets of every type and description of Borrower and its Subsidiaries, including any property and acquisitions, whether now owned or hereafter acquired and wherever located, including, but not limited to the following:

(i) all accounts, contract rights, leases, and any other rights of Borrower to payment for goods sold or leased or for services rendered; furniture; furnishings; fixtures; equipment; machinery; accessories; moveable trade fixtures; goods held for sale or being processed for sale in Borrower's business, including all raw materials, supplies, and other materials used or consumed in Borrower's business, goods in process, finished goods, and all other items customarily classified as inventory; building improvement and construction materials, supplies and equipment; chattel paper; instruments; documents; letters of credit (including, but not limited to, any written undertaking to pay money conditioned upon the presentation of specified documents, and advices of letters of credits); all funds on deposit with Bank and its affiliates; as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto) in any form and wherever located.

(ii) all general intangibles (including, without limitation, all contract rights, tax refunds and tax refund claims, choses in action, causes of action, corporate or other business records, inventions, designs, patents, patent applications, trademarks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, claims under guaranties, security interests or other security held or granted to secure payment of contracts by account debtors, all rights to indemnification and all other intangible property of every kind and nature);

(iii) all instruments, documents, chattel paper, goods, moneys, securities, drafts, and other property of Borrower now in possession of and at any time and from time to time hereafter delivered to Bank, its agents or affiliates, whether for safekeeping, pledge, custody, transmission, collection, or otherwise, and all of Borrower's deposits, balances, sums, proceeds, and credits with, and any of its claims against Bank and affiliates of Bank, at any time existing, together with the increases and profits received therefrom and the proceeds thereof, including insurance payable because of loss or damage thereto;

(iv) all of the Borrower's capital stock in its Subsidiaries, excluding Borrower's capital stock in Trex Wood Polymer Espana, S.L., its Spanish Subsidiary;

(c) all products and proceeds (including investment property and security entitlements) of any of the property described above in any form, and all proceeds of such products.

Notwithstanding the foregoing, until the occurrence of an Event of Default and the election of the Bank to terminate the rights of the Borrower with respect thereto, Borrower shall retain all right incidental to the ownership of the capital stock of its Subsidiaries including without limitation, voting rights with respect thereto and all rights to dividends issued thereon.

Section 3.02. Continuing Liability of the Borrower. The Security Interests are granted as security only and shall not subject the Bank to, or transfer or in any way affect or modify, any obligations or liability of the Borrower with respect to any of the Collateral or any transaction in connection therewith.

Section 3.03. Insurance Account.

(a) Creation of and Deposits to Insurance Account. Promptly upon and at all times after the receipt of any cash proceeds of insurance policies, awards of condemnation or other compensation required to be paid to the Bank pursuant to Section 4.07 of this Agreement (the "Insurance Proceeds"), the Borrower shall establish and shall thereafter maintain a cash collateral account the ("Insurance Account") at the offices of the Bank in the name and under the exclusive control of the Bank. Forthwith upon such establishment, the Borrower shall notify the Bank of the location, account name and account number of such account. The Borrower hereby agrees to cause any Insurance Proceeds received from time to time after the establishment of the Insurance Account to be deposited therein as set forth in this paragraph. Any Insurance Proceeds received from time to time by the Bank in respect of which the Bank is an insured party and loss payee shall be promptly deposited to the Insurance Account as set forth in this paragraph. Any income received with respect to the balance from time to time to the credit of the Insurance Account, including any interest or capital gains on Liquid Investments, shall remain, or be deposited in the Insurance Account. All right, title and interest in and to the cash amounts on deposit from time to time in the Insurance Account together with any Liquid Investments from time to time made pursuant to Section 3.03(c) shall vest in the Bank, shall constitute part of the Collateral and shall not constitute payment of the Obligations until applied thereto as hereinafter provided. The Bank may in its sole and absolute discretion, (i) apply Insurance Proceeds, or any portion thereof, to the payment of the Obligations, or (ii) allow Insurance Proceeds to be withdrawn in accordance with Section 3.03(b).

(b) Withdrawals from Insurance Account. The balance from time to time standing to the credit of the Insurance Account shall be subject to withdrawal only upon the instructions of the Bank, which instructions shall not be unreasonably or untimely withheld or delayed. Except upon the occurrence and continuation of an Event of Default, the Bank agrees to give instructions to distribute such amounts to the Borrower at such times an in such amounts as the Borrower shall request for the purpose of repairing, reconstructing or replacing the property in respect of which such Insurance Proceeds were received. Any such request shall be accompanied by a certificate of the chief executive officer or treasurer of the Borrower setting forth in detail reasonably

satisfactory to the Bank the repair, reconstruction or replacement for which such funds will be expended. If immediately available cash on deposit in the Insurance Account is not sufficient to make such distribution to the Borrower, the Bank shall cause to be liquidated as promptly as possible the Liquid Investments in the Insurance Account designated by the Borrower as are required to obtain sufficient cash to make such distribution and, notwithstanding, any other provision of this Article III, such distribution shall not be made until such liquidation has occurred. Upon the occurrence and continuation of an Event of Default, the Bank (in its sole discretion) may apply or cause to be applied (subject to collection) any or all of the balance from time to time standing to the credit of the Insurance Account in the manner specified in Section 5.04.

(c) Investment of Funds in Insurance Account. Amounts on deposit in the Insurance Account shall be invested and re-invested from time to time in such Liquid Investments as the Borrower shall determine, which Liquid Investments shall be held in the name of and be under the control of the Bank, provided that, if an Event of Default has occurred and is continuing, the Bank may liquidate any such Liquid Investments and apply or cause to be applied the proceeds thereof in the manner specified in Section 5.04. For this purpose, "Liquid Investments" means Cash Equivalents; provided that (i) each Liquid Investment shall mature within 30 days after it is acquired by the Bank and (ii) in order to provide the Bank with a perfected security interest therein each Liquid Investment shall be either:

(i) Evidenced by negotiable certificates or instruments, which (together with any appropriate instruments of transfer) are delivered to, and held by, Bank or an agent thereof (which shall not be the Borrower or any of its Affiliates); or

(ii) In book entry form and issued by the United States and subject to pledge under applicable state law and Treasury regulations and as to which (in the opinion of counsel to the Bank) appropriate measures have been taken for perfection of the Security Interests.

Section 3.04. Cash Proceeds Account.

(a) Creation of Cash Proceeds. Upon the later of (i) occurrence and continuation of an Event of Default, and (ii) notification of Borrower by the Bank, Trex Company, LLC's ZBA Master Account Number 2050000189063, or such other equivalent account as shall then exist (the "Master Account"), shall become a cash collateral account (the "Cash Proceeds Account") under the exclusive control of the Bank into which there shall be deposited from time to time the cash proceeds of the Collateral required to be delivered to the Bank pursuant to this Section or any other provision of the Loan Documents. Any income received with respect to the balance from time to time to the credit of the Cash Proceeds Account, including any interest, shall remain, or be deposited in the Cash Proceeds Account. All right, title and interest in and to the cash amounts on deposit from time to time in the Cash Proceeds Account shall vest in the

Bank, shall constitute part of the Collateral and shall not constitute payment of the Obligations until applied thereto as hereinafter provided.

(b) Deposits to Cash Proceeds Accounts. Upon the later of (i) notification by the Bank and (ii) the occurrence and continuation of an Event of Default, all cash proceeds of the Collateral shall be delivered to the bank and deposited in the Cash Proceeds Account. In addition to the foregoing, the Borrower agrees that if the proceeds of any Collateral shall be received by it, the Borrower shall as promptly as possible deposit such proceeds in the Cash Proceeds Account. Until so deposited, all such proceeds shall be held in trust by the Borrower for and as the property of the Bank and shall not be commingled with any other funds or property of the Borrower. The Borrower hereby irrevocably authorizes and empowers the Bank, its officers, employees, and authorized agents to endorse and sign its name on all checks, drafts, money orders or other media of payment so delivered and such endorsements or assignments shall, for all purposes, be deemed to have been made by the Borrower prior to any endorsement or assignment thereof by the Bank. The Bank may use any convenient or customary means for the purpose of collecting such checks, drafts, money orders or other media of payment.

(c) Withdrawals from Cash Proceeds Account Collected funds on deposit in the Cash Proceeds Account shall be withdrawn by the Bank on the Business Day following the day on which the Bank considers the funds deposited therein to be collected funds and applied to repay the Obligations which are then due and payable. Upon the conversion of the Master Account to the Cash Proceeds Account, the Borrower will not have the right to make withdrawals from the Cash Proceeds Account and all automatic withdrawals from such account will terminate.

Section 3.05. Stock Dividends. If, with respect to any securities pledged hereunder, a stock dividend is declared, any stock split made or right to subscribe is issued, all the certificates for the shares representing such stock dividend, stock split or right to subscribe will be immediately delivered, duly endorsed, to the Bank as additional Collateral, and any cash or non-cash proceeds and products thereof, including investment property and security entitlements will be immediately delivered to Bank. Borrower acknowledges that such grant includes all investment property and security entitlements, now existing or hereafter arising, relating to such securities. In addition, Borrower agrees to execute such notices and instructions to securities intermediaries as Bank may reasonably request.

Section 3.06. Contracts, Chattel Paper, Accounts, General Intangibles. Borrower warrants that Collateral consisting of contract rights, chattel paper, accounts, or general intangibles is (i) genuine and enforceable in accordance with its terms except as limited by law; (ii) not subject to any defense, set-off, claim or counterclaim of a material nature against Borrower except as to which Borrower has notified Bank in writing; and (iii) not subject to any other circumstances that would impair the validity, enforceability, value, or amount of such Collateral except as to which Borrower has notified Bank in writing. Borrower shall not amend,

modify or supplement any lease, contract or agreement contained in Collateral or waive any provision therein, without prior written consent of Bank.

Section 3.07. Account Information. From time to time, at Bank's request, Borrower shall provide Bank with schedules describing all accounts and contracts, including customers' addresses, credited or acquired by Borrower and at Bank's request shall execute and deliver written assignments of contracts and other documents evidencing such accounts and contracts to Bank. Together with each schedule, Borrower shall, if requested by Bank, furnish Bank with copies of Borrower's sales journals, invoices, customer purchase orders or the equivalent, and original shipping or delivery receipts for all goods sold, and Borrower warrants the genuineness thereof.

Section 3.08. Account and Contract Borrowers. If an Event of Default should occur and be continuing, Bank shall have the right to notify the account and contract debtors obligated on any or all of the Collateral to make payment thereof directly to Bank and Bank may take control of all proceeds of any such Collateral, which rights Bank may exercise at any time. The cost of such collection and enforcement, including attorneys' fees and expenses, shall be borne solely by Borrower whether the same is incurred by Bank or Borrower. If an Event of Default should occur and is continuing or upon demand of Bank, Borrower will, upon receipt of all checks, drafts, cash and other remittances in payment on Collateral, deposit the same in a special bank account maintained with Bank, over which Bank also has the power of withdrawal.

If an Event of Default should occur and is continuing, no discount, credit, or allowance shall be granted by Borrower to any account or contract debtor and no return of merchandise shall be accepted by Borrower without Bank's consent. Bank may, after the occurrence and continuation of an Event of Default, settle or adjust disputes and claims directly with account contract debtors for amounts and upon terms that Bank considers advisable, and in such cases Bank will credit the Obligations with the net amounts received by Bank, after deducting all of the expenses incurred by Bank. Borrower agrees to indemnify and defend Bank and hold it harmless with respect to any claim or proceeding arising out of any matter related to collection of Collateral unless arising out of Bank's gross negligence or wilfull misconduct.

Section 3.09. Government Contracts. If any Collateral covered hereby arises from obligations due to Borrower from any governmental unit or organization, Borrower shall immediately notify Bank in writing and execute all documents and take all actions demanded by Bank to ensure recognition by such governmental unit or organization of the rights of Bank in the Collateral.

Section 3.10. Inventory. So long as no Event of Default has occurred and is continuing, Borrower shall have the right in the regular course of business, to process and sell Borrower's inventory. If an Event of Default should occur and be continuing or upon demand of Bank, Borrower will, upon receipt of all checks, drafts, cash and other remittances, in payment of Collateral sold, deposit the same in a special bank account maintained with Bank, over which Bank also has the power of withdrawal. Borrower shall comply in all respects with all laws, regulations, rulings, and orders applicable to Borrower or its assets or business including, without

limitation, the Federal Fair Labor Standards Act in the conduct of its business and the production of inventory. Borrower shall notify Bank immediately of any violation by Borrower of the Fair Labor Standards Act, and a failure of Borrower to so notify Bank shall constitute a continuing representation that all inventory then existing has been produced in compliance with the Fair Labor Standards Act.

Section 3.11. Instruments, Chattel Paper. Any Collateral that is instruments, chattel paper and negotiable documents will be properly assigned to, the originals deposited with and held by Bank, unless Bank shall hereafter otherwise direct or consent in writing. Bank may, without notice, upon the occurrence and continuation of an Event of Default, exercise any or all rights of collection, conversion, or exchange and other similar rights, privileges and options pertaining to such Collateral, but shall have no duty to do so.

Section 3.12. Collateral Duties. Bank shall have no custodial or ministerial duties to perform with respect to Collateral pledged except as set forth herein; and by way of explanation and not by way of limitation, Bank shall incur no liability for any of the following: (i) loss or depreciation of Collateral (unless caused by its willful misconduct or gross negligence), or (ii) failure to present any paper for payment or protest, to protest or give notice of nonpayment, or any other notice with respect to any paper or Collateral.

Section 3.13. Transfer of Collateral. Bank may assign its rights in Collateral or any part thereof to any assignee selected by Bank in good faith who shall thereupon become vested with all the powers and rights herein given to Bank with respect to the property so transferred and delivered, and Bank shall thereafter be forever relieved and fully discharged from any liability with respect to such property so transferred, but with respect to any property not so transferred, Bank shall retain all rights and powers hereby given.

Section 3.14. [Intentionally Deleted]

Section 3.15. Landlord Waivers. Borrower shall cause each landlord of real property leased by Borrower on which Borrower has stored any finished goods inventory, to execute and deliver instruments satisfactory in form and substance to Bank by which such landlord waives its rights, if any, in the Collateral.

ARTICLE IV

COVENANTS

The Borrower covenants and agrees with the Bank that until the payment in full of all Obligations and until there is no Commitment by the Bank to make any further Revolving Loans, incur obligations or otherwise give value, the Borrower will comply with the following:

Section 4.01. Delivery of Perfection Certificate; Filing of Financing Statements and Delivery of Search Reports. On or prior to the Closing Date, the Borrower shall deliver the Perfection Certificates and all filings other actions specified in Section 4.01 hereto to have been

delivered to the Bank for recordation. The information set forth in the Perfection Certificates shall be correct and complete. Not later than 60 days after the Closing Date, the Borrower shall furnish to the Bank file search reports from each UCC filing office set forth in Schedule 4.01 confirming the filing information set forth in such Schedule and confirming that the Bank has a first priority security interest in the Collateral, except for the Permitted Liens.

Section 4.02. Change of Name, Identity or Structure; Locations of State of Organization. The Borrower will not change its name, identity or structure (corporate or limited liability company, as applicable) in any manner unless it shall have given the Bank not less than 30 days prior written notice thereof. The Borrower will not reorganize in such a way that its state of organization shall change which change would cause the Security Interests in the Collateral to lapse or cease to be perfected unless it shall have given Bank not less than 30 days prior written notice and taken such steps as are necessary to maintain Bank's Security Interests.

Section 4.03. Further Assurances. The Borrower will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any action (including, without limitation, any filings of financing or continuation statements under the UCC) that from time to time may be necessary or reasonably desirable, or that the Bank may reasonably request, in order to create, preserve, perfect, confirm or validate the Security Interests or to enable the Bank to obtain the full benefit of this Agreement, or to enable the Bank to exercise and enforce any of its rights, powers and remedies created hereunder or under applicable law with respect to any of the Collateral. The Borrower agrees that a carbon, photographic or photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. The Borrower shall pay the costs of, or incidental to, any recording or filing of any financing or continuation statements concerning the Collateral. Bank is authorized to file financing statements relating to Collateral without Borrower's signature where authorized by law. Borrower hereby constitutes and appoints Bank the true and lawful attorney of Borrower with full power of substitution to take any and all appropriate action and to execute any and all documents or instruments that may be necessary or desirable to accomplish the purpose and carry out the terms of this Security Agreement. The foregoing power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations have been paid in full. Neither Bank nor anyone acting on its behalf shall be liable for acts, omissions, errors in judgment, or mistakes in fact in such capacity as attorney-in-fact. Borrower ratifies all acts of Bank as attorney-in-fact. Borrower agrees to take such other actions as might be requested for the perfection, continuation and assignment, in whole or in part, of the security interests granted herein. If certificates, passbooks, or other documentation or evidence is/are issued or outstanding as to any of the Collateral, Borrower will cause the security interests of Bank to be properly protected, including perfection by notation thereon or delivery thereof to Bank.

Section 4.04. Collateral in Possession of Other Persons. If any Collateral is at any time in the possession or control of any warehouseman, bailee, or any of the Borrower's agents or processors, the Borrower shall notify such warehouseman, bailee, agent or processor of the

Security Interests created hereby and to hold all such Collateral for the Bank's account subject to the Bank's instructions.

Section 4.05. Books and Records. The Borrower shall keep full and accurate books and records relating to the Collateral, including without limitation the originals of all documentation with respect thereto, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and the Borrower will make the same available for the Bank's inspection, at the Borrower's own cost and expense, at any and all reasonable times upon demand. Upon direction by the Bank, the Borrower shall stamp or otherwise mark such books and records in such manner as the Bank may reasonably require to reflect the Security Interests.

Section 4.06. Disposition of Collateral. Without the prior written permission of the Bank (which consent shall not be unreasonably withheld or untimely withheld, conditioned or delayed), the Borrower will not sell, lease, exchange, assign or otherwise dispose of, or grant any option or security interest with respect to the Collateral, except that, subject to the rights of the Bank hereunder if an Event of Default shall have occurred and be continuing, the Borrower may sell, lease or exchange Inventory in the ordinary course of business and may sell or dispose of equipment no longer used or useful in the conduct of the Borrower's business, whereupon, in the case of such a sale or exchange, the Security Interests created hereby in such item (but not in any Proceeds arising from such sale or exchange) shall cease immediately without any further action on the part of the Bank.

Section 4.07. Insurance. Borrower shall bear all risk of loss with respect to the Collateral. The injury to or loss of Collateral, either partial or total, shall not release Borrower from payment or other performance hereof. Borrower agrees to obtain and keep in force casualty and hazard insurance on Collateral naming Bank as loss payee. Such insurance is to be in form and amounts and issued by such companies as are satisfactory to Bank. Borrower shall furnish to Bank such policies, or other evidence of such policies satisfactory to Bank. Each such insurance policy shall include effective waivers by the insurer of all claims for insurance premiums against the Bank unless Bank elects to continue coverage, provide for coverage to the Bank regardless of the breach by the Borrower of any warranty or representation made therein, not be subject to co-insurance, provide that all insurance proceeds in excess of \$50,000 per claim shall be adjusted with and payable to the Bank and provide that no cancellation, termination or material modifications (i.e. reductions in coverage limits) thereof shall be effective until at least 10 days after receipt by the Bank of notice thereof. Bank is authorized, but not obligated, from and after (and during the continuation of) any Event of Default, to purchase any or all insurance or "Single Interest Insurance" protecting such interest as Bank deems appropriate against such risks and for such coverage and for such amounts, including either the loan amount or value of the Collateral, all at its discretion, and at Borrower's expense. In such event, Borrower agrees to reimburse Bank for the cost of such insurance and Bank may add such cost to the Obligations. Borrower shall bear the risk of loss to the extent of any deficiency in the effective insurance coverage with respect to loss or damage to any of the Collateral. Borrower hereby assigns to Bank the proceeds of all such insurance and directs any insurer to make payments directly to Bank. Borrower hereby appoints Bank its attorney-in-fact, which appointment shall be irrevocable and coupled

with an interest for so long as Obligations are unpaid, to file proof of loss and/or any other forms required to collect from any insurer any amount due from any damage or destruction of Collateral, to agree to and bind Borrower as to the amount of said recovery, to designate payee(s) of such recovery, to grant releases to insurer, to grant subrogation rights to any insurer, and to endorse any settlement check or draft. Borrower agrees not to exercise any of the foregoing powers granted to Bank without Bank's prior written consent.

Section 4.08. Information Regarding Collateral. The Borrower will, promptly upon request, provide to the Bank all information and evidence which it may reasonably request concerning the Collateral to enable the Bank to enforce the provisions of this Agreement.

ARTICLE V

REMEDIES, RIGHTS UPON DEFAULT

Section 5.01. General Authority. The Borrower hereby irrevocably appoints the Bank its true and lawful attorney, with full power of substitution, in the name of the Borrower, the Bank or otherwise, for the sole use and benefit of the Bank, but at the Borrower's expense to the extent permitted by law to exercise at any time and from time to time while an Event of Default has occurred and is continuing, all or any of the following powers with respect to all or any of the Collateral, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, irrevocable until the Obligations are paid in full and until there is no commitment by the Bank to make any further Revolving Loans, incur obligations or otherwise give value:

(a) To demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof;

(b) To settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) To sell transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Bank were the absolute owner thereof; and

(d) To extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

Provided, that the Bank shall give the Borrower not less than ten days prior notice of the time and place of any sale or other intended disposition of any of the Collateral, except any Collateral which is perishable or threatens to decline speedily in value or is of the type customarily sold on a recognized market. The Bank and Borrower agree that such notice constitutes "reasonable notification" within the meaning of Section 9-504(3) of the UCC.

Section 5.02. Remedies upon Event of Default.

(a) If any Event of Default has occurred and is continuing, the Bank may exercise all rights of a secured party under the UCC, and in addition, the Bank may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law; (i) withdraw all cash and Liquid Investments in the Insurance Account and Cash Proceedings Account (collectively the "Collateral Accounts") and apply such cash and Liquid Investments and other cash, if any, then held by it as Collateral as specified in Section 5.04 and (ii) if there shall be no such cash or Liquid Investments or if such cash and Liquid Investments shall be insufficient to pay all of the Obligations in full or cannot be so applied for any reason, sell the Collateral or any part thereof at a public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Bank may deem satisfactory. The Bank may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type that customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale). The Borrower will execute and deliver such documents and take such other action as the Bank deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale, the bank shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Borrower which may be waived, and the Borrower, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale required by Section 5.01 shall (i) in the case of a public sale, state the time and place for such sale, and (ii) in the case of a private sale, state the day after which the sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Bank may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Bank may determine. The Bank shall not be obligated to make any such sale pursuant to any such notice. The Bank may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned without further notice. In the case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Bank until the selling price is paid by the purchaser thereof, but the Bank shall not incur any liability in the case of the failure of such purchaser to take up and pay for the collateral so sold and in, the case of any such failure, such Collateral may again be sold upon like notice. The Bank, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(b) For the purpose of enforcing any and all rights and remedies under this Agreement the Bank may (i) require the Borrower to, and the Borrower agrees that it will, at its expense and upon request of the Bank, forthwith assemble all or any part of the Collateral as directed by the Bank and make it available at a reasonable place designated by the Bank which is, in the Bank's opinion, reasonably convenient to the Bank and the Borrower, whether at the premises of the Borrower or otherwise, it being understood that the Borrower's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Bank shall be entitled to a decree requiring specific performance by the Borrower of such obligations; (ii) to the extent permitted by applicable law, enter, with or without process of law and without breach of the peace, any premise where any of the Collateral is or may be located, and without charge or liability to the Bank seize and remove such Collateral from such premises; (iii) have access to and use the Borrower's books and records relating to the Collateral; and (iv) prior to the disposition of the Collateral, store or transfer it without charge in or by means of any storage or transportation facility owned or leased by the Borrower, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Bank reasonably deems appropriate. The Bank may also dispose of such Collateral on such premises without liability for rent or costs.

Section 5.03. Limitation on Duty of the Bank in Respect of Collateral. Beyond the exercise of reasonable care in the custody thereof, the Bank shall have no duty to exercise any rights or take any steps to preserve the rights of the Borrower in the Collateral in its or the Borrower's possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, nor shall the Bank be liable to the Borrower or any other Person for failure to meet any obligation imposed by Section 9-207 of the UCC or any successor provision. The Bank shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that existing at the time in the Borrower's industry, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Bank in good faith.

Section 5.04. Application of Proceeds. The proceeds of any sale of, or other realization upon, all or any part of the Collateral and any cash held in the Collateral Accounts shall be applied by the Bank in the following order of priorities:

(a) to payment of the reasonable expenses of such sale or other realization, including reasonable compensation to agents and counsel for the Bank, and all expenses, liabilities and advances incurred or made by the Bank in connection therewith, and any other Obligations owing to the Bank in respect of sums advanced by the Bank to preserve the Collateral or to preserve its security interest in the Collateral;

(b) an amount equal to (A) the unpaid principal of and accrued but unpaid interest on all Revolving Loans and all other Obligations which arise or are incurred in connection with the Loan Documents; plus (B) all unpaid fees owing to the Bank under the Credit Agreement relating to the Obligations; plus (C) to the extent not covered by paragraph (i) above, all unreimbursed expenses for which the Bank is to be reimbursed pursuant to Section 9.03 of the Credit Agreement or Section 6.03 hereof shall be applied to payment of the Obligations;

(c) to the payment of all other Obligations, until all Obligations shall have been paid in full; and

(d) to payment to the Borrower or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

Section 5.05. [Intentionally Deleted]

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. Unless otherwise specified herein, all notices, requests or other communications to any party hereunder shall be in writing (including bank wire, facsimile transmission or similar writing) and shall be given to such party (i) at its address set forth on the signature pages hereto or (ii) other address or facsimile number as such party shall hereafter specify for the purpose of communications hereunder by notice to the other parties hereto. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited, certified mail, return receipt requested, in the mails with appropriate first class postage prepaid, addressed as aforesaid or (iii) if given by other means, when delivered at the address specified in this Section 6.01. Rejection or refusal to accept, or the inability to deliver because of a changed address of which no notice was given shall not affect the validity of notice given in accordance with this Section.

Section 6.02. No Waivers: Non-Exclusive Remedies. No failure or delay on the part of either party to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege under this Agreement or any other Loan Document or any other document or agreement contemplated hereby or thereby shall operate as a waiver thereof nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and in the other Loan Documents are cumulative and are not exclusive of any other remedies provided by law. Without limiting the foregoing, nothing in this Agreement shall impair the right of the Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other

than its indebtedness under the Credit Agreement and the other Loan Documents only relating to the Term Note and Term Loan.

Section 6.03. Compensation and Expenses of the Bank; Indemnification.

(a) Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Bank, including fees and disbursements of special and local counsel for the Bank, in connection with the preparation and administration of this Agreement or any document or agreement contemplated hereby, any consent or waiver hereunder or any amendment hereof or any Default or alleged Default and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Bank, including (without duplication) the fees and disbursements of outside counsel in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

(b) Protection of Collateral. If the Borrower fails to comply with the provisions of the Credit Agreement, this Agreement or any other Loan Document, such that the material value of any Collateral or the validity, perfection, rank or material value of any Security Interest is thereby diminished or potentially diminished or put at risk, the Bank may, but shall not be required to, effect such compliance on behalf of the Borrower, and the Borrower shall reimburse the Bank for the costs hereof on demand. All commercially customary insurance expenses and all commercially customary expenses of protecting, storing, warehousing, appraising, insuring, handling, maintaining and shipping the Collateral, any and all excise, property, sales and use taxes imposed by any state, federal or local authority on any of the Collateral, or in respect of periodic appraisals and inspections of the Collateral to the extent the same may be reasonably requested by the Bank from time to time, or in respect of the sale or other disposition thereof shall be borne and paid by the Borrower. If the Borrower fails to promptly pay any portion thereof when due, the Bank may, at its option, but shall not be required to, pay the same and charge the Borrower's account therefor, and the Borrower agrees to reimburse the Bank therefor on demand. All sums so paid or incurred by the Bank for any of the foregoing and any and all other sums for which the Borrower may become liable hereunder and all costs and expenses (including reasonable attorneys' fees, legal expenses and court costs) reasonably incurred by the Bank in enforcing or protecting the Security Interests or any of its rights or remedies under this Agreement, shall, together with interest thereon until paid at the rate applicable to the Loans plus 2%, be additional Obligations hereunder.

(c) [Intentionally Deleted]

(d) [Intentionally Deleted]

Section 6.04. Amendments and Waivers. Any provision of this Agreement may be amended, changed, discharged, terminated or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Bank.

Section 6.05. Successors and Assigns. This Agreement shall be binding upon each of the parties hereto and inure to the benefit of the Borrower and of the Bank and its successors and assigns. The Borrower shall not assign or delegate any of its rights and duties hereunder without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

Section 6.06. Limitation of Law; Severability.

(a) All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

(b) If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provisions in any other jurisdiction.

Section 6.07. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the Commonwealth of Virginia are governed by the laws of such jurisdictions.

Section 6.08. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when the Bank shall receive counterparts hereof executed by itself and the Borrower.

Section 6.09. Termination. Upon full, final and irrevocable payment and performance of all Obligations and the termination of the commitment under the Credit Agreement to make Revolving Loans, the Security Interests shall terminate and all rights to the Collateral shall revert to the Borrower. In addition, at any time and from time to time prior to such termination of the Security Interests, the Bank may release any of the Collateral. Upon any such termination of the Security Interests or release of Collateral, the Bank will, upon request by and at the expense of the Borrower, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence the termination of the Security Interests or the release of such

Collateral, as the case may be. Any such documents shall be without recourse to or warranty by the Bank.

Section 6.10. Entire Agreement. This Agreement and the other Loan Documents constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, and any contemporaneous oral agreements and understandings relating to the subject matter hereof and thereof.

Section 6.11. Waivers. Borrower waives presentment, demand, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate, and notice of acceleration of maturity. Borrower further agrees not to assert against Bank as a defense (legal or equitable), as a set-off, as a counterclaim, or otherwise, any claims Borrower may have against any seller or lessor that provided personal property or services relating to any part of the Collateral. Borrower waives all exemptions and homestead rights with regard to the Collateral. Borrower waives any and all rights to notice or to hearing prior to Bank's taking immediate possession or control of any Collateral, and to any bond or security which might be required by applicable law prior to the exercise of any of Bank's remedies against any Collateral. All rights of Bank and security interests hereunder, and all obligations of Borrower hereunder, shall be absolute and unconditional, not discharged or impaired irrespective of (and regardless of whether Borrower receives any notice of): (i) any lack of validity or enforceability of any Loan Document; (ii) any change in the time, manner or place of payment or performance, or in any term, of all or any of the Obligations or the Loan Documents or any other amendment or waiver of or any consent to any departure from any Loan Document; (iii) any exchange, release or non-perfection of any collateral, or any release of or modifications of the obligations of any guarantor or other obligor; (iv) any amendment or waiver of or consent to departure from any Loan Document or other agreement. To the extent permitted by law, Borrower hereby waives any rights under any valuation, stay, appraisal, extension or redemption laws now existing or which may hereafter exist and which, but for this provision, might be applicable to any sale or disposition of the Collateral by Bank; and any other circumstance which might otherwise constitute a defense available to, or a discharge of any party with respect to the Obligations.

Section 6.12. Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the Commonwealth of Virginia.

Section 6.13. Captions. The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof. The use of the plural shall also mean the singular, and vice versa.

Section 6.14. Joint and Several Liability. If more than one party has signed this Security Agreement, such parties are jointly and severally obligated hereunder.

Section 6.15. Binding Contract. Borrower by execution and Bank by acceptance of this Security Agreement, agree that each party is bound by all terms and provisions of this Security Agreement.

[SIGNATURES BEGIN ON NEXT PAGE]

WITNESS the following signatures and seals:

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

TREX COMPANY, LLC

By: /s/ Anthony J. Cavanna

Anthony J. Cavanna, Executive Vice
President; Chief Financial Officer;
Treasurer

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

TREX COMPANY, INC.

By: /s/ Robert G. Matheny

Robert G. Matheny, President

301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
Facsimile: (704) 374-6319

FIRST UNION NATIONAL BANK

By: /s/ Barbara Gell Carroll

Name/Title Barbara Gell Carroll,

Senior Vice President/Director

Assessors Parcel # 21-241-08

Mail Tax Bills To:
Trex Company, LLC
160 Exeter Road
Winchester, VA 22603-8605

DEED OF TRUST,
SECURITY AGREEMENT

AND

ASSIGNMENT OF LEASES AND RENTS

Granted By
Trex Company, LLC

a Delaware limited liability company
(for purposes of recording, the "Trustor")

To

Western Title Company, Inc.
(for purposes of recording, the "Trustee")

Trustee

Securing

First Union National Bank,

A National Banking Association
(for purposes of recording, the "Grantee")

This Document was Prepared By:
Fiona M. Tower
Kutak Rock LLP
1111 East Main Street, Suite 800
Richmond, Virginia 23219

Dated September 30, 2001

TO FILING OFFICER, AFTER RECORDATION RETURN TO:

Fiona M. Tower
KUTAK ROCK LLP
1111 East Main Street, Suite 800
Richmond, Virginia 23219

To Be Recorded In the Land
Records Offices of the City
Of Lyon County, Nevada.

DEED OF TRUST,
SECURITY AGREEMENT
AND
ASSIGNMENT OF LEASES AND RENTS

Granted By

TREX COMPANY, llc
A DELAWARE LIMITED LIABILITY COMPANY

To

WESTERN TITLE COMPANY, INC.
A NEVADA CORPORATION

Trustee

DEFINITIONS

As used throughout this Deed of Trust, the following terms shall have the following meanings:

"Act" shall have the meaning as set forth in Section 1.16 of this Deed of Trust;

"Beneficiary" shall mean First Union National Bank, a National Banking Association, its successors and assigns;

"Clerk's Office" shall mean collectively the land records of Lyon County, Nevada.

"Code" shall mean the Nevada Revised Statutes, as amended and now enacted;

"Credit Agreement" shall mean that certain Second Amended and Restated Credit Agreement between Trustor, Trex Company, Inc. and Beneficiary dated as of the date hereof;

"Deed of Trust" shall mean this deed of trust, security agreement and assignment of leases and rents granted by the Trustor to the Trustees;

"Easement" shall have the meaning as set forth in Section 7.1 of this Deed of Trust;

"Event of Default" shall mean, individually, and "Events of Default" shall mean, collectively, those items as listed in Article III of this Deed of Trust, which shall entitle the Trustees or the Beneficiary to exercise all rights and remedies provided in Article IV of this Deed of Trust;

"Hazard" shall have the meaning as set forth in Section 1.16 of this Deed of Trust;

"Improvements" shall mean all buildings, structures, improvements and replacements, now or hereafter existing on or to be erected upon the Land and any and all landscaping and related amenities and facilities;

"Land" shall mean all that parcel of land situated in Lyon County, Nevada, as more particularly described on Exhibit "A" attached to this Deed of Trust and made a part thereof;

"Leases" shall have the meaning as set forth in Section 6.1 of this Deed of Trust;

"Loan" shall mean the financing extended by the Beneficiary to the Trustor and Trex Company, Inc. as more particularly described in the Credit Agreement and evidenced by the Promissory Note;

"Loan Documents" shall mean the Promissory Note, the Deed of Trust, the Credit Agreement and such other documents and writings executed and delivered by Trustor and such other signatory parties to the Beneficiary, evidencing, securing or otherwise documenting the terms and conditions of the Loan, as the Promissory Note, the Deed of Trust, and such other documents may be amended, modified, replaced or amended and restated in their entirety in the future;

"Obligations" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Personalty" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Promissory Note" shall mean collectively, the term note in the original principal amount of \$3,780,000, the term note in the original principal amount of \$1,035,000, the term note in the original principal amount of \$5,940,000; the term note in the original principal amount of \$58,000,000 and the revolving note in the maximum principal amount of \$17,000,000 between Trustor and Trex Company, Inc., as Borrower, and Beneficiary, all dated as of the date hereof;

"Real Property" shall mean the Land and the Improvements;

"Rent" shall have the meaning as set forth in Section 6.1 of this Deed of Trust;

"Secured Property" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Trustees" shall mean Western Title Company, Inc..

DEED OF TRUST,
SECURITY AGREEMENT
AND
ASSIGNMENT OF LEASES AND RENTS

THIS DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS (the "Deed of Trust") is made and granted as of the 30th day of September, 2001, by TREX COMPANY, LLC, a Delaware limited liability company, with an address of 160 Exeter Drive, Winchester, Virginia 22603-8605 (the "Trustor"), to Western Title Company, Inc. (Trustee"), for the benefit of Beneficiary.

RECITALS

A. The Trustor holds fee simple title to the Land and conveys its fee simple interest in the Land and other Secured Property, as provided further herein as security for the payment and performance of all obligations of the Trustor secured by this Deed of Trust

B. In addition to the Promissory Note and this Deed of Trust, the Loan is further evidenced by the other Loan Documents, as such Loan Documents may be amended, modified, replaced or amended and restated in their entirety in the future.

GRANT

NOW, THEREFORE, in consideration of the premises, and to secure: (a) the payment of the principal, interest, and other sums due on the Promissory Note, this Deed of Trust, and any other Loan Document, and any and all other indebtedness of the Trustor to the Beneficiary, whether now existing or hereinafter incurred, as well as all future advances, as and when due, (b) the observance and performance of all of the terms, conditions, agreements, and provisions of the Promissory Note, this Deed of Trust, and all other Loan Documents, including the repayment of all sums advanced, to be advanced, or which may be advanced by the Beneficiary pursuant to or under authorizations contained in this Deed of Trust, even if and to the extent such sums may exceed the face amount of the Promissory Note, this Deed of Trust and any other Loan Document, and (c) any and all other future indebtedness of Trustor to Beneficiary (collectively, the "Obligations"), the Trustor grants, pledges, assigns, transfers, and conveys to the Trustees, in trust, with power of sale, all that lot of ground situated and lying in Lyon County, Nevada and more particularly described on Exhibit "A" attached hereto and made a part hereof;

TOGETHER WITH any additional or other interest in the Land that the Trustor may hereafter acquire; and

TOGETHER WITH all of the Trustor's right, title and interest in and to all Improvements; and

TOGETHER WITH all of the Trustor's right, title and interest in and to all plant, equipment, apparatus, machinery, fittings, appliances, furniture, furnishings, fixtures and other chattels and personal property and replacements thereof, owned by the Trustor and now or at any time hereafter affixed or attached to, incorporated in, placed upon, or in any way used in connection with the current or future utilization, enjoyment, occupation, or operation of the Real Property including by way of example and not by way of limitation, all lighting, heating, ventilating, air conditioning, incinerating, sprinkling, laundry, lifting and plumbing fixtures and equipment, water and power systems, loading and unloading equipment, burglar alarms and security systems, fire prevention and fire extinguishing systems and equipment, engines, boilers, ranges, refrigerators, stoves, furnaces, oil burners or units, communication systems and equipment, dynamos, transformers, motors, tanks, electrical equipment, elevators, escalators, cabinets, partitions, ducts, compressors, switchboards, storm and screen windows and doors, pictures, awnings and shades, sign and shrubbery as well as all building and construction materials and supplies of every kind, nature and description owned by the Trustor and located on, at, or about the Real Property, whether or not yet incorporated into any building, structure, or improvement, or located elsewhere and not as yet delivered to the Real Property, which are intended to be used for the purpose of erecting, renovating, restoring, or repairing any building, structure, or improvement on the Real Property, including by way of example and not by way of limitation, all steel, iron, concrete, sheet rock and plaster board, screws, paint, plaster, plastics, insulation, fiberglass, wood and wood products, glass, bricks, mortar, masonry, pipes, wiring, linoleum and tile and other floor and wall coverings, roofing and roofing materials, framing and molding (collectively, the "Personalty"), as to all of which the Trustor grants and conveys to the Beneficiary a continuing security interest under the Nevada Uniform Commercial Code, as amended, as well as in any and all proceeds and products thereof and all substitutions, renewals and replacements thereof, whether now owned or hereafter acquired, for so long as such items are or remain personal property and not fixtures and permanent additions to the Real Property; and

TOGETHER WITH all contracts, plans, and specifications, surveys and surveyor's reports, engineer's reports, diagrams and drawings, all licenses, permits and approvals and applications therefor from governmental authorities, deposits, service contracts, books, records, reports, accounting records, invoices, change orders, correspondence, diagrams, drawings, schematics, sales and promotional literature and forms, advertising materials and the like, wherever located and whenever created, compiled, or made with respect to the construction of the Improvements upon the Land and the leasing of space in the completed Improvements, and the Trustor hereby grants to the Beneficiary a continuing security interest under the Nevada Uniform Commercial Code in and to all of the same, and the proceeds, including insurance proceeds, and products thereof, and in all substitutions, renewals, and replacements thereof, now existing or hereafter acquired; and

TOGETHER WITH a security interest to Beneficiary, which is hereby granted by the Trustor, in all amounts that may be owing at any time and from time to time by the Beneficiary to the Trustor in any capacity, including, but not limited to, any balance or share belonging to the

Trustor in any deposit or other account with the Beneficiary, which accounts shall specifically include the escrow accounts that may be established in accordance with the terms of this Deed of Trust with regard to real property taxes, insurance payments, security deposits, and the like; and

TOGETHER WITH all easements, rights, privileges, and appurtenances thereunto belonging or in any way appertaining, and all of the right, title, interest, estate, or claim of the Trustor in or to the streets, ways, alleys, and waters adjoining or adjacent to the Real Property, whether now existing or hereafter acquired; and

TOGETHER WITH all mineral rights, and mining rights, as well as all minerals, dirt, sand, gravel, pebbles, stones, rocks, soil and the like (including oil and gas) which have not been extracted from the Land; and

TOGETHER WITH all rights, benefits, profits, rents, and monies payable under, by reason of, or with respect to any restrictive covenants, easements, agreements applicable to adjoining lands, or contracts of sale with respect thereto with the right to collect any sums of money at any time payable to the Trustor in consequence of such rights and benefits, including the release, modification, or amendment thereof, for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document and to utilize any collection or enforcement rights or remedies to collect the same available to the Trustor under law, as to all of which, and the proceeds and products thereof, the Trustor hereby grants a continuing security interest therein and thereto unto the Beneficiary; and

TOGETHER WITH: (a) all of the proceeds of the voluntary or involuntary conversion of the aforementioned property or any part of the aforementioned property into cash or liquidated claims, whether by way of condemnation, insured casualty, judgment or otherwise, as well as a security interest which is hereby granted to the Beneficiary in the same; (b) all rents, profits, and benefits, including any deposits of tenants to secure payment of the same and performance of the terms and conditions of any oral or written lease, with respect to the leasing of all or any portion of the Real Property, with the right to collect such rents, profits, and benefits at any time for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document, and to utilize any collection or enforcement rights or remedies available to the Trustor under law or any written lease, but without any duty or obligation to perform on behalf of the Trustor any of the Trustor's duties or obligations to any lessee; and (c) a security interest in all revenues and profits, accounts receivable and contract rights, including any deposits of purchasers to secure payment of the contract price and performance of the terms and conditions of any contract of sale for the Real Property, with the right to collect the same at any time for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document and to utilize any collection or enforcement rights or remedies available to the Trustor under law or any contract of sale, but without any duty or obligation, to perform on behalf of the Trustor any of the Trustor's duties or obligations to any purchase of the Real Property;

TO HAVE AND TO HOLD all of the aforementioned property (collectively, the "Secured Property") to the Trustees, and the Trustees' successors and assigns, in trust with power of sale to the Trustees to secure the Obligations provided that, so long as no Event of Default shall have occurred, the Trustor shall have the license to possess and enjoy the Secured Property, and to receive the rents, issues and profits therefrom, subject, however, to the provisions of the Loan Documents; and further provided, that if all of the Obligations are fully paid and satisfied and performed and/or observed, then the lien of this Deed of Trust shall be released by the Beneficiary and the Trustees, and the Trustees shall then, upon the written request of the Trustor, release, terminate, and reconvey the Secured Property to the Trustor at the sole cost and expense of the Trustor.

ARTICLE I
COVENANTS AND AGREEMENTS OF THE TRUSTOR

1.1. Repayment. The Trustor shall pay all indebtedness secured by this Deed of Trust, together with interest thereon and any penalty, fee, charge, deposit, escrow or assessment, at the times and in the manner and amounts set forth in the Promissory Note and other Loan Documents.

1.2. Performance. The Trustor shall perform and observe all duties, obligations, and requirements and shall comply in all respects with the terms, covenants, conditions, representations and warranties of the Promissory Note, this Deed of Trust and all other Loan Documents.

1.3. Taxes and Expenses. The Trustor shall pay and discharge, when and as the same come due, before penalty or premium attaches, all taxes of every kind and nature, real and personal, all general and special assessments and levies, all water, sewer and other utility charges, rents, and assessments and any and all other public charges, dues, levies, impositions, or assessments of a like or different nature, imposed upon or assessed against the Secured Property or the rents, issues, income or profits thereof, which are or may become liens against the same, as well as any ground rent to which the Real Property may be subject, and the Trustor will not permit to exist any lien or security interest therefor other than: (a) liens for taxes, assessments, levies, fees, rents, ground rents, and public charges not yet delinquent or which are being contested in good faith; and (b) liens and security interests which the Beneficiary has specifically and in writing consented to the existence of and with respect to which the Trustor has paid currently all sums secured thereby. The Trustor will, upon the request of the Trustees or the Beneficiary, deliver to the Trustees or the Beneficiary receipts evidencing the payment of all such taxes, assessments, levies, fees, rents, ground rents, and public charges imposed upon or assessed against the Secured Property (provided, however, that Trustor may withhold any such payment if Trustor contests in good faith the validity of such payment, and may continue to withhold such payment pending the resolution of the dispute so long as Beneficiary is provided with adequate security, as reasonably determined by Beneficiary, for the payment of the withheld amount and any potentially applicable interest and penalties and such contest does not in the

reasonable opinion of Beneficiary put the Secured Property or any portion thereof at risk of any tax lien foreclosure), or the revenues, rents, issues, income, or profits thereof, as well as the payment of all superior liens and security interests with respect to which the Beneficiary may have consented.

1.4. Insurance. The Trustor shall obtain and shall at all times during the term hereof maintain the following insurance coverages:

1.4.1. Casualty Insurance. The Trustor shall keep any Improvements constructed on the Land and Personalty thereon insured against loss by fire casualty, and such other hazards and contingencies, including but not limited to lightning, hail, windstorm, explosion, malicious mischief and vandalism, as are covered by extended coverage policies in effect in the area where the Land is located and such other risks as may be reasonably specified by the Beneficiary from time to time, all for the benefit of the Beneficiary; provided that, during any period of construction, restoration or reconstruction of the Improvements, the Trustor shall provide in lieu of such insurance, builders' risk or a similar type of insurance in the amount of the full replacement cost of the Improvements and the equipment. Such insurance shall be written on policy forms and by Lloyds of London or an insurance company lawfully operating in the jurisdiction in which the Real Property is located with a rating of "A-" or better according to A.M. Best Co. Insurance Guide and reasonably satisfactory to the Beneficiary, shall be in an amount equal to the lesser of the outstanding principal balance of the Obligations or the full insurable replacement cost of any such Improvements and Personalty, but in any event shall be in an amount sufficient to prevent co-insurance liability, shall name the Beneficiary as a mortgagee and sole loss payee and shall be endorsed such that the losses thereunder shall be payable to the Beneficiary and not to the Trustor and the Beneficiary or the Trustees, jointly. The policy or policies of such insurance shall include a replacement cost or restoration endorsement and a waiver of subrogation endorsement reasonably satisfactory to the Beneficiary. Original certificates or at Beneficiary's request, originals or certified true copies, of the policy or policies of such insurance and all renewals thereof shall be delivered to and retained by the Beneficiary, and the Trustor shall provide the Beneficiary with receipts evidencing the payment of all premiums due on such policies and the renewals thereof on or prior to the renewal or expiration date thereof. All policies required hereby shall provide and shall bear an endorsement that the insurer shall endeavor to notify Beneficiary not less than ten (10) days prior to any cancellation, termination, endorsement or material amendment (i.e. reduction in coverage). The Trustor shall give the Beneficiary prompt notice of any loss covered by such insurance, and, the Beneficiary shall have the right to adjust and compromise such loss, to collect, receive and receipt the proceeds of insurance for such loss and to endorse the Trustor's name upon any check in payment thereof and, for such purposes the Trustor hereby constitutes and appoints the Beneficiary as its attorney in fact with the power of attorney granted hereby deemed to be coupled with an interest and irrevocable. All monies received as payment for a loss covered by an insurance policy shall be paid over to the Beneficiary, as its interests may appear. The Beneficiary shall, after deducting the reasonable expenses incurred in the collection of the proceeds of any insurance, make the remainder of such proceeds available to the Trustor for the payment of charges or expenses actually incurred by the Trustor in the restoration, reconstruction, repair, renovation or

replacement of the affected Improvements and Personalty, provided that: (i) the Beneficiary has approved the plans and specifications for the repair or restoration of the damaged portion of the Improvements and Personalty, the contract for such repair or restoration and the contractor that will perform the same, (ii) the Trustor has deposited with the Beneficiary (or if permitted by the Beneficiary, has made provision satisfactory to the Beneficiary for the payment of) any amounts required for such repair or restoration which exceed the available insurance proceeds, (iii) no Event of Default, or event that with the passage of time would constitute an Event of Default, has occurred and is continuing under the Loan Documents, (iv) the repair or restoration of the Improvements and Personalty reasonably can be completed before the maturity date of the Loan, and (v) the tenants will continue to pay rent without abatement (or the proceeds of business interruption insurance will be adequate in the Beneficiary's judgment to offset any such abatement of rent), otherwise, such proceeds shall be applied in payment of the Obligations.

1.4.2. Liability and Worker's Compensation Insurance. The Trustor shall obtain and maintain public liability and property damage insurance in such amounts, with such insurance companies, and upon policy forms acceptable to and reasonably approved by the Beneficiary, naming the Beneficiary as an additional insured. Additionally, if Trustor has any employees, the Trustor shall obtain and maintain worker's compensation insurance in such amounts, with an insurance company, and in a form acceptable to and approved by the Beneficiary. The Trustor shall supply to the Beneficiary a copy of the aforesaid liability insurance policies and receipts evidencing the payment of premiums due thereon or, alternatively, certificates from the insurance company certifying to the existence of the policies, summarizing the terms of the policies, and indicating the payment of premiums due thereon. Each of the policies specified herein shall provide that the insurer shall endeavor to provide Beneficiary with ten (10) days prior notice of any material modification (i.e. reduction in coverage) or cancellation.

1.4.3. Rental Loss Interruption Insurance. The Trustor shall also carry and maintain rental interruption insurance on the Trust Property in the same manner and under the same conditions as provided in 1.4.1 covering debt service, real estate taxes and insurance premiums for a period of at least twelve (12) months.

1.4.4. Flood Insurance. In the event that all or any portion of the Real Property currently or at any time in the future is determined to be located in a specially designated flood hazard area by the Secretary of Housing and Urban Development or the Director of the Federal Emergency Management Agency, pursuant to the provisions of the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, as amended, the Trustor shall obtain and maintain flood hazard insurance in the full insurable value of the Improvements or any portion of the Real Property located within such area, or the full amount of flood insurance available, naming the Beneficiary as sole loss payee and complying with all applicable provisions of Section 1.4.1. hereof. The Trustor shall be required to provide flood hazard insurance as described, unless the Trustor's insurance broker or surveyor certifies to the Beneficiary in writing that the Real Property is not in a flood hazard area. The proceeds of any loss payable under a

flood insurance policy shall be applied, at the option of the Beneficiary, as set forth in Section 1.4.1. above with respect to casualty insurance proceeds.

1.4.5. Separate Insurance. The Trustor may not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless the Beneficiary is included thereon as a named insured with losses payable to the Beneficiary as above provided. The Trustor shall immediately notify the Beneficiary whenever any such separate insurance is taken out and shall promptly deliver to the Beneficiary certificates, or if requested by Beneficiary the policy or policies, of such insurance.

1.5. Advancements. If the Trustor should fail to perform any of the covenants contained in this Deed of Trust, or to protect or preserve the Secured Property or the status and priority of the lien and security interest of this Deed of Trust, the Beneficiary may, but shall not be obligated to, make advances to perform the same on behalf of the Trustor or to protect or preserve the Secured Property or the status and priority of the lien and security interest of this Deed of Trust, and all sums so advanced shall immediately upon advancement become a lien and security interest upon the Secured Property and shall be secured by this Deed of Trust. For the purposes of taking any and all acts as set forth in this Section 1.5., the Trustor hereby constitutes and appoints the Beneficiary as its attorney in fact and the power of attorney granted hereby shall be deemed to be coupled with an interest and irrevocable. The Trustor, will repay on demand all sums so advanced on the Trustor's behalf, plus any expenses or costs incurred by the Trustees or the Beneficiary, including reasonable attorneys fees, with interest thereon at the highest rate of interest permitted under the Promissory Note. The provisions of this Section shall not be construed to prevent the institution of foreclosure or other rights and remedies of the Trustees upon the occurrence of an Event of Default hereunder.

1.6. Condition and Use of Improvements. The Trustor will not commit any waste on the Secured Property or make any change in the use of the Secured Property which will in any way increase any ordinary fire or other hazard insurance risk arising out of the construction of improvements on or operation of the Secured Property or at any time abandon the Secured Property. The Trustor will at all times maintain and keep the Secured Property in good operating order and condition, ordinary wear and tear excepted, and will promptly make, from time to time, all repairs, renewals, replacements, additions, and improvements to so maintain the Secured Property. The Trustor will comply with all statutes, ordinances, rules, regulations, or laws affecting the Secured Property or the use thereof. The Improvements shall not be removed, demolished or substantially altered, nor shall any material Personalty be removed therefrom, without the prior written consent of the Trustees or the Beneficiary, which consent shall not be unreasonably withheld, conditioned or delayed, except that no consent shall be required where appropriate replacements, free of superior title, liens, security interests, or claims, and of a value at least equal to the value of the Personalty removed, are immediately made. Upon receipt of written notice the Trustor will permit the Trustees or the Beneficiary, or their agents or employees, at all reasonable times to enter and inspect the Secured Property.

1.7. Title to Real Property; Liens. The Trustor has as of the date hereof, and shall maintain at all times during the term of this Deed of Trust, good and marketable title to the Secured Property free and clear of any and all liens, charges, restrictions, encumbrances, security interests and adverse claims whatsoever, excepting any liens, charges, restrictions, encumbrances or security interests which: (a) are set forth in the title insurance policy issued in favor of, and approved by, the Beneficiary with respect to the Secured Property; (b) are expressly permitted by the provisions of this Deed of Trust or any of the other Loan Documents; (c) are granted to the Beneficiary; or (d) are consented to in writing by the Beneficiary.

1.8. Transfer or Encumbrance; Change of Control. Except as may be permitted under the Credit Agreement, title to all or any portion of the Secured Property may not be acquired by any person, individual, partnership, or corporation by voluntary or involuntary conveyance, transfer, grant or assignment, by operation of law, or in any other manner, nor shall the Secured Property become encumbered or charged with a lien or security interest of any kind or variety, excepting the mortgages or deeds of trust disclosed in writing to and approved in writing by the Beneficiary, and other "Permitted Liens" as defined in the Credit Agreement, whether voluntary or involuntary, including any mechanic's or materialmen's lien or judgment lien, senior, junior, or of equal priority to the lien and security interest of this Deed of Trust, without the prior written consent of the Trustees or the Beneficiary. A conveyance, transfer, grant, or assignment of, or a pledge, encumbrance, or creation of a lien or security interest in any interest in the Trustor, whether or not a conveyance, transfer, grant, or assignment of or a pledge, encumbrance, or creation of a lien or security interest in the membership interests in Trustor is with respect to all or only a part of the total number of outstanding membership interests, shall be considered to be a transfer or encumbrance of the Secured Property and subject to the provisions of this Section. Except as consented to by the Beneficiary in writing, control and management of the Secured Property shall be vested as presently owned by the Trustor and may not be transferred, assigned or conveyed to or acquired by any person. The contrary notwithstanding, in the event the ownership of the Secured Property becomes vested in a person, individual, partnership, or corporation or limited liability company other than the Trustor, the Trustees or the Beneficiary may, without notice to the Trustor, deal with such successor or successors in interest with reference to this Deed of Trust and the indebtedness secured by it in the same manner as with the Trustor, and any extension of the time of the indebtedness or any other modifications of the terms of the indebtedness at the instance of the then owner of the Secured Property shall not relieve the Trustor of the Trustor's liability on the Promissory Note hereby secured or from the performance of any of the covenants and agreements contained herein or any of the covenants, terms, conditions, provisions, representations, or warranties contained in the Loan Documents, whether the extension or modification be made with or without the consent of the Trustor; provided Trustor shall not be bound by modifications made without its consent.

1.9. Condemnation. The Trustor, within seven business days of obtaining knowledge of the institution of any proceedings for the taking or condemnation of the Secured Property or any portion thereof, or any interest therein or right accruing thereto, will notify the Trustees and the Beneficiary of the pendency of such proceedings, describing in detail the nature and extent of such taking or condemnation. The Trustees or the Beneficiary may participate in any such

proceedings and the Trustor from time to time will deliver to the Trustees or the Beneficiary all instruments requested by them to permit such participation. Until the occurrence of an Event of Default, the Trustees or Beneficiary shall not participate in any hearings without the presence of Trustor nor shall the Trustees or the Beneficiary accept or negotiate the amount of any such award without the Trustor's written consent. The Trustees or the Beneficiary shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. In any such condemnation proceedings, the Trustees or the Beneficiary may be represented by counsel selected by them and the Trustor shall pay, the reasonable attorneys' fees incurred by them at the Trustor's sole expense. The proceeds of any award or compensation so received shall be, and hereby are, assigned by the Trustor to the Beneficiary, shall be payable to the Beneficiary and, if less than a substantial portion of the Secured Property is damaged, taken or transferred in a condemnation, or if the Beneficiary does not elect to accelerate the Loan as a consequence of such condemnation, then the Beneficiary may require the Trustor to repair, restore or replace the Secured Property or the affected portion thereof as nearly as practical to its condition immediately before the condemnation, and in such event any net proceeds of the condemnation will be applied to the costs of such repair, restoration or replacement. The term "substantial portion" as used above and further herein means so much of the Secured Property as will have, in the Beneficiary's opinion, a material effect on the use and occupancy of the Secured Property or on the ability of the Trustor to make required payments of principal and interest on the Promissory Note.

1.10. Future Advances. The Beneficiary may make future advances to the Trustor and may advance or readvance funds to the Trustor and all such future advances and readvances shall be fully secured by the lien and security interest of this Deed of Trust.

1.11. Status. Except as otherwise permitted under the Credit Agreement, the Trustor shall maintain in full force and effect the Trustor's status as a validly existing limited liability companies under the laws of the State of Delaware and the Commonwealth of Virginia and all rights and privileges incident thereto.

1.12. Estoppel Certificate. The Trustor shall, upon written notice, deliver within ten (10) days of the giving of such notice, a written statement, duly acknowledged, setting forth the amount of principal, interest, penalty, and other charges or assessments due the Beneficiary as of the notice date and whether any offsets or defenses are known to exist against any of the same.

1.13. Compliance with Laws; Restrictive Covenants. The Trustor shall comply with all applicable rules and regulations of the federal, state, and local governmental authorities having jurisdiction over the Secured Property; the Trustor shall also comply with all restrictions, covenants, easements and other limitations on the use of the Secured Property contained in documents of public record.

1.14. Preservation of Lien. The Trustor shall take all reasonable steps and do all things necessary, convenient, or proper, to establish, protect, preserve, and maintain the priority and

status of the lien and security interest in the Secured Property established or intended to be established by this Deed of Trust.

1.15. Further Assurances. In addition to the acts recited herein and contemplated to be performed, executed and/or delivered by the Trustor, the Trustor hereby agrees at any time and from time to time to perform, execute and/or deliver to the Beneficiary upon request, any and all such further acts, additional instruments, or further assurances as may be reasonably necessary or proper to: (i) promptly correct any defect, error or omission which may be discovered in this Deed of Trust or any other Loan Document, and execute any and all additional documents, as may be requested by the Beneficiary to correct such defect, error or omission; (ii) assure the Beneficiary a valid second priority lien and second priority perfected security interest in the Secured Property; (iii) create, perfect, preserve, maintain and protect the liens and security interests created or intended to be created hereby; and (iv) provide the rights and remedies to Beneficiary granted or provided for herein. The Trustor shall, upon ten (10) business days written notice from the Beneficiary, execute and deliver such additional deeds of trust, supplemental deeds of trust, financing statements, continuation statements or other instruments and documents which may be reasonably required from time to time by the Beneficiary to provide the further assurances as above set forth. If the Trustor fails, within such ten (10) business day period to execute and deliver to the Beneficiary such required further assurances, the Trustor shall thereupon automatically and irrevocably have appointed and constitute and appoint the Beneficiary as the Trustor's attorney in fact for the purpose of executing such required further assurances, the power of attorney hereby given being a power of attorney coupled with an interest and irrevocable.

1.16. Environmental Protection. The Trustor represents and warrants that: (i) the Trustor has no knowledge of any discharge, spillage, uncontrolled loss, seepage or filtration of oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous waste or hazardous substance (the "Hazard"), as those terms are used in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C ss.ss.9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986; the Resource Conservation and Recovery Act of 1976. (the Solid Waste Disposal Act or RCRA), 42 U.S.C. ss.ss.6901 et seq., as amended; the Toxic Substance Control Act (TSCA) 15 U.S.C. ss.ss.2601 et seq., or in any other federal, state or local law governing hazardous substances, as such laws may be amended from time to time, (collectively, the "Act"), at, upon, under or within the Secured Property; and (ii) the Trustor has not caused or permitted to occur and shall use its best efforts not to permit to exist, any condition which may cause or constitute a Hazard at, upon, under or within the Secured Property. The term "Hazard" includes but is not limited to asbestos, polychlorinated biphenyl (PCBs) and lead based paints.

1.16.1. The Trustor further represents and warrants that (i) neither the Trustor nor, to the best of its knowledge, any other party, is or will be involved in operations upon the Secured Property, which operations could lead to (a) the imposition of liability on the Trustor or on any other subsequent or former owner of the Secured Property under the Act; or (b) the creation of a lien on the Secured Property under the Act or under any similar laws or regulations;

and (ii) the Trustor has not permitted, and will not permit, any tenant or occupant of the Secured Property to engage in any activity that could impose liability under the Act on such tenant or occupant, on the Trustor or on any other owner of any of the Secured Property.

1.16.2. The Trustor has complied, and shall comply, in all material respects with the requirements of the Act and related regulations and with all similar laws and regulations and shall notify the Beneficiary immediately in the event of any Hazard or the discovery of any Hazard at, upon, under or within the Secured Property. The Trustor shall promptly forward to the Beneficiary copies of all orders, notices, permits, applications or other communications and reports in connection with any Hazard or the presence of any Hazard or any other matters relating to the Act or any similar laws or regulations, as they may affect the Secured Property.

1.16.3. Promptly upon the written request of the Beneficiary from time to time, when the Beneficiary has a reasonable basis for believing a violation of the Act may have occurred, the Trustor shall provide to the Beneficiary, at the Trustor's expense, an environmental site assessment or environmental audit report, prepared by an environmental engineering firm acceptable in the reasonable opinion of the Beneficiary, to assess with a reasonable degree of certainty the presence or absence of any Hazard and the potential costs in connection with abatement, cleanup or removal of any Hazard found on, under, at or within the Secured Property.

1.16.4. The Trustor shall defend and indemnify the Beneficiary and hold the Beneficiary harmless from and against all actual loss, liability, damage and expense, including reasonable attorneys' fees, suffered or incurred by the Beneficiary, whether as holder of this Deed of Trust, as mortgagee in possession, or as successor-in-interest to Trustor by foreclosure deed or deed in lieu of foreclosure, under or on account of the Act or any similar laws or regulations, including the assertion of any lien thereunder: (i) with respect to any Hazard, or the presence of any Hazard affecting the Secured Property whether or not the same originates or emanates from the Secured Property, including any loss of value of the Secured Property as a result of the foregoing so long as no such loss, liability, damage and expense is attributable to any Hazard resulting from actions on the part of the Trustees or Beneficiary; and (ii) with respect to any other matter affecting the Secured Property within the jurisdiction of the Environmental Protection Agency, any other federal agency, or any state or local environmental agency. The Trustor's obligations under this Section shall arise upon the discovery of the presence of any Hazard under the Act, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazard. The Trustor's obligations under this Section shall not extend to those matters specified in (i) and (ii) above if such matters arose subsequent to the Release Date as defined in the Credit Agreement.

1.16.5. In the event of any Hazard, or the presence of any hazardous substance affecting the Secured Property, whether or not the same originates or emanates from the Secured Property or any contiguous real estate, and if the Trustor shall fail to comply with any of the requirements of the Act or related regulations or any other environmental law or regulation within the time established by any regulatory agency, the Beneficiary may at its election, but

without the obligation to do so: (i) give such notices and/or cause such work to be performed at the Secured Property; and/or (ii) take any and all other actions as the Beneficiary shall reasonably deem necessary or advisable in order to abate the Hazard, remove the hazardous substance or cure the Trustor's noncompliance. Any amounts so paid by the Beneficiary pursuant to this Section, together with interest thereon at the highest rate of interest permitted under the Promissory Note from the date of written notice of invoice to Trustor by the Beneficiary, shall be immediately due and payable by the Trustor to the Beneficiary upon demand and until paid shall be added to and become a part of the indebtedness under the Loan Documents and shall be secured by this Deed of Trust.

1.16.6. The provisions of this Section 1.16. are for the benefit of the Beneficiary only and cannot be assigned to any other party, whatsoever, except by assignment of the Promissory Note and the Loan Documents by the current Beneficiary to a successor lender.

1.17. Right of Entry. The Trustor hereby grants to the Beneficiary and the Beneficiary's agents and representatives, the right, upon twenty-four (24) hours prior written request, to enter into and upon all or any part of the Secured Property, subject to the rights of tenants under the Leases, for such purposes as the Beneficiary deems reasonably necessary to protect the value of the Secured Property, at any time and from time to time during normal operating hours, regardless of whether or not the Trustor is in default hereunder or under any other Loan Document.

1.18. Management of Property. Trustor will not enter into a management agreement with any other party, or otherwise permit any other party to manage the operation or leasing of the Property without Beneficiary's prior written consent.

ARTICLE II TRUSTOR'S WARRANTIES AND REPRESENTATIONS

2.1. Authority. The Trustor has full right, power, and authority to execute this Deed of Trust. The Trustor has and will continue to have full power and lawful authority to encumber and convey the Secured Property as provided herein, and this Deed of Trust is and will continue to remain a valid and enforceable lien and security interest upon the Secured Property.

2.2. Title. The Trustor owns for its own account, and not as agent or trustee for another, good and marketable fee simple title to the Secured Property free and clear of any lien and security interest and any other encumbrance, easement, or restriction whatsoever not approved by the Beneficiary.

2.3. Permits. All permits, licenses, certificates, approvals, easements, and agreements that are necessary for the construction of the Improvements for the intended use and occupancy

of the Real Property have been obtained and are in full force and effect, and there are no violations or claimed violations thereof.

2.4. Compliance with Law. The Real Property and the intended use and occupancy thereof do not violate any flood plain, building, zoning, or any other laws, ordinances, rules, and regulations.

2.5. Flood Plain. Any Improvements will not be located in an area identified by the Secretary of Housing and Urban Development or a successor thereto as an area having special flood hazards pursuant to the terms of the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, as amended, or any successor law; or if any improvements are located in such an area, the Trustor will obtain and maintain the insurance for such Improvements as specified in Section 1.4.3. of this Deed of Trust.

2.6. Validity of Loan Documents. The Trustor hereby represents and warrants that: (a) The execution, delivery and performance by the Trustor of the Promissory Note and the other Loan Documents: (i) are within the legal powers of the Trustor, (ii) have been duly authorized by all requisite action, (iii) have received all necessary governmental approval, and (iv) will not violate any provision of law, any order of any court or other agency of government, the articles of incorporation or bylaws of the Trustor (if the Trustor is a corporation), the limited partnership agreement or certificate of limited partnership of the Trustor (if the Trustor is a limited partnership), the articles of organization, certificate of organization or operating agreement of the Trustor (if the Trustor is a limited liability company) or any indenture, agreement or other instrument to which the Trustor is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of the Loan Documents; and (b) the Promissory Note and the other Loan Documents, when executed and delivered by the Trustor, will constitute the legal, valid and binding obligations of the Trustor and other obligors named therein, if any, enforceable in accordance with their respective terms.

2.7. Taxes. The Trustor: (a) has filed all federal, state and local tax returns and other reports which the Trustor is required by law to file prior to the date hereof and which are material to the conduct of the business of the Trustor; (b) has paid or caused to be paid all taxes, assessments and other governmental charges that are due and payable prior to the date hereof except those being contested in good faith; and (c) has made adequate provision for the payment of such taxes, assessments or other charges accruing but not yet payable.

2.8. Litigation. Except as disclosed in the Credit Agreement, there is not now pending against or affecting the Trustor or the Secured Property, nor, to the knowledge of the Trustor, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement).

2.9. Other Information. All other information, reports, financial statements, papers and data given to the Beneficiary with respect to the Trustor or the Secured Property or to others obligated under the terms of the Loan Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give the Beneficiary a true and accurate knowledge of the subject matter.

ARTICLE III
EVENTS OF DEFAULT

The following shall constitute events of default (individually an "Event of Default" and collectively "Events of Default") under this Deed of Trust and shall entitle the Trustees or the Beneficiary to exercise all rights and remedies provided in Article IV:

3.1. Default under Credit Agreement. Any Event of Default under the Credit Agreement, after the expiration of all applicable notice and cure periods as that term is defined in the Credit Agreement.

3.2. Failure to Perform. A failure to perform or observe, or a default under, any of the terms, covenants, conditions, agreements or provisions of this Deed of Trust.

3.3. Failure to Perform Under Other Loan Documents. A failure to perform or observe, or a default under any of the terms, covenants, conditions and provisions of the Promissory Note or any other Loan Document, after the expiration of all applicable notice and cure periods.

3.4. Failure of Warranty or Representation. The failure of any warranty or representation set forth in this Deed of Trust to be true and accurate in all material respects on the date hereof.

3.5. Material Adverse Change in Use of Property. A change in any rule, statute, law or ordinance, whether at the local, state or federal level, effecting the use of the Secured Property, which change results in a material adverse change in the permitted use of the Secured Property.

3.6. Cross Default. The default by the Trustor under any obligation or indebtedness to the Beneficiary, whether now existing or hereafter arising, which default is not cured within any applicable cure or grace period.

3.7. Transfer of Property. There being, without the prior written consent of the Beneficiary, a transfer of any of the Secured Property or an interest in the Trustor in violation of Section 1.8 of this Deed of Trust, including but not limited to the Trustor selling or transferring the Secured Property or any portion thereof or granting a security interest in the Secured Property or otherwise encumbering the same.

3.8. Condemnation. If all or any substantial portion (as defined in Section 1.9 above) of the Secured Property is damaged, taken or transferred under, or in lieu of the exercise of, the power of eminent domain.

3.9. Default Under Permitted Liens. The default under any document or instrument creating a lien or security interest in the Secured Property, whether senior, junior, or of equal priority to the lien and security interest of this Deed of Trust which default is not cured within any applicable cure or grace period.

ARTICLE IV
RIGHTS AND REMEDIES

Upon the occurrence of any Event of Default, the Trustees or the Beneficiary may, at their option and without notice or demand, accelerate and declare immediately due and payable all sums due on or by reason of the Promissory Note, this Deed of Trust or any other Loan Document, this Deed of Trust being and is subject to call upon default, and the Trustees or the Beneficiary may take possession of all or any portion of the Secured Property and sell the same at auction as provided below and may, with or without declaring the aforementioned sums immediately due and payable and with or without foreclosing, exercise any other right or remedy provided for herein or in the Promissory Note, any other Loan Document or applicable law, including, but not at its option, limited to the following:

4.1. Foreclosure; Sale of Secured Property.

(a) Time is of the essence hereof. Upon the occurrence of an Event of Default, Beneficiary may, at its option and in its sole and absolute discretion, deliver to the Trustee written declaration of default and demand for sale and of written Notice of Breach and Election to Sell (this term is interchangeable with Notice of Default and Election to Sell) to cause the Property to be sold to satisfy the obligations hereof, which Notice the Trustee shall cause to be filed for record. Beneficiary also may deposit with the Trustee, the Promissory Note and all documents evidencing expenditures secured hereby.

(b) After the lapse of such time as may then be required by law following the recordation of said Notice of Breach and Election to Sell, and notice of sale having been given as then required by law, the Trustee without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. The Trustee may, for any cause it deems expedient, postpone the sale of all or any portion of the Property until it shall be completed and, in every case, notice of postponement shall be given by public announcement thereof at the time and place last appointed for the sale and from time to time thereafter the Trustee may postpone such sale by public announcement at the time fixed by the preceding postponement. The Trustee shall execute and deliver to the purchaser its Trustee's Deed conveying the Property so sold but without any

covenant or warranty, express or implied. The recitals in the Trustee's Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale.

After deducting all costs, fees and expenses of the Trustee and of this Trust, including the cost of any evidence of title procured in connection with such sale, the Trustee shall apply the proceeds of sale to the payment of: (1) all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate; (2) all other sums then secured hereby; and (3) the remainder, if any, to the person or persons legally entitled thereto.

(c) If an Event of Default shall have occurred, Beneficiary may, either with or without entry or taking possession as hereinafter provided or otherwise, and without regard to whether or not the Obligations and other sums secured hereby shall be due and without prejudice to the right of Beneficiary thereafter to bring an action or proceeding to foreclose or any other action for any default existing at the time such earlier action was commenced, proceed by any appropriate action or proceeding: (A) to enforce payment of the Promissory Note or the performance of any term hereof or any other right; (B) to foreclose this Deed of Trust in the manner provided by law for the foreclosure of deeds of trusts on real property and to sell, as an entirety or in separate lots or parcels, the Property pursuant to the laws of the State of Nevada or under the judgment or decree of a court or courts of competent jurisdiction and Beneficiary shall be entitled to recover in any such proceeding all costs and expenses incident thereto, including reasonable attorneys' fees in such amount as shall be awarded by the court; and (C) to pursue any other remedy available to it at law or in equity. Beneficiary shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Beneficiary may determine. Any sale of the Property pursuant to this Section 6.5 shall be referred to as a "Foreclosure Sale".

4.2. [Intentionally deleted]

4.3. Right to Enter, Take, Possess and Operate. The Trustees, the Beneficiary or their agents or attorneys:

(a) If an Event of Default shall have occurred, (i) Trustor upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession and, to the extent permitted by law, Beneficiary itself, or such officers or agents as it may appoint, may enter, and take possession of all of the Property or any part thereof, and may exclude Trustor and its agents and employees wholly therefrom and may have joint access with Trustor to the books, papers and accounts of Trustor; and (ii) Trustor will pay monthly in advance to Beneficiary on Beneficiary's entry into possession, or to any receiver appointed to collect Rents of the Property the fair and reasonable rental value for the use and occupation of such part of the Property as may be in possession of Trustor and upon default in any such payment will vacate and surrender possession of such part of the Property to Beneficiary or to such receiver and, in default thereof, Trustor may be evicted by summary proceedings or otherwise.

(b) If Trustor shall for any reason fail to surrender or deliver the Property or any part thereof after Beneficiary's demand, Beneficiary may obtain a judgment or decree conferring on Beneficiary or the Trustee the right to immediate possession or requiring Trustor to deliver immediate possession of all or part of the Property to Beneficiary or the Trustee and Trustor hereby specifically consents to the entry of such judgment or decree. Trustor shall pay to Beneficiary or the Trustee, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Beneficiary or the Trustee, their attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Deed of Trust.

(c) Upon every such entering upon or taking of possession, the Beneficiary or the Trustee may hold, store, use, operate, manage and control the Property and conduct the business thereof, and, from time to time in its sole and absolute discretion:

(i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and Improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personality and other property;

(ii) insure or keep the Property insured;

(iii) manage and operate the Property and exercise all the rights and powers of Trustor in its name or otherwise with respect to the same;

(iv) Enter into agreements with others to exercise the powers herein granted the Beneficiary or the Trustee, all as Beneficiary or the Trustee from time to time may determine; and Beneficiary or the Trustee may collect and receive all the Rents thereof, including those past due as well as those accruing thereafter; enforce any and all Lease provisions, and shall apply the monies so received by the Beneficiary or the Trustee in such priority as Beneficiary may determine to (1) the payment of interest and principal due and payable on the Promissory Note; (2) the cost of insurance, taxes, assessments and other proper charges upon the Property or any part thereof; (3) the reasonable out-of-pocket compensation, expenses and disbursements of the agents, attorneys and other representatives of Beneficiary or the Trustee; and (4) any other charges or costs required to be paid by Trustor under the terms hereof.

Beneficiary or Trustee shall surrender possession of the Property to Trustor only when all that is due upon such interest and principal, tax and insurance deposits, and all amounts under any of the terms of this Deed of Trust, shall have been paid and all defaults fully cured. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

4.4 Purchase by Beneficiary. Upon any such foreclosure sale, Beneficiary may bid for and purchase the Property and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

4.5 Application of Obligations Towards Purchase Price. Upon any such foreclosure sale, Beneficiary may, if permitted by law, and after allowing for costs and expenses of the sale, compensation and other charges in paying the purchase price, apply any portion of or all of the Obligation and other sums due to Beneficiary under the Promissory Note, the Credit Agreement, this Deed of Trust or any other instrument or document securing the Promissory Note or otherwise heretofore or hereafter executed in connection with the Obligation hereunder, in lieu of cash, the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

4.6 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. Trustor agrees to the full extent permitted by law that in case of a default on its part hereunder, neither Trustor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust or the absolute sale of the Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and Trustor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Property marshaled upon any foreclosure of the lien hereof and agrees that the Trustee or any court having jurisdiction to foreclose such lien may sell the Property in part or as an entirety.

4.7 Receiver. If an Event of Default shall have occurred, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the Obligations and other sums secured hereby, shall be entitled as a matter of right, if it so elects, to the appointment of a receiver to enter upon and take possession of the Property and to collect all Rents, enforce any Lease provisions and other benefits thereof and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice of hearing, such notice of hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the powers herein contained, shall be secured by this Deed of Trust. The right to enter and take possession of and to manage and operate the Property and to collect all Rents, enforce any Lease provisions and other benefits thereof whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Beneficiary shall be liable to account only for such Rents and other benefits actually received by Beneficiary, whether received pursuant to this paragraph or paragraph 6.6. Notwithstanding the appointment of any receiver or other custodian, Beneficiary shall be entitled as pledgee to the possession and control of any cash, deposits, and instruments at the time held by, or payable or deliverable under the terms of this Deed of Trust to Beneficiary.

4.8 Suits to Protect the Property. Beneficiary shall have the power and authority, but shall have no obligation, to institute and maintain any suits and proceedings as Beneficiary may deem advisable (a) to prevent any impairment of the Property by any acts which may be unlawful or any violation of this Deed of Trust; (b) to preserve or protect its interest in the Property; and

(c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be otherwise prejudicial to Beneficiary's interest.

4.9 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding affecting Trustor or any guarantor of any of Trustor's obligations, its creditors or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim or other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire Obligation due and payable by Trustor under the Promissory Note, the Credit Agreement, this Deed of Trust and any other instrument or document securing the Promissory Note, or otherwise heretofore or hereafter executed in connection with the Obligation hereunder, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable by Trustor after such date.

(a) may, prior to or subsequent to the institution of any foreclosure proceedings, enter into and upon all or any part of the Secured Property, and each and every part thereof, and may exclude the Trustor and its agents and servants therefrom and may use, operate, manage and control the Secured Property and conduct the business thereon, either personally or by their superintendents, managers, agents, servants, attorneys or receivers; and

(b) may, upon every such entry, at the expense of the Trustor and the Secured Property, maintain, repair and restore the Secured Property and may complete the construction of any Improvements, and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable and may insure the same; and likewise, from time to time, at the expense of the Trustor and the Secured Property, the Beneficiary may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable; and

(c) shall in every such entry have the right to manage and operate the Secured Property and to carry on the business thereof, take possession of all books, records and accounts relating thereto and exercise all rights and powers of the Trustor with respect thereto either in the name of the Trustor or otherwise as it shall deem best without interference from the Trustor; and the Beneficiary shall be entitled to collect and receive all Rent pursuant to Article VI hereof, and after deducting the costs, liabilities and expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Secured Property or any part thereof, as well as just and reasonable compensation for the services of the Beneficiary and for all attorneys, counsel, agents, clerks, servants and other employees arising as aforesaid, first, to the payment of sums due under the

Promissory Note in the order of application as set forth therein, when and as the same shall become payable in accordance with the terms thereof, and second, to the payment of any other sums required to be paid by the Trustor under this Deed of Trust and any other Loan Document, as the Beneficiary may elect; and

(d) may incur costs, expenses and liabilities of every character in managing, operating, maintaining, protecting or preserving the Secured Property, which, if not paid out of Rents shall constitute a demand obligation owing by Trustor and shall draw interest from the date of expenditure until paid at the highest rate of interest permitted under the Promissory Note, and shall constitute a portion of the obligations secured hereby. If necessary to obtain the possession provided for above, the Trustees or the Beneficiary, as the case may be, may invoke any and all legal remedies to dispossess Trustor. In connection with any action taken by the Beneficiary pursuant to this Section 4, the Beneficiary shall not be liable for any loss sustained by Trustor resulting from any failure to rent the Secured Property, or any part thereof, or from any other act or omission of the Beneficiary in managing the Secured Property unless such loss is caused by the gross negligence, willful misconduct or bad faith of the Beneficiary in managing the Secured Property. Subject to the foregoing the Trustor shall and does hereby agree to indemnify the Beneficiary for, and to hold the Beneficiary harmless from, any and all liability, loss or damage which may or might be incurred under or by reason of this instrument or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Beneficiary by reason of any alleged obligations or undertakings on its part to perform or discharge any obligations of the Trustor. Should the Beneficiary incur any such liability under or by reason of this instrument or the exercise of rights or remedies hereunder or in defense of any such claims or demands, the amount, thereof, including costs, expenses and reasonable attorneys fees, shall be secured hereby. This Section 4.4. shall not operate to place responsibility upon the Beneficiary for the control, care, management or repair of the Secured Property, nor shall it operate to make the Beneficiary responsible or liable for any waste committed on the Secured Property by the tenants or by any other parties or for any dangerous negligence in the management, upkeep, repair or control of the Secured Property resulting in loss or injury or death to any tenant, licensee, employee or person.

4.10. Waivers of the Trustor. The Trustor waives, and agrees not to at any time insist upon, plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension or moratorium law, any exemption from execution of sale of the Secured Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Deed of Trust. The Trustor additionally waives, and agrees not to claim, take, or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Secured Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provisions herein, or pursuant to the decree, judgment, or order of any court of competent jurisdiction. The Trustor also waives any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and the Trustor hereby covenants not to hinder, delay or impede the execution of any

power herein granted or delegated to the Trustees. The Trustor further waives, to the extent that the Trustor lawfully may, all right to have the Secured Property marshaled upon any foreclosure under this Deed of Trust.

4.11. Uniform Commercial Code. The Beneficiary, or the Trustees acting on behalf of the Beneficiary, may exercise all rights and remedies of a secured creditor under the Nevada Uniform Commercial Code, as amended, with respect to any part of the Secured Property constituting personal property and subject to the secured interest created by this Deed of Trust, including the right to take possession of the aforementioned personal property without the use of judicial process and the right to require the Trustor to assemble the same at the Real Property or such other place as the Beneficiary or Trustees may notify the Trustor. Any disposition of so much of the Secured Property as may constitute personal property and subject to the security interest created by this Deed of Trust shall be considered commercially reasonable if made pursuant to a public sale which is advertised at least twice in a newspaper of local circulation in the community where the Real Property is located. Any notice required by the Nevada Uniform Commercial Code to be given to the Trustor shall be considered reasonable and properly given if given by written notice at least ten (10) days prior to the date of any scheduled public sale.

4.12. Right of Setoff. The Beneficiary may setoff any amounts or sums in any account or represented by any certificate with the Beneficiary in the name of the Trustor or in which the Trustor has an interest therein.

4.13. Remedies and Cumulative Rights. The rights and remedies provided in this Article IV shall be nonexclusive and shall be in addition to all other remedies and rights available under any other Loan Document or applicable law. All rights and remedies available upon an Event of Default shall be cumulative and the exercise of any one or more of the available rights and remedies shall not be considered as or result in a waiver of any other right or remedy and any particular right or remedy may be exercised in conjunction with any or all other rights and remedies provided hereunder or under any other Loan Document.

ARTICLE V SECURITY AGREEMENT

5.1 This Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of the recording hereof in accordance with Nevada Revised Statutes ("NRS") 104.9502. In connection therewith, the addresses of the Trustor as debtor ("Debtor") and Beneficiary as secured party ("Secured Party") are as set forth in 7.16 hereof. The foregoing address of Beneficiary, as the Secured Party, is also the address from which information concerning the security interest may be obtained by any interested party.

(a) The property subject to this fixture filing is described in the granting clause above.

(b) Portions of the property subject to this fixture filing as identified in (a) above are or are to become fixtures related to the real estate described on Exhibit A to this Deed of Trust.

(c) Secured Party is: FIRST UNION NATIONAL BANK

(d) Debtor is: TREX COMPANY LLC

5.2. Financing Statements. If required by Beneficiary, the Trustor shall execute and deliver to the Beneficiary, in form and substance satisfactory to the Beneficiary, such financing statements and such further assurances as the Beneficiary may, from time to time, consider reasonably necessary to create, perfect and preserve the Beneficiary, security interest herein granted, and the Beneficiary may cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. The addresses of the Trustor, as debtor, and the Beneficiary, as secured party, are as set forth herein.

ARTICLE VI
ASSIGNMENT OF LEASES AND RENTS

6.1. Assignment of Leases and Rents. In the event all or any portion of the Real Property currently or at any time hereafter is leased to any person or persons for any period or term, independent of the duration thereof, the Trustor hereby absolutely, irrevocably and unconditionally assigns to the Beneficiary any and all such leases (the "Leases"), including all extensions and renewals thereof, and all rents and other payments and benefits (the "Rent") due the Trustor as a result of the Leases as security for the repayment of the Loan. This assignment shall be effective immediately, and shall be subject only to the license as set forth in Section 6.2. herein.

6.2. Collection of Rent. So long as there exists no Event of Default, the Trustor shall have a license to collect all Rent directly. All such Rent collected by the Trustor pursuant to this license shall be held by the Trustor in trust for the Beneficiary, and may be used by the Trustor only for such purposes as approved by the Beneficiary. Such license shall automatically terminate upon the occurrence of any Event of Default. In the event of the termination of the license, should the Beneficiary wish to collect the Rent assigned to the Beneficiary directly, the Beneficiary shall mail to the Trustor, and may mail to the Trustor's lessees at their addresses as reflected in the records of the Beneficiary, a written notice of such election. Such an election to collect the Rent directly may be made by the Beneficiary at any time and from time to time following the occurrence and during the continuance of an Event of Default, and may be made with one or more lessees or successor lessees of the Trustor following the occurrence of an Event of Default so long as any of the Obligations remain outstanding and unsatisfied.

6.3. Termination of Assignment. All rights of the Beneficiary to an assignment of leases and rents shall cease immediately upon full satisfaction of the Trustor's obligations under the Loan Documents. The execution and recordation among the land records of a release of the Deed of Trust shall automatically, and without the execution or recordation among the land records of a specific and separate release or reassignment by the Beneficiary, be a release and reassignment to the Trustor of this assignment of leases and rents.

6.4. Beneficiary Has All Rights of Trustor Under Leases. After an election to collect Rent has been made by the Beneficiary as provided in Section 6.2. hereof, the Beneficiary shall

have all rights and privileges of the Trustor, either as provided in any written lease document between the Trustor and the Trustor's lessee or as provided by law, to collect Rent due and payable by a lessee as a result of the lessee's use of all or any portion of the Secured Property. The Beneficiary shall have no obligation to enforce the Beneficiary's rights and remedies for the collection of Rent in the name of or on behalf of the Trustor and may do so directly in the Beneficiary's own name. The Beneficiary shall, however, have no obligation or duty to enforce payment or collection of Rent and shall be chargeable only with such Rent as may actually be received.

6.5. Beneficiary Has No Obligation to Perform Trustor's Obligations Under Lease. The Beneficiary shall have no obligation to the Trustor or to the Trustor's lessee to perform the Trustor's obligations under any Lease. The Trustor agrees to indemnify and hold the Beneficiary harmless (including payment of the Beneficiary's attorneys' fees) from any attempts by any lessee of the Trustor to force or compel the Beneficiary to meet the Trustor's obligations to a lessee of the Secured Property under any Lease. The Trustor further covenants and agrees to meet and fulfill all of the Trustor's obligations to any lessee of the Land under any Lease, even if the Beneficiary has exercised the Beneficiary's election to collect Rent directly.

6.6. Consent of Trustor; Right to Approve Leases. The Trustor further agrees to supply the Beneficiary the standard form of Lease and rent roll and, on request, with copies of all written lease agreements and the names and mailing addresses of all lessees. The Beneficiary during the term of this Deed of Trust shall have the right to approve all Leases. Any lease of the Secured Property not in conformance with the form of lease and rent roll approved by the Beneficiary and not otherwise approved by the Beneficiary shall constitute an Event of Default hereunder without notice or grace period. All Leases shall be subordinate to the lien of the Deed of Trust and shall specifically so provide in the lease document.

6.7. No Further Assignments; Recordation; Beneficiary Not Mortgagee in Possession. The Trustor may not make any further rent or lease assignments regarding the Secured Property while this Assignment is in full force and effect. Nothing contained herein shall be deemed to constitute the Beneficiary, or the Trustees, as mortgagee, or trustees, in possession.

6.8. No Advance Collection of Rent. Except as otherwise approved in writing by the Beneficiary, the Trustor agrees not to collect any Rent from any lessee more than thirty (30) days in advance of its due date under any Lease; furthermore, the Beneficiary shall not be bound by any payment of rent in advance of more than thirty (30) days.

6.9. No Modification of Leases. The Trustor shall not cancel, amend, or modify the provisions of any Lease, or grant any concessions under any Lease, without the Beneficiary's prior written consent; furthermore, the Beneficiary shall not be bound by any such modification or amendment to any Lease without the Beneficiary's prior written consent. The Trustor will take all steps which may be reasonably required to preserve and maintain any lessee's liability under the lessee's Lease and the enforceability thereof and will advise the Beneficiary of any

defense or claim or alleged defense or claim of nonliability, whether in whole or in part, by any lessee coming to the Trustor's attention.

6.10. Security Deposits. In the event the Trustor has collected any security deposits with respect to any Leases, the Trustor assigns to the Beneficiary such security deposits to the extent of the Trustor's rights therein.

6.11. Assignment of Guaranties. The Trustor assigns to the Beneficiary any and all rights which the Trustor may have to collect Rents from any person who has guarantied the rental or other obligations under any Lease.

6.12. Trustors and Guarantors May Rely on This Assignment. The Trustor irrevocably authorizes all lessees and guarantors to rely upon and comply with any notice or demand by the Beneficiary for payment to the Beneficiary of any Rents or for performance of any obligation under any Lease and the Trustor releases and discharges all lessees and guarantors from any and all liability to the Trustor for so complying. All lessees and guarantors shall have no duty to inquire as to whether any default by the Trustor under this Deed of Trust or any Loan Document has occurred or is existing.

6.13 Assignment Applies to All Leases; Right to Specific Assignment. This assignment of leases and rents shall apply to each and every Lease of all or any portion of the Real Property now existing or hereafter executed by the Trustor, and any guaranties thereof. The Beneficiary may, however, if it so elects, require a specific assignment agreement to be executed by the Trustor with respect to any such Lease.

ARTICLE VII EASEMENT FOR ENVIRONMENTAL INSPECTION

7.1. Grant of Easement. The Trustor hereby grants and conveys to the Trustees and the Beneficiary an easement for the term of this Deed of Trust (the "Easement") to enter on and upon the Real Property, upon reasonable advance notice to the Trustor, in order to conduct audits, inspections and tests, including subsurface exploration and testing, as the Trustees or the Beneficiary, in their reasonable discretion, deem necessary, convenient, or proper to determine whether the ownership, use, and operation of the Real Property comply with federal, state, and local environmental laws and regulations. The Trustees or the Beneficiary, or their designees, shall be permitted to inspect and copy any or all of the Trustor's records relating to environmental matters and to enter all buildings or facilities of the Trustor during reasonable business hours for such purpose. In confirmation of the Trustees' or the Beneficiary's right to inspect and copy all of the Trustor's records relating to environmental matters and to secure the Trustor's obligations to the Trustees or the Beneficiary in connection with the Loan and under this Easement, the Trustor hereby grants to the Trustees or the Beneficiary a continuing security interest in and to all of the Trustor's existing and future records with respect to environmental matters, whether or not located at the Real Property or elsewhere, whether or not in the

possession of the Trustor or some third party (including any federal, state, or local agency or instrumentality), and whether or not written, photographic, or computerized, and the proceeds and products hereof. To the extent that any permission of the Trustor is required by any third party in order for such third party to disclose any information regarding the Real Property and environmental matters to the Trustees or the Beneficiary, the Trustor specifically grants such permission and directs such third party to disclose such information to the Trustees or the Beneficiary, or their designee. The Trustees or the Beneficiary, or their designated agent, may interview any or all of the Trustor's agents and employees regarding environmental matters, including any consultants or experts retained by the Trustor, all of whom are directed to discuss environmental issues fully and openly with the Trustees or the Beneficiary or their designated agent and to provide such information as may be requested. Subject to the provisions of Section 1.16.3 hereof, all of the costs and expenses incurred by the Trustees or the Beneficiary with respect to the audits, inspections, and tests, which the Trustees or the Beneficiary may conduct, including the fees of the engineers, laboratories, and contractors, shall be paid by the Trustor. The Trustees or the Beneficiary may, but shall not be required to, advance such costs and expenses on behalf of the Trustor. All sums so advanced shall bear interest at the then current rate of interest under the Promissory Note and shall be secured by this Deed of Trust.

7.2 Duration and Defeasance. This Easement shall exist and continue until all sums owed by the Trustor to the Beneficiary in connection with the Loan have been repaid in full and this Deed of Trust has been released of record. Such a release of this Deed of Trust shall terminate this Easement.

7.3. Enforcement. The Trustor acknowledges that no adequate remedy at law exists for a violation of this Easement and agrees that the Trustees or the Beneficiary shall have the right to enforce the Easement by equitable writ or decree, including temporary and preliminary injunctive relief. In the event the Trustees or the Beneficiary are required to enforce their rights regarding the Easement, the Trustor shall pay all of their costs and expenses resulting from such enforcement, including all attorneys' fees incurred by the Trustees or the Beneficiary.

7.4. Assignability. This Easement shall be assignable and shall be considered assigned to whomever holds the indebtedness secured by this Deed of Trust.

7.5. Revocability. This Easement is irrevocable and may not be revoked by the Trustor.

7.6. Trustees and Beneficiary Not Mortgagee in Possession. The exercise of the rights granted under this Article shall not constitute the Trustees or the Beneficiary as a mortgagee in possession with respect to the Real Property.

7.7. Construction and Intention. This Easement is intended to be and shall be construed as an interest in the Real Property and as an easement in gross. It is not intended to be a personal right of the Trustees or the Beneficiary or a mere license. This Easement shall be eliminated automatically upon and contemporaneously with the termination and release of this Deed of

Trust.

ARTICLE VIII
MISCELLANEOUS

8.1. Substitute or Successor Trustees. The irrevocable power to remove and substitute one or more of the Trustees named herein or substituted therefor is expressly given to the Beneficiary and may be exercised at any time, from time to time, without notice and without specifying any reason, by filing for record among the land records where this Deed of Trust is recorded a deed of appointment, and upon the filing of such deed of appointment all of the title and estate, powers, rights, and duties of the Trustee or the Trustees thus superseded shall terminate and shall be vested in the successor Trustee or the Trustees. The Trustor, the Beneficiary and the Trustees, their substitutes and successors, expressly waive notice of the exercise of this power, the giving of bond by any Trustee, and any requirement for application to any court for removal, substitution or appointment of a Trustee hereunder. In addition, the act of any one (1) Trustee, whether such Trustee is a sole acting Trustee or whether there is more than one (1) acting Trustee, shall be sufficient and effective for all purposes set forth herein and any person may rely upon any document or instrument executed and delivered by one (1) Trustee, to the same extent as though the document had been executed by all of the Trustees.

8.2. Warranties of Title. The Trustor warrants: (i) generally title to the Secured Property; (ii) that it has good and marketable title to the Secured Property except as otherwise permitted hereby; and (iii) that it will during the term of this Deed of Trust so warrant and defend the same and the validity and priority of the lien and security interest of this Deed of Trust to the Trustees and the Beneficiary against the claims of any and all other persons claiming by or through the Trustor. The Trustor further warrants that the Trustor will execute such other and further assurances as may be required by the Trustees or the Beneficiary from time to time.

8.3. Joint and Several Liability. If there exists more than one (1) person described by the term "Trustor," all liabilities and obligations of all such persons under this Deed of Trust shall be joint and several liabilities and obligations.

8.4. Waivers. The Trustor and the Beneficiary may at any time or from time to time waive any or all rights accruing to each of them, respectively, under this Deed of Trust or any other Loan Document, but any waiver by the Trustor or the Beneficiary, respectively, at any time or from time to time shall not constitute, unless specifically so expressed by the Trustor or Beneficiary in writing, a future waiver of performance.

8.5. No Third Party Beneficiary Rights. No person not a party to this Deed of Trust shall have any benefit hereunder nor have third party beneficiary rights as a result of this Deed of Trust or any other Loan Document, nor shall any person be entitled to rely on any actions or inactions of the Beneficiary or the Trustees, all of which are done for the sole benefit and protection of the Beneficiary.

8.6. Continuing Obligation of the Trustor. The terms, conditions and covenants set forth herein and in the other Loan Documents shall survive closing and shall constitute the continuing joint and several obligations of the Trustor during the term of the Loan Documents.

8.7. Binding Obligation. This Deed of Trust shall be binding upon the parties and their successors and assigns.

8.8. Final Agreement. This Deed of Trust and the Loan Documents contain the final and entire agreement and understanding of the parties, and any terms and conditions not set forth in this Deed of Trust or the Loan Documents are not a part of this Deed of Trust and the understanding of the parties hereof.

8.9. Amendment. This Deed of Trust may be amended or altered only by a writing signed by the party to be bound by the amendment, change or alteration.

8.10. Photocopies Sufficient. A xerox, photographic, or other reproduction of this Deed of Trust shall be sufficient as a financing statement.

8.11. Notices. Any notice required or permitted by or in connection with this Deed of Trust shall be in writing and made by hand delivery, by wire, by facsimile transmission, by overnight courier service for next day delivery, or by certified mail, return receipt requested, postage prepaid, addressed to the respective party at the appropriate address set forth below or to such other address as may be hereafter specified by written notice by any party, and shall be considered given as of the date of hand delivery, wire or facsimile transmission (or on the next business day if the date of wire or facsimile transmission is not a business day), as of the date specified for delivery if by overnight courier service or as of two (2) days following the date of mailing, as the case may be. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given shall not invalidate the effectiveness of any notice, demand, request or other communication.

If to the Beneficiary or to the Trustees:

First Union National Bank
301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
Attn: Barbara Carroll
Fax No.: (704) 374-6319

With a Copy to:

KUTAK ROCK LLP
Suite 800
Bank of America Center
1111 East Main Street
Richmond, Virginia 23219-3500
Attn: Fiona Tower, Esquire
Fax No.: (804) 783-6192

If to the Trustor:

TREX Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605
Attn: President
Fax No.: (540) 542-6889

With a Copies to:

TREX Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605
Attn: William R. Gupp, Esquire, Vice President and General Counsel
Fax No.: (540) 542-6889

and

Hogan & Hartson L.L.P.
111 South Calvert Street
Baltimore, MD 21201
Attn: Kevin G. Gralley, Esquire
Fax No.: (410) 539-6981

8.13. Choice of Law. The laws of the State of Nevada shall govern the rights and obligations of the parties to this Deed of Trust and the interpretation and construction and enforceability thereof and any and all issues relating to the transactions contemplated herein. The Trustor expressly acknowledges the execution and delivery of this Deed of Trust within the geographic boundaries of the State of Nevada.

8.14. Incorporation By Reference. The terms, conditions, and provisions of the Promissory Note and all other Loan Documents are incorporated by reference in this Deed of Trust to the same extent as if set forth in full in this Deed of Trust. Should any of the terms, conditions, and provisions of the Promissory Note or any other Loan Document conflict with the terms, conditions, or provisions of this Deed of Trust, the Trustees or the Beneficiary shall select which of the terms, covenants, and conditions shall govern and control.

8.15. Terminology. The term "Trustor" shall include the personal representatives, successors, and assigns of the Trustor or the Trustors; the term "Trustee" or "Trustees" shall include the successors and assigns of the Trustee or the Trustees and any substitute or successor Trustee or Trustees; the term "Beneficiary" shall include the successors and assigns of the individual, individuals, partnership, limited liability company or corporation holding the beneficial interest in the Promissory Note secured by this Deed of Trust; the use of the singular shall include the plural, and the plural may refer only to the singular; and the use of any gender shall be applicable to all genders.

8.16. Invalidity. If any provision or part of any provision contained in this Deed of Trust shall be found for any reason to be illegal, invalid or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Deed of Trust and this Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality, or unenforceability.

8.17. WAIVER OF JURY TRIAL. THE TRUSTOR WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE LOAN OR THIS DEED OF TRUST. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE TRUSTOR AND THE TRUSTOR ACKNOWLEDGES THAT NEITHER THE BENEFICIARY NOR ANY PERSON ACTING ON BEHALF OF THE BENEFICIARY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE TRUSTOR FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS DEED OF TRUST AND ALL OTHER LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. THE TRUSTOR FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS

WAIVER PROVISION AND AS EVIDENCE OF THIS FACT SIGNS THIS DEED OF TRUST BELOW.

[Balance of Page Left Intentionally Blank. Signatures to Follow]

IN WITNESS WHEREOF, the Trustor has executed this Deed of Trust under seal on the date first written above with the specific intention that this Deed of Trust constitute an instrument under seal.

TRUSTOR:

TREX COMPANY, LLC, a Delaware limited liability company

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna

Title: Executive Vice President, Chief Financial Officer, Treasurer

ACKNOWLEDGMENT

STATE OF VIRGINIA, COUNTY OF FREDERICK, TO WIT:

I HEREBY CERTIFY, that on this 9th day of November, 2001, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Anthony J. Cavanna known to me, or satisfactorily proven to be, the person whose name is subscribed to the within instrument, and who acknowledged himself to be the Executive Vice President, Chief Financial Officer and Treasurer of Trex Company, LLC, a Delaware limited liability company, and he acknowledged that he executed the foregoing instrument for the purposes therein contained and he acknowledged the same to be the lawful act and deed of the aforesaid limited liability company.

AS WITNESS my hand and Notarial Seal the day and year first above written.

/s/ Rebecca A. Carter

NOTARY PUBLIC

My Commission Expires: December 31, 2004

EXHIBIT A

LAND DESCRIPTION

All that certain real property situate in the County of Lyon, State of Nevada, described as follows:

A parcel of land located within sections 7 & 8, Township 20 North, Range 25 East, M.D.B.& M., described as follows:

Beginning at the Southeast corner of Parcel 2 as shown on Record of Survey Map File no. 193018, said point being located South 12(0) 39' 12" West a distance of 1839.06 feet from the East 1/4 corner of said Section 7; thence North 10(0) 21' 00" West a distance of 1026.73 feet to the Northeast corner of said Parcel 2; thence North 73(0) 18' 04" West a distance of 1744.19 feet; thence South 43(0) 26' 07" East a distance of 71.78 feet; thence South 46(0) 33' 53" West a distance of 300.74 feet; thence along a tangent circular curve to the left with a radius of 500.00 feet and a central angle of 66(0) 09' 53" an arc length of 577.40 feet; thence South 19(0) 36' 00" East a distance of 567.96 feet; thence South 70(0) 24' 00" West a distance of 92.77 feet; thence along a tangent circular curve to the right with a radius of 828.77 feet and a central angle of 07(0) 16' 49" an arc length of 105.31 feet; thence South 77(0) 40' 50" West a distance of 100.00 feet; thence along a tangent circular curve to the right with a radius of 2160.00 feet and a central angle of 11(0) 43' 10" an arc length of 441.81 feet; thence South 89(0) 24' 00" West a distance of 132.36 feet; thence along a tangent circular curve to the left with a radius of 2830.00 feet and a central angle of 09(0) 45' 00" an arc length of 481.58 feet; thence South 79(0) 39' 00" West a distance of 45.45 feet to the point of beginning.

NOTE: (NRS 111.312): The above metes and bounds description appeared previously in that certain GRANT, BARGAIN AND SALE DEED, recorded in the Office of the County Recorder of LYON County, Nevada on December 7, 1998, as Document No. 226990, of Official Records.

NOTICE TO CLERK: This instrument encumbers property located within and without the Commonwealth of Virginia, and the proportion of the debt secured by Virginia real property is 11.98% or \$10,273,449.00. Recordation taxes have been paid in connection with the deeds of trust being modified herein on debt in the principal amount of \$10,755,000.00. As a result, this instrument is exempt from recordation taxes pursuant to Sections 58.1-803 (B), 58.1-803 (D) and 58.1-809 of the Code of Virginia (1950), as amended, and Section 630-14-803 (B) of the Virginia Recordation Tax Regulations (September 19, 1984).

THIS IS A CREDIT LINE DEED OF TRUST within the meaning of Section 55-58.2 of the Code of Virginia (1950), as amended. For the purposes of, and to the extent required by, such section, (i) the name of the noteholder secured by the Deed of Trust is First Union National Bank, (ii) the address of such noteholder is set forth below, and (iii) the maximum aggregate amount of principal to be secured hereunder at any one time is \$85,755,000.

Tax Map Parcel #s Frederick County: 63-A-87, 63-A-110, 63-A-110A and 63-1-110C
City of Winchester: 371-01-1

MODIFIED DEED OF TRUST,

SECURITY AGREEMENT

AND

ASSIGNMENT OF LEASES AND RENTS

Granted By
TREX COMPANY, LLC

a Delaware limited liability company
(for purposes of recording, the "Grantor")

To

TRSTE, INC.
A Virginia corporation
(for purposes of recording, the "Grantee")

Trustee

Securing

FIRST UNION NATIONAL BANK,

A National Banking Association
(for purposes of recording, the "Grantee")

This Document was Prepared By:
Fiona M. Tower
Kutak Rock LLP
1111 East Main Street, Suite 800
Richmond, Virginia 23219

Dated September 30, 2001

TO FILING OFFICER, AFTER RECORDATION RETURN TO:

Fiona M. Tower
KUTAK ROCK LLP
1111 East Main Street, Suite 800
Richmond, Virginia 23219

To Be Recorded In the Land
Records Offices of the City
Of Winchester, Virginia and
Frederick County, Virginia.

MODIFIED DEED OF TRUST,
SECURITY AGREEMENT
AND
ASSIGNMENT OF LEASES AND RENTS

Granted By

TREX COMPANY, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

To

TRSTE, INC.
A VIRGINIA CORPORATION

Trustee

DEFINITIONS

As used throughout this Deed of Trust, the following terms shall have the following meanings:

"Act" shall have the meaning as set forth in Section 1.16 of this Deed of Trust;

"Beneficiary" shall mean First Union National Bank, a National Banking Association, its successors and assigns;

"Clerk's Office" shall mean collectively the Office of the Clerk of the Circuit Court for Winchester, Virginia and Frederick County, Virginia;

"Code" shall mean the Code of Virginia of 1950, as amended and now enacted;

"Credit Agreement" shall mean that certain Second Amended and Restated Credit Agreement between Grantor, Trex Company, Inc. and Beneficiary dated as of the date hereof;

"Deed of Trust" shall mean this deed of trust, security agreement and assignment of leases and rents granted by the Grantor to the Trustees;

"Easement" shall have the meaning as set forth in Section 7.1 of this Deed of Trust;

"Event of Default" shall mean, individually, and "Events of Default" shall mean, collectively, those items as listed in Article III of this Deed of Trust, which shall entitle the Trustees or the Beneficiary to exercise all rights and remedies provided in Article IV of this Deed of Trust;

"Grantor" shall mean Trex Company, LLC;

"Hazard" shall have the meaning as set forth in Section 1.16 of this Deed of Trust;

"Improvements" shall mean all buildings, structures, improvements and replacements, now or hereafter existing on or to be erected upon the Land and any and all landscaping and related amenities and facilities;

"Land" shall mean all those certain parcels of land situated in the City of Winchester, and Frederick County, Virginia, as more particularly described on Exhibit "A" attached to this Deed of Trust and made a part thereof;

"Leases" shall have the meaning as set forth in Section 6.1 of this Deed of Trust;

"Loan" shall mean the financing extended by the Beneficiary to the Grantor and Trex Company, Inc. as more particularly described in the Credit Agreement and evidenced by the Promissory Note;

"Loan Documents" shall mean the Promissory Note, the Deed of Trust, the Credit Agreement and such other documents and writings executed and delivered by Grantor and such other signatory parties to the Beneficiary, evidencing, securing or otherwise documenting the terms and conditions of the Loan, as the Promissory Note, the Deed of Trust, and such other documents may be amended, modified, replaced or amended and restated in their entirety in the future;

"Obligations" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Personalty" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Promissory Note" shall mean collectively, the term note in the original principal amount of \$3,780,000, the term note in the original principal amount of \$1,035,000, the term note in the original principal amount of \$5,940,000; the term note in the original principal amount of \$58,000,000 and the revolving note in the maximum principal amount of \$17,000,000 between Grantor and Trex Company, Inc., as Borrower, and Beneficiary, all dated as of the date hereof;

"Real Property" shall mean the Land and the Improvements;

"Rent" shall have the meaning as set forth in Section 6.1 of this Deed of Trust;

"Secured Property" shall have the meaning as set forth in the granting clause of this Deed of Trust;

"Trustees" shall mean TRSTE, Inc., a Virginia corporation.

MODIFIED DEED OF TRUST,
SECURITY AGREEMENT
AND
ASSIGNMENT OF LEASES AND RENTS

THIS MODIFIED DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS (the "Deed of Trust") is made and granted as of the 30th day of September, 2001, by TREX COMPANY, LLC, a Delaware limited liability company, with an address of 160 Exeter Drive, Winchester, Virginia 22603-8605 (the "Grantor"), to TRSTE, INC., a Virginia corporation with an address of 201 South Jefferson Street, Roanoke, Virginia 24011 ("Trustee").

RECITALS

A. By the following Deeds of Trust (collectively, the "Original Deed of Trust"), Grantor has granted the Land to Beneficiary:

1. Deed of Trust and Absolute Assignment of Rents dated June 15, 1998 and recorded in the Clerk's Office of the Circuit Court of Frederick County, Virginia in Deed Book 907 Page 1044 securing debt in the original principal amount of \$3,780,000.00;
2. Deed of Trust and Absolute Assignment of Rents dated November 20, 1998 and recorded in the Circuit Court Clerk's Office of Frederick County, Virginia, in Deed Book 921, Page 1235, securing debt in the original principal amount of \$1,035,000.00;
3. Deed of Trust and Absolute Assignment of Leases dated August 15, 2000 and recorded in the Circuit Court Clerk's Offices of the City of Winchester, Virginia at Deed Book 305, Page 1445, and Frederick County, Virginia at Deed Book 973, Page 477, securing debt in the original principal amount of \$5,940,000.00.

B. Grantor, Trustee and Beneficiary wish to modify the Original Deed of Trust to secure payment and performance of the Obligations, as defined herein.

C. The Grantor holds fee simple title to the Land and conveys its fee simple interest in the Land and other Secured Property, as provided further herein as security for the payment and performance of all obligations of the Grantor secured by this Deed of Trust.

D. In addition to the Notes and this Deed of Trust, the Loan is further evidenced by the other Loan Documents, as such Loan Documents may be amended, modified, replaced or amended and restated in their entirety in the future.

NOW THEREFORE, the parties hereto do hereby agree that the Original Deed of Trust is hereby modified to read in its entirety as follows:

GRANT

NOW, THEREFORE, in consideration of the premises, and to secure: (a) the payment of the principal, interest, and other sums due on the Promissory Note, this Deed of Trust, and any other Loan Document, and any and all other indebtedness of the Grantor to the Beneficiary, whether now existing or hereinafter incurred, as well as all future advances, as and when due, (b) the observance and performance of all of the terms, conditions, agreements, and provisions of the Promissory Note, this Deed of Trust, and all other Loan Documents, including the repayment of all sums advanced, to be advanced, or which may be advanced by the Beneficiary pursuant to or under authorizations contained in this Deed of Trust, even if and to the extent such sums may exceed the face amount of the Promissory Note, this Deed of Trust and any other Loan Document, and (c) any and all other future indebtedness of Grantor to Beneficiary (collectively, the "Obligations"), the Grantor grants, pledges, assigns, transfers, and conveys to the Trustees, in fee simple, all that lot of ground situated and lying in the City of Winchester and Frederick County, Virginia and more particularly described on Exhibit "A" attached hereto and made a part hereof;

TOGETHER WITH any additional or other interest in the Land that the Grantor may hereafter acquire; and

TOGETHER WITH all of the Grantor's right, title and interest in and to all Improvements; and

TOGETHER WITH all of the Grantor's right, title and interest in and to all plant, equipment, apparatus, machinery, fittings, appliances, furniture, furnishings, fixtures and other chattels and personal property and replacements thereof, owned by the Grantor and now or at any time hereafter affixed or attached to, incorporated in, placed upon, or in any way used in connection with the current or future utilization, enjoyment, occupation, or operation of the Real Property including by way of example and not by way of limitation, all lighting, heating, ventilating, air conditioning, incinerating, sprinkling, laundry, lifting and plumbing fixtures and equipment, water and power systems, loading and unloading equipment, burglar alarms and security systems, fire prevention and fire extinguishing systems and equipment, engines, boilers, ranges, refrigerators, stoves, furnaces, oil burners or units, communication systems and equipment, dynamos, transformers, motors, tanks, electrical equipment, elevators, escalators, cabinets, partitions, ducts, compressors, switchboards, storm and screen windows and doors, pictures, awnings and shades, sign and shrubbery as well as all building and construction materials and supplies of every kind, nature and description owned by the Grantor and located on, at, or about the Real Property, whether or not yet incorporated into any building, structure, or improvement, or located elsewhere and not as yet delivered to the Real Property, which are intended to be used for the purpose of erecting, renovating, restoring, or repairing any building, structure, or improvement on the Real Property, including by way of example and not by way of

limitation, all steel, iron, concrete, sheet rock and plaster board, screws, paint, plaster, plastics, insulation, fiberglass, wood and wood products, glass, bricks, mortar, masonry, pipes, wiring, linoleum and tile and other floor and wall coverings, roofing and roofing materials, framing and molding (collectively, the "Personalty"), as to all of which the Grantor grants and conveys to the Beneficiary a continuing security interest under the Virginia Uniform Commercial Code, as amended, as well as in any and all proceeds and products thereof and all substitutions, renewals and replacements thereof, whether now owned or hereafter acquired, for so long as such items are or remain personal property and not fixtures and permanent additions to the Real Property; and

TOGETHER WITH all contracts, plans, and specifications, surveys and surveyor's reports, engineer's reports, diagrams and drawings, all licenses, permits and approvals and applications therefor from governmental authorities, deposits, service contracts, books, records, reports, accounting records, invoices, change orders, correspondence, diagrams, drawings, schematics, sales and promotional literature and forms, advertising materials and the like, wherever located and whenever created, compiled, or made with respect to the construction of the Improvements upon the Land and the leasing of space in the completed Improvements, and the Grantor hereby grants to the Beneficiary a continuing security interest under the Virginia Uniform Commercial Code in and to all of the same, and the proceeds, including insurance proceeds, and products thereof, and in all substitutions, renewals, and replacements thereof, now existing or hereafter acquired; and

TOGETHER WITH a security interest, which is hereby granted by the Grantor, in all amounts that may be owing at any time and from time to time by the Beneficiary to the Grantor in any capacity, including, but not limited to, any balance or share belonging to the Grantor in any deposit or other account with the Beneficiary, which accounts shall specifically include the escrow accounts that may be established in accordance with the terms of this Deed of Trust with regard to real property taxes, insurance payments, security deposits, and the like; and

TOGETHER WITH all easements, rights, privileges, and appurtenances thereunto belonging or in any way appertaining, and all of the right, title, interest, estate, or claim of the Grantor in or to the streets, ways, alleys, and waters adjoining or adjacent to the Real Property, whether now existing or hereafter acquired; and

TOGETHER WITH all mineral rights, and mining rights, as well as all minerals, dirt, sand, gravel, pebbles, stones, rocks, soil and the like (including oil and gas) which have not been extracted from the Land; and

TOGETHER WITH all rights, benefits, profits, rents, and monies payable under, by reason of, or with respect to any restrictive covenants, easements, agreements applicable to adjoining lands, or contracts of sale with respect thereto with the right to collect any sums of money at any time payable to the Grantor in consequence of such rights and benefits, including the release, modification, or amendment thereof, for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document and to utilize any collection or enforcement rights or remedies to collect the same available to the

Grantor under law, as to all of which, and the proceeds and products thereof, the Grantor hereby grants a continuing security interest therein and thereto unto the Beneficiary; and

TOGETHER WITH: (a) all of the proceeds of the voluntary or involuntary conversion of the aforementioned property or any part of the aforementioned property into cash or liquidated claims, whether by way of condemnation, insured casualty, judgment or otherwise, as well as a security interest which is hereby granted to the Beneficiary in the same; (b) all rents, profits, and benefits, including any deposits of tenants to secure payment of the same and performance of the terms and conditions of any oral or written lease, with respect to the leasing of all or any portion of the Real Property, with the right to collect such rents, profits, and benefits at any time for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document, and to utilize any collection or enforcement rights or remedies available to the Grantor under law or any written lease, but without any duty or obligation to perform on behalf of the Grantor any of the Grantor's duties or obligations to any lessee; and (c) a security interest in all revenues and profits, accounts receivable and contract rights, including any deposits of purchasers to secure payment of the contract price and performance of the terms and conditions of any contract of sale for the Real Property, with the right to collect the same at any time for application to sums then due and owing the Beneficiary under the Promissory Note, this Deed of Trust or any other Loan Document and to utilize any collection or enforcement rights or remedies available to the Grantor under law or any contract of sale, but without any duty or obligation, to perform on behalf of the Grantor any of the Grantor's duties or obligations to any purchase of the Real Property;

TO HAVE AND TO HOLD all of the aforementioned property (collectively, the "Secured Property") to the Trustees, and the Trustees' successors and assigns, in fee simple, in trust to the Trustees to secure the Obligations provided that, so long as no Event of Default shall have occurred, the Grantor shall have the license to possess and enjoy the Secured Property, and to receive the rents, issues and profits therefrom, subject, however, to the provisions of the Loan Documents; and further provided, that if all of the Obligations are fully paid and satisfied and performed and/or observed, then the lien of this Deed of Trust shall be released by the Beneficiary and the Trustees, and the Trustees shall then, upon the written request of the Grantor, release, terminate, and reconvey the Secured Property to the Grantor at the sole cost and expense of the Grantor.

EXCEPT as otherwise specifically provided herein, this Deed of Trust is expressly made, executed and delivered pursuant and subject to, and shall be construed in accordance with the provisions of Sections 55-59, 55-59.1, 55-59.2, 55-59.3, 55-59.4, 55-60 and 55-63 of the Code of Virginia of 1950, as amended and now enacted. All obligations and duties imposed upon Grantor and the Trustees by such Code provisions and all rights and remedies conferred upon the Beneficiary thereby are hereby expressly affirmed. All of the terms, covenants, agreements and conditions hereinafter contained, to the extent the same may differ from or supplement the Code provisions, shall be construed as providing the Beneficiary with rights and remedies additional and cumulative to those specified in the Code provisions and shall not be construed in any way as excluding the Code provisions or depriving the Beneficiary of any of its rights, privileges or remedies thereunder.

ARTICLE I
COVENANTS AND AGREEMENTS OF THE GRANTOR

1.1. Repayment. The Grantor shall pay all indebtedness secured by this Deed of Trust, together with interest thereon and any penalty, fee, charge, deposit, escrow or assessment, at the times and in the manner and amounts set forth in the Promissory Note and other Loan Documents.

1.2. Performance. The Grantor shall perform and observe all duties, obligations, and requirements and shall comply in all respects with the terms, covenants, conditions, representations and warranties of the Promissory Note, this Deed of Trust and all other Loan Documents.

1.3. Taxes and Expenses. The Grantor shall pay and discharge, when and as the same come due, before penalty or premium attaches, all taxes of every kind and nature, real and personal, all general and special assessments and levies, all water, sewer and other utility charges, rents, and assessments and any and all other public charges, dues, levies, impositions, or assessments of a like or different nature, imposed upon or assessed against the Secured Property or the rents, issues, income or profits thereof, which are or may become liens against the same, as well as any ground rent to which the Real Property may be subject, and the Grantor will not permit to exist any lien or security interest therefor other than: (a) liens for taxes, assessments, levies, fees, rents, ground rents, and public charges not yet delinquent or which are being contested in good faith; and (b) liens and security interests which the Beneficiary has specifically and in writing consented to the existence of and with respect to which the Grantor has paid currently all sums secured thereby. The Grantor will, upon the request of the Trustees or the Beneficiary, deliver to the Trustees or the Beneficiary receipts evidencing the payment of all such taxes, assessments, levies, fees, rents, ground rents, and public charges imposed upon or assessed against the Secured Property (provided, however, that Grantor may withhold any such payment if Grantor contests in good faith the validity of such payment, and may continue to withhold such payment pending the resolution of the dispute so long as Beneficiary is provided with adequate security, as reasonably determined by Beneficiary, for the payment of the withheld amount and any potentially applicable interest and penalties and such contest does not in the reasonable opinion of Beneficiary put the Secured Property or any portion thereof at risk of any tax lien foreclosure), or the revenues, rents, issues, income, or profits thereof, as well as the payment of all superior liens and security interests with respect to which the Beneficiary may have consented.

1.4. Insurance. The Grantor shall obtain and shall at all times during the term hereof maintain the following insurance coverages:

1.4.1. Casualty Insurance. The Grantor shall keep any Improvements constructed on the Land and Personalty thereon insured against loss by fire casualty, and such other hazards and contingencies, including but not limited to lightning, hail, windstorm, explosion, malicious

mischievous and vandalism, as are covered by extended coverage policies in effect in the area where the Land is located and such other risks as may be reasonably specified by the Beneficiary from time to time, all for the benefit of the Beneficiary; provided that, during any period of construction, restoration or reconstruction of the Improvements, the Grantor shall provide in lieu of such insurance, builders' risk or a similar type of insurance in the amount of the full replacement cost of the Improvements and the equipment. Such insurance shall be written on policy forms and by Lloyds of London or an insurance company lawfully operating in the jurisdiction in which the Real Property is located with a rating of "A-" or better according to A.M. Best Co. Insurance Guide and reasonably satisfactory to the Beneficiary, shall be in an amount equal to the lesser of the outstanding principal balance of the Obligations or the full insurable replacement cost of any such Improvements and Personalty, but in any event shall be in an amount sufficient to prevent co-insurance liability, shall name the Beneficiary as a mortgagee and sole loss payee and shall be endorsed such that the losses thereunder shall be payable to the Beneficiary and not to the Grantor and the Beneficiary or the Trustees, jointly. The policy or policies of such insurance shall include a replacement cost or restoration endorsement and a waiver of subrogation endorsement reasonably satisfactory to the Beneficiary. Original certificates or at Beneficiary's request, originals or certified true copies, of the policy or policies of such insurance and all renewals thereof shall be delivered to and retained by the Beneficiary, and the Grantor shall provide the Beneficiary with receipts evidencing the payment of all premiums due on such policies and the renewals thereof on or prior to the renewal or expiration date thereof. All policies required hereby shall provide and shall bear an endorsement that the insurer shall endeavor to notify Beneficiary not less than ten (10) days prior to any cancellation, termination, endorsement or material amendment (i.e. reduction in coverage). The Grantor shall give the Beneficiary prompt notice of any loss covered by such insurance, and, the Beneficiary shall have the right to adjust and compromise such loss, to collect, receive and receipt the proceeds of insurance for such loss and to endorse the Grantor's name upon any check in payment thereof and, for such purposes the Grantor hereby constitutes and appoints the Beneficiary as its attorney in fact with the power of attorney granted hereby deemed to be coupled with an interest and irrevocable. All monies received as payment for a loss covered by an insurance policy shall be paid over to the Beneficiary, as its interests may appear. The Beneficiary shall, after deducting the reasonable expenses incurred in the collection of the proceeds of any insurance, make the remainder of such proceeds available to the Grantor for the payment of charges or expenses actually incurred by the Grantor in the restoration, reconstruction, repair, renovation or replacement of the affected Improvements and Personalty, provided that: (i) the Beneficiary has approved the plans and specifications for the repair or restoration of the damaged portion of the Improvements and Personalty, the contract for such repair or restoration and the contractor that will perform the same, (ii) the Grantor has deposited with the Beneficiary (or if permitted by the Beneficiary, has made provision satisfactory to the Beneficiary for the payment of) any amounts required for such repair or restoration which exceed the available insurance proceeds, (iii) no Event of Default, or event that with the passage of time would constitute an Event of Default, has occurred and is continuing under the Loan Documents, (iv) the repair or restoration of the Improvements and Personalty reasonably can be completed before the maturity date of the Loan, and (v) the tenants will continue to pay rent without abatement (or the proceeds of business interruption insurance will be adequate in the Beneficiary's judgment to offset any such abatement of rent), otherwise, such proceeds shall be applied in payment of the Obligations.

1.4.2. Liability and Worker's Compensation Insurance. The Grantor shall obtain and maintain public liability and property damage insurance in such amounts, with such insurance companies, and upon policy forms acceptable to and reasonably approved by the Beneficiary, naming the Beneficiary as an additional insured. Additionally, if Grantor has any employees, the Grantor shall obtain and maintain worker's compensation insurance in such amounts, with an insurance company, and in a form acceptable to and approved by the Beneficiary. The Grantor shall supply to the Beneficiary a copy of the aforesaid liability insurance policies and receipts evidencing the payment of premiums due thereon or, alternatively, certificates from the insurance company certifying to the existence of the policies, summarizing the terms of the policies, and indicating the payment of premiums due thereon. Each of the policies specified herein shall provide that the insurer shall endeavor to provide Beneficiary with ten (10) days prior notice of any material modification (i.e. reduction in coverage) or cancellation.

1.4.3. Rental Loss Interruption Insurance. The Grantor shall also carry and maintain rental interruption insurance on the Trust Property in the same manner and under the same conditions as provided in 1.4.1 covering debt service, real estate taxes and insurance premiums for a period of at least twelve (12) months.

1.4.4. Flood Insurance. In the event that all or any portion of the Real Property currently or at any time in the future is determined to be located in a specially designated flood hazard area by the Secretary of Housing and Urban Development or the Director of the Federal Emergency Management Agency, pursuant to the provisions of the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, as amended, the Grantor shall obtain and maintain flood hazard insurance in the full insurable value of the Improvements or any portion of the Real Property located within such area, or the full amount of flood insurance available, naming the Beneficiary as sole loss payee and complying with all applicable provisions of Section 1.4.1. hereof. The Grantor shall be required to provide flood hazard insurance as described, unless the Grantor's insurance broker or surveyor certifies to the Beneficiary in writing that the Real Property is not in a flood hazard area. The proceeds of any loss payable under a flood insurance policy shall be applied, at the option of the Beneficiary, as set forth in Section 1.4.1. above with respect to casualty insurance proceeds.

1.4.5. Separate Insurance. The Grantor may not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless the Beneficiary is included thereon as a named insured with losses payable to the Beneficiary as above provided. The Grantor shall immediately notify the Beneficiary whenever any such separate insurance is taken out and shall promptly deliver to the Beneficiary certificates, or if requested by Beneficiary the policy or policies, of such insurance.

1.5. Advancements. If the Grantor should fail to perform any of the covenants contained in this Deed of Trust, or to protect or preserve the Secured Property or the status and priority of the lien and security interest of this Deed of Trust, the Beneficiary may, but shall not be obligated to, make advances to perform the same on behalf of the Grantor or to protect or

preserve the Secured Property or the status and priority of the lien and security interest of this Deed of Trust, and all sums so advanced shall immediately upon advancement become a lien and security interest upon the Secured Property and shall be secured by this Deed of Trust. For the purposes of taking any and all acts as set forth in this Section 1.5., the Grantor hereby constitutes and appoints the Beneficiary as its attorney in fact and the power of attorney granted hereby shall be deemed to be coupled with an interest and irrevocable. The Grantor, will repay on demand all sums so advanced on the Grantor's behalf, plus any expenses or costs incurred by the Trustees or the Beneficiary, including reasonable attorneys fees, with interest thereon at the highest rate of interest permitted under the Promissory Note. The provisions of this Section shall not be construed to prevent the institution of foreclosure or other rights and remedies of the Trustees upon the occurrence of an Event of Default hereunder.

1.6. Condition and Use of Improvements. The Grantor will not commit any waste on the Secured Property or make any change in the use of the Secured Property which will in any way increase any ordinary fire or other hazard insurance risk arising out of the construction of improvements on or operation of the Secured Property or at any time abandon the Secured Property. The Grantor will at all times maintain and keep the Secured Property in good operating order and condition, ordinary wear and tear excepted, and will promptly make, from time to time, all repairs, renewals, replacements, additions, and improvements to so maintain the Secured Property. The Grantor will comply with all statutes, ordinances, rules, regulations, or laws affecting the Secured Property or the use thereof. The Improvements shall not be removed, demolished or substantially altered, nor shall any material Personalty be removed therefrom, without the prior written consent of the Trustees or the Beneficiary, which consent shall not be unreasonably withheld, conditioned or delayed, except that no consent shall be required where appropriate replacements, free of superior title, liens, security interests, or claims, and of a value at least equal to the value of the Personalty removed, are immediately made. Upon receipt of written notice the Grantor will permit the Trustees or the Beneficiary, or their agents or employees, at all reasonable times to enter and inspect the Secured Property.

1.7. Title to Real Property; Liens. The Grantor has as of the date hereof, and shall maintain at all times during the term of this Deed of Trust, good and marketable title to the Secured Property free and clear of any and all liens, charges, restrictions, encumbrances, security interests and adverse claims whatsoever, excepting any liens, charges, restrictions, encumbrances or security interests which: (a) are set forth in the title insurance policy issued in favor of, and approved by, the Beneficiary with respect to the Secured Property; (b) are expressly permitted by the provisions of this Deed of Trust or any of the other Loan Documents; (c) are granted to the Beneficiary; or (d) are consented to in writing by the Beneficiary.

1.8. Transfer or Encumbrance; Change of Control. Except as may be permitted under the Credit Agreement, title to all or any portion of the Secured Property may not be acquired by any person, individual, partnership, or corporation by voluntary or involuntary conveyance, transfer, grant or assignment, by operation of law, or in any other manner, nor shall the Secured Property become encumbered or charged with a lien or security interest of any kind or variety, excepting the mortgages or deeds of trust disclosed in writing to and approved in writing by the Beneficiary, and other "Permitted Liens" as defined in the Credit Agreement, whether voluntary

or involuntary, including any mechanic's or materialmen's lien or judgment lien, senior, junior, or of equal priority to the lien and security interest of this Deed of Trust, without the prior written consent of the Trustees or the Beneficiary. A conveyance, transfer, grant, or assignment of, or a pledge, encumbrance, or creation of a lien or security interest in any interest in the Grantor, whether or not a conveyance, transfer, grant, or assignment of or a pledge, encumbrance, or creation of a lien or security interest in the membership interests in Grantor is with respect to all or only a part of the total number of outstanding membership interests, shall be considered to be a transfer or encumbrance of the Secured Property and subject to the provisions of this Section. Except as consented to by the Beneficiary in writing, control and management of the Secured Property shall be vested as presently owned by the Grantor and may not be transferred, assigned or conveyed to or acquired by any person. The contrary notwithstanding, in the event the ownership of the Secured Property becomes vested in a person, individual, partnership, or corporation or limited liability company other than the Grantor, the Trustees or the Beneficiary may, without notice to the Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and the indebtedness secured by it in the same manner as with the Grantor, and any extension of the time of the indebtedness or any other modifications of the terms of the indebtedness at the instance of the then owner of the Secured Property shall not relieve the Grantor of the Grantor's liability on the Promissory Note hereby secured or from the performance of any of the covenants and agreements contained herein or any of the covenants, terms, conditions, provisions, representations, or warranties contained in the Loan Documents, whether the extension or modification be made with or without the consent of the Grantor; provided Grantor shall not be bound by modifications made without its consent.

1.9. Condemnation. The Grantor, within seven business days of obtaining knowledge of the institution of any proceedings for the taking or condemnation of the Secured Property or any portion thereof, or any interest therein or right accruing thereto, will notify the Trustees and the Beneficiary of the pendency of such proceedings, describing in detail the nature and extent of such taking or condemnation. The Trustees or the Beneficiary may participate in any such proceedings and the Grantor from time to time will deliver to the Trustees or the Beneficiary all instruments requested by them to permit such participation. Until the occurrence of an Event of Default, the Trustees or Beneficiary shall not participate in any hearings without the presence of Grantor nor shall the Trustees or the Beneficiary accept or negotiate the amount of any such award without the Grantor's written consent. The Trustees or the Beneficiary shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. In any such condemnation proceedings, the Trustees or the Beneficiary may be represented by counsel selected by them and the Grantor shall pay, the reasonable attorneys' fees incurred by them at the Grantor's sole expense. The proceeds of any award or compensation so received shall be, and hereby are, assigned by the Grantor to the Beneficiary, shall be payable to the Beneficiary and, if less than a substantial portion of the Secured Property is damaged, taken or transferred in a condemnation, or if the Beneficiary does not elect to accelerate the Loan as a consequence of such condemnation, then the Beneficiary may require the Grantor to repair, restore or replace the Secured Property or the affected portion thereof as nearly as practical to its condition immediately before the condemnation, and in such event any net proceeds of the condemnation will be applied to the costs of such repair, restoration or replacement. The term "substantial portion" as used above

and further herein means so much of the Secured Property as will have, in the Beneficiary's opinion, a material effect on the use and occupancy of the Secured Property or on the ability of the Grantor to make required payments of principal and interest on the Note.

1.10. Future Advances. The Beneficiary may make future advances to the Grantor and may advance or readvance funds to the Grantor and all such future advances and readvances shall be fully secured by the lien and security interest of this Deed of Trust.

1.11. Status. Except as otherwise permitted under the Credit Agreement, the Grantor shall maintain in full force and effect the Grantor's status as a validly existing limited liability companies under the laws of the State of Delaware and the Commonwealth of Virginia and all rights and privileges incident thereto.

1.12. Estoppel Certificate. The Grantor shall, upon written notice, deliver within ten (10) days of the giving of such notice, a written statement, duly acknowledged, setting forth the amount of principal, interest, penalty, and other charges or assessments due the Beneficiary as of the notice date and whether any offsets or defenses are known to exist against any of the same.

1.13. Compliance with Laws; Restrictive Covenants. The Grantor shall comply with all applicable rules and regulations of the federal, state, and local governmental authorities having jurisdiction over the Secured Property; the Grantor shall also comply with all restrictions, covenants, easements and other limitations on the use of the Secured Property contained in documents of public record.

1.14. Preservation of Lien. The Grantor shall take all reasonable steps and do all things necessary, convenient, or proper, to establish, protect, preserve, and maintain the priority and status of the lien and security interest in the Secured Property established or intended to be established by this Deed of Trust.

1.15. Further Assurances. In addition to the acts recited herein and contemplated to be performed, executed and/or delivered by the Grantor, the Grantor hereby agrees at any time and from time to time to perform, execute and/or deliver to the Beneficiary upon request, any and all such further acts, additional instruments, or further assurances as may be reasonably necessary or proper to: (i) promptly correct any defect, error or omission which may be discovered in this Deed of Trust or any other Loan Document, and execute any and all additional documents, as may be requested by the Beneficiary to correct such defect, error or omission; (ii) assure the Beneficiary a valid first priority lien and first priority perfected security interest in the Secured Property; (iii) create, perfect, preserve, maintain and protect the liens and security interests created or intended to be created hereby; and (iv) provide the rights and remedies to Beneficiary granted or provided for herein. The Grantor shall, upon ten (10) business days written notice from the Beneficiary, execute and deliver such additional deeds of trust, supplemental deeds of trust, financing statements, continuation statements or other instruments and documents which may be reasonably required from time to time by the Beneficiary to provide the further assurances as above set forth. If the Grantor fails, within such ten (10) business day period to execute and deliver to the Beneficiary such required further assurances, the Grantor shall

thereupon automatically and irrevocably have appointed and constitute and appoint the Beneficiary as the Grantor's attorney in fact for the purpose of executing such required further assurances, the power of attorney hereby given being a power of attorney coupled with an interest and irrevocable.

1.16. Environmental Protection. The Grantor represents and warrants that: (i) the Grantor has no knowledge of any discharge, spillage, uncontrolled loss, seepage or filtration of oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous waste or hazardous substance (the "Hazard"), as those terms are used in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C ss.ss.9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986; the Resource Conservation and Recovery Act of 1976. (the Solid Waste Disposal Act or RCRA), 42 U.S.C. ss.ss.6901 et seq., as amended; the Toxic Substance Control Act (TSCA) 15 U.S.C. ss.ss.2601 et seq., or in any other federal, state or local law governing hazardous substances, as such laws may be amended from time to time, (collectively, the "Act"), at, upon, under or within the Secured Property; and (ii) the Grantor has not caused or permitted to occur and shall use its best efforts not to permit to exist, any condition which may cause or constitute a Hazard at, upon, under or within the Secured Property. The term "Hazard" includes but is not limited to asbestos, polychlorinated biphenyl (PCBs) and lead based paints.

1.16.1. The Grantor further represents and warrants that (i) neither the Grantor nor, to the best of its knowledge, any other party, is or will be involved in operations upon the Secured Property, which operations could lead to (a) the imposition of liability on the Grantor or on any other subsequent or former owner of the Secured Property under the Act; or (b) the creation of a lien on the Secured Property under the Act or under any similar laws or regulations; and (ii) the Grantor has not permitted, and will not permit, any tenant or occupant of the Secured Property to engage in any activity that could impose liability under the Act on such tenant or occupant, on the Grantor or on any other owner of any of the Secured Property.

1.16.2. The Grantor has complied, and shall comply, in all material respects with the requirements of the Act and related regulations and with all similar laws and regulations and shall notify the Beneficiary immediately in the event of any Hazard or the discovery of any Hazard at, upon, under or within the Secured Property. The Grantor shall promptly forward to the Beneficiary copies of all orders, notices, permits, applications or other communications and reports in connection with any Hazard or the presence of any Hazard or any other matters relating to the Act or any similar laws or regulations, as they may affect the Secured Property.

1.16.3. Promptly upon the written request of the Beneficiary from time to time, when the Beneficiary has a reasonable basis for believing a violation of the Act may have occurred, the Grantor shall provide to the Beneficiary, at the Grantor's expense, an environmental site assessment or environmental audit report, prepared by an environmental engineering firm acceptable in the reasonable opinion of the Beneficiary, to assess with a reasonable degree of certainty the presence or absence of any Hazard and the potential costs in connection with abatement, cleanup or removal of any Hazard found on, under, at or within the Secured Property.

1.16.4. The Grantor shall defend and indemnify the Beneficiary and hold the Beneficiary harmless from and against all actual loss, liability, damage and expense, including reasonable attorneys' fees, suffered or incurred by the Beneficiary, whether as holder of this Deed of Trust, as mortgagee in possession, or as successor-in-interest to Grantor by foreclosure deed or deed in lieu of foreclosure, under or on account of the Act or any similar laws or regulations, including the assertion of any lien thereunder: (i) with respect to any Hazard, or the presence of any Hazard affecting the Secured Property whether or not the same originates or emanates from the Secured Property, including any loss of value of the Secured Property as a result of the foregoing so long as no such loss, liability, damage and expense is attributable to any Hazard resulting from actions on the part of the Trustees or Beneficiary; and (ii) with respect to any other matter affecting the Secured Property within the jurisdiction of the Environmental Protection Agency, any other federal agency, or any state or local environmental agency. The Grantor's obligations under this Section shall arise upon the discovery of any Hazard under the Act, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazard. The Grantor's obligations under this Section shall not extend to those matters specified in (i) and (ii) above if such matters arose subsequent to the Release Date as defined in the Loan Agreement.

1.16.5. In the event of any Hazard, or the presence of any hazardous substance affecting the Secured Property, whether or not the same originates or emanates from the Secured Property or any contiguous real estate, and if the Grantor shall fail to comply with any of the requirements of the Act or related regulations or any other environmental law or regulation within the time established by any regulatory agency, the Beneficiary may at its election, but without the obligation to do so: (i) give such notices and/or cause such work to be performed at the Secured Property; and/or (ii) take any and all other actions as the Beneficiary shall reasonably deem necessary or advisable in order to abate the Hazard, remove the hazardous substance or cure the Grantor's noncompliance. Any amounts so paid by the Beneficiary pursuant to this Section, together with interest thereon at the highest rate of interest permitted under the Promissory Note from the date of written notice of invoice to Grantor by the Beneficiary, shall be immediately due and payable by the Grantor to the Beneficiary upon demand and until paid shall be added to and become a part of the indebtedness under the Loan Documents and shall be secured by this Deed of Trust.

1.16.6. The provisions of this Section 1.16. are for the benefit of the Beneficiary only and cannot be assigned to any other party, whatsoever, except by assignment of the Promissory Note and the Loan Documents by the current Beneficiary to a successor lender.

1.17. Right of Entry. The Grantor hereby grants to the Beneficiary and the Beneficiary's agents and representatives, the right, upon twenty-four (24) hours prior written request, to enter into and upon all or any part of the Secured Property, subject to the rights of tenants under the Leases, for such purposes as the Beneficiary deems reasonably necessary to protect the value of the Secured Property, at any time and from time to time during normal operating hours, regardless of whether or not the Grantor is in default hereunder or under any other Loan Document.

1.18. Management of Property. Grantor will not enter into a management agreement with any other party, or otherwise permit any other party to manage the operation or leasing of the Property without Beneficiary's prior written consent.

ARTICLE II
GRANTOR'S WARRANTIES AND REPRESENTATIONS

2.1. Authority. The Grantor has full right, power, and authority to execute this Deed of Trust. The Grantor has and will continue to have full power and lawful authority to encumber and convey the Secured Property as provided herein, and this Deed of Trust is and will continue to remain a valid and enforceable lien and security interest upon the Secured Property.

2.2. Title. The Grantor owns for its own account, and not as agent or trustee for another, good and marketable fee simple title to the Secured Property free and clear of any lien and security interest and any other encumbrance, easement, or restriction whatsoever not approved by the Beneficiary.

2.3. Permits. All permits, licenses, certificates, approvals, easements, and agreements that are necessary for the construction of the Improvements for the intended use and occupancy of the Real Property have been obtained and are in full force and effect, and there are no violations or claimed violations thereof.

2.4. Compliance with Law. The Real Property and the intended use and occupancy thereof do not violate any flood plain, building, zoning, or any other laws, ordinances, rules, and regulations.

2.5. Flood Plain. Any Improvements will not be located in an area identified by the Secretary of Housing and Urban Development or a successor thereto as an area having special flood hazards pursuant to the terms of the National Flood Insurance Act of 1968, or the Flood Disaster Protection Act of 1973, as amended, or any successor law; or if any improvements are located in such an area, the Grantor will obtain and maintain the insurance for such Improvements as specified in Section 1.4.3. of this Deed of Trust.

2.6. Validity of Loan Documents. The Grantor hereby represents and warrants that: (a) The execution, delivery and performance by the Grantor of the Promissory Note and the other Loan Documents: (i) are within the legal powers of the Grantor, (ii) have been duly authorized by all requisite action, (iii) have received all necessary governmental approval, and (iv) will not violate any provision of law, any order of any court or other agency of government, the articles of incorporation or bylaws of the Grantor (if the Grantor is a corporation), the limited partnership agreement or certificate of limited partnership of the Grantor (if the Grantor is a limited partnership), the articles of organization, certificate of organization or operating agreement of the Grantor (if the Grantor is a limited liability company) or any indenture, agreement or other

instrument to which the Grantor is a party or by which it or any of its property is bound, or be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of the Loan Documents; and (b) the Promissory Note and the other Loan Documents, when executed and delivered by the Grantor, will constitute the legal, valid and binding obligations of the Grantor and other obligors named therein, if any, enforceable in accordance with their respective terms.

2.7. Taxes. The Grantor: (a) has filed all federal, state and local tax returns and other reports which the Grantor is required by law to file prior to the date hereof and which are material to the conduct of the business of the Grantor; (b) has paid or caused to be paid all taxes except those being contested in good faith, assessments and other governmental charges that are due and payable prior to the date hereof; and (c) has made adequate provision for the payment of such taxes, assessments or other charges accruing but not yet payable.

2.8. Litigation. Except as disclosed in the Credit Agreement, there is not now pending against or affecting the Grantor or the Secured Property, nor, to the knowledge of the Grantor, is there threatened, any action, suit or proceeding at law or in equity or by or before any administrative agency which could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement).

2.9. Other Information. All other information, reports, financial statements, papers and data given to the Beneficiary with respect to the Grantor or the Secured Property or to others obligated under the terms of the Loan Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give the Beneficiary a true and accurate knowledge of the subject matter.

ARTICLE III EVENTS OF DEFAULT

The following shall constitute events of default (individually an "Event of Default" and collectively "Events of Default") under this Deed of Trust and shall entitle the Trustees or the Beneficiary to exercise all rights and remedies provided in Article IV:

3.1. Default under Credit Agreement. Any Event of Default under the Credit Agreement after the expiration of all applicable notice and cure periods as that term is defined in the Credit Agreement.

3.2. Failure to Perform. A failure to perform or observe, or a default under, any of the terms, covenants, conditions, agreements or provisions of this Deed of Trust.

3.3. Failure to Perform Under Other Loan Documents. A failure to perform or observe, or a default under any of the terms, covenants, conditions and provisions of the Promissory Note or any other Loan Document, after the expiration of all applicable notice and cure periods.

3.4. Failure of Warranty or Representation. The failure of any warranty or representation set forth in this Deed of Trust to be true and accurate in all material respects on the date hereof.

3.5. Material Adverse Change in Use of Property. A change in any rule, statute, law or ordinance, whether at the local, state or federal level, effecting the use of the Secured Property, which change results in a material adverse change in the permitted use of the Secured Property.

3.6. Cross Default. The default by the Grantor under any obligation or indebtedness to the Beneficiary, whether now existing or hereafter arising, which default is not cured within any applicable cure or grace period.

3.7. Transfer of Property. There being, without the prior written consent of the Beneficiary, a transfer of any of the Secured Property or an interest in the Grantor in violation of Section 1.8 of this Deed of Trust, including but not limited to the Grantor selling or transferring the Secured Property or any portion thereof or granting a security interest in the Secured Property or otherwise encumbering the same.

3.8. Condemnation. If all or any substantial portion (as defined in Section 1.9 above) of the Secured Property is damaged, taken or transferred under, or in lieu of the exercise of, the power of eminent domain.

ARTICLE IV RIGHTS AND REMEDIES

Upon the occurrence of any Event of Default, the Trustees or the Beneficiary may, at their option and without notice or demand, accelerate and declare immediately due and payable all sums due on or by reason of the Promissory Note, this Deed of Trust or any other Loan Document, this Deed of Trust being and is "subject to all upon default" as that phrase is construed under Section 55-60(4) of the Code of Virginia as amended, and the Trustees or the Beneficiary may take possession of all or any portion of the Secured Property and sell the same at auction as provided below and may, with or without declaring the aforementioned sums immediately due and payable and with or without foreclosing, exercise any other right or remedy provided for herein or in the Promissory Note, any other Loan Document or applicable law, including, but not at its option, limited to the following:

4.1. Foreclosure; Sale of Secured Property. Except as otherwise specifically provided herein, any sale of the Secured Property shall be made in accordance with the provisions of Section 55-59, 55-59.1, 55-59.2, 55-59.3, 55-59.4 and 55-63 of the Code of Virginia, as amended, or other applicable general local laws of the Commonwealth of Virginia and/or judicial

rules of procedure relating to the foreclosure of deeds of trust, either by strict foreclosure or foreclosure by sale, or in part by each such method. Any sale of the Secured Property may be made after advertising the time, terms and place of sale either (i) once a week for two (2) consecutive weeks, or (ii) once a day for three (3) consecutive days, in a weekly or daily newspaper, as the case may be, which is published in, or has a general circulation in, the county or city wherein the Secured Property is situated, at the discretion of the Trustees. Any such sale may be made by the payment of cash upon settlement of the sale or upon such terms, including payment terms, as the Trustees may deem necessary, proper or advisable, except as specifically limited by applicable law or court rule. Any such sale may be of the entire Secured Property or any portion of the Secured Property as the Trustees, in their sole and absolute discretion, deem necessary, proper, or convenient including the Leasehold Interest independent of the fee simple interest in the Land (without releasing any liens with respect to the balance of the Secured Property and the rights attendant thereto). The Secured Property conveyed hereby shall constitute security for the Loan to the full extent of the value of the Secured Property without limitation and without regard to the value upon which any state, city, or county recordation taxes have been computed and/or paid.

4.2. Rights Incident to Sale. The Grantor agrees that the Beneficiary or the Trustees may, incident to any sale of the Secured Property under this Deed of Trust, exercise the powers and rights as herein set forth:

4.2.1. Application of Proceeds. Upon the sale of the Secured Property, the proceeds shall be applied in accordance with Section 55.59.4(3) of the Code of Virginia, as amended.

4.2.2. Payment Before Sale. In the event the amount due on the principal debt hereby secured and the interest thereon shall be paid after the filing of any foreclosure proceeding, including any proceeding in connection with an assent to decree or power of sale, but before sale of the Secured Property, the Grantor shall be required to pay all costs and expenses incident to or resulting from any such foreclosure proceeding, including, but not limited to the expenses of any advertisement or notice, all court costs, the counsel fees incurred by the Beneficiary and the Trustees, and a trustees' fee equal to one-half (1/2) of the trustees' fee that would have been payable upon the sale of the Secured Property.

4.2.3. Beneficiary May Bid. At any sale made under this Deed of Trust, whether made under the power of sale herein granted or under or by virtue of judicial proceedings, by assent to decree or power of sale, the Beneficiary, or any wholly-owned subsidiary of the Beneficiary, may bid for and acquire the Secured Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the Grantor secured by this Deed of Trust the net sales price after deducting therefrom the expenses and costs of the sale and any other sums which the Beneficiary is authorized to deduct under this Deed of Trust. Furthermore, in the event the Beneficiary, or any wholly-owned subsidiary of the Beneficiary, is the successful bidder at any sale made under this Deed of Trust, the Beneficiary, or any wholly-owned subsidiary of the Beneficiary, shall not be required to pay either an initial deposit or any interest in connection with such sale.

4.3. [Intentionally deleted]

4.4. Right to Enter, Take, Possess and Operate. The Trustees, the Beneficiary or their agents or attorneys:

(a) may, prior to or subsequent to the institution of any foreclosure proceedings, enter into and upon all or any part of the Secured Property, and each and every part thereof, and may exclude the Grantor and its agents and servants therefrom and may use, operate, manage and control the Secured Property and conduct the business thereon, either personally or by their superintendents, managers, agents, servants, attorneys or receivers; and

(b) may, upon every such entry, at the expense of the Grantor and the Secured Property, maintain, repair and restore the Secured Property and may complete the construction of any Improvements, and in the course of such completion may make such changes in the contemplated Improvements as it may deem desirable and may insure the same; and likewise, from time to time, at the expense of the Grantor and the Secured Property, the Beneficiary may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments and improvements thereto and thereon as to it may seem advisable; and

(c) shall in every such entry have the right to manage and operate the Secured Property and to carry on the business thereof, take possession of all books, records and accounts relating thereto and exercise all rights and powers of the Grantor with respect thereto either in the name of the Grantor or otherwise as it shall deem best without interference from the Grantor; and the Beneficiary shall be entitled to collect and receive all Rent pursuant to Article VI hereof, and after deducting the costs, liabilities and expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Secured Property or any part thereof, as well as just and reasonable compensation for the services of the Beneficiary and for all attorneys, counsel, agents, clerks, servants and other employees arising as aforesaid, first, to the payment of sums due under the Note in the order of application as set forth therein, when and as the same shall become payable in accordance with the terms thereof, and second, to the payment of any other sums required to be paid by the Grantor under this Deed of Trust and any other Loan Document, as the Beneficiary may elect; and

(d) may incur costs, expenses and liabilities of every character in managing, operating, maintaining, protecting or preserving the Secured Property, which, if not paid out of Rents shall constitute a demand obligation owing by Grantor and shall draw interest from the date of expenditure until paid at the highest rate of interest permitted under the Promissory Note, and shall constitute a portion of the obligations secured hereby. If necessary to obtain the possession provided for above, the Trustees or the Beneficiary, as the case may be, may invoke any and all legal remedies to dispossess Grantor. In connection with any action taken by the Beneficiary pursuant to this Section 4.4., the Beneficiary shall not be liable for any loss sustained by Grantor resulting from any failure to rent the Secured Property, or any part thereof, or from any other act

or omission of the Beneficiary in managing the Secured Property unless such loss is caused by the gross negligence, willful misconduct or bad faith of the Beneficiary in managing the Secured Property. Subject to the foregoing the Grantor shall and does hereby agree to indemnify the Beneficiary for, and to hold the Beneficiary harmless from, any and all liability, loss or damage which may or might be incurred under or by reason of this instrument or the exercise of rights or remedies hereunder and from any and all claims and demands whatsoever which may be asserted against the Beneficiary by reason of any alleged obligations or undertakings on its part to perform or discharge any obligations of the Grantor. Should the Beneficiary incur any such liability under or by reason of this instrument or the exercise of rights or remedies hereunder or in defense of any such claims or demands, the amount, thereof, including costs, expenses and reasonable attorneys fees, shall be secured hereby. This Section 4.4. shall not operate to place responsibility upon the Beneficiary for the control, care, management or repair of the Secured Property, nor shall it operate to make the Beneficiary responsible or liable for any waste committed on the Secured Property by the tenants or by any other parties or for any dangerous negligence in the management, upkeep, repair or control of the Secured Property resulting in loss or injury or death to any tenant, licensee, employee or person.

4.5. Appointment of Receiver. Upon the occurrence of an Event of Default, the Trustees, without regard for any other action or actions the Trustees may or may not be taking, shall be entitled, without regard to the adequacy or inadequacy of any security for the debt hereby secured, to the appointment of a receiver to collect the Rent and account therefor as the court may direct and to take possession of the Secured Property and operate the same.

4.6. Right to Maintain Separate Actions. In the event of any default under the Promissory Note, this Deed of Trust or any other Loan Document, which default is not cured within any applicable grace period, the Beneficiary shall be entitled or empowered to institute such action or actions or other proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgments or final decree against the Grantor and collect, out of the property of the Grantor wherever situated, as well as out of the Secured Property, in any manner provided by law, monies adjudged or decreed to be payable. The Beneficiary shall be entitled to recover judgment as aforesaid before or after or during the pendency of any proceedings for the enforcement of the provisions of this Deed of Trust, or the foreclosure of the lien hereof. In the event of a sale of the Secured Property, and of the application of the proceeds of sale as provided in this Deed of Trust, the Beneficiary shall be entitled to institute and maintain separate actions or proceedings as aforesaid to recover any and all amounts then remaining due and unpaid upon the Promissory Note, and to enforce payment of all other charges, payments, and costs due under this Deed of Trust or any other Loan Document, and shall be entitled to recover judgment upon any other property of the Grantor; the institution of any separate action or proceeding as permitted hereby shall not affect in any manner or to any extent the lien of this Deed of Trust upon the Secured Property or any part thereof, or any liens, rights, powers, or remedies of the Trustees or of the Beneficiary hereunder, but such liens, rights, powers, and remedies shall continue unimpaired as before. Any monies collected by the Beneficiary under this Section shall be applied by the Beneficiary in accordance with the provisions of Section 4.2.1.

4.7. Waivers of the Grantor. The Grantor waives, and agrees not to at any time insist upon, plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension or moratorium law, any exemption from execution of sale of the Secured Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Deed of Trust. The Grantor additionally waives, and agrees not to claim, take, or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Secured Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provisions herein, or pursuant to the decree, judgment, or order of any court of competent jurisdiction. The Grantor also waives any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof and the Grantor hereby covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Trustees. The Grantor further waives, to the extent that the Grantor lawfully may, all right to have the Secured Property marshaled upon any foreclosure under this Deed of Trust.

4.8. Uniform Commercial Code. The Beneficiary, or the Trustees acting on behalf of the Beneficiary, may exercise all rights and remedies of a secured creditor under the Virginia Uniform Commercial Code, as amended, with respect to any part of the Secured Property constituting personal property and subject to the secured interest created by this Deed of Trust, including the right to take possession of the aforementioned personal property without the use of judicial process and the right to require the Grantor to assemble the same at the Real Property or such other place as the Beneficiary or Trustees may notify the Grantor. Any disposition of so much of the Secured Property as may constitute personal property and subject to the security interest created by this Deed of Trust shall be considered commercially reasonable if made pursuant to a public sale which is advertised at least twice in a newspaper of local circulation in the community where the Real Property is located. Any notice required by the Virginia Uniform Commercial Code to be given to the Grantor shall be considered reasonable and properly given if given by written notice at least ten (10) days prior to the date of any scheduled public sale.

4.9. Right of Setoff. The Beneficiary may setoff any amounts or sums in any account or represented by any certificate with the Beneficiary in the name of the Grantor or in which the Grantor has an interest therein.

4.10. Remedies and Cumulative Rights. The rights and remedies provided in this Article IV shall be nonexclusive and shall be in addition to all other remedies and rights available under any other Loan Document or applicable law. All rights and remedies available upon an Event of Default shall be cumulative and the exercise of any one or more of the available rights and remedies shall not be considered as or result in a waiver of any other right or remedy and any particular right or remedy may be exercised in conjunction with any or all other rights and remedies provided hereunder or under any other Loan Document.

ARTICLE V
SECURITY AGREEMENT

5.1. Security Interest. This Deed of Trust shall constitute and serve as a security agreement on personal property as to the Personalty within the meaning of the Virginia Uniform Commercial Code and shall constitute, until the grant of this Deed of Trust shall terminate, a security interest under the Virginia Uniform Commercial Code with respect to the Personalty. The Grantor does hereby grant a security interest and does assign unto the Beneficiary under the terms hereof, all of the Grantor's right, title and interest in, to and under the Personalty to secure the full and timely payment of the Promissory Note and the full and timely performance and discharge of the Promissory Note, this Deed of Trust and the other Loan Documents.

5.2. Financing Statements. The Grantor shall execute and deliver to the Beneficiary, in form and substance satisfactory to the Beneficiary, such financing statements and such further assurances as the Beneficiary may, from time to time, consider reasonably necessary to create, perfect and preserve the Beneficiary, security interest herein granted, and the Beneficiary may cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. The addresses of the Grantor, as debtor, and the Beneficiary, as secured party, are as set forth herein.

ARTICLE VI
ASSIGNMENT OF LEASES AND RENTS

6.1. Assignment of Leases and Rents. In the event all or any portion of the Real Property currently or at any time hereafter is leased to any person or persons for any period or term, independent of the duration thereof, the Grantor hereby absolutely, irrevocably and unconditionally assigns to the Beneficiary any and all such leases (the "Leases"), including all extensions and renewals thereof, and all rents and other payments and benefits (the "Rent") due the Grantor as a result of the Leases as security for the repayment of the Loan. This assignment shall be effective immediately, and shall be subject only to the license as set forth in Section 6.2. herein.

6.2. Collection of Rent. So long as there exists no Event of Default, the Grantor shall have a license to collect all Rent directly. All such Rent collected by the Grantor pursuant to this license shall be held by the Grantor in trust for the Beneficiary, and may be used by the Grantor only for such purposes as approved by the Beneficiary. Such license shall automatically terminate upon the occurrence of any Event of Default. In the event of the termination of the license, should the Beneficiary wish to collect the Rent assigned to the Beneficiary directly, the Beneficiary shall mail to the Grantor, and may mail to the Grantor's lessees at their addresses as reflected in the records of the Beneficiary, a written notice of such election. Such an election to collect the Rent directly may be made by the Beneficiary at any time and from time to time following the occurrence and during the continuance of an Event of Default, and may be made with one or more lessees or successor lessees of the Grantor following the occurrence of an Event of Default so long as any of the Obligations remain outstanding and unsatisfied.

6.3. Termination of Assignment. All rights of the Beneficiary to an assignment of leases and rents shall cease immediately upon full satisfaction of the Grantor's obligations under the Loan Documents. The execution and recordation among the land records of a release of the Deed of Trust shall automatically, and without the execution or recordation among the land records of a specific and separate release or reassignment by the Beneficiary, be a release and reassignment to the Grantor of this assignment of leases and rents.

6.4. Beneficiary Has All Rights of Grantor Under Leases. After an election to collect Rent has been made by the Beneficiary as provided in Section 6.2. hereof, the Beneficiary shall have all rights and privileges of the Grantor, either as provided in any written lease document between the Grantor and the Grantor's lessee or as provided by law, to collect Rent due and payable by a lessee as a result of the lessee's use of all or any portion of the Secured Property. The Beneficiary shall have no obligation to enforce the Beneficiary's rights and remedies for the collection of Rent in the name of or on behalf of the Grantor and may do so directly in the Beneficiary's own name. The Beneficiary shall, however, have no obligation or duty to enforce payment or collection of Rent and shall be chargeable only with such Rent as may actually be received.

6.5. Beneficiary Has No Obligation to Perform Grantor's Obligations Under Lease. The Beneficiary shall have no obligation to the Grantor or to the Grantor's lessee to perform the Grantor's obligations under any Lease. The Grantor agrees to indemnify and hold the Beneficiary harmless (including payment of the Beneficiary's attorneys' fees) from any attempts by any lessee of the Grantor to force or compel the Beneficiary to meet the Grantor's obligations to a lessee of the Secured Property under any Lease. The Grantor further covenants and agrees to meet and fulfill all of the Grantor's obligations to any lessee of the Land under any Lease, even if the Beneficiary has exercised the Beneficiary's election to collect Rent directly.

6.6. Consent of Grantor; Right to Approve Leases. The Grantor further agrees to supply the Beneficiary the standard form of Lease and rent roll and, on request, with copies of all written lease agreements and the names and mailing addresses of all lessees. The Beneficiary during the term of this Deed of Trust shall have the right to approve all Leases. Any lease of the Secured Property not in conformance with the form of lease and rent roll approved by the Beneficiary and not otherwise approved by the Beneficiary shall constitute an Event of Default hereunder without notice or grace period. All Leases shall be subordinate to the lien of the Deed of Trust and shall specifically so provide in the lease document.

6.7. No Further Assignments; Recordation; Beneficiary Not Mortgagee in Possession. The Grantor may not make any further rent or lease assignments regarding the Secured Property while this Assignment is in full force and effect. Nothing contained herein shall be deemed to constitute the Beneficiary, or the Trustees, as mortgagee, or trustees, in possession.

6.8. No Advance Collection of Rent. Except as otherwise approved in writing by the Beneficiary, the Grantor agrees not to collect any Rent from any lessee more than thirty (30) days in advance of its due date under any Lease; furthermore, the Beneficiary shall not be bound by any payment of rent in advance of more than thirty (30) days.

6.9. No Modification of Leases. The Grantor shall not cancel, amend, or modify the provisions of any Lease, or grant any concessions under any Lease, without the Beneficiary's prior written consent; furthermore, the Beneficiary shall not be bound by any such modification or amendment to any Lease without the Beneficiary's prior written consent. The Grantor will take all steps which may be reasonably required to preserve and maintain any lessee's liability under the lessee's Lease and the enforceability thereof and will advise the Beneficiary of any defense or claim or alleged defense or claim of nonliability, whether in whole or in part, by any lessee coming to the Grantor's attention.

6.10. Security Deposits. In the event the Grantor has collected any security deposits with respect to any Leases, the Grantor assigns to the Beneficiary such security deposits to the extent of the Grantor's rights therein.

6.11. Assignment of Guaranties. The Grantor assigns to the Beneficiary any and all rights which the Grantor may have to collect Rents from any person who has guarantied the rental or other obligations under any Lease.

6.12. Grantors and Guarantors May Rely on This Assignment. The Grantor irrevocably authorizes all lessees and guarantors to rely upon and comply with any notice or demand by the Beneficiary for payment to the Beneficiary of any Rents or for performance of any obligation under any Lease and the Grantor releases and discharges all lessees and guarantors from any and all liability to the Grantor for so complying. All lessees and guarantors shall have no duty to inquire as to whether any default by the Grantor under this Deed of Trust or any Loan Document has occurred or is existing.

6.13 Assignment Applies to All Leases; Right to Specific Assignment. This assignment of leases and rents shall apply to each and every Lease of all or any portion of the Real Property now existing or hereafter executed by the Grantor, and any guaranties thereof. The Beneficiary may, however, if it so elects, require a specific assignment agreement to be executed by the Grantor with respect to any such Lease.

ARTICLE VII EASEMENT FOR ENVIRONMENTAL INSPECTION

7.1. Grant of Easement. The Grantor hereby grants and conveys to the Trustees and the Beneficiary an easement for the term of this Deed of Trust (the "Easement") to enter on and upon the Real Property, upon reasonable advance notice to the Grantor, in order to conduct audits, inspections and tests, including subsurface exploration and testing, as the Trustees or the Beneficiary, in their reasonable discretion, deem necessary, convenient, or proper to determine whether the ownership, use, and operation of the Real Property comply with federal, state, and local environmental laws and regulations. The Trustees or the Beneficiary, or their designees, shall be permitted to inspect and copy any or all of the Grantor's records relating to environmental matters and to enter all buildings or facilities of the Grantor during reasonable

business hours for such purpose. In confirmation of the Trustees' or the Beneficiary's right to inspect and copy all of the Grantor's records relating to environmental matters and to secure the Grantor's obligations to the Trustees or the Beneficiary in connection with the Loan and under this Easement, the Grantor hereby grants to the Trustees or the Beneficiary a continuing security interest in and to all of the Grantor's existing and future records with respect to environmental matters, whether or not located at the Real Property or elsewhere, whether or not in the possession of the Grantor or some third party (including any federal, state, or local agency or instrumentality), and whether or not written, photographic, or computerized, and the proceeds and products hereof. To the extent that any permission of the Grantor is required by any third party in order for such third party to disclose any information regarding the Real Property and environmental matters to the Trustees or the Beneficiary, the Grantor specifically grants such permission and directs such third party to disclose such information to the Trustees or the Beneficiary, or their designee. The Trustees or the Beneficiary, or their designated agent, may interview any or all of the Grantor's agents and employees regarding environmental matters, including any consultants or experts retained by the Grantor, all of whom are directed to discuss environmental issues fully and openly with the Trustees or the Beneficiary or their designated agent and to provide such information as may be requested. Subject to the provisions of Section 1.16.3 hereof, all of the costs and expenses incurred by the Trustees or the Beneficiary with respect to the audits, inspections, and tests, which the Trustees or the Beneficiary may conduct, including the fees of the engineers, laboratories, and contractors, shall be paid by the Grantor. The Trustees or the Beneficiary may, but shall not be required to, advance such costs and expenses on behalf of the Grantor. All sums so advanced shall bear interest at the then current rate of interest under the Promissory Note and shall be secured by this Deed of Trust.

7.2 Duration and Defeasance. This Easement shall exist and continue until all sums owed by the Grantor to the Beneficiary in connection with the Loan have been repaid in full and this Deed of Trust has been released of record. Such a release of this Deed of Trust shall terminate this Easement.

7.3. Enforcement. The Grantor acknowledges that no adequate remedy at law exists for a violation of this Easement and agrees that the Trustees or the Beneficiary shall have the right to enforce the Easement by equitable writ or decree, including temporary and preliminary injunctive relief. In the event the Trustees or the Beneficiary are required to enforce their rights regarding the Easement, the Grantor shall pay all of their costs and expenses resulting from such enforcement, including all attorneys' fees incurred by the Trustees or the Beneficiary.

7.4. Assignability. This Easement shall be assignable and shall be considered assigned to whomever holds the indebtedness secured by this Deed of Trust.

7.5. Revocability. This Easement is irrevocable and may not be revoked by the Grantor.

7.6. Trustees and Beneficiary Not Mortgagee in Possession. The exercise of the rights granted under this Article shall not constitute the Trustees or the Beneficiary as a mortgagee in possession with respect to the Real Property.

7.7. Construction and Intention. This Easement is intended to be and shall be construed as an interest in the Real Property and as an easement in gross. It is not intended to be a personal right of the Trustees or the Beneficiary or a mere license. This Easement shall be eliminated automatically upon and contemporaneously with the termination and release of this Deed of Trust.

ARTICLE VIII
MISCELLANEOUS

8.1. Substitute or Successor Trustees. The irrevocable power to remove and substitute one or more of the Trustees named herein or substituted therefor is expressly given to the Beneficiary and may be exercised at any time, from time to time, without notice and without specifying any reason, by filing for record among the land records where this Deed of Trust is recorded a deed of appointment, and upon the filing of such deed of appointment all of the title and estate, powers, rights, and duties of the Trustee or the Trustees thus superseded shall terminate and shall be vested in the successor Trustee or the Trustees. The Grantor, the Beneficiary and the Trustees, their substitutes and successors, expressly waive notice of the exercise of this power, the giving of bond by any Trustee, and any requirement for application to any court for removal, substitution or appointment of a Trustee hereunder. In addition, the act of any one (1) Trustee, whether such Trustee is a sole acting Trustee or whether there is more than one (1) acting Trustee, shall be sufficient and effective for all purposes set forth herein and any person may rely upon any document or instrument executed and delivered by one (1) Trustee, to the same extent as though the document had been executed by all of the Trustees.

8.2. Commercial Loan/Construction Loan. The Grantor warrants and represents that the loan made by the Beneficiary to the Grantor in accordance with the Promissory Note, this Deed of Trust and the other Loan Documents is made for the acquisition or conduct of a business or investment within the meaning ascribed to those terms under 6.1-330.75 of the Code of Virginia, as amended.

8.3. Warranties of Title. The Grantor warrants: (i) generally title to the Secured Property; (ii) that it has good and marketable title to the Secured Property except as otherwise permitted hereby; and (iii) that it will during the term of this Deed of Trust so warrant and defend the same and the validity and priority of the lien and security interest of this Deed of Trust to the Trustees and the Beneficiary against the claims of any and all other persons claiming by or through the Grantor. The Grantor further warrants that the Grantor will execute such other and further assurances as may be required by the Trustees or the Beneficiary from time to time.

8.4. Joint and Several Liability. If there exists more than one (1) person described by the term "Grantor," all liabilities and obligations of all such persons under this Deed of Trust shall be joint and several liabilities and obligations.

8.5. Waivers. The Grantor and the Beneficiary may at any time or from time to time waive any or all rights accruing to each of them, respectively, under this Deed of Trust or any

other Loan Document, but any waiver by the Grantor or the Beneficiary, respectively, at any time or from time to time shall not constitute, unless specifically so expressed by the Grantor or Beneficiary in writing, a future waiver of performance.

8.6. No Third Party Beneficiary Rights. No person not a party to this Deed of Trust shall have any benefit hereunder nor have third party beneficiary rights as a result of this Deed of Trust or any other Loan Document, nor shall any person be entitled to rely on any actions or inactions of the Beneficiary or the Trustees, all of which are done for the sole benefit and protection of the Beneficiary.

8.7. Continuing Obligation of the Grantor. The terms, conditions and covenants set forth herein and in the other Loan Documents shall survive closing and shall constitute the continuing joint and several obligations of the Grantor during the term of the Loan Documents.

8.8. Binding Obligation. This Deed of Trust shall be binding upon the parties and their successors and assigns.

8.9. Final Agreement. This Deed of Trust and the Loan Documents contain the final and entire agreement and understanding of the parties, and any terms and conditions not set forth in this Deed of Trust or the Loan Documents are not a part of this Deed of Trust and the understanding of the parties hereof.

8.10. Amendment. This Deed of Trust may be amended or altered only by a writing signed by the party to be bound by the amendment, change or alteration.

8.11. Photocopies Sufficient. A xerox, photographic, or other reproduction of this Deed of Trust shall be sufficient as a financing statement.

8.12. Notices. Any notice required or permitted by or in connection with this Deed of Trust shall be in writing and made by hand delivery, by wire, by facsimile transmission, by overnight courier service for next day delivery, or by certified mail, return receipt requested, postage prepaid, addressed to the respective party at the appropriate address set forth below or to such other address as may be hereafter specified by written notice by any party, and shall be considered given as of the date of hand delivery, wire or facsimile transmission (or on the next business day if the date of wire or facsimile transmission is not a business day), as of the date specified for delivery if by overnight courier service or as of two (2) days following the date of mailing, as the case may be. Rejection or other refusal to accept or the inability to deliver because of a changed address of which no notice was given shall not invalidate the effectiveness of any notice, demand, request or other communication.

If to the Beneficiary or to the Trustees:
First Union National Bank
301 South College Street, DC-5
One First Union -- 5th Floor

Charlotte, NC 28288-0760
Attn: Barbara Carroll
Fax No.: (704) 374-6319

With a Copy to:

KUTAK ROCK LLP
Suite 800
Bank of America Center
1111 East Main Street
Richmond, Virginia 23219-3500
Attn: Fiona Tower, Esquire
Fax No.: (804) 783-6192

If to the Grantor:

TREX Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605
Attn: President
Fax No.: (540) 542-6889

With Copies to:

TREX Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605
Attn: William R. Gupp, Esquire, Vice President and General Counsel
Fax No.: (540) 542-6889

and

Hogan & Hartson L.L.P.
111 South Calvert Street
Baltimore, MD 21201
Attn: Kevin G. Gralley, Esquire
Fax No.: (410) 539-6981

8.13. Choice of Law. The laws of the Commonwealth of Virginia shall govern the rights and obligations of the parties to this Deed of Trust and the interpretation and construction and enforceability thereof and any and all issues relating to the transactions contemplated herein. The Grantor expressly acknowledges the execution and delivery of this Deed of Trust within the geographic boundaries of the Commonwealth of Virginia.

8.14. Incorporation By Reference. The terms, conditions, and provisions of the Promissory Note and all other Loan Documents are incorporated by reference in this Deed of Trust to the same extent as if set forth in full in this Deed of Trust. Should any of the terms, conditions, and provisions of the Promissory Note or any other Loan Document conflict with the terms, conditions, or provisions of this Deed of Trust, the Trustees or the Beneficiary shall select which of the terms, covenants, and conditions shall govern and control.

8.15. Terminology. The term "Grantor" shall include the personal representatives, successors, and assigns of the Grantor or the Grantors; the term "Trustee" or "Trustees" shall include the successors and assigns of the Trustee or the Trustees and any substitute or successor Trustee or Trustees; the term "Beneficiary" shall include the successors and assigns of the individual, individuals, partnership, limited liability company or corporation holding the beneficial interest in the Promissory Note secured by this Deed of Trust; the use of the singular shall include the plural, and the plural may refer only to the singular; and the use of any gender shall be applicable to all genders.

8.16. Invalidity. If any provision or part of any provision contained in this Deed of Trust shall be found for any reason to be illegal, invalid or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or the remaining part of any effective provisions of this Deed of Trust and this Deed of Trust shall be construed as if such invalid, illegal, or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality, or unenforceability.

8.17. WAIVER OF JURY TRIAL. THE GRANTOR WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE LOAN OR THIS DEED OF TRUST. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE GRANTOR AND THE GRANTOR ACKNOWLEDGES THAT NEITHER THE BENEFICIARY NOR ANY PERSON ACTING ON BEHALF OF THE BENEFICIARY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE GRANTOR FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS DEED OF TRUST AND ALL OTHER LOAN DOCUMENTS AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. THE GRANTOR FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION AND AS EVIDENCE OF THIS FACT SIGNS THIS DEED OF TRUST BELOW.

[Balance of Page Left Intentionally Blank. Signatures to Follow]

IN WITNESS WHEREOF, the Grantor has executed this Deed of Trust under seal on the date first written above with the specific intention that this Deed of Trust constitute an instrument under seal.

GRANTOR:

TREX COMPANY, LLC, a Delaware limited liability company

By: /s/ Anthony J. Cavanna

Name: Anthony J. Cavanna

Title:Executive Vice President, Chief Financial Officer, Treasurer

ACKNOWLEDGMENT

STATE OF VIRGINIA, COUNTY OF FREDERICK, TO WIT:

I HEREBY CERTIFY, that on this 9th day of November, 2001, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Anthony J. Cavanna known to me, or satisfactorily proven to be, the person whose name is subscribed to the within instrument, and who acknowledged himself to be the Executive Vice President, Chief Financial Officer and Treasurer of Trex Company, LLC, a Delaware limited liability company, and he acknowledged that he executed the foregoing instrument for the purposes therein contained and he acknowledged the same to be the lawful act and deed of the aforesaid limited liability company.

AS WITNESS my hand and Notarial Seal the day and year first above written.

/s/ Rebecca A. Carter

NOTARY PUBLIC

EXHIBIT A

LAND DESCRIPTION

That certain parcel of land containing 65.7901 acres and shown on that certain plat dated September 8, 2000 and entitled "Final Plat for Lot Consolidation of the land of TREX Company, LLC, City of Winchester and Back Creek District, Frederick County, VA", and recorded in the Land Records of Frederick County, Virginia in Deed Book 976 at page 405 and in the Land Records of the City of Winchester, Virginia as Instrument Number 000002334.

TOGETHER WITH that certain twenty (20) foot drainage easement granted TREX Company, LLC by Deed of Easement dated November 16, 2000 and recorded November 27, 2000 in the Land Records of Frederick County, Virginia as Instrument Number 000012444.

Frederick County Tax Map Numbers 63-A-87, 63-A-110, 63-A-110A and 63-1-110C
City of Winchester Tax Map Number 371-01-1

[FIRST UNION LOGO]

AMENDED AND RESTATED
PROMISSORY NOTE

\$5,940,000.00

September 30, 2001

Trex Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605

Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
(Individually and collectively "Borrower")

First Union National Bank
301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
(Hereinafter referred to as "Bank")

Borrower promises to pay to the order of Bank, in lawful money of the United States of America, at its office indicated above or wherever else Bank may specify, the sum of Five Million, Nine Hundred Forty Thousand and No/100 Dollars (\$5,940,000.00) or such sum as may be advanced and outstanding as shown on the attached Schedule A hereof under the Original Promissory Note (as hereinafter defined), with interest on the unpaid principal balance at the rate and on the terms provided in this Promissory Note (including all renewals, extensions or modifications hereof, this "Note").

RENEWAL/MODIFICATION. This Note renews, extends and/or modifies that certain Promissory Note dated August 15, 2000 (the "Original Promissory Note"), evidencing an original principal amount of \$5,940,000.00. This Note is not a novation.

LOAN AGREEMENT. This Note is subject to the provisions of that certain Second Amended and Restated Credit Agreement of even date herewith between Bank and Borrower as modified from time to time (the "Credit Agreement"). Borrower represents and warrants that the provisions of Article V of the Credit Agreement are true and correct as of the date of the Note; and at all times, Borrower shall comply with all of the provisions of the Credit Agreement. Borrower's obligation to comply with the provisions of the Credit Agreement shall continue notwithstanding the satisfaction in full of all Obligations referred to in the Credit Agreement.

SECURITY. Borrower has granted Bank a security interest in the collateral described in the Loan Documents, including, but not limited to, real property collateral described in that certain Modified Deed of Trust of even date herewith for certain real property in the City of Winchester and Frederick County, Virginia; Deed of Trust of even date herewith for certain real property in Lyon County, Nevada; and personal property collateral described in that certain Security Agreement of even date herewith.

INTEREST RATE. Interest shall accrue on the unpaid principal balance of this Note from (i) the date hereof through June 30, 2002 at 1-month LIBOR plus 3.00%; and (ii) from and after July 1, 2002 at 1-month LIBOR plus 4.00% (collectively, the "Interest Rate"), as determined by Bank prior to the commencement of each consecutive interest period of 1 month (each, an "Interest Period") during the term of the Note; provided, the first Interest Period shall commence on the date of this Note and end on the first date thereafter that interest is due. Each Interest Rate shall remain in effect for the entire Interest

Period until redetermined for the next successive Interest Period. "LIBOR" is the rate for U.S. dollar deposits with a maturity equal to the number of months specified above, as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before the relevant Interest Period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation).

INDEMNIFICATION. Borrower shall indemnify Bank against Bank's loss or expense in employing deposits as a consequence of (a) Borrower's failure to make any payment when due under this Note, or (b) any payment, prepayment or conversion of any loan on a date other than the last day of the Interest Period ("Indemnified Loss or Expense"). The amount of such Indemnified Loss or Expense shall be determined by Bank based upon the assumption that Bank funded 100% of that portion of the loan in the London interbank market.

DEFAULT RATE. In addition to all other rights contained in this Note, if a Default (as defined herein) occurs and as long as a Default continues, all outstanding Obligations shall bear interest at the Interest Rate plus 2% ("Default Rate"). The Default Rate shall also apply from acceleration until the Obligations or any judgment thereon is paid in full.

INTEREST AND FEE(S) COMPUTATION (ACTUAL/360). Interest and fees, if any, shall be computed on the basis of a 360-day year for the actual number of days in the applicable period ("Actual/360 Computation"). The Actual/360 Computation determines the annual effective yield by taking the stated (nominal) rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the applicable period. Application of the Actual/360 Computation produces an annualized effective interest rate exceeding the nominal rate.

REPAYMENT TERMS. This Note shall be due and payable as set forth in Schedule A attached hereto and made a part hereof. All remaining principal and interest shall be due and payable January 31, 2005.

Scheduled Payment Adjustment. At Bank's option and with notice to Borrower, the scheduled payment amount will increase as is necessary (i) to pay all accruals of interest for the period and previous periods and (ii) to maintain principal repayment according to the amortization that would have occurred if the Interest Rate in effect on the date of this Note had remained constant. The increased payment amount shall remain in effect for as long as the original scheduled payment amount is insufficient to pay accrued interest and principal and shall be further adjusted upward or downward to reflect changes in the variable interest rate. The scheduled payment amount will not be reduced below the original scheduled payment amount.

APPLICATION OF PAYMENTS. Monies received by Bank from any source for application toward payment of the Obligations shall be applied to accrued interest and then to principal. If a Default occurs, monies may be applied to the Obligations in any manner or order deemed appropriate by Bank.

If any payment received by Bank under this Note or other Loan Documents is rescinded, avoided or for any reason returned by Bank because of any adverse claim or threatened action, the returned payment shall remain payable as an obligation of all persons liable under this Note or other Loan Documents as though such payment had not been made.

DEFINITIONS. Loan Documents. The term "Loan Documents" used in this Note and the other Loan Documents refers to all documents executed in connection with or related to the loan evidenced by this Note and any prior notes which evidence all or any portion of the loan evidenced by this Note, and any letters of credit issued pursuant to any loan agreement to which this Note is subject, any applications for such letters of credit and any other documents executed in connection therewith or related thereto, and may include, without limitation, a commitment letter that survives closing, a loan agreement, this Note, the Credit Agreement, guaranty agreements, security agreements, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed (as defined in 11 U.S.C. ss. 101). Obligations. The term "Obligations" used in this Note refers to any and all indebtedness and other obligations under this Note, all other obligations under any other

Loan Document(s), and all obligations under any swap agreements (as defined in 11 U.S.C. ss. 101) between Borrower and Bank whenever executed. Certain Other Terms. All terms that are used but not otherwise defined in any of the Loan Documents shall have the definitions provided in the Uniform Commercial Code.

LATE CHARGE. If any payments are not timely made, Borrower shall also pay to Bank a late charge equal to 5% of each payment past due for 8 or more days.

Acceptance by Bank of any late payment without an accompanying late charge shall not be deemed a waiver of Bank's right to collect such late charge or to collect a late charge for any subsequent late payment received.

ATTORNEYS' FEES AND OTHER COLLECTION COSTS. Borrower shall pay all of Bank's reasonable expenses incurred to enforce or collect any of the Obligations including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

USURY. If at any time the effective interest rate under this Note would, but for this paragraph, exceed the maximum lawful rate, the effective interest rate under this Note shall be the maximum lawful rate, and any amount received by Bank in excess of such rate shall be applied to principal and then to fees and expenses, or, if no such amounts are owing, returned to Borrower.

DEFAULT. If an Event of Default exists under the Credit Agreement, a default shall exist under this Note ("Default").

REMEDIES UPON DEFAULT. If a Default occurs under this Note, the Credit Agreement or any Loan Documents, Bank may at any time thereafter, take the following actions: Bank Lien. Foreclose its security interest or lien against Borrower's accounts without notice. Acceleration Upon Default. Accelerate the maturity of this Note and, at Bank's option, any or all other Obligations, whereupon this Note and the accelerated Obligations shall be immediately due and payable. Cumulative. Exercise any rights and remedies as provided under the Note, the Credit Agreement and other Loan Documents, or as provided by law or equity.

FINANCIAL AND OTHER INFORMATION. Borrower shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Borrower's financial condition. Such information shall be true, complete, and accurate.

WAIVERS AND AMENDMENTS. No waivers, amendments or modifications of this Note and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or remedy under this Note and other Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Each Borrower or any person liable under this Note waives presentment, protest, notice of dishonor, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale and all other notices of any kind. Further, each agrees that Bank may extend, modify or renew this Note or make a novation of the loan evidenced by this Note for any period, and grant any releases, compromises or indulgences with respect to any collateral securing this Note, or with respect to any other Borrower or any other person liable under this Note or other Loan Documents, all without notice to or consent of each Borrower or each person who may be liable under this Note or any other Loan Document and without affecting the liability of Borrower or any person who may be liable under this Note or any other Loan Document.

MISCELLANEOUS PROVISIONS. Assignment. This Note and the other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Note and the other Loan Documents are freely assignable, in whole or in part, by Bank. In addition, nothing in this Note or any of the other Loan Documents shall prohibit Bank from pledging or assigning this Note or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Borrower to assign without Bank's prior written consent is null and void. Any assignment shall not release Borrower from the Obligations. Applicable Law; Conflict Between Documents. This Note and the other Loan Documents shall be governed by and construed under the laws of the Commonwealth of Virginia without regard to that state's conflict of laws principles. If the terms of this Note should conflict with the terms of the Credit Agreement or any commitment letter that survives closing, the terms of this Note shall control. Borrower's Accounts. Except as prohibited by law, Borrower grants Bank a security interest in all of Borrower's accounts with Bank and any of its affiliates. Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the Commonwealth of Virginia. Severability. If any provision of this Note or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or other such document. Notices. Any notices to Borrower shall be sufficiently given, if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Bank's office address shown above or such other address as Bank may specify in writing from time to time. In the event that Borrower changes Borrower's address at any time prior to the date the Obligations are paid in full, Borrower agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. Plural; Captions. All references in the Loan Documents to Borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents. Advances. Bank may, in its sole discretion, make other advances which shall be deemed to be advances under this Note, even though the stated principal amount of this Note may be exceeded as a result thereof. Posting of Payments. All payments received during normal banking hours after 2:00 p.m. local time at the office of Bank first shown above shall be deemed received at the opening of the next banking day. Joint and Several Obligations. Each person who signs this Note as a Borrower (as defined herein) is jointly and severally obligated. Fees and Taxes. Borrower shall promptly pay all documentary, intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time.

ARBITRATION. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements. Special Rules. All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. Preservation and Limitation of Remedies. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to

exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off, and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. Waiver of Exemplary Damages. The parties agree that they shall not have a remedy of punitive or exemplary damages against other parties in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially. Waiver of Jury Trial. THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE.

IN WITNESS WHEREOF, Borrower, on the day and year first above written, has caused this Note to be executed under seal.

PLACE OF EXECUTION AND DELIVERY. Borrower hereby certifies that this Note, the Credit Agreement and the other Loan Documents were executed in the Commonwealth of Virginia and delivered to Bank in the Commonwealth of Virginia.

[SIGNATURES ON FOLLOWING PAGE]

Trex Company, LLC
Taxpayer Identification Number:
54-1810859

By /s/ Anthony J. Cavanna (SEAL)

Anthony J. Cavanna, Executive Vice President;
Chief Financial Officer; Treasurer

Trex Company, Inc.
Taxpayer Identification Number:
54-1910453

By: /s/ Robert G. Matheny (SEAL)

Robert G. Matheny, President

[FIRST UNION LOGO]

AMENDED AND RESTATED
PROMISSORY NOTE

\$1,035,000.00

September 30, 2001

Trex Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605

Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
(Individually and collectively "Borrower")

First Union National Bank
301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
(Hereinafter referred to as "Bank")

Borrower promises to pay to the order of Bank, in lawful money of the United States of America, at its office indicated above or wherever else Bank may specify, the sum of One Million, Thirty-Five Thousand and No/100 Dollars (\$1,035,000.00) or such sum as may be advanced and outstanding as shown on the attached Schedule A under the Original Promissory Note (as hereinafter defined), with interest on the unpaid principal balance at the rate and on the terms provided in this Promissory Note (including all renewals, extensions or modifications hereof, this "Note").

LOAN AGREEMENT. This Note is subject to the provisions of that certain Second Amended and Restated Credit Agreement of even date herewith between Bank and Borrower as modified from time to time (the "Credit Agreement"). Borrower represents and warrants that the provisions of Article V of the Credit Agreement are true and correct as of the date of the Note; and at all times, Borrower shall comply with all of the provisions of the Credit Agreement. Borrower's obligation to comply with the provisions of the Credit Agreement shall continue notwithstanding the satisfaction in full of all Obligations referred to in the Credit Agreement.

RENEWAL/MODIFICATION. This Note renews, extends and/or modifies that certain Promissory Note dated November 20, 1998 (the "Original Promissory Note"), evidencing an original principal amount of \$1,035,000.00. This Note is not a novation.

SECURITY. Borrower has granted Bank a security interest in the collateral described in the Loan Documents, including, but not limited to, real property collateral described in that certain Modified Deed of Trust of even date herewith for certain real property in the City of Winchester and Frederick County, Virginia; Deed of Trust of even date herewith for certain real property in Lyon County, Nevada; and personal property collateral described in that certain Security Agreement of even date herewith.

INTEREST RATE. Interest shall accrue on the unpaid principal balance of this Note from (i) the date hereof through June 30, 2002 at 1-month LIBOR plus 3.00%; and (ii) from and after July 1, 2002 at 1-month LIBOR plus 4.00% (collectively, the "Interest Rate"), as determined by Bank prior to the commencement of each consecutive interest period of 1 month (each, an "Interest Period") during the term of the Note; provided, the first Interest Period shall commence on the date of this Note and end on the first date thereafter that interest is due. Each Interest Rate shall remain in effect for the entire Interest

Period until redetermined for the next successive Interest Period. "LIBOR" is the rate for U.S. dollar deposits with a maturity equal to the number of months specified above, as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before the relevant Interest Period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation).

INDEMNIFICATION. Borrower shall indemnify Bank against Bank's loss or expense in employing deposits as a consequence of (a) Borrower's failure to make any payment when due under this Note, or (b) any payment, prepayment or conversion of any loan on a date other than the last day of the Interest Period ("Indemnified Loss or Expense"). The amount of such Indemnified Loss or Expense shall be determined by Bank based upon the assumption that Bank funded 100% of that portion of the loan in the London interbank market.

DEFAULT RATE. In addition to all other rights contained in this Note, if a Default (as defined herein) occurs and as long as a Default continues, all outstanding Obligations shall bear interest at the Interest Rate plus 2% ("Default Rate"). The Default Rate shall also apply from acceleration until the Obligations or any judgment thereon is paid in full.

INTEREST AND FEE(S) COMPUTATION (ACTUAL/360). Interest and fees, if any, shall be computed on the basis of a 360-day year for the actual number of days in the applicable period ("Actual/360 Computation"). The Actual/360 Computation determines the annual effective yield by taking the stated (nominal) rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the applicable period. Application of the Actual/360 Computation produces an annualized effective interest rate exceeding the nominal rate.

REPAYMENT TERMS. This Note shall be due and payable as set forth in the Repayment Schedule attached hereto and made a part hereof. All remaining principal and interest shall be due and payable January 31, 2005.

Scheduled Payment Adjustment. At Bank's option and with notice to Borrower, the scheduled payment amount will increase as is necessary (i) to pay all accruals of interest for the period and previous periods and (ii) to maintain principal repayment according to the amortization that would have occurred if the Interest Rate in effect on the date of this Note had remained constant. The increased payment amount shall remain in effect for as long as the original scheduled payment amount is insufficient to pay accrued interest and principal and shall be further adjusted upward or downward to reflect changes in the variable interest rate. The scheduled payment amount will not be reduced below the original scheduled payment amount.

APPLICATION OF PAYMENTS. Monies received by Bank from any source for application toward payment of the Obligations shall be applied to accrued interest and then to principal. If a Default occurs, monies may be applied to the Obligations in any manner or order deemed appropriate by Bank.

If any payment received by Bank under this Note or other Loan Documents is rescinded, avoided or for any reason returned by Bank because of any adverse claim or threatened action, the returned payment shall remain payable as an obligation of all persons liable under this Note or other Loan Documents as though such payment had not been made.

DEFINITIONS. Loan Documents. The term "Loan Documents" used in this Note and the other Loan Documents refers to all documents executed in connection with or related to the loan evidenced by this Note and any prior notes which evidence all or any portion of the loan evidenced by this Note, and any letters of credit issued pursuant to any loan agreement to which this Note is subject, any applications for such letters of credit and any other documents executed in connection therewith or related thereto, and may include, without limitation, a commitment letter that survives closing, a loan agreement, this Note, the Credit Agreement, guaranty agreements, security agreements, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed (as defined in 11 U.S.C. ss. 101). Obligations. The term "Obligations" used in this Note refers

to any and all indebtedness and other obligations under this Note, all other obligations under any other Loan Document(s), and all obligations under any swap agreements (as defined in 11 U.S.C. ss. 101) between Borrower and Bank whenever executed including the ISDA Master Agreement dated March 20, 1998 between Borrower and Bank. Certain Other Terms. All terms that are used but not otherwise defined in any of the Loan Documents shall have the definitions provided in the Uniform Commercial Code.

LATE CHARGE. If any payments are not timely made, Borrower shall also pay to Bank a late charge equal to 5% of each payment past due for 8 or more days.

Acceptance by Bank of any late payment without an accompanying late charge shall not be deemed a waiver of Bank's right to collect such late charge or to collect a late charge for any subsequent late payment received.

ATTORNEYS' FEES AND OTHER COLLECTION COSTS. Borrower shall pay all of Bank's reasonable expenses incurred to enforce or collect any of the Obligations including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

USURY. If at any time the effective interest rate under this Note would, but for this paragraph, exceed the maximum lawful rate, the effective interest rate under this Note shall be the maximum lawful rate, and any amount received by Bank in excess of such rate shall be applied to principal and then to fees and expenses, or, if no such amounts are owing, returned to Borrower.

DEFAULT. If an Event of Default exists under the Credit Agreement, a default shall exist under this Note ("Default").

REMEDIES UPON DEFAULT. If a Default occurs under this Note, the Credit Agreement or any Loan Documents, Bank may at any time thereafter, take the following actions: Bank Lien. Foreclose its security interest or lien against Borrower's accounts without notice. Acceleration Upon Default. Accelerate the maturity of this Note and, at Bank's option, any or all other Obligations, whereupon this Note and the accelerated Obligations shall be immediately due and payable. Cumulative. Exercise any rights and remedies as provided under the Note, the Credit Agreement and other Loan Documents, or as provided by law or equity.

FINANCIAL AND OTHER INFORMATION. Borrower shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Borrower's financial condition. Such information shall be true, complete, and accurate.

WAIVERS AND AMENDMENTS. No waivers, amendments or modifications of this Note and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or remedy under this Note and other Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Each Borrower or any person liable under this Note waives presentment, protest, notice of dishonor, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale and all other notices of any kind. Further, each agrees that Bank may extend, modify or renew this Note or make a novation of the loan evidenced by this Note for any period, and grant any releases, compromises or indulgences with respect to any collateral securing this Note, or with respect to any other Borrower or any other person liable under this Note or other Loan Documents, all without notice to or consent of each Borrower or each person who may be liable under this Note or any other Loan Document and without affecting the liability of Borrower or any person who may be liable under this Note or any other Loan Document.

MISCELLANEOUS PROVISIONS. Assignment. This Note and the other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Note and the other Loan Documents are freely assignable, in whole or in part, by Bank. In addition, nothing in this Note or any of the other Loan Documents shall prohibit Bank from pledging or assigning this Note or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Borrower to assign without Bank's prior written consent is null and void. Any assignment shall not release Borrower from the Obligations. Applicable Law; Conflict Between Documents. This Note and the other Loan Documents shall be governed by and construed under the laws of the Commonwealth of Virginia without regard to that state's conflict of laws principles. If the terms of this Note should conflict with the terms of the Credit Agreement or any commitment letter that survives closing, the terms of this Note shall control. Borrower's Accounts. Except as prohibited by law, Borrower grants Bank a security interest in all of Borrower's accounts with Bank and any of its affiliates. Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the Commonwealth of Virginia. Severability. If any provision of this Note or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or other such document. Notices. Any notices to Borrower shall be sufficiently given, if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Bank's office address shown above or such other address as Bank may specify in writing from time to time. In the event that Borrower changes Borrower's address at any time prior to the date the Obligations are paid in full, Borrower agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. Plural; Captions. All references in the Loan Documents to Borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents. Advances. Bank may, in its sole discretion, make other advances which shall be deemed to be advances under this Note, even though the stated principal amount of this Note may be exceeded as a result thereof. Posting of Payments. All payments received during normal banking hours after 2:00 p.m. local time at the office of Bank first shown above shall be deemed received at the opening of the next banking day. Joint and Several Obligations. Each person who signs this Note as a Borrower (as defined herein) is jointly and severally obligated. Fees and Taxes. Borrower shall promptly pay all documentary, intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time.

ARBITRATION. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements. Special Rules. All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. Preservation and Limitation of Remedies. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding

is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off, and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. Waiver of Exemplary Damages. The parties agree that they shall not have a remedy of punitive or exemplary damages against other parties in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially. Waiver of Jury Trial. THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE.

IN WITNESS WHEREOF, Borrower, on the day and year first above written, has caused this Note to be executed under seal.

PLACE OF EXECUTION AND DELIVERY. Borrower hereby certifies that this Note, the Credit Agreement and the other Loan Documents were executed in the Commonwealth of Virginia and delivered to Bank in the Commonwealth of Virginia.

[SIGNATURES ON FOLLOWING PAGE]

TREX Company, LLC
Taxpayer Identification Number:
54-1810859

By /s/ Anthony J. Cavanna (SEAL)

Anthony J. Cavanna, Executive Vice President;
Chief Financial Officer; Treasurer

Trex Company, Inc.
Taxpayer Identification Number:
54-1910453

By: /s/ Robert G. Matheny (SEAL)

Robert G. Matheny, President

[FIRST UNION LOGO]

AMENDED AND RESTATED
PROMISSORY NOTE

\$3,780,000.00

September 30, 2001

TREX Company, LLC
160 Exeter Drive
Winchester, Virginia 22603-8605

Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
(Individually and collectively "Borrower")

First Union National Bank
301 South College Street, DC-5
One First Union -- 5th Floor
Charlotte, NC 28288-0760
(Hereinafter referred to as "Bank")

Borrower promises to pay to the order of Bank, in lawful money of the United States of America, at its office indicated above or wherever else Bank may specify, the sum of Three Million, Seven Hundred Eighty Thousand and No/100 Dollars (\$3,780,000.00) or such sum as may be advanced and outstanding as shown on the attached Schedule A under the Original Promissory Note (as hereinafter defined). with interest on the unpaid principal balance at the rate and on the terms provided in this Promissory Note (including all renewals, extensions or modifications hereof, this "Note").

RENEWAL/MODIFICATION. This Note renews, extends and/or modifies that certain Promissory Note dated June 15, 1998 (the "Original Promissory Note"), evidencing an original principal amount of \$3,780,000.00. This Note is not a novation.

LOAN AGREEMENT. This Note is subject to the provisions of that certain Second Amended and Restated Credit Agreement of even date herewith between Bank and Borrower as modified from time to time (the "Credit Agreement"). Borrower represents and warrants that the provisions of Article V of the Credit Agreement are true and correct as of the date of the Note; and at all times, Borrower shall comply with all of the provisions of the Credit Agreement. Borrower's obligation to comply with the provisions of the Credit Agreement shall continue notwithstanding the satisfaction in full of all Obligations referred to in the Credit Agreement.

SECURITY. Borrower has granted Bank a security interest in the collateral described in the Loan Documents, including, but not limited to, real property collateral described in that certain Modified Deed of Trust of even date herewith for certain real property in the City of Winchester and Frederick County, Virginia; Deed of Trust of even date herewith for certain real property in Lyon County, Nevada; and personal property collateral described in that certain Security Agreement of even date herewith.

INTEREST RATE. Interest shall accrue on the unpaid principal balance of this Note from (i) the date hereof through June 30, 2002 at 1-month LIBOR plus 3.00%; and (ii) from and after July 1, 2002 at 1-month LIBOR plus 4.00% (collectively, the "Interest Rate"), as determined by Bank prior to the commencement of each consecutive interest period of 1 month (each, an "Interest Period") during the term of the Note; provided, the first Interest Period shall commence on the date of this Note and end on the first date thereafter that interest is due. Each Interest Rate shall remain in effect for the entire Interest

Period until redetermined for the next successive Interest Period. "LIBOR" is the rate for U.S. dollar deposits with a maturity equal to the number of months specified above, as reported on Telerate page 3750 as of 11:00 a.m., London time, on the second London business day before the relevant Interest Period begins (or if not so reported, then as determined by the Bank from another recognized source or interbank quotation).

INDEMNIFICATION. Borrower shall indemnify Bank against Bank's loss or expense in employing deposits as a consequence of (a) Borrower's failure to make any payment when due under this Note, or (b) any payment, prepayment or conversion of any loan on a date other than the last day of the Interest Period ("Indemnified Loss or Expense"). The amount of such Indemnified Loss or Expense shall be determined by Bank based upon the assumption that Bank funded 100% of that portion of the loan in the London interbank market.

DEFAULT RATE. In addition to all other rights contained in this Note, if a Default (as defined herein) occurs and as long as a Default continues, all outstanding Obligations shall bear interest at the Interest Rate plus 2% ("Default Rate"). The Default Rate shall also apply from acceleration until the Obligations or any judgment thereon is paid in full.

INTEREST AND FEE(S) COMPUTATION (ACTUAL/360). Interest and fees, if any, shall be computed on the basis of a 360-day year for the actual number of days in the applicable period ("Actual/360 Computation"). The Actual/360 Computation determines the annual effective yield by taking the stated (nominal) rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the applicable period. Application of the Actual/360 Computation produces an annualized effective interest rate exceeding the nominal rate.

REPAYMENT TERMS. This Note shall be due and payable as set forth in the Repayment Schedule attached hereto and made a part hereof. All remaining principal and interest shall be due and payable January 31, 2005.

Scheduled Payment Adjustment. At Bank's option and with notice to Borrower, the scheduled payment amount will increase as is necessary (i) to pay all accruals of interest for the period and previous periods and (ii) to maintain principal repayment according to the amortization that would have occurred if the Interest Rate in effect on the date of this Note had remained constant. The increased payment amount shall remain in effect for as long as the original scheduled payment amount is insufficient to pay accrued interest and principal and shall be further adjusted upward or downward to reflect changes in the variable interest rate. The scheduled payment amount will not be reduced below the original scheduled payment amount.

APPLICATION OF PAYMENTS. Monies received by Bank from any source for application toward payment of the Obligations shall be applied to accrued interest and then to principal. If a Default occurs, monies may be applied to the Obligations in any manner or order deemed appropriate by Bank.

If any payment received by Bank under this Note or other Loan Documents is rescinded, avoided or for any reason returned by Bank because of any adverse claim or threatened action, the returned payment shall remain payable as an obligation of all persons liable under this Note or other Loan Documents as though such payment had not been made.

DEFINITIONS. Loan Documents. The term "Loan Documents" used in this Note and the other Loan Documents refers to all documents executed in connection with or related to the loan evidenced by this Note and any prior notes which evidence all or any portion of the loan evidenced by this Note, and any letters of credit issued pursuant to any loan agreement to which this Note is subject, any applications for such letters of credit and any other documents executed in connection therewith or related thereto, and may include, without limitation, a commitment letter that survives closing, a loan agreement, this Note, the Credit Agreement, guaranty agreements, security agreements, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed (as defined in 11 U.S.C. ss. 101). Obligations. The term "Obligations" used in this Note refers

to any and all indebtedness and other obligations under this Note, all other obligations under any other Loan Document(s), and all obligations under any swap agreements (as defined in 11 U.S.C. ss. 101) between Borrower and Bank whenever executed. Certain Other Terms. All terms that are used but not otherwise defined in any of the Loan Documents shall have the definitions provided in the Uniform Commercial Code.

LATE CHARGE. If any payments are not timely made, Borrower shall also pay to Bank a late charge equal to 5% of each payment past due for 8 or more days.

Acceptance by Bank of any late payment without an accompanying late charge shall not be deemed a waiver of Bank's right to collect such late charge or to collect a late charge for any subsequent late payment received.

ATTORNEYS' FEES AND OTHER COLLECTION COSTS. Borrower shall pay all of Bank's reasonable expenses incurred to enforce or collect any of the Obligations including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

USURY. If at any time the effective interest rate under this Note would, but for this paragraph, exceed the maximum lawful rate, the effective interest rate under this Note shall be the maximum lawful rate, and any amount received by Bank in excess of such rate shall be applied to principal and then to fees and expenses, or, if no such amounts are owing, returned to Borrower.

DEFAULT. If an Event of Default exists under the Credit Agreement, then a default shall exist under this Note ("Default").

REMEDIES UPON DEFAULT. If a Default occurs under this Note, the Credit Agreement or any Loan Documents, Bank may at any time thereafter, take the following actions: Bank Lien. Foreclose its security interest or lien against Borrower's accounts without notice. Acceleration Upon Default. Accelerate the maturity of this Note and, at Bank's option, any or all other Obligations, whereupon this Note and the accelerated Obligations shall be immediately due and payable. Cumulative. Exercise any rights and remedies as provided under the Note, the Credit Agreement and other Loan Documents, or as provided by law or equity.

FINANCIAL AND OTHER INFORMATION. Borrower shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Borrower's financial condition. Such information shall be true, complete, and accurate.

WAIVERS AND AMENDMENTS. No waivers, amendments or modifications of this Note and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or remedy under this Note and other Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Each Borrower or any person liable under this Note waives presentment, protest, notice of dishonor, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale and all other notices of any kind. Further, each agrees that Bank may extend, modify or renew this Note or make a novation of the loan evidenced by this Note for any period, and grant any releases, compromises or indulgences with respect to any collateral securing this Note, or with respect to any other Borrower or any other person liable under this Note or other Loan Documents, all without notice to or consent of each Borrower or each person who may be liable under this Note or any other Loan Document and without affecting the liability of Borrower or any person who may be liable under this Note or any other Loan Document.

MISCELLANEOUS PROVISIONS. Assignment. This Note and the other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Note and the other Loan Documents are freely assignable, in whole or in part, by Bank. In addition, nothing in this Note or any of the other Loan Documents shall prohibit Bank from pledging or assigning this Note or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Borrower to assign without Bank's prior written consent is null and void. Any assignment shall not release Borrower from the Obligations. Applicable Law; Conflict Between Documents. This Note and the other Loan Documents shall be governed by and construed under the laws of the Commonwealth of Virginia without regard to that state's conflict of laws principles. If the terms of this Note should conflict with the terms of the Credit Agreement or any commitment letter that survives closing, the terms of this Note shall control. Borrower's Accounts. Except as prohibited by law, Borrower grants Bank a security interest in all of Borrower's accounts with Bank and any of its affiliates. Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the Commonwealth of Virginia. Severability. If any provision of this Note or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or other such document. Notices. Any notices to Borrower shall be sufficiently given, if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Bank's office address shown above or such other address as Bank may specify in writing from time to time. In the event that Borrower changes Borrower's address at any time prior to the date the Obligations are paid in full, Borrower agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. Plural; Captions. All references in the Loan Documents to Borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents. Advances. Bank may, in its sole discretion, make other advances which shall be deemed to be advances under this Note, even though the stated principal amount of this Note may be exceeded as a result thereof. Posting of Payments. All payments received during normal banking hours after 2:00 p.m. local time at the office of Bank first shown above shall be deemed received at the opening of the next banking day. Joint and Several Obligations. Each person who signs this Note as a Borrower (as defined herein) is jointly and severally obligated. Fees and Taxes. Borrower shall promptly pay all documentary, intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time.

ARBITRATION. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements. Special Rules. All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. Preservation and Limitation of Remedies. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to

exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off, and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. Waiver of Exemplary Damages. The parties agree that they shall not have a remedy of punitive or exemplary damages against other parties in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially. Waiver of Jury Trial. THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE.

IN WITNESS WHEREOF, Borrower, on the day and year first above written, has caused this Note to be executed under seal.

PLACE OF EXECUTION AND DELIVERY. Borrower hereby certifies that this Note, the Credit Agreement, and the other Loan Documents were executed in the Commonwealth of Virginia and delivered to Bank in the Commonwealth of Virginia.

[SIGNATURES ON FOLLOWING PAGE]

TREX Company, LLC
Taxpayer Identification Number:
54-1810859

By /s/ Anthony J. Cavanna (SEAL)

Anthony J. Cavanna, Executive Vice President;
Chief Financial Officer; Treasurer

Trex Company, Inc.
Taxpayer Identification Number:
54-1910453

By: /s/ Robert G. Matheny (SEAL)

Robert G. Matheny, President

[FIRST UNION LOGO]

PROMISSORY NOTE

\$58,000,000.00

September 30, 2001

TREX Company, LLC
 160 Exeter Drive
 Winchester, Virginia 22603-8605

Trex Company, Inc.
 160 Exeter Drive
 Winchester, Virginia 22603-8605
 (Individually and collectively "Borrower")

First Union National Bank
 301 South College Street, DC-5
 One First Union -- 5th Floor
 Charlotte, NC 28288-0760
 (Hereinafter referred to as "Bank")

Borrower promises to pay to the order of Bank, in lawful money of the United States of America, at its office indicated above or wherever else Bank may specify, the sum of Fifty-Eight Million and No/100 Dollars (\$58,000,000.00) or such sum as may be advanced and outstanding from time to time, with interest on the unpaid principal balance at the rate and on the terms provided in this Promissory Note (including all renewals, extensions or modifications hereof, this "Note").

LOAN AGREEMENT. This Note is subject to the provisions of that certain Second Amended and Restated Credit Agreement of even date herewith between Bank and Borrower as modified from time to time (the "Credit Agreement"). Borrower represents and warrants that the provisions of Article V of the Credit Agreement are true and correct as of the date of the Note; and at all times, Borrower shall comply with all of the provisions of the Credit Agreement. Borrower's obligation to comply with such provisions shall continue notwithstanding the satisfaction in full of all Obligations referred to in the Credit Agreement.

RENEWAL/MODIFICATION. This Note modifies a portion of the debt evidenced by that certain Revolving Note dated August 3, 1999. This Note is not a novation.

SECURITY. Borrower has granted Bank a security interest in the collateral described in the Loan Documents, including, but not limited to, real property collateral described in that certain Modified Deed of Trust of even date herewith for certain real property in the City of Winchester and Frederick County, Virginia; Deed of Trust of even date herewith for certain real property in Lyon County, Nevada; and personal property collateral described in that certain Security Agreement of even date herewith.

INTEREST RATE. Interest shall accrue (i) on the unpaid principal balance of the first \$33,000,000 of this Note (x) from the date hereof through June 30, 2002 at LIBOR Market Index-Based Rate (as defined in the Credit Agreement) plus 3.00%; and (y) from and after July 1, 2002 at LIBOR Market Index-Based Rate plus 4.00%; and (ii) on the remaining unpaid principal balance of this Note from the date hereof at LIBOR Market Index-Based Rate plus 5.00% (collectively, the "Interest Rate").

DEFAULT RATE. In addition to all other rights contained in this Note, if a Default (as defined herein) occurs and as long as a Default continues, all outstanding Obligations shall bear interest at the Interest Rate plus 2% ("Default Rate"). The Default Rate shall also apply from acceleration until the Obligations or any judgment thereon is paid in full.

INTEREST AND FEE(S) COMPUTATION (ACTUAL/360). Interest and fees, if any, shall be computed on the basis of a 360-day year for the actual number of days in the applicable period ("Actual/360 Computation"). The Actual/360 Computation determines the annual effective yield by taking the stated (nominal) rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the applicable period. Application of the Actual/360 Computation produces an annualized effective interest rate exceeding the nominal rate.

REPAYMENT TERMS. This Note shall be due and payable in consecutive monthly payments of accrued interest only, commencing the date hereof, and continuing on the same day of each month thereafter until the principal of this Note and all accrued interest have been fully paid. There shall be additional consecutive monthly principal payments in the amount of \$5,000,000.00 due and payable commencing on March 1, 2002, and continuing on the same day of each month thereafter until and including July 1, 2002 thereby reducing the outstanding principal amount to \$33,000,000.00 by July 1, 2002. In any event, all principal and accrued interest shall be due and payable on January 31, 2003.

APPLICATION OF PAYMENTS. Monies received by Bank from any source for application toward payment of the Obligations shall be applied to accrued interest and then to principal. If a Default occurs, monies may be applied to the Obligations in any manner or order deemed appropriate by Bank.

If any payment received by Bank under this Note or other Loan Documents is rescinded, avoided or for any reason returned by Bank because of any adverse claim or threatened action, the returned payment shall remain payable as an obligation of all persons liable under this Note or other Loan Documents as though such payment had not been made.

DEFINITIONS. Loan Documents. The term "Loan Documents" used in this Note and the other Loan Documents refers to all documents executed in connection with or related to the loan evidenced by this Note and any prior notes which evidence all or any portion of the loan evidenced by this Note, and any letters of credit issued pursuant to any loan agreement to which this Note is subject, any applications for such letters of credit and any other documents executed in connection therewith or related thereto, and may include, without limitation, a commitment letter that survives closing, a loan agreement, this Note, the Credit Agreement, guaranty agreements, security agreements, security instruments, financing statements, mortgage instruments, any renewals or modifications, whenever any of the foregoing are executed (as defined in 11 U.S.C. ss. 101). Obligations. The term "Obligations" used in this Note refers to any and all indebtedness and other obligations under this Note, all other obligations under any other Loan Document(s), and all obligations under any swap agreements (as defined in 11 U.S.C. ss. 101) between Borrower and Bank whenever executed. Certain Other Terms. All terms that are used but not otherwise defined in any of the Loan Documents shall have the definitions provided in the Uniform Commercial Code.

LATE CHARGE. If any payments are not timely made, Borrower shall also pay to Bank a late charge equal to 5% of each payment past due for 8 or more days.

Acceptance by Bank of any late payment without an accompanying late charge shall not be deemed a waiver of Bank's right to collect such late charge or to collect a late charge for any subsequent late payment received.

ATTORNEYS' FEES AND OTHER COLLECTION COSTS. Borrower shall pay all of Bank's reasonable expenses incurred to enforce or collect any of the Obligations including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

USURY. If at any time the effective interest rate under this Note would, but for this paragraph, exceed the maximum lawful rate, the effective interest rate under this Note shall be the maximum lawful rate, and any amount received by Bank in excess of such rate shall be applied to principal and then to fees and expenses, or, if no such amounts are owing, returned to Borrower.

DEFAULT. If an Event of Default exists under the Credit Agreement, a default shall exist under this Note ("Default").

REMEDIES UPON DEFAULT. If a Default occurs under this Note, the Credit Agreement or any Loan Documents, Bank may at any time thereafter, take the following actions: Bank Lien. Foreclose its security interest or lien against Borrower's accounts without notice. Acceleration Upon Default. Accelerate the maturity of this Note and, at Bank's option, any or all other Obligations, whereupon this Note and the accelerated Obligations shall be immediately due and payable. Cumulative. Exercise any rights and remedies as provided under the Note, the Credit Agreement and other Loan Documents, or as provided by law or equity.

FINANCIAL AND OTHER INFORMATION. Borrower shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Borrower's financial condition. Such information shall be true, complete, and accurate.

WAIVERS AND AMENDMENTS. No waivers, amendments or modifications of this Note and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank in exercising any right, power, or remedy under this Note and other Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Each Borrower or any person liable under this Note waives presentment, protest, notice of dishonor, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale and all other notices of any kind. Further, each agrees that Bank may extend, modify or renew this Note or make a novation of the loan evidenced by this Note for any period, and grant any releases, compromises or indulgences with respect to any collateral securing this Note, or with respect to any other Borrower or any other person liable under this Note or other Loan Documents, all without notice to or consent of each Borrower or each person who may be liable under this Note or any other Loan Document and without affecting the liability of Borrower or any person who may be liable under this Note or any other Loan Document.

MISCELLANEOUS PROVISIONS. Assignment. This Note and the other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Note and the other Loan Documents are freely assignable, in whole or in part, by Bank. In addition, nothing in this Note or any of the other Loan Documents shall prohibit Bank from pledging or assigning this Note or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Borrower to assign without Bank's prior written consent is null and void. Any assignment shall not release Borrower from the Obligations. Applicable Law; Conflict Between Documents. This Note and the other Loan Documents shall be governed by and construed under the laws of the Commonwealth of Virginia without regard to that state's conflict of laws principles. If the terms of this Note should conflict with the terms of the Credit Agreement or any commitment letter that survives closing, the terms of this Note shall control. Borrower's Accounts. Except as prohibited by law, Borrower grants Bank a security interest in all of Borrower's accounts with Bank and any of its affiliates. Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the Commonwealth of Virginia. Severability. If any provision of this Note or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or other such document. Notices. Any notices to Borrower shall be sufficiently given, if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Bank's office address shown above or such other address as Bank may specify in writing from time to time. In the event that Borrower changes Borrower's address at any time prior to the date the Obligations are paid in full, Borrower agrees to promptly give written notice of said change of address

by registered or certified mail, return receipt requested, all charges prepaid. Plural; Captions. All references in the Loan Documents to Borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents. Advances. Bank may, in its sole discretion, make other advances which shall be deemed to be advances under this Note, even though the stated principal amount of this Note may be exceeded as a result thereof. Posting of Payments. All payments received during normal banking hours after 2:00 p.m. local time at the office of Bank first shown above shall be deemed received at the opening of the next banking day. Joint and Several Obligations. Each person who signs this Note as a Borrower (as defined herein) is jointly and severally obligated. Fees and Taxes. Borrower shall promptly pay all documentary, intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time.

ARBITRATION. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Special Rules. All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. Preservation and Limitation of Remedies. Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off, and peaceful possession of personal property; and (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. Waiver of Exemplary Damages. The parties agree that they shall not have a remedy of punitive or exemplary damages against other parties in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially. Waiver of Jury Trial. THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE.

IN WITNESS WHEREOF, Borrower, on the day and year first above written, has caused this Note to be executed under seal.

PLACE OF EXECUTION AND DELIVERY. Borrower hereby certifies that this Note, the Credit Agreement and the other Loan Documents were executed in the Commonwealth of Virginia and delivered to Bank in the Commonwealth of Virginia.

TREX Company, LLC
Taxpayer Identification Number:
54-1810859

By /s/ Anthony J. Cavanna (SEAL)

Anthony J. Cavanna, Executive Vice President;
Chief Financial Officer; Treasurer

Trex Company, Inc.
Taxpayer Identification Number:
54-1910453

By: /s/ Robert G. Matheny (SEAL)

Robert G. Matheny, President

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made as of

November 13, 2001 among Trex Company, Inc., a Delaware corporation (the "Company"), First Union National Bank, a national banking association (together

with its successors, "First Union"), and any other Holders from time to time

hereunder.

W I T N E S S E T H:

WHEREAS, the Company, Trex Company, LLC and First Union are parties to that certain Second Amended and Restated Credit Agreement, dated as of September 30, 2001 (the "Credit Agreement"), in connection with which the Company issued to

First Union a common stock purchase warrant, dated as of the date hereof (such common stock purchase warrant and each other common stock purchase warrant issued by the Company in exchange, replacement or substitution therefor or for any such subsequently issued common stock purchase warrant in accordance with its terms, a "Warrant"), to purchase 707,557 shares of the Common Stock, par

value \$0.01, of the Company (the "Common Stock");

WHEREAS, to induce First Union to execute and deliver the Credit Agreement, the Company has agreed to provide the Holders (as hereinafter defined) with certain registration rights under the Securities Act of 1933, as amended, with respect to the shares of Common Stock issued and issuable upon exercise of any Warrant; and

WHEREAS, unless otherwise provided in this Agreement, capitalized terms used in this Agreement shall have the meanings set forth in Section 9;

NOW, THEREFORE, in consideration of the premises and mutual covenants and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Demand Registration.

1.1 (a) During the Effective Period, upon the written request of Holders of at least a majority of the Registrable Securities (the "Demand

Holders") that the Company effect the registration under the Securities Act of

all or part of such Demand Holders' Registrable Securities (which written request shall specify the aggregate number of shares of Registrable Securities requested to be registered and the proposed means of distribution), the Company shall (i) within 30 Business Days after its receipt of such request, file with the Securities and Exchange Commission (the "SEC") a Registration Statement with respect to the requested registration and (ii) within five Business Days after its receipt of such request, notify in writing any other Holders (the "Other

Holders") of such request and indicate in such notice the planned initial filing

date of such Registration Statement. Such Registration Statement shall cover the Registrable Securities requested by the Demand Holders to be registered and any Registrable Securities that the Other Holders request, by written notice to the Company no later than five Business Days prior to such planned initial filing date, to be registered. Notwithstanding

the foregoing provisions of this Section 1.1(a), the Company shall not be required to take any action pursuant to this Section 1.1(a):

(i) if the Company has previously effected one registration pursuant to this Section 1.1(a);

(ii) if the Company shall not be eligible under the Securities Act and the rules and regulations thereunder to effect the requested registration on Form S-3 or any successor form ("Form S-3");

(iii) if the Registrable Securities which the Company shall have been requested by the Demand Holders to register shall have a then-current market value of less than \$5,000,000, unless such registration request is for all remaining Registrable Securities held by all Holders (in which event such market value condition shall not apply);

(iv) if the Company has effected a registration within the 180-day period immediately preceding such request which permitted Holders to include Registrable Securities in such registration, and the Company has agreed with the underwriters in connection with such prior registration not to offer its securities publicly at any time during such 180-day period; or

(v) during the pendency of any Blackout Period;

provided, however, that the Company shall be permitted to satisfy its obligations under this Section 1.1(a) to effect a demand registration by amending (to the extent permitted by applicable law), within 30 Business Days after a written request for registration, any registration statement previously filed by the Company under the Securities Act so that such registration statement (as amended) shall permit the disposition (in accordance with the intended methods of disposition specified as aforesaid) of all of the Registrable Securities for which a demand for registration has been made under this Section 1.1(a) (including, without limitation, any Registrable Securities requested by the Other Holders to be included in such registration). If the Company shall so amend a previously filed registration statement, it shall be deemed to have effected a registration for purposes of this Section 1.1.

(b) The Holders delivering a request pursuant to this Section 1.1(a) may distribute the Registrable Securities covered by such request by means of an Underwritten Offering or any other means, as determined by the Demand Holders holding a majority of the Demand Holders' Registrable Securities so requested to be registered.

(c) Subject to Section 1.1(d), a registration requested pursuant to this Section 1.1 shall not be deemed to be effected for purposes of this Section 1.1 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder.

(d) Holders holding a majority of the Registrable Securities to be included in a Registration Statement pursuant to this Section 1.1 may, at any time prior to the effective date of the Registration Statement relating to such registration, revoke such request by providing a

written notice to the Company revoking such request. If a Registration Statement is so revoked, the Demand Holders and Other Holders which requested that Registrable Securities be included in such Registration Statement shall reimburse the Company for all of its out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement, unless the Registration Statement is revoked at the request of such Holders because there has occurred after the date of the initial request for registration by the Demand Holders a material adverse change in the condition, business or prospects of the Company or because such Holders learn after the date of such initial request that such a material adverse change had occurred prior to such date. In the case of any such revocation other than the first such revocation, the Company shall be deemed to have effected a registration pursuant to this Section 1.1.

(e) In the event the Company wishes, or any holder of Common Stock has the right, to include shares of Common Stock in a Registration Statement pursuant to this Section 1.1, there shall be included in such Registration Statement only that number of shares of Common Stock, if any, that the lead managing underwriter (if the offering covered by such Registration Statement is an Underwritten Offering) or the Company (if the offering covered by such Registration Statement is not an Underwritten Offering) reasonably believes will not adversely affect the offering of all of the Registrable Securities that the Holders desire to sell for their own account. In such event, the shares of Common Stock to be included in such offering shall consist of (i) first, the Registrable Securities that the Holders propose to sell, (ii) second, the shares of Common Stock the Company proposes to sell for its own account and (iii) third, the number, if any, of other shares of Common Stock requested to be included in such registration that, in the reasonable opinion of such lead managing underwriter or the Company, as applicable, can be sold without jeopardizing the success of the offering of all the shares of Common Stock that each Holder or the Company, as the case may be, desires to sell for its own account, such shares to be allocated among the holders thereof who have requested that their shares be so included in accordance with the piggyback registration provisions of their agreements with the Company.

1.2 In connection with any Underwritten Offering pursuant to Section 1.1, the Company shall have the right to select a lead managing underwriter or underwriters to administer the offering, which lead managing underwriter or underwriters shall be reasonably satisfactory to the Demand Holders holding a majority of the Demand Holders' Registrable Securities to be included in the Registration Statement; provided, however, that the Demand Holders holding a majority of the Demand Holders' Registrable Securities to be included in the Registration Statement shall have the right to select a co-managing underwriter or underwriters for the offering, which co-managing underwriter or underwriters shall be reasonably satisfactory to the Company.

1.3 (a) If the Company determines in good faith that the registration and distribution of Registrable Securities (i) would materially impede, delay, interfere with or otherwise materially adversely affect any pending financing, registration of securities, acquisition, corporate reorganization or other significant transaction involving the Company or (ii) would require disclosure of non-public material information that the Company has a bona fide business purpose for preserving as confidential, as determined by its Board of Directors in good faith, the Company shall promptly give the Holders notice of such determination and shall be entitled to postpone the filing or effectiveness of a Registration Statement for the shortest

period of time reasonably required, but in any event not to exceed 120 days with respect to matters covered by clause (i) above, and not to exceed 90 days with respect to matters covered by clause (ii) above (a "Blackout Period"); provided,

that a Blackout Period pursuant to clause (i) above with respect to an Underwritten Offering proposed by the Company may, at the election of the Company, commence on the date that is 30 days prior to the date the Company in good faith estimates will be the date of filing of the Registration Statement with respect to such Underwritten Offering and end no later than the date, following the effective date of such Registration Statement, specified in the form of underwriting agreement relating to such Underwritten Offering during which the Company shall be prohibited from selling, offering or otherwise disposing of Common Stock, but in no event to exceed 90 days; provided, further, that the Company shall not obtain any deferrals under this Section 1.3(a) aggregating in excess of 180 days in any twelve-month period. The Company shall promptly notify each Holder of the expiration or earlier termination of a Blackout Period.

(b) If requested by the managing underwriter of an Underwritten Offering, each Holder shall not, and shall use its reasonable best efforts to ensure that its Affiliates do not, directly or indirectly, sell, offer, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, warrant or right to purchase, or otherwise dispose of or transfer, or enter into any swap or other agreement or any arrangement that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership in, any Registrable Securities or Related Securities held by the Holder or its Affiliates during the 180 days following the effective date of a registration statement of the Company filed under the Securities Act in connection with such Underwritten Offering, except for Registrable Securities included in such registration, provided, however, that, in each case, substantially all executive officers and directors of the Company and substantially all holders of 5% or more of the outstanding shares of Common Stock are similarly obligated. If so requested, each Holder shall enter, and shall use its reasonable best efforts to ensure that all of its Affiliates holding Related Securities enter, into a lock-up agreement with the applicable underwriters that is consistent with the agreement in the preceding sentence.

2. Piggyback Registration Rights.

(a) If, during the Effective Period, the Company shall propose to file a registration statement under the Securities Act relating to the public offering of Common Stock (other than in connection with an Excluded Registration) for the Company's own account or for the account of any holder or holders of Common Stock (the "Initiating Holder") and on a form and in a manner

that would permit the registration of Registrable Securities for sale to the public under the Securities Act, the Company shall (i) give written notice at least 15 Business Days prior to the filing thereof to each Holder, specifying the approximate date on which the Company proposes to file such registration statement and advising such Holder of its right to have any or all of the Registrable Securities included among the securities to be covered thereby, and (ii) at the written request of any such Holder given to the Company within 15 days after the Holder's receipt of written notice from the Company, include among the securities covered by such registration statement the number of Registrable Securities which such Holder (a "Requesting Holder") shall have

requested be so included (subject, however, to reduction in accordance with Section 2(b)).

(b) Each Holder wishing to participate in an offering pursuant to Section 2(a) may include Registrable Securities in any Registration Statement relating to an offering pursuant to Section 2(a) only to the extent that the inclusion of such Registrable Securities shall not reduce (i) the number of shares of Common Stock to be offered and sold by the Company or any Initiating Holder pursuant thereto or (ii) the number of shares of Common Stock that any Institutional Investor or Management Holder elects to offer and sell pursuant thereto in accordance with the Existing Registration Rights Agreement. If the lead managing underwriter for an Underwritten Offering pursuant to Section 2(a) determines that marketing factors require a limitation on the number of Registrable Securities to be offered and sold by Requesting Holders in such offering, there shall be included in such offering only that number of Registrable Securities, if any, that such lead managing underwriter reasonably believes will not adversely affect the offering of all of the shares of Common Stock that the Company wishes to sell for its own account, that any Initiating Holder wishes to sell for its own account, or that any Institutional Investor or Management Holder wishes to sell for its own account in accordance with the Existing Registration Rights Agreement. In such event, or otherwise in connection with any offering other than an Underwritten Offering in which the inclusion of Registrable Securities could adversely affect the offering of all of the shares of Common Stock that the Company or the Initiating Holder wishes to sell for its own account or that the Institutional Investors or Management Holders wish to sell for their own account in accordance with the Existing Registration Rights Agreement, as reasonably determined by the Company, the securities to be included in such offering shall consist of (i) first, the securities the Company or the Initiating Holder, as the case may be, proposes to sell, (ii) second, the number, if any, of securities that are proposed to be sold pursuant to the Existing Registration Rights Agreement, (iii) third, the number, if any, of Registrable Securities that are requested to be included in such registration that, (a) in an Underwritten Offering, in the opinion of the lead managing underwriter of such Underwritten Offering, can be sold without adversely affecting the offering of all of the securities that the Company and any Initiating Holder wish to sell for their own account and that any Institutional Investors and Management Holders wish to sell for their own account in accordance with the Existing Registration Rights Agreement, or (b) in an offering other than an Underwritten Offering, can be sold without adversely affecting the offering of all of the securities that the Company and any Initiating Holder wish to sell for their own account and that any Institutional Investors and Management Holders wish to sell for their own account in accordance with the Existing Registration Rights Agreement, as reasonably determined by the Company, such amount of Registrable Securities to be allocated on a pro rata basis among the Holders of Registrable Securities who have requested that their securities be so included based on the number of Registrable Securities that each Holder thereof has requested to be so included, and (iv) fourth, any other securities which, after the date hereof, become subject to registration rights with respect to such registration.

(c) Nothing in this Section 2 shall create any liability on the part of the Company to any Holder if for any reason the Company shall decide not to file a registration statement proposed to be filed under Section 2(a) or to withdraw such registration statement subsequent to its filing, regardless of any action whatsoever that a Holder may have taken, whether as a result of the issuance by the Company of any notice hereunder or otherwise.

3. Procedures. In connection with the registration obligations of the

Company under Sections 1 and 2, the Company shall:

(a) (i) prepare and file with the SEC a Registration Statement with respect to such Registrable Securities on Form S-3 in the event of a registration pursuant to Section 1 (if the Company shall then be eligible to effect the requested registration on Form S-3) or on Form S-3 or such other form which counsel to the Company shall deem appropriate in the event of a registration pursuant to Section 2 and (ii) use its reasonable best efforts to cause such Registration Statement to become effective and to remain effective for the applicable period specified in Section 3(b);

(b) prepare and file with the SEC amendments and post-effective amendments to such Registration Statement and such amendments and supplements to the Prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration or as may be required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or rules and regulations thereunder necessary to keep such Registration Statement effective (i) in the case of an Underwritten Offering, until each underwriter has completed the distribution of all securities purchased by it and (ii) in the case of any other registration, for up to 120 days (or longer period in the event of a Section 3(e) Period or a Section 3(f) Period during such offering, as specified in Section 3(e) or 3(f)) and cause the Prospectus as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and otherwise to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until the earlier of (A) such 120th day (or such longer period) and (B) such time as all Registrable Securities covered by such Registration Statement have ceased to be Registrable Securities;

(c) furnish to each Holder of such Registrable Securities such number of copies of such Registration Statement and of each amendment and post-effective amendment thereto, any Prospectus or Prospectus supplement and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder (the Company hereby consenting to the use (subject to the limitations set forth in Section 4(b)) of the Prospectus or any amendment or supplement thereto in connection with such disposition);

(d) use its reasonable best efforts to register or qualify such Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as each Holder shall reasonably request, and to do any and all other acts and things which may be reasonably necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder, except that the Company shall not be required for any such purpose to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 3(d), it would not be obligated to be so qualified, to subject itself to taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

(e) notify each Holder of any such Registrable Securities covered by such Registration Statement, at any time when a Prospectus relating to such Registration Statement is required to be delivered under the Securities Act within the applicable period referred to in

Section 3(b), that the Company has become aware that the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing (the period during which the Holders are required in such case pursuant to Section 4(b) to refrain from effecting public sales or distributions of Registrable Securities being referred to as a "Section 3(e)

Period"), and prepare and furnish to such Holder, as soon as reasonably

practicable, a reasonable number of copies of an amendment to such Registration Statement or supplement to such related Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and the period for which such Registration Statement shall be kept effective shall be extended by the number of days in the Section 3(e) Period;

(f) in the event of the issuance of any stop order of which the Company is aware suspending the effectiveness of such Registration Statement, or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any Registrable Securities included in such Registration Statement for sale in any jurisdiction, notify each Holder of any Registrable Securities covered by such Registration Statement of such issuance and use its reasonable best efforts promptly to obtain the withdrawal of such stop order or other order, and the period for which such Registration Statement shall be kept effective shall be extended by a number of days equal to the number of days between the issuance of any stop order or other order and such Holder's receipt of notice from the Company of the withdrawal thereof (a "Section 3(f) Period"); and

(g) use its reasonable best efforts to comply, and to cause its Affiliates to comply, with Regulation M under the Exchange Act in connection with any distribution of Registrable Securities by any Holder pursuant to such Registration Statement.

4. Conditions of Obligation to Register Shares. The obligations of

the Company under this Agreement are subject to the conditions set forth in this Section 4.

(a) As a condition to the Company's obligation under this Agreement to cause Registrable Securities of any Holder to be included in a Registration Statement, such Holder shall timely provide the Company with all of the information required to be provided in the Registration Statement with respect to such Holder pursuant to Items 507 and 508 of Regulation S-K under the Securities Act (or any successor Items) or as otherwise may reasonably be required by the Company in connection with the Registration Statement.

(b) Each Holder shall comply with the prospectus delivery requirements of the Securities Act in connection with the offer and sale of Registrable Securities made by such Holder pursuant to any Registration Statement. Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e) or Section 3(f), each Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Prospectus or Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(e) or such

Holder's receipt of notice from the Company of the withdrawal of any stop order or other order referred to in Section 3(f), and, if so directed by the Company, shall deliver to the Company all copies, other than permanent files copies then in such Holder's possession, of the Prospectus covering such Registrable Securities at the time of receipt of such notice.

(c) To the extent required by the Securities Act or the rules or regulations thereunder, as reasonably determined by the Company, a Holder shall consent to disclosure in any Registration Statement to the effect that such Holder is or may be deemed to be an underwriter for purposes of the Securities Act in connection with the offering of Registrable Securities included in such Registration Statement.

(d) Each Holder shall comply, and shall cause its Affiliates to comply, with Regulation M under the Exchange Act in connection with the offer and sale of Registrable Securities made by such Holder pursuant to any Registration Statement. Each Holder shall use its reasonable best efforts to provide the Company with such information about such Holder's offer and sale of Registrable Securities pursuant to any Registration Statement as the Company shall reasonably require to enable the Company and its Affiliates to comply with Regulation M under the Exchange Act in connection with any such offer and sale.

5. Non-Subordination. From and after the date of this Agreement, the

Company shall not grant any piggyback registration rights to any other Person which are superior to the piggyback registration rights granted to the Holders pursuant to Section 2.

6. Registration Expenses. Except as otherwise provided in this

Agreement, the Company shall bear all expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses of the Company, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (if any) (excluding discounts and commissions) and other Persons retained by the Company. Each Holder shall pay all underwriting discounts and commissions, if any, all transfer taxes, if any, and all documentary stamp taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to a Registration Statement, and all fees and expenses of counsel to such Holder.

7. Indemnification; Contribution.

(a) The Company shall indemnify and hold harmless each Holder and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, disbursements and expenses, as incurred) (collectively, "Losses") incurred by

such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in, or any omission or alleged omission of a material fact required to be stated in, the Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement to any of the foregoing or necessary to make the statements therein (in the case of a Prospectus or a preliminary Prospectus, in the light of the circumstances then existing) not

misleading, except in each case insofar as such statements or omissions arise out of or are based upon (i) any such untrue statement or alleged untrue statement or omission or alleged omission made in reliance on and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder or its counsel expressly for use therein, (ii) the use of any Prospectus after such time as the obligation of the Company to keep effective the Registration Statement of which such Prospectus forms a part has expired or (iii) the use of any Prospectus after such time as the Company has advised such Holder that the filing of an amendment or supplement thereto is required, except such Prospectus as so amended or supplemented. Notwithstanding the foregoing provisions of this Section 7(a), the Company shall not be liable to any Holder or to any Person who controls such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) under the indemnity agreement in this Section 7(a) for any Losses that arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Prospectus if either (i) (A) such Holder failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale of Registrable Securities by such Holder to the Person asserting the claim from which such Losses arise and (B) the Prospectus would have corrected such untrue statement or alleged untrue statement or such omission or alleged omission, or (ii) (x) such untrue statement or alleged untrue statement or omission or alleged omission is corrected in an amendment or supplement to the Prospectus and (y) having previously been furnished by or on behalf of the Company with copies of the Prospectus as so amended or supplemented, such Holder thereafter fails to deliver such Prospectus, as so amended or supplemented, with or prior to the delivery of written confirmation of the sale of Registrable Securities by such Holder to the Person asserting the claim from which such Losses arise.

(b) In connection with any Registration Statement filed pursuant hereto, each Holder of Registrable Securities to be covered thereby shall indemnify and hold harmless the Company, its directors and officers, and each Person, if any, who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and all other Holders against all Losses incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in, or any omission or alleged omission of a material fact required to be stated in, the Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement to any of the foregoing or necessary to make the statements therein (in case of a Prospectus or preliminary Prospectus, in the light of the circumstances then existing) not misleading, but only to the extent that any such untrue statement or omission is made in reliance on and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder or its counsel specifically for use therein; provided, however, that the liability of each Holder hereunder shall be limited to the proportion of any such Losses that is equal to the proportion that the net proceeds from the sale of Registrable Securities sold by such Holder under such Registration Statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement.

(c) Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such indemnified party of any written notice of the commencement of any action, suit, proceeding or investigation or threat

thereof made in writing for which such indemnified party may claim indemnification or contribution pursuant to this Agreement, provided that failure to give such notification shall not affect the obligations of the indemnifying party pursuant to this Section 7 except to the extent the indemnifying party shall have been actually prejudiced as a result of such failure. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation, unless in the reasonable judgment of any indemnified party, based on the written opinion of counsel, a conflict of interest is likely to exist between the indemnifying party and such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all Holders of Registrable Securities who are indemnified parties, selected by the Holders of a majority of the Registrable Securities who are indemnified parties (which selection shall be reasonably satisfactory to the Company), (ii) more than one counsel for the underwriters in an Underwritten Offering or (iii) more than one counsel for the Company, in each case in connection with any one action or separate but similar or related actions. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, based on the written opinion of counsel, a conflict of interest is likely to exist between an indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel, provided that the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all Holders of Registrable Securities who are indemnified parties, selected by the Holders of a majority of the Registrable Securities who are indemnified parties (which selection shall be reasonably satisfactory to the Company), (ii) more than one counsel for the underwriters in an Underwritten Offering or (iii) more than one counsel for the Company, in each case in connection with any one action or separate but similar or related actions. No indemnifying party, in defense of any such action, suit, proceeding or investigation, shall, except with the consent of each indemnified party, consent to the entry of any judgment or entry into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such action, suit, proceeding or investigation to the extent such liability is covered by the indemnity obligations set forth in this Section 7. No indemnified party shall consent to entry of any judgment or entry into any settlement without the consent of each indemnifying party.

(d) If the indemnification from the indemnifying party provided for in this Section 7 is unavailable to an indemnified party hereunder in respect to any Losses, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in

connection with the actions which resulted in such Losses, as well as any other relevant equitable considerations; provided, however, that the liability of each Holder hereunder shall be limited to the proportion of any such Losses that is equal to the proportion that the net proceeds from the sale of Registrable Securities sold by such Holder under a Registration Statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in Section 7(c), any legal or other fees and expenses reasonably incurred by such indemnified party in connection with any investigation or proceeding. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The parties agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the consideration referred to in this Section 7(d). If indemnification is available under this Section 7, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 7(a) or 7(b), as the case may be, without regard to the relative fault of such indemnifying parties or indemnified party or any other equitable consideration provided for in this Section 7(d).

(e) The provisions of this Section 7 shall be in addition to any liability which any indemnifying party may have to any indemnified party and shall survive the termination of this Agreement.

8. Participation in Underwritten Offerings. No Holder may participate in

any Underwritten Offering pursuant to this Agreement unless such Holder (i) agrees to sell Registrable Securities on the basis provided in any underwriting arrangements approved by the Company and (ii) completes and executes all questionnaires, powers of attorney, custody agreements, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

9. Definitions. For purposes of this Agreement, the following terms

shall have the following meanings:

"Affiliate" means, with respect to any Person, at any time, any other

Person that, alone or together with any other Person, directly or indirectly controls, or is controlled by, or is under common control with such Person, provided that no stockholder of the Company shall be deemed an Affiliate of any other stockholder solely by reason of any investment in the Company. For purposes of this definition, the term "control" (including with correlative

meanings, the terms "controlling," "controlled by" and "under common control

with"), as used with respect to any Person, shall mean the possession, directly

or indirectly, of the power to direct or cause the

direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Business Day" means a day on which the principal offices of the SEC

in Washington, D.C. are open to accept filings or, in the case of determining a date on which any payment is due, any day which shall not be a legal holiday or a day on which banking institutions in New York City, New York or the Commonwealth of Virginia generally are authorized or required by law or other governmental actions to close.

"Effective Period" means the period commencing (i) on April 1, 2002

and (ii) ending on January 31, 2005.

"Exchange Act" means the Securities Exchange Act of 1934, as amended,

or any successor federal statute, as the same shall be in effect from time to time. Reference to a particular section of the Securities Exchange Act of 1934, as amended, shall include reference to the comparable section, if any, of any such successor federal statute.

"Excluded Registration" means a registration of Common Stock under the

Securities Act pursuant to a registration statement filed (i) on Form S-4 or Form S-8 or any successor forms, (ii) in connection with an exchange offer or an offering of securities solely to existing stockholders of the Company or employees of the Company or its subsidiaries or (iii) in connection with an offering of Common Stock issuable upon the conversion or exercise of other securities.

"Existing Registration Rights Agreement" mean that certain Registration

Rights Agreement, dated as of April 7, 1999, as amended from time to time, among the Company, each of the Institutional Investors named on Schedule A thereto and each of the Management Holders named on Schedule B thereto.

"Holder" means First Union and, subject to Section 10(b), any wholly

owned subsidiary of First Union to which First Union has transferred any Warrant or Registrable Securities and which has agreed to become bound by the provisions of this Agreement in accordance with Section 10(b), but only so long as First Union or such other wholly owned subsidiary of First Union holds Registrable Securities.

"Institutional Investor" means each of the Institutional Investors

named on Schedule A to the Existing Registration Rights Agreement that is entitled to registration rights thereunder.

"Management Holder" each of the Management Holders named on Schedule B

to the Existing Registration Rights Agreement that is entitled to registration rights thereunder.

"Person" means any individual, corporation, partnership, limited

liability company, limited liability partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization.

"Prospectus" means the prospectus included in any Registration

Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by any Registration Statement, and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Registrable Securities" means (i) any shares of Common Stock issued

or issuable upon exercise of any Warrant and (ii) any shares of Common Stock issued or issuable with respect to the shares of Common Stock referred to in clause (i) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. For the purposes of this Agreement, any particular Registrable Securities shall cease to be Registrable Securities on the date and to the extent that (i) a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act and such Registrable Securities have been disposed of pursuant to such effective Registration Statement, (ii) such Registrable Securities have been distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (iii) such Registrable Securities have been otherwise issued, transferred or disposed of, certificates therefor not bearing a legend restricting further transfer shall have been delivered by the Company and, at such time, subsequent transfer or disposition of such securities shall not require registration of such securities under the Securities Act, (iv) all such Registrable Securities held by any Holder may be sold by such Holder without any time, volume or manner limitations pursuant to Rule 144(k) (or any similar provision then in force) under the Securities Act or (v) such Registrable Securities have ceased to be outstanding.

"Registration Statement" means any registration statement of the

Company referred to in Section 1 or 2, including any Prospectus, amendments and supplements to any such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in any such registration statement.

"Related Securities" means any securities of the Company similar or

identical to any of the Registrable Securities, including, without limitation, Common Stock and all options, warrants, rights and other securities convertible into, or exchangeable or exercisable for, Common Stock.

"Securities Act" means the Securities Act of 1933, as amended, or any

successor federal statute, as the same shall be in effect from time to time. Reference to a particular section of the Securities Act of 1933, as amended, shall include reference to the comparable section, if any, of any such successor federal statute.

"Underwritten Offering" shall mean an underwritten offering in which

securities of the Company are sold to an underwriter for reoffering to the public.

10. Miscellaneous.

(a) Amendments and Waivers. The provisions of this Agreement,

including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or

consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent thereto of Holders of a majority of the Registrable Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose securities are requested to be registered pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities requested to be registered by such Holders pursuant to such Registration Statement; provided that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Securities outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 10(a), whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(b) Successors and Assigns; Binding Effect. The right to have

Registrable Securities registered pursuant to Sections 1 and 2 may be only assigned (but only with all related obligations hereunder) by First Union in connection with a transfer of any Warrant or any Registrable Securities to a wholly owned subsidiary of First Union which, after such transfer, holds at least 20% of the Registrable Securities, provided that such assignment of rights under this Agreement shall be effective only if (i) immediately thereafter the further disposition of such securities by such transferee is restricted under the Securities Act and (ii) such transferee agrees in writing to become a Holder under this Agreement and to be bound by the provisions hereof. Except as set forth above, this Agreement and the respective rights and obligations hereunder shall not be assigned by any party except with the prior written consent of the non-assigning party, which consent shall be subject to the sole discretion of the non-assigning party. This Agreement shall inure to the benefit of and be binding upon the parties hereto and any successor and permitted assign thereof. Except to the extent provided in Section 7, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(c) Severability. Whenever possible, each provision of this

Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(d) Counterparts. This Agreement may be executed simultaneously in

two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same Agreement.

(e) Descriptive Headings. The descriptive headings of this Agreement

are inserted for convenience only and do not constitute a part of this Agreement.

(f) Notices. All notices and other communications given or made

pursuant hereto, unless otherwise specified, shall be in writing and shall be deemed to be effectively given as follows: (i) upon personal delivery to the party to be notified; (ii) when delivered by facsimile, if delivered on or before 5:00 p.m., New York City time, and, if not, then on the next Business Day (with hard copy (which shall not constitute notice) sent for next Business Day delivery by a nationally recognized overnight courier); (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one Business Day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices and communications shall be sent to the parties hereto at the respective addresses set forth below, or as notified by such party from time to time at least ten days prior to the effectiveness of such notice:

If to the Company:

Trex Company, Inc.
160 Exeter Drive
Winchester, Virginia 22603-8605
Attn: General Counsel
Facsimile: (540) 542-6887

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

Hogan & Hartson L.L.P.
8300 Greensboro Drive
Suite 1100
McLean, Virginia 22102
Attn: Richard J. Parrino, Esquire
Facsimile: (703) 610-6200

If to the Holder:

First Union National Bank
301 South College Street, DC-5
One First Union - 5th Floor
Charlotte, North Carolina 28288-0760
Attn: Barbara Carroll
Facsimile: (704) 374-6319

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

Kutak Rock LLP
Suite 800
Bank of America Center
1111 East Main Street
Richmond, Virginia 23219-3500
Attn: Fiona Tower, Esquire
Facsimile: (804) 783-6192

Any Person other than First Union that becomes a Holder hereunder shall provide its address and facsimile transmission number to the Company, which shall promptly provide such information to each other Holder.

(g) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED

IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

(h) Termination. This Agreement shall terminate when there are no

Registrable Securities remaining, except that any liabilities or obligations under Sections 6 and 7 shall remain in effect in accordance with their terms. No termination of any provision of this Agreement shall relieve any party of any liability for any breach of such provision occurring prior to such termination.

(i) Entire Agreement. This Agreement is intended by the parties to

be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights. No party hereto shall have any rights, duties or obligations other than those specifically set forth in this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

First Union National Bank,
a national banking association

Trex Company, Inc.

By: /s/ Barbara Gell Carroll

Name: Barbara Gell Carroll

Title: Senior Vice President/Director

By: /s/ Robert Matheny

Name: Robert Matheny

Title: President

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. EXCEPT AS OTHERWISE SET FORTH HEREIN, NEITHER THIS WARRANT NOR ANY OF SUCH SHARES MAY BE SOLD, PLEDGED, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF (A) IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL TO THE HOLDER THEREOF, IN FORM, SUBSTANCE AND SCOPE REASONABLY ACCEPTABLE TO TREX COMPANY, INC., THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR SUCH LAWS, OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, AND (B) EXCEPT IN ACCORDANCE WITH THE OTHER REQUIREMENTS SET FORTH IN THIS WARRANT.

TREX COMPANY, INC.

Common Stock Purchase Warrant
Expiring January 31, 2005

No. W-1

November 13, 2001

This certifies that, for value received, First Union National Bank, a national banking association (together with its successors and registered assigns hereunder, the "Holder"), is entitled to purchase from Trex Company, Inc., a Delaware corporation (together with its successors and assigns, the "Company"), Seven Hundred and Seven Thousand Five Hundred and Fifty-Seven (707,557) fully paid and nonassessable shares (the "Number of Shares") of the common stock, par value \$.01 per share, of the Company (the "Common Stock"), subject to the terms and conditions set forth below in this Warrant. The purchase price per share of Common Stock issuable under this Warrant (the "Purchase Price") shall be the average of the Market Price (as hereinafter defined) of the Common Stock for the twenty (20) consecutive trading days beginning on October 30, 2001, rounded down to the nearest cent (\$.01). The Number of Shares and the Purchase Price are subject to adjustment from time to time as set forth below in this Warrant.

The term "Warrant" as used herein means this Warrant and all other Common Stock Purchase Warrants issued by the Company in exchange, replacement or substitution therefor. Certain other capitalized terms used in this Warrant are defined in Section 8.

1. Exercise.

1.1. Time for Exercise. Subject to the terms and conditions of this

Warrant, this Warrant may be exercised to purchase from the Company Three Hundred and Fifty-Three Thousand Seven Hundred and Seventy-Nine (353,779) shares of Common Stock at any time and from time to time during the period commencing on the date that the Purchase Price is

determined in accordance with the first paragraph of this Warrant and expiring at 5:00 p.m., New York City time, on January 31, 2005 (the "Expiration Date"). Subject to the following sentence and the other terms and conditions of this Warrant, this Warrant may be exercised to purchase from the Company Three Hundred and Fifty-Three Thousand Seven Hundred and Seventy-Eight (353,778) additional shares of Common Stock (the "Remaining Number of Shares") at any time and from time to time during the period commencing on July 1, 2002 and expiring on the Expiration Date, but only if the Company Repayment Event shall not have occurred. If the Company Repayment Event shall have occurred, this Warrant shall not at any time become or be exercisable for the Remaining Number of Shares and, effective as of the date and time of the Company Repayment Event, the conditional right of the Holder hereunder to purchase the Remaining Number of Shares shall terminate and be of no further force or effect.

1.2. Manner of Exercise. Subject to Section 1.1 and the other terms and

conditions of this Warrant, this Warrant may be exercised by the Holder, in whole or in part, on any date (i) by surrender of this Warrant to the Company at its principal executive offices during normal business hours together with the exercise form, in the form attached hereto as Exhibit A, duly completed and

signed, (a) setting forth, among other information, the number of shares of Common Stock for which this Warrant is then being exercised (the "Exercise Number") and the aggregate purchase price therefor and (b) containing the representations and warranties set forth in such exercise form, and (ii) by delivery of payment for the Exercise Number, in cash or by certified or official bank check payable to the order of the Company, in an amount equal to the Exercise Number multiplied by the Purchase Price.

1.3. Effect of Exercise. Within five (5) Business Days after any valid

exercise of this Warrant, in whole or in part, the Company shall cause to be issued in the name of, and delivered to, the Holder or, subject to Section 2, such other Person (upon payment by the Holder of any applicable transfer taxes or other charges pursuant to Section 2.9) as the Holder may direct in writing to the Company, (i) a certificate or certificates representing the number of shares of Common Stock to which the Holder shall be entitled upon such exercise (subject to Section 1.4) and (ii) if this Warrant is exercised only in part, a new Warrant of like tenor representing the Number of Shares not purchased in such partial exercise. Such shares of Common Stock issuable upon such exercise of this Warrant shall be deemed to have been issued, and the Person receiving such shares of Common Stock shall be deemed to be the holder of record thereof, immediately prior to the close of business on the date the actions required pursuant to Section 1.2 shall have been completed or, if on such date the stock transfer books of the Company are closed, immediately prior to the close of business on the next Business Day. Notwithstanding the foregoing provisions of this Section 1.3, the Company shall not be required to deliver (or cause to be delivered) certificates representing shares of Common Stock issued upon any exercise of this Warrant if, as of the date of such exercise, transfers of the Common Stock shall be effectuated in book-entry form.

1.4. No Fractional Shares. No fractional shares of Common Stock shall be

issued upon any exercise of this Warrant. If any exercise of this Warrant would result in the issuance of a fractional share of Common Stock, such fractional share shall be disregarded and, in the sole discretion of the Company, (i) the number of shares of Common Stock issuable upon such exercise of this Warrant shall be rounded up to the next higher number of whole shares of Common Stock or (ii) the Company shall pay to the Holder, in lieu of such fractional share, cash

in an amount equal to the product of (x) such fraction multiplied by (y) the Market Price on the date of such exercise.

1.5. No De Minimis Exercises. This Warrant shall not be exercised unless

the Exercise Number is (i) equal to or greater than one thousand (1,000) shares of Common Stock (which number shall be adjusted proportionately to any adjustment to the Number of Shares pursuant to Section 5) or (ii) if less than one thousand (1,000) shares of Common Stock (subject to adjustment as aforesaid), all of the shares of Common Stock for which this Warrant shall then be exercisable.

2. Restrictions on Transfer of Warrants and Common Stock.

2.1. Restrictive Legends. Except as otherwise permitted by this Section

2, each Warrant shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. EXCEPT AS OTHERWISE SET FORTH HEREIN, NEITHER THIS WARRANT NOR ANY OF SUCH SHARES MAY BE SOLD, PLEDGED, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF (A) IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL TO THE HOLDER THEREOF, IN FORM, SUBSTANCE AND SCOPE REASONABLY ACCEPTABLE TO TREX COMPANY, INC., THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR SUCH LAWS, OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT, AND (B) EXCEPT IN ACCORDANCE WITH THE OTHER REQUIREMENTS SET FORTH IN THIS WARRANT."

Except as otherwise permitted by this Section 2, each certificate representing Common Stock issued upon the exercise of a Warrant and each stock certificate issued upon the transfer of any such Common Stock shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THE SHARES MAY NOT BE SOLD, PLEDGED, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SHARES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL TO THE HOLDER THEREOF, IN FORM, SUBSTANCE AND SCOPE REASONABLY ACCEPTABLE TO TREX COMPANY, INC., THAT REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OR SUCH LAWS, OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE SECURITIES ACT."

In addition to the foregoing legends, each Warrant and each certificate representing Common Stock issued upon the exercise of a Warrant shall have such marks of identification or designation and such legends or endorsements thereon as the Company deems appropriate, so long as such marks, legends or endorsements are not inconsistent with the provisions of this Warrant, or as are required to comply with any applicable law, rule or regulation or with any rule or regulation of any stock exchange or automated quotation system on which the Common Stock may be listed or quoted from time to time.

2.2. Notice of Proposed Transfer; Opinions of Counsel. Prior to any sale,

pledge, transfer, assignment or other disposition (any such transaction, a "Transfer") of any Restricted Securities which is not registered under an effective registration statement under the Securities Act, the holder thereof shall give written notice to the Company of such holder's intention to effectuate such Transfer and shall comply in all other respects with this Section 2. Each such notice, which shall be given to the Company at least ten (10) Business Days prior to the date of the Proposed Transfer, shall (i) describe the manner and circumstances of the proposed Transfer and (ii) unless such proposed Transfer shall be effectuated in accordance with Rule 144 under the Securities Act, be accompanied by an opinion of counsel to such holder, in form, substance and scope reasonably acceptable to the Company, to the effect that registration of such Transfer is not required under the Securities Act or applicable state securities laws.

2.3. Termination of Securities Law Restrictions. The restrictions on

Transfers of Restricted Securities imposed by Section 2.2 shall cease and terminate as to any particular Restricted Securities (i) when the Transfer of such Restricted Securities shall have been registered and effectuated under the Securities Act or (ii) when, in the opinion of counsel to the holder thereof (which opinion shall be in form, substance and scope reasonably acceptable to the Company), such restrictions are no longer required in order to ensure compliance with the Securities Act and applicable state securities laws. Whenever such restrictions shall cease and terminate as to any Restricted Securities, the holder thereof shall be entitled to receive from the Company, without expense (other than applicable transfer taxes or other charges, if any, pursuant to Section 2.9), new Warrants of like tenor or certificates representing the Common Stock, as the case may be, not bearing the applicable legends required by Section 2.1.

2.4. Restrictions on Transfers Prior to July 1, 2002. Prior to July 1,

2002, the Holder shall not Transfer any portion of this Warrant pursuant to which any of the Remaining Number of Shares may become issuable. On and after July 1, 2002, in the event the Company Repayment Event shall not have occurred, the Holder shall have the right to make any such Transfer in compliance with the other provisions of this Section 2.

2.5. No Transfers to Non-Affiliates. No holder of a Warrant shall

Transfer any portion of such Warrant to any Person other than (i) First Union National Bank, a national banking association ("First Union"), or any successor thereto, or (ii) a wholly owned subsidiary of First Union.

2.6. No Transfers to Competitors. Notwithstanding any other provision of

this Section 2, the Holder shall not Transfer all or any portion of this Warrant or the shares of Common Stock issuable upon exercise hereof to any Competitor of the Company. For the purposes of this Warrant, the term "Competitor" means any Person (other than the Company or

any subsidiary thereof) which is engaged as its principal line of business in the Company's Business. For the purposes of this Warrant, the term "Company's Business" means the manufacture and sale of decking products for residential and commercial decking and for non-decking product applications, including, without limitation, applications for parks and recreational areas, floating and fixed docks and other marine applications, and landscape edging.

2.7. Manner of Transfer of Warrant. Within ten (10) Business Days after

any surrender of this Warrant to the Company in connection with a Transfer that complies with this Section 2, together with (i) an assignment form, in the form of Exhibit B attached hereto, duly completed and signed, and (ii) any other

applicable documentation required as a condition to such Transfer pursuant to this Section 2 (which shall include an investment letter, executed by the proposed transferee of this Warrant, containing representations and warranties by such transferee to the same effect as the representations and warranties set forth in Section 3 and a certification by the Holder that such Transfer complies with Sections 2.5 and 2.6), the Company shall execute and deliver to such transferee and, if applicable, the Holder, Warrants of like tenor evidencing the rights of (i) such transferee to purchase the number of shares of Common Stock specified in such assignment form and (ii) the Holder to purchase the number of shares of Common Stock for which any untransferred portion of this Warrant is then exercisable, which in the aggregate shall equal the Number of Shares which may be purchased under this Warrant as of the date this Warrant is surrendered to the Company for Transfer. Notwithstanding any other provision of this Section 2, the Company shall not be required to effectuate any partial Transfer of this Warrant if any new Warrant issued in exchange, replacement or substitution therefor would represent the right to purchase fewer than one thousand (1,000) shares of Common Stock, which number shall be adjusted proportionately to any adjustment to the Number of Shares pursuant to Section 5.

2.8. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt from

the Holder of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, an indemnity agreement or security reasonably satisfactory to the Company or, in the case of any mutilation of this Warrant, upon surrender of this Warrant for cancellation, the Company shall, within ten (10) Business Days thereafter, execute and deliver to the Holder a replacement Warrant of like tenor representing the right to purchase the same Number of Shares as this Warrant. An indemnity agreement provided by First Union shall be satisfactory to the Company for purposes of this Section 2.8.

2.9. Transfer Taxes and Other Charges. The Company shall pay when due and

payable all transfer taxes and other charges (other than any applicable income taxes) that may be payable in connection with the preparation, issuance and delivery of stock certificates representing shares of Common Stock issued upon exercise of this Warrant or in connection with any transfer of this Warrant; provided, however, that the Company shall not be required to pay any transfer tax or other charge imposed as a result of any issuance and delivery of any such stock certificate or Warrant registered in any name other than the name of the initial Holder of this Warrant. The Company shall not be required to issue or deliver any such stock certificate or Warrant until it receives evidence satisfactory to it that any such transfer tax or other charge has been paid by such Holder.

3. Representations and Warranties of the Holder. By its acceptance of this

Warrant, the Holder shall be deemed to have represented and warranted to the Company as follows:

3.1. Acquisition for Investment. The Holder is acquiring this Warrant and

the shares of Common Stock issuable upon exercise of this Warrant for its own account, for investment and not with a view to, or for sale in connection with, the distribution thereof within the meaning of the Securities Act.

3.2. Accredited Investor Status. The Holder is an institutional

"accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act. The Holder has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in this Warrant and the Common Stock and is capable of bearing the economic risks of such investment. The Holder understands that its investment in this Warrant and the Common Stock involves a significant degree of risk.

3.3. Information. The Holder and its advisers, if any, have been

furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of this Warrant and the shares of Common Stock issuable upon exercise of this Warrant which have been requested by the Holder or such advisers. The Holder and such advisers have been afforded the opportunity to ask questions of the Company's management concerning the Company, this Warrant and the shares of Common Stock issuable upon exercise of this Warrant.

3.4. No Governmental Review. The Holder understands that no governmental

entity has passed upon or made any recommendation or endorsement of this Warrant or the shares of Common Stock issuable upon exercise of this Warrant.

3.5. Sale or Transfer. The Holder understands that the offering and sale

of this Warrant and the shares of Common Stock issuable upon exercise of this Warrant have not been, and will not be, registered under the Securities Act or any applicable state securities laws, and that such securities may not be Transferred by the Holder unless such securities are Transferred in accordance with Section 2 of this Warrant.

3.6. Residency. The principal offices of the Holder and the offices of

the Holder in which it made its decision to purchase this Warrant and the shares of Common Stock issuable upon exercise of this Warrant are located in Charlotte, North Carolina.

3.7. No Consents or Approvals. The performance and exercise of this

Warrant by the Holder shall not require any consent, order, approval or authorization of, notification or submission to, filing with, license or permit from, or exemption or waiver by, any governmental entity on the part of the Holder.

4. Ownership and Exchange of Warrants.

4.1. Ownership of Warrants. The Company may treat the Person in whose

name this Warrant is registered on the register kept at the principal executive offices of the Company as the owner and holder of this Warrant for all purposes, notwithstanding any notice to the contrary, except that, if and when this Warrant is properly assigned in blank, the Company may,

but shall not be obligated to, treat the holder thereof as the owner of this Warrant for all purposes, notwithstanding any notice to the contrary. This Warrant, if properly Transferred in accordance with Section 2, may be exercised by a new holder without a new Warrant first having been issued.

4.2. Exchange of Warrants. This Warrant is exchangeable, upon the

surrender hereof by the Holder at the principal executive offices of the Company during normal business hours, for two or more new Warrants of like tenor representing in the aggregate the right to purchase the number of shares of Common Stock which may then be purchased upon exercise of this Warrant; provided, however, that the Company shall not be required pursuant to this Section 4.2 to issue any new Warrant that would represent the right to purchase fewer than twenty-five thousand (25,000) shares of Common Stock, which number shall be adjusted proportionately to any adjustment to the Number of Shares pursuant to Section 5. Subject to the preceding sentence, each such new Warrant shall represent the right to purchase such number of shares of Common Stock as shall be designated by the Holder at the time of such surrender.

4.3. Terms and Conditions of New Warrants. Any reference in this Warrant

to the issuance by the Company of a new Warrant "of like tenor" in exchange, replacement or substitution for this Warrant shall mean the issuance of a new Warrant containing the same terms and conditions as this Warrant, except that each new Warrant shall state, in lieu of the corresponding provisions of this Warrant, (i) the dates on which such new Warrant is issued and shall be initially exercisable, (ii) the Number of Shares for which, and the Purchase Price at which, such new Warrant is initially exercisable and (iii) such other terms and conditions as shall be consistent with the provisions of this Warrant. Any reference in this Warrant to the Remaining Number of Shares and the Company Repayment Event, including this sentence, may be deleted from any new Warrant in which such references are not applicable.

5. Adjustment Provisions. If any of the following events shall occur at any

time after the date of this Warrant and prior to the Expiration Date, the following adjustments shall be made:

5.1. Stock Splits and Reverse Stock Splits. If the outstanding shares of

Common Stock are subdivided (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) into a greater number of shares of Common Stock, then, as of the record date for effecting such subdivision, the Purchase Price in effect immediately prior to such subdivision shall be reduced proportionately and the Number of Shares in effect immediately prior to such subdivision shall be increased proportionately. If the outstanding shares of Common Stock are combined (by any reverse stock split, recapitalization, reorganization, reclassification or otherwise) into a smaller number of shares of Common Stock, then, as of the record date for effecting such combination, the Purchase Price in effect immediately prior to such combination shall be increased proportionately and the Number of Shares in effect immediately prior to such combination shall be reduced proportionately.

5.2. Dividends. If the Company shall declare a dividend on the Common

Stock in cash, property or other securities, other than a dividend for which an adjustment is required pursuant to Section 5.1, the Company shall, at the time of any exercise of this Warrant after the date of record for determining the stockholders entitled to such dividend, deliver to the Holder, in addition to the Exercise Number for which exercise is thereby made, the amount of such

dividend in cash, property or other securities that would have been received by the Holder if the Holder had exercised this Warrant for such Exercise Number immediately prior to the close of business on the record date for the determination of stockholders entitled to receive such dividend.

5.3. Reorganizations and Asset Sales. If the Company (i) consummates any

reorganization or reclassification of the Common Stock, other than a subdivision or combination of the Common Stock for which an adjustment is required pursuant to Section 5.1 or a dividend for which an adjustment is required pursuant to Section 5.2, (ii) consolidates with or merges into any other Person and is not the continuing or surviving corporation of such consolidation or merger, (iii) permits any other Person to consolidate with or merge into the Company in a transaction in which the Company shall be the continuing or surviving Person, but in connection with which the Common Stock shall be changed into or exchanged for other securities of any other Person or any other property, or (iv) sells or otherwise disposes of all or substantially all of its assets to any other Person and thereafter is dissolved (any event referred to in clause (i), (ii), (iii) or (iv) above, an "Event"), so that, as a result of any such Event, holders of the Common Stock are entitled to receive securities or other property by reason of their ownership of the Common Stock, then, upon any exercise of this Warrant after the consummation of such Event, the Holder shall have the right to receive the amount and kind of securities or other property which the Holder would have received upon the consummation of such Event if such exercise had been effective immediately prior to the consummation of such Event. The Company shall not consummate any Event unless, prior to or simultaneously with the consummation of such Event, the successor Person resulting from any such consolidation or merger (if other than the Company), or the Person purchasing all or substantially all of the Company's assets, assumes by a binding written instrument (i) the performance of the Company's obligations under this Warrant, as adjusted, as nearly as reasonably practicable, to reflect such Event, and (ii) the obligation to deliver to the Holder such securities or other property as, in accordance with the foregoing provisions of this Section 5.3, the Holder may be entitled to receive.

5.4. Other Securities Adjustments. If, as a result of the operation of

this Section 5, the Holder is entitled to receive any securities other than Common Stock upon any exercise of this Warrant, the number and purchase price of such securities shall thereafter be adjusted from time to time in the same manner as provided pursuant to this Section 5 with respect to the Common Stock.

5.5. Minimum Adjustment of Purchase Price. No adjustment of the Purchase

Price shall be made in an amount of less than 1% of the Purchase Price in effect at the time such adjustment is otherwise required to be made pursuant to this Section 5, but any such lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any and all adjustments so carried forward, shall amount to at least 1% of such Purchase Price; provided, however, that upon any exercise of this Warrant, the Company shall make all necessary adjustments not theretofore made to the Purchase Price by reason of the foregoing provision of this Section 5.5, up to and including the date of such exercise.

5.6. Notices.

5.6.1. Notice of Adjustments. When any adjustment is required to be

made pursuant to this Section 5, the Company shall (i) determine such adjustment, (ii) prepare and retain on file a statement describing in reasonable detail the method used in computing such adjustment and (iii) cause a copy of such statement, together with any agreement required by Section 5.3, to be mailed to the Holder within twenty (20) Business Days after the date on which the circumstances giving rise to such adjustment occurred.

5.6.2. Notice of Certain Events. If at any time (i) the Company

shall declare any dividend on the Common Stock, other than a dividend payable in Common Stock in connection with any stock split, (ii) an Event shall occur or (iii) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall give the Holder written notice thereof at least twenty (20) Business Days prior to the date on which the books of the Company shall be closed or before the record date shall be fixed with respect to such event. Such notice shall also specify the date as of which the holders of the Common Stock shall participate in any such dividend or shall be entitled to exchange their Common Stock for securities or other property with respect to such event. Such notice may state that any of the foregoing events or dates is subject to the effectiveness of a registration statement under the Securities Act, to a favorable vote or determination of stockholders, to action by any governmental entity, or to other conditions. Failure to give any such notice or any defect therein shall not affect the validity of any of the events referred to in clause (i), (ii) or (iii) above.

5.7. Computations and Adjustments. Upon each computation of an adjustment

pursuant to this Section 5, the Purchase Price shall be rounded down to the nearest cent (\$.01) and the Number of Shares shall be rounded up to the nearest whole share of Common Stock. Notwithstanding any changes in the Purchase Price or the Number of Shares provided herein, this Warrant may continue to state the initial Purchase Price and the initial Number of Shares. Alternatively, the Company may elect to issue a new Warrant or Warrants of like tenor for any additional shares of Common Stock issuable under this Warrant or, upon the surrender of this Warrant, to issue a replacement Warrant evidencing the aggregate Number of Shares and the Purchase Price to which the Holder is entitled after any adjustment pursuant to this Section 5.

5.8. Exercise Before Payment Date. In the event that this Warrant is

exercised after the record date for any event requiring an adjustment pursuant to this Section 5, but prior to the consummation of such event, the Company may elect, but shall not be obligated, to defer issuing to the Holder any payment or additional securities required by such adjustment until such event is consummated; provided, however, that in any such event the Company shall deliver a "due bill" or other appropriate instrument to the Holder transferable to the same extent as the Common Stock issuable upon exercise of this Warrant which shall evidence the Holder's right to receive such additional payment or securities upon the consummation of the event requiring such adjustment.

6. Covenants.

6.1. Reservation of Common Stock and Other Securities. During the period

in which this Warrant may be exercised, the Company shall reserve and keep available, solely for

issuance and delivery upon exercise of this Warrant, the number of shares of Common Stock and, if applicable, other securities issuable from time to time upon exercise of this Warrant, and shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock and, if applicable, other securities to be sufficient for such purpose.

6.2. Valid Issuance. All securities issuable upon exercise of this Warrant

shall be duly authorized and, when issued upon such exercise, shall be validly issued and, in the case of shares of Common Stock, fully paid and nonassessable.

6.3. Listing. The Company shall use its reasonable best efforts to cause

the shares of Common Stock and, if applicable, other securities issuable upon exercise of this Warrant to be (i) listed on any national securities exchange on which the Common Stock or such other class of securities is then listed or (ii) authorized for trading and quoted on the Nasdaq National Market if the Common Stock or such other class of securities is then authorized for trading and quoted on the Nasdaq National Market.

6.4. Delivery of Information. Within fifteen (15) Business Days after the

date on which the Company first sends such information to its stockholders, the Company shall deliver to the Holder copies of all financial statements, annual reports, proxy statements and other information which the Company shall have sent to its stockholders generally.

7. Status of Holder.

7.1. Holder Not Deemed a Stockholder. The Holder shall not, as a holder of

this Warrant, be deemed for any purpose to be the holder of the shares of Common Stock or other securities which at any time may be issuable upon exercise of this Warrant. Unless the Holder exercises this Warrant in accordance with its terms, the Holder shall not have any rights of a stockholder of the Company, including, without limitation, any right to vote for the election of directors of the Company or upon any other matters submitted to the stockholders of the Company at any meeting thereof, to give or withhold consent to any corporate action by the Company or, except as expressly provided in this Warrant, to receive any notice of any meetings or other actions affecting stockholders of the Company.

7.2. Limitation of Liability. Unless the Holder exercises this Warrant in

accordance with its terms, the Holder's rights and privileges hereunder shall not give rise to any liability of the Holder for payment of the Purchase Price or as a stockholder of the Company, whether to the Company or to the creditors of the Company.

8. Definitions. As used in this Warrant, the following terms shall have the

meanings set forth below:

"Business Day" means any day except Saturday, Sunday and any legal holiday

or a day on which banking institutions in New York City, New York or the Commonwealth of Virginia generally are authorized or required by law or other governmental actions to close.

"Company Repayment Event" means the payment in full by the Company of all

amounts outstanding under, and the termination or retirement of, the Secured Revolver, Term Loan A and the Letter of Credit, in each case on or before June 30, 2002.

"Letter of Credit" means Letter of Credit SM413821 issued by First Union for

the account of TREX Company, LLC.

"Market Price" means, with respect to any date specified in this Warrant,

the price per share of Common Stock that is equal to (i) the last sale price of such Common Stock, regular way, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof on such date, in each case as officially reported on the New York Stock Exchange or, if applicable, other principal national securities exchange on which the Common Stock is then listed or admitted to trading, (ii) if such Common Stock is not then listed or admitted for trading on any national securities exchange but is quoted on the Nasdaq National Market or the Nasdaq SmallCap Market System (collectively, "Nasdaq"), the last sale price of the Common Stock on such date as reported by Nasdaq, or if there shall have been no sales on such date, the average of the closing bid and asked prices of the Common Stock on such date as reported by the Nasdaq, (iii) if such Common Stock is not then listed or admitted to trading on any national securities exchange or quoted on Nasdaq, the average of the closing bid and asked prices of the Common Stock on such date as quoted on the over-the-counter market or (iv) in the event none of the foregoing applies, the fair value thereof determined in good faith by the Board of Directors of the Company as of the last day of the most recently completed fiscal quarter of the Company.

"Person" means any corporation, limited liability company, partnership,

trust, organization, association, other entity or individual.

"Restricted Securities" means all of the following (i) any Warrant bearing

the applicable legend or legends referred to in Section 2.1, (ii) any shares of Common Stock which have been issued upon exercise of a Warrant and which are evidenced by a certificate or certificates bearing the applicable legend or legends referred to in Section 2.1 and (iii) any shares of Common Stock which are at the time issuable upon the exercise of any Warrant and which, when so issued, shall be evidenced by a certificate or certificates bearing the applicable legend or legends referred to in Section 2.1.

"Secured Revolver" means the \$17,000,000 "Revolving Loan" as defined in and

made pursuant to that certain Second Amended and Restated Credit Agreement dated as of September 30, 2001, among the Company, TREX Company, LLC and First Union.

"Term Loan A" means the loan evidenced by that certain promissory note in

the principal amount of \$58,000,000 dated September 30, 2001, made by the Company and TREX Company, LLC to the order of First Union.

"Securities Act" means the Securities Act of 1933, as amended, and the rules

and regulations of the Securities and Exchange Commission thereunder, all as the same shall be in effect at the time.

9. General Provisions. -----

9.1. Complete Agreement; Amendments and Waivers. This Warrant and any

documents referred to herein constitute the entire agreement of the Company and the Holder with respect to the subject matter hereof and supersede all agreements, representations, warranties,

statements, promises and understandings, whether oral or written, with respect to the subject matter hereof. Except as provided in the last sentence of this Section 9.1, the provisions of this Warrant or any other Warrant, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of the holders of Warrants representing a majority of the aggregate number of shares of Common Stock issuable under all Warrants outstanding as of such date of such consent. Notwithstanding the foregoing, a waiver or consent to departure from the provisions of any Warrant with respect to a matter that relates exclusively to the rights of the holder of such Warrant and that does not affect the rights of holders of other Warrants may be given by the holder of such Warrant; provided that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence. Each holder of a Warrant outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 9.1, whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on such Warrant or is delivered to such holder. The Company may amend or supplement any Warrant without the consent of the holder of such Warrant to cure any ambiguity or to correct any defective or inconsistent provision or clerical omission or mistake or manifest error contained in such Warrant; provided, that any amendment or supplement referred to in the preceding clause does not, and shall not, in the good faith opinion of the Board of Directors of the Company, adversely affect, adversely alter or adversely change the rights, privileges or immunities of such holder; and provided, further, that the Company shall provide such holder with written notice of each such amendment or supplement.

9.2. Additional Documents. The Company and the Holder agree to execute

any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out the provisions of this Warrant.

9.3. Notices. All notices, demands, requests, consents or other

communications to be given or delivered under or by reason of the provisions of this Warrant shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) telecopied to the recipient (with hard copy (which shall not constitute notice) sent to the recipient by reputable overnight courier service (charges prepaid) that same day), if telecopied before 5:00 p.m. New York City time, on a Business Day, and otherwise on the next Business Day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) Business Day after being sent to the recipient by reputable overnight courier service, specifying next day delivery, with written verification of receipt. Such notices, demands, requests, consents and other communications shall be sent to the following Persons at the following addresses: if to the Holder, at the address shown for such Holder on the books of the Company, or at such other address as shall have been furnished to the Company by notice from the Holder at least ten (10) days prior to the effectiveness of such notice; and if to the Company, to Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: General Counsel, Facsimile No.: (540) 542-6887, or at such other address as shall have been furnished to the Holder by notice from the Company at least ten (10) days prior to the effectiveness of such notice.

9.4. Governing Law. THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA APPLICABLE TO
AGREEMENTS MADE AND TO BE PERFORMED IN THE COMMONWEALTH OF VIRGINIA (WITHOUT
REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF).

9.5. No Third-Party Benefits; Successors and Assigns. None of the

provisions of this Warrant shall be for the benefit of, or enforceable by, any
third party. Except as provided herein to the contrary, this Warrant shall be
binding upon and inure to the benefit of the parties, their respective
successors and permitted assigns. The Holder may assign its rights and
obligations under this Warrant if such assignment complies with the requirements
of Section 2. The Company may assign its rights and obligations under this
Warrant only in connection with a merger, consolidation or sale of substantially
all of the Company's operating assets to the extent expressly permitted by, and
in compliance with all the requirements of, Section 5.3.

9.6. Severability. The validity, legality or enforceability of the

remainder of this Warrant shall not be affected even if one or more of its
provisions shall be held to be invalid, illegal or unenforceable in any respect.

9.7. Descriptive Headings. The descriptive headings of the several

Sections of this Warrant are inserted for purposes of reference only, and shall
not affect the meaning or construction of any of the provisions hereof.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed effective as of November 13, 2001.

TREX COMPANY, INC.

By: /s/ Robert Matheny

Name: Robert Matheny

Title: President

Attest:

By: /s/ Lynn E. MacDonald

Name: Lynn E. MacDonald

Its: Secretary

EXHIBIT A

EXERCISE FORM

(To Be Executed Upon Exercise of Warrant)

The undersigned registered holder of the within Warrant, pursuant to the provisions set forth therein, hereby irrevocably exercises the within Warrant and agrees to purchase _____ shares of Common Stock of Trex Company, Inc. (the "Company") covered by such Warrant (the "Warrant Shares"), and makes payment herewith in full therefor at the price per share provided by such Warrant in cash or by certified or official bank check in the aggregate amount of \$_____. The undersigned requests the Company to issue a certificate or certificates for such _____ Warrant Shares in the name of _____, whose address is _____, and, if such number of Warrant Shares shall not be all of the shares of Common Stock of the Company purchasable under the within Warrant, to issue a new Warrant in the name of the undersigned covering the balance of the shares of Common Stock of the Company purchasable thereunder.

Pursuant to the within Warrant, the undersigned hereby makes the following representations and warranties in connection with the exercise of such Warrant:

1. The undersigned is acquiring the Warrant Shares for its own account, for investment and not with a view to, or for sale in connection with, the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. The undersigned is an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act. The undersigned has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Warrant Shares and is capable of bearing the economic risks of such investment. The undersigned understands that its investment in the Warrant Shares involves a significant degree of risk.

3. The undersigned and its advisers have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the Warrant Shares which have been requested by the undersigned or its advisers. The undersigned and its advisers have been afforded the opportunity to ask questions of the Company's management concerning the Company and the Warrant Shares.

4. The undersigned understands that the sale of the Warrant Shares has not been, and will not be, registered under the Securities Act or any applicable state securities laws, and that the Warrant Shares may not be sold or otherwise transferred unless the Warrant Shares are sold or transferred in accordance with Section 2 of the within Warrant.

5. The principal offices of the undersigned and the offices of the undersigned in which it made its decision to exercise this Warrant are located in _____.

6. The undersigned, (ii) if the undersigned is an insurance company, is not acquiring the Warrant Shares or any interest therein with assets allocated to any separate account maintained by the undersigned in which any employee benefit plan (or its related trust) has any interest or (ii) if the undersigned is a bank, no part of the funds used to acquire the Warrant Shares will be drawn from any trust fund or other account held by the undersigned in which any employee benefit plan has any interest. As used herein, the terms "employee benefit plan" and "separate account" shall have the respective meanings assigned thereto in Section 3 of the Employee Retirement Income Security Act of 1974, as amended.

7. The undersigned is not a Competitor of the Company, as such term is defined in Section 2.6 of the within Warrant.

[NAME OF HOLDER]

Dated: _____

By: _____
(Signature must conform in all respects to name of holder as specified on the face of the within Warrant)

Name: _____
(Please Print)

Title: _____

Address: _____

Employer Identification Number,
Social Security Number or other
identifying number: _____

EXHIBIT B

ASSIGNMENT FORM
(To Be Executed Upon Transfer of Warrant)

FOR VALUE RECEIVED, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers all the rights of the undersigned under the within Warrant to purchase the number of shares of Common Stock of Trex Company, Inc. covered thereby as set forth hereinbelow to:

Name of Assignee	Address	No. of Shares
-----	-----	-----

, and hereby irrevocably constitutes and appoints _____ as agent and attorney-in-fact to transfer such Warrant on the books of Trex Company, Inc., with full power of substitution in the premises.

[NAME OF HOLDER]

Dated: _____ By: _____
(Signature must conform in all respects to name of holder as specified on the face of the within Warrant)

In the presence of:

_____ Name: _____
(Please Print)

Title: _____

Address: _____

Employer Identification Number,
Social Security Number or other
identifying number: _____

TRANSFeree:

Name: _____
(Please Print)

Address: _____

Employer Identification Number,
Social Security Number or other
identifying number: _____