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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

The number of shares of the registrant's common stock, par value $.01 per share, outstanding at October 20, 2015 was 30,866,899 shares.

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TREX COMPANY, INC.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

TREX COMPANY, INC.

Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 2,532	$ 9,544
Accounts receivable, net	80,396	36,391
Inventories	16,955	23,747
Prepaid expenses and other current assets	4,879	6,288
Deferred income taxes	9,860	9,271
Total current assets	114,622	85,241
Property, plant and equipment, net	105,944	98,716
Goodwill and other intangibles	10,528	10,534
Other assets	1,537	1,333
Total assets	$ 232,631	$ 195,824
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 10,146	$ 20,050
Accrued expenses	22,548	20,660
Accrued warranty	7,744	8,744
Line of credit	48,500	—
Total current liabilities	88,938	49,454
Deferred income taxes	3,708	3,708
Non-current accrued warranty	28,211	25,097
Other long-term liabilities	3,774	4,180
Total liabilities	124,631	82,439
Stockholders' equity:		
Preferred stock, $0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.01 par value, 80,000,000 shares authorized; 34,779,891 and 34,800,552 shares issued and 30,865,162 and 32,020,123 shares outstanding at September 30, 2015 and December 31, 2014, respectively	348	348
Additional paid-in capital	116,571	116,740
Retained earnings	111,309	71,297
Treasury stock, at cost, 3,914,729 and 2,780,429 shares at September 30, 2015 and December 31, 2014, respectively	(120,228)	(75,000)
Total stockholders' equity	108,000	113,385
Total liabilities and stockholders' equity	$ 232,631	$ 195,824

See Accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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TREX COMPANY, INC.

Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	$ 94,023	$ 95,502	$ 351,602	$ 317,458
Cost of sales	71,880	65,133	228,688	203,897
Gross profit	22,143	30,369	122,914	113,561
Selling, general and administrative expenses	15,698	15,902	58,763	54,468
Income from operations	6,445	14,467	64,151	59,093
Interest expense, net	157	167	482	791
Income before income taxes	6,288	14,300	63,669	58,302
Provision for income taxes	2,544	5,387	23,657	21,934
Net income	$ 3,744	$ 8,913	$ 40,012	$ 36,368
Basic earnings per common share	$ 0.12	$ 0.28	$ 1.27	$ 1.12
Basic weighted average common shares outstanding	31,227,643	31,606,264	31,547,212	32,538,832
Diluted earnings per common share	$ 0.12	$ 0.28	$ 1.25	$ 1.10
Diluted weighted average common shares outstanding	31,537,010	32,008,781	31,923,255	32,966,317
Comprehensive income	$ 3,744	$ 8,913	$ 40,012	$ 36,368

See Accompanying Notes to Condensed Consolidated
Financial Statements (Unaudited).

TREX COMPANY, INC.

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

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating Activities		
Net income	$ 40,012	$ 36,368
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,920	11,449
Deferred income taxes	(589)	—
Stock-based compensation	4,021	3,672
Loss on disposal of property, plant and equipment	168	169
Excess tax benefits from stock compensation	(2,437)	(12,677)
Other non-cash adjustments	(269)	(245)
Changes in operating assets and liabilities:		
Accounts receivable	(44,005)	(7,698)
Inventories	6,792	7,789
Prepaid expenses and other assets	(310)	(415)
Accounts payable	(9,904)	(2,027)
Accrued expenses and other liabilities	3,626	(3,690)
Income taxes receivable/payable	4,126	12,630
Net cash provided by operating activities	12,151	45,325
Investing Activities		
Expenditures for property, plant and equipment	(18,279)	(8,794)
Proceeds from sales of property, plant and equipment	35	48
Purchase of acquired company, net of cash acquired	(32)	(44)
Notes receivable, net	—	59
Net cash used in investing activities	(18,276)	(8,731)
Financing Activities		
Borrowings under line of credit	199,000	139,000
Principal payments under line of credit	(150,500)	(136,000)
Repurchases of common stock	(52,081)	(52,892)
Proceeds from employee stock purchase and option plans	257	690
Excess tax benefits from stock compensation	2,437	12,677
Net cash used in financing activities	(887)	(36,525)
Net (decrease) increase in cash and cash equivalents	(7,012)	69
Cash and cash equivalents, beginning of period	9,544	3,772
Cash and cash equivalents, end of period	$ 2,532	$ 3,841
Supplemental Disclosure:		
Cash paid for interest, net of capitalized interest	$ 390	$ 498
Cash paid for income taxes, net	$ 20,164	$ 9,342

See Accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Notes to Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2015 and 2014
(Unaudited)

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (Company) is the world's largest manufacturer of wood-alternative decking and railing products, which are marketed under the brand name Trex®. The Company is incorporated in Delaware. The principal executive offices are located at 160 Exeter Drive, Winchester, Virginia 22603, and the telephone number at that address is (540) 542-6300. The Company operates in one business segment.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the accompanying condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments except as otherwise described herein) considered necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements. Certain prior year amounts in the accompanying condensed consolidated financial statements have been reclassified to conform to the current year presentation. The consolidated results of operations for the nine months ended September 30, 2015 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 audited consolidated financial statements as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 included in the Annual Report of Trex Company, Inc. on Form 10-K, as filed with the U.S. Securities and Exchange Commission (SEC).

The Company's critical accounting policies are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

3. NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, "*Revenue from Contracts with Customers*." The new standard provides a single, comprehensive model for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new standard requires an entity to recognize revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to a customer. In August 2015, the FASB issued Accounting Standards Update No. 2015-14, "*Revenue From Contracts with Customers (Topic 606): Deferral of the Effective Date,*" which deferred the effective date of the standard by one year. The deferral results in the new revenue standard being effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company is currently assessing the impact of the adoption of this new standard on its consolidated financial statements and footnote disclosures and has not yet selected a method of adoption.

On April 7, 2015, the FASB issued Accounting Standards Update No. 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*" (ASU 2015-03), which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. Debt issuance costs are specific incremental costs, other than those paid to the lender, that are directly attributable to issuing a debt instrument. The effective date of the new standard is for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. In August 2015, the FASB amended ASU 2015-03 to include the guidance that SEC staff would not object to an entity deferring and presenting debt issuance costs related to line-of-credit arrangements as an asset, subsequently amortizing the related deferred debt issuance costs as an asset, and subsequently amortizing the related deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company does not believe the standard will have a material impact on its consolidated financial statements and footnote disclosures.

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4. INVENTORIES

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

	September 30, 2015	December 31, 2014
Finished goods	$ 21,655	$ 32,756
Raw materials	20,599	16,290
Total FIFO (first-in, first-out) inventories	42,254	49,046
Reserve to adjust inventories to LIFO value	(25,299)	(25,299)
Total LIFO inventories	$ 16,955	$ 23,747

The Company utilizes the LIFO method of accounting for inventory, which generally provides for the matching of current costs with current revenues. However, under the LIFO method, reductions in annual inventory balances cause a portion of the Company's cost of sales to be based on historical costs rather than current year costs (LIFO liquidation). Reductions in interim inventory balances expected to be replenished by year-end do not result in a LIFO liquidation. Accordingly, interim LIFO calculations are based, in part, on management's estimates of expected year-end inventory levels and costs which may differ from actual results. There were no LIFO inventory liquidations or related impact on cost of sales in the nine months ended September 30, 2015 or 2014. Since inventory levels and costs are subject to factors beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

5. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	September 30, 2015	December 31, 2014
Accrued sales and marketing	$ 10,456	$ 5,963
Accrued compensation and benefits	7,548	9,201
Accrued manufacturing expenses	1,062	1,307
Accrued rent obligations	909	1,372
Other	2,573	2,817
Total accrued expenses	$ 22,548	$ 20,660

6. DEBT

The Company's outstanding debt consists of a revolving credit facility.

Revolving Credit Facility

The Company currently has a Second Amended and Restated Credit Agreement that provides the Company with one or more revolving loans in a collective maximum principal amount of $150 million from January 1 through June 30 of each year, and a maximum principal amount of $100 million from July 1 through December 31 of each year throughout the term, which ends November 20, 2019.

The Company had $48.5 million of outstanding borrowings under its revolving credit facility and remaining available borrowing capacity of approximately $51.5 million at September 30, 2015.

Compliance with Debt Covenants and Restrictions

The Company's ability to make scheduled principal and interest payments, borrow and repay amounts under any outstanding revolving credit facility and continue to comply with any loan covenants depends primarily on the Company's ability to generate sufficient cash flow from operations.

As of September 30, 2015, the Company was in compliance with all of the covenants contained in its debt agreements. Failure to comply with the loan covenants might cause lenders to accelerate the repayment obligations under the credit facility, which may be declared payable immediately based on a default.

7. FINANCIAL INSTRUMENTS

The Company considers the recorded value of its financial assets and liabilities, consisting primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities to approximate the fair value of the respective assets and liabilities at September 30, 2015 and December 31, 2014.

8. STOCKHOLDERS' EQUITY

Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator:				
Net income available to common shareholders	$ 3,744	$ 8,913	$ 40,012	$ 36,368
Denominator:				
Basic weighted average shares outstanding	31,227,643	31,606,264	31,547,212	32,538,832
Effect of dilutive securities:				
Stock appreciation rights and options	182,082	237,602	216,276	268,016
Restricted stock	127,285	164,915	159,767	159,469
Diluted weighted average shares outstanding	31,537,010	32,008,781	31,923,255	32,966,317
Basic earnings per share	$ 0.12	$ 0.28	$ 1.27	$ 1.12
Diluted earnings per share	$ 0.12	$ 0.28	$ 1.25	$ 1.10

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Restricted stock and stock options	2,004	10,444	668	3,511
Stock appreciation rights	7,726	3,340	2,575	2,625

Stock Repurchase Programs

On October 23, 2014, the Company's Board of Directors authorized a common stock repurchase program of up to two million shares of the Company's outstanding common stock (Stock Repurchase Program). This authorization had no expiration date. During the three months ended September 30, 2015, the Company repurchased 1,134,300 shares for $45.2 million under the Stock Repurchase Program. On October 22, 2015, the Company's Board of Directors terminated the Stock Repurchase Program adopted on October 23, 2014, and adopted a new stock repurchase program of up to three million one hundred fifty thousand (3,150,000) shares of the Company's outstanding common stock (2015 Stock Repurchase Program). This authorization has a termination date of December 31, 2016. As of October 27, 2015, no shares have been purchased under the 2015 Stock Repurchase Program.

9. STOCK-BASED COMPENSATION

The Company has one stock-based compensation plan, the 2014 Stock Incentive Plan (Plan), approved by the Company's stockholders in April 2014. The Plan amended and restated in its entirety the Trex Company, Inc. 2005 Stock Incentive Plan. The Plan is administered by the Compensation Committee of the Company's Board of Directors. Stock-based compensation is granted to officers, directors and certain key employees in accordance with the provisions of the Plan. The Plan provides for grants of stock options, restricted stock, restricted stock units, stock appreciation rights (SARs), and unrestricted stock. As of September 30, 2015, the total aggregate number of shares of the Company's common stock that may be issued under the Plan is 6,420,000.

In 2014, the Company began granting performance-based restricted stock in addition to the time-based restricted stock it previously granted. The performance-based restricted shares have a three-year vesting period, vesting one-third each year based on target earnings before interest, taxes, depreciation and amortization for 1 year, cumulative 2 years and cumulative 3 years, respectively. The number of shares that vest, with respect to each vesting, will be between 0% and 200% of the target number of shares.

The fair value of each SAR is estimated on the date of grant using a Black-Scholes option-pricing formula. For SARs issued in the nine months ended September 30, 2015 and 2014, respectively, the assumptions shown in the following table were used:

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Weighted-average fair value of grants	$ 16.26	$ 18.02
Dividend yield	0%	0%
Average risk-free interest rate	1.6%	1.7%
Expected term (years)	5	5
Expected volatility	43%	53%

The following table summarizes the Company's stock-based compensation grants for the nine months ended September 30, 2015:

	Nine Months Ended September 30, 2015	
	Stock Awards Granted	Weighted-Average Grant Price Per Share
Time-based restricted stock	57,408	$ 43.84
Performance-based restricted stock	34,638	$ 43.89
Stock appreciation rights	15,585	$ 41.19

The Company recognizes stock-based compensation expense ratably over the period from the grant date to the earlier of: (1) the vesting date of the award, or (2) the date the grantee is eligible to retire without forfeiting the award. For performance-based restricted stock, expense is recognized ratably over the performance and vesting period of each tranche based on management's judgment of the ultimate award that is likely to be paid out based on the achievement of the predetermined performance measures. The following table summarizes the Company's stock-based compensation expense for the three months and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Stock appreciation rights	$ 111	$ 222	$ 400	$ 813
Time-based restricted stock	750	769	2,245	2,247
Performance-based restricted stock	432	205	1,320	570
Employee stock purchase plan	11	21	56	42
Total stock-based compensation	$ 1,304	$ 1,217	$4,021	$ 3,672

Total unrecognized compensation cost related to unvested awards as of September 30, 2015 was $3.2 million. The cost of these unvested awards is being recognized over the requisite vesting period of each award.

10. INCOME TAXES

The Company's effective tax rate for the nine months ended September 30, 2015 and 2014 was 37.2% and 37.6% respectively, which resulted in expense of $23.7 million and $21.9 million, respectively.

The Company analyzes its deferred tax assets in each reporting period, considering all available positive and negative evidence, in determining the expected realization of those deferred tax assets. As of September 30, 2015, the Company maintains a valuation allowance of $4.5 million against deferred tax assets related to state tax credits it estimates will expire before they are realized.

During the nine months ended September 30, 2015, the Company realized $2.4 million of excess tax benefits from stock-based awards and, accordingly, recorded an increase to additional paid-in capital.

The Company operates in multiple tax jurisdictions and, in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities, and the Company accrues a liability when it believes that it is more likely than not that benefits of tax positions will not be realized. The Company believes that adequate provisions have been made for all tax returns subject to examination. As of September 30, 2015, federal tax years 2012 through 2014 remain subject to examination. Sales made to foreign distributors are not taxable in any foreign jurisdictions as the Company does not have a taxable presence in any foreign jurisdiction.

11. SEASONALITY

The Company's operating results have historically varied from quarter to quarter, often attributable to seasonal trends in the demand for Trex products. The Company has historically experienced lower net sales during the fourth quarter because holidays and adverse weather conditions in certain regions reduce the level of home improvement and construction activity.

12. COMMITMENTS AND CONTINGENCIES

Contract Termination Costs

In anticipation of relocating its corporate headquarters, the Company entered into a lease agreement in 2005. The Company reconsidered and decided not to move its headquarters. The agreement obligates the Company to lease 55,047 square feet of office space through June 30, 2019. As of September 30, 2015, the Company has executed subleases for 49,756 square feet of the leased space and is currently marketing the remaining portion of the space to find suitable tenants. The Company estimates that the present value of the estimated future sublease receipts, net of transaction costs, will be less than the remaining minimum lease payment obligations under its lease and has recorded a liability for the expected shortfall. During the nine months ended September 30, 2015 and 2014, the Company recorded charges of $0.2 million and $1.0 million, respectively, to selling, general and administrative expenses due to changes in its estimate of future sublease receipts.

To estimate future sublease receipts, the Company has assumed that existing subleases will be renewed or new subleases will be executed at rates consistent with rental rates in the current subleases or estimated market rates and that existing vacancies will be filled within one year. However, management cannot be certain that the timing of future subleases or the rental rates contained in future subleases will not differ from current estimates. Factors such as the availability of commercial office space, market conditions and subtenant preferences will influence the terms achieved in future subleases. The inability to sublet the office space in the future or unfavorable changes to key assumptions used in the estimate of the future sublease receipts may result in material charges to selling, general and administrative expenses in future periods.

As of September 30, 2015, minimum payments remaining under the Company's lease relating to its reconsidered corporate relocation over the years ending December 31, 2015, 2016, 2017, 2018 and 2019 are $0.5 million, $1.9 million, $1.9 million, $2.0 million and $1.0 million, respectively. Net minimum receipts remaining under the Company's existing subleases over the years ending December 31, 2015, 2016, 2017, 2018 and 2019 are $0.0 million, $1.1 million, $1.2 million, $1.3 million and $0.7 million, respectively.

The following table provides information about the Company's liability related to the lease (in thousands):

	2015	2014
Beginning balance, January 1	$3,033	$1,787
Net rental payments	(903)	(281)
Accretion of discount	173	125
Increase in net estimated contract termination costs	206	1,018
Ending balance, September 30	$2,509	$2,649

Product Warranty

The Company warrants that its products will be free from material defects in workmanship and materials. This warranty generally extends for a period of 25 years for residential use and 10 years for commercial use. With respect to TrexTrim™ and Trex Reveal® Railing, the warranty period is 25 years for both residential and commercial use. With respect to the Company's Transcend®, Enhance®, Select® and Universal Fascia product, the Company further warrants that the product will not fade in color more than a certain amount and will be resistant to permanent staining from food substances or mold, provided the stain is cleaned within seven days of appearance. This warranty extends for a period of 25 years for residential use and 10 years for commercial use. If there is a breach of such warranties, the Company has an obligation either to replace the defective product or refund the purchase price.

The Company continues to receive and settle surface flaking claims related to material produced at its Nevada facility prior to 2007 and maintains a warranty reserve to provide for the settlement of these claims. Estimating the warranty reserve for surface flaking claims requires management to estimate (1) the number of claims to be settled with payment and (2) the average cost to settle each claim.

To estimate the number of claims to be settled with payment, the Company utilizes actuarial techniques to quantify both the expected number of claims to be received and the percentage of those claims that will ultimately require payment (collectively, elements). Estimates for these elements are quantified using a range of assumptions derived from claim count history and the identification of factors influencing the claim counts, including the downward trend in received claims due to the passage of time since production of the suspect material. The cost per claim varies due to a number of factors, including the size of affected decks, the type of replacement material used, the cost of production of replacement material and the method of claim settlement.

The Company monitors surface flaking claims activity each quarter for indications that its estimates require revision. Typically, a majority of surface flaking claims received in a year are received during the summer outdoor season, which spans the second and third quarters. It has been the Company's practice to utilize the actuarial techniques discussed above during the third quarter, after a significant portion of all claims has been received for the fiscal year and variances to annual claims expectations are more meaningful. The number of surface flaking claims received continues to decline each year and amounts paid to settle such claims during 2015 are significantly lower than during 2014. However, through the third quarter of 2015, both the number of claims received and the average cost per claim were slightly higher than expectations. As a result and after actuarial review, the Company revised its estimate and recorded an increase to the warranty reserve of $5.4 million during the third quarter. The Company believes that its reserve at September 30, 2015 is sufficient to cover future surface flaking obligations.

The Company's analysis is based on currently known facts and a number of assumptions, as discussed above. Projecting future events such as the number of claims to be received, the number of claims that will require payment and the average cost of claims could cause the actual warranty liabilities to be higher or lower than those projected which could materially affect the Company's financial condition, results of operations or cash flows. The Company estimates that the annual number of claims received will continue to decline over time and that the average cost per claim will increase slightly, primarily due to inflation. If the level of claims received or average cost per claim differs materially from expectations, it could result in additional increases or decreases to the warranty reserve and a decrease or increase in earnings and cash flows in future periods. The Company estimates that a 10% change in the expected number of remaining claims to be settled with payment or the expected cost to settle claims may result in approximately a $3.2 million change in the surface flaking warranty reserve.

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

	2015	2014
Beginning balance, January 1	$31,419	$40,312
Changes in estimates related to pre-existing warranties	5,426	—
Settlements made during the period	(5,286)	(6,647)
Ending balance, September 30	$31,559	$33,665

The remainder of the Company's warranty reserve represents amounts accrued for non-surface flaking claims.

Legal Matters

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

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

The following management discussion should be read in conjunction with the Trex Company, Inc. (Company, we or our) Annual Report on Form 10-K for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and the footnotes thereto included in Part I, Item 1. "Financial Statements" of this quarterly report.

NOTE ON FORWARD-LOOKING STATEMENTS

This management's discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements regarding our expected financial position and operating results, our business strategy, our financing plans, forecasted demographic and economic trends relating to our industry and similar matters are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," "intend" or similar expressions. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Our actual results could be materially different from our expectations because of various factors, including the factors discussed under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC. These statements are also subject to risks and uncertainties that could cause the Company's actual operating results to differ materially. Such risks and uncertainties include, but are not limited to: the extent of market acceptance of the Company's products; the costs associated with the development and launch of new products and the market acceptance of such new products; the sensitivity of the Company's business to general economic conditions; the impact of seasonal and weather-related demand fluctuations on inventory levels in the distribution channel and sales of the Company's products; the availability and cost of third-party transportation services for the Company's products; the Company's ability to obtain raw materials at acceptable prices; the Company's ability to maintain product quality and product performance at an acceptable cost; the level of expenses associated with product replacement and consumer relations expenses related to product quality; and the highly competitive markets in which the Company operates.

OVERVIEW

General. Trex Company, Inc. is the world's largest manufacturer of wood-alternative decking and railing products, which are marketed under the brand name Trex ® and manufactured exclusively in the United States. We offer a comprehensive set of aesthetically durable, low maintenance product offerings in the decking, railing, porch, fencing, trim, steel deck framing, and outdoor lighting categories. We believe that the range and variety of our product offerings allow consumers to design much of their outdoor living space using Trex brand products. A majority of our products are made in a proprietary process that combines waste wood fibers and scrap polyethylene. Our products are provided in a wide selection of popular sizes and lengths and are available with several finishes and numerous colors. Trex products offer a number of significant aesthetic advantages over wood while eliminating many of wood's major functional disadvantages, which include warping, splitting and other damage from moisture. Our products require no staining, are resistant to moisture damage, provide a splinter-free surface and do not require chemical treatment against rot or insect infestation. Like wood, Trex products are slip-resistant (even when wet) but are less vulnerable to damage from ultraviolet rays. Special characteristics (including resistance to splitting, the ability to bend, and ease and consistency of machining and finishing) facilitate deck, railing, fencing and trim installation, reduce contractor call-backs and afford customers a wide range of design options.

We offer the following products:

- Three principal decking products: Trex Transcend®, Trex Select®, and Trex Enhance®. Each product features a protective shell for enhanced protection against fading, staining, mold and scratching.
- Three principal railing products: Trex Transcend Railing, Trex Reveal® aluminum railing, and Trex Select Railing. Trex Transcend Railing is available in the colors of Trex Transcend decking and finishes that make it appropriate for use with Trex decking products as well as other decking materials, which we believe enhances the sales prospects of our railing products. Trex Reveal aluminum railing is available in three colors and is for consumers who want a sleek, contemporary aesthetic look. Trex Select Railing is provided in white for consumers who desire a simple clean finished look for their deck.
- Trex Transcend Porch Flooring and Railing System, which is an integrated system of porch components and accessories;
- Trex Elevations®, a triple-coated steel deck framing system that offers more durability compared to pressure treated lumber;
- Trex Seclusions®, a fencing line offered through two specialty distributors and consists of structural posts, bottom rail, pickets, top rail and decorative post caps;

- Two outdoor lighting systems, Trex Deck Lighting™ and Trex Landscape Lighting™, which are energy efficient, LED dimmable deck lighting systems designed for use on posts, floors and steps. The line includes a post cap light, deck rail light, riser light and a recessed deck light, and an energy-efficient well light, path light, multifunction light, and spotlight; and,
- TrexTrim™, a low maintenance cellular PVC residential exterior trim product that offers exceptional workability, durability, visual appeal and a low level of required maintenance.

In addition, we offer Trex Hideaway®, which is a hidden fastening system for specially grooved boards.

Highlights for the nine months ended September 30, 2015:

- Net sales of $351.6 million for the nine months ended September 2015, an increase of 10.8% compared to net sales of $317.5 million for the nine months ended September 30, 2014.
- Earnings before taxes of $63.7 million for the nine-month period ended September 2015, an increase of 9.2% compared to $58.3 million for the same period in 2014.
- Net income of $40.0 million for the nine-month period ended September 2015, or $1.25 per diluted share, compared to $36.4 million, or $1.10 per diluted share, for the same period in 2014.

Net Sales. Net sales consist of sales and freight, net of returns and discounts. The level of net sales is principally affected by sales volume and the prices paid for Trex products. Our branding and product differentiation strategy enables us to command premium prices over wood products. Our operating results have historically varied from quarter to quarter, often due to seasonal trends in the demand for Trex. We have historically experienced lower net sales during the fourth quarter because holidays and adverse weather conditions in certain regions reduce the level of home improvement and construction activity.

Sales Incentives / Early Buy Program: As part of our normal business practice and consistent with industry practices, we have historically provided our distributors and dealers incentives to build inventory levels before the start of the prime deck-building season to ensure adequate availability of product to meet anticipated seasonal consumer demand and to enable production planning. These incentives, which together we reference as our "early buy program," include payment discounts and favorable payment terms. In addition, from time to time we may offer price discounts or volume rebates on specified products and other incentives based on increases in purchases as part of specific promotional programs.

We launched our early buy program for the 2015 decking season in December 2014. The timing and terms of the 2015 program were generally consistent with the timing and terms of the 2014 program launched in December 2013. To qualify for early buy program incentives, customers must commit to the terms of the program which specify eligible products and quantities, order deadlines and available terms, discounts and rebates. There are no product return rights granted to our distributors except those granted pursuant to the warranty provisions of our agreements with distributors. In addition, our products are not susceptible to rapid changes in technology that may cause them to become obsolete. The early buy program can have a significant impact on our sales, receivables and inventory levels. Refer to the liquidity and capital resources section for further discussion of significant impacts on our receivables and inventory levels.

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

Product Warranty. We continue to receive and settle surface flaking claims related to material produced at our Nevada facility prior to 2007 and maintain a warranty reserve to provide for the settlement of these claims. We monitor surface flaking claims activity each quarter for indications that our estimates require revision. Typically, a majority of surface flaking claims received in a fiscal year are received during the summer outdoor season, which spans the second and third fiscal quarters. It has been our practice to utilize actuarial techniques during the third quarter, after a significant portion of all claims has been received for the fiscal year and variances to annual claims expectations are more meaningful. The number of surface flaking claims received continues to decline each year and amounts paid to settle such claims during 2015 are significantly lower than during 2014. However, through the third quarter of 2015, both the number of claims received and the average cost per claim were slightly higher than expectations. As a result and after actuarial review, the Company revised its estimate and recorded an increase to the warranty reserve of $5.4 million during the third quarter. The Company's actuarial analysis was based on currently known facts and a number of assumptions. Projecting future events such as the number of claims to be received, the number of claims that will require payment and the average cost of claims could cause the actual warranty liabilities to be higher or lower than those projected which could materially affect the Company's financial condition, results of operations or cash flows. The Company estimates that the annual number of claims received will continue to decline over time and that the average cost per claim will increase slightly, primarily due to inflation. If the level of claims received or average cost per claim differs materially from expectations, it could result in additional increases or decreases to the warranty reserve and a decrease or increase in earnings and cash flows in future periods.

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

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Claims unresolved, beginning of period	2,872	4,249
Claims received (1)	2,547	2,765
Claims resolved (2)	(2,446)	(3,497)
Claims unresolved, end of period	2,973	3,517
Average cost per claim (3)	$ 2,608	$ 2,270

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

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

RESULTS OF OPERATIONS

Below we have included a discussion of our operating results and material changes in our operating results for the three months ended September 30, 2015 (2015 quarter) compared to the three months ended September 30, 2014 (2014 quarter) and for the nine months ended September 30, 2015 (2015 nine-month period) compared to the nine months ended September 30, 2014 (2014 nine-month period).

Three Months Ended September 30, 2015 Compared To The Three Months Ended September 30, 2014

Net Sales

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	$ Change	% Change
	(dollars in thousands)			
Net sales	$ 94,023	$ 95,502	$ (1,479)	(1.5)%

The 1.5% decrease in net sales in the 2015 quarter compared to the 2014 quarter was due to a 1.0% decrease in sales volume and a 0.5% decrease in the average price per unit. The slight decrease in net sales volume during the 2015 quarter is a reflection of elevated net sales during the 2014 quarter due to climate effects in the early part of 2014 that extended the decking season into the latter part of 2014. The decrease in average price per unit in the 2015 quarter was due to increasing sales in the entry level market during the 2015 quarter.

Gross Profit

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	$ Change	% Change
	(dollars in thousands)			
Cost of sales	$ 71,880	$ 65,133	$ 6,747	10.4%
% of net sales	76.4%	68.2%		
Gross profit	$ 22,143	$ 30,369	$ (8,226)	(27.1)%
Gross margin	23.6%	31.8%		

Gross profit as a percentage of net sales, gross margin, decreased 8.2% to 23.6% in the 2015 quarter from 31.8% in the 2014 quarter. The decrease in gross margin was primarily the result of a $7.0 million adjustment to warranty reserves, the majority of which related to surface flaking. Excluding the adjustment to the warranty reserve, gross margin decreased slightly by 0.8% to 31.0%.

Selling, General and Administrative Expenses

	Three Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 15,698	$ 15,902	$ (204)	(1.3)%
% of net sales	16.7%	16.7%		

The slight decrease in selling, general and administrative expenses in the 2015 quarter compared to the 2014 quarter was primarily due to general spending reductions. As a percentage of net sales, total selling, general and administrative expenses remained constant in the 2015 quarter compared to the 2014 quarter.

Interest Expense

	Three Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Interest expense	$ 157	$ 167	$ (10)	(6.0%)

The decrease in interest expense during the 2015 quarter compared to the 2014 quarter was due to a lower effective interest rate under the revolving credit facility.

Provision for Income Taxes

	Three Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Provision for income taxes	$ 2,544	$ 5,387	$ (2,843)	(52.8)%
Effective tax rate	40.5%	37.6%		

The effective tax rate of 40.5% for the 2015 quarter increased when compared to the 2014 quarter effective rate due to the recognition of certain unfavorable permanent book-to-tax differences and reduced earnings before taxes during the 2015 quarter.

Nine Months Ended September 30, 2015 Compared To The Nine Months Ended September 30, 2014

Net Sales

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Net sales	$ 351,602	$ 317,458	$34,144	10.8%

The increase in net sales in the 2015 nine-month period compared to the 2014 nine-month period was due to an 8.0% increase in sales volume and a 2.5% increase in the average price per unit. We attribute the increase in sales volume to market share gains and an increase in demand for wood-alternative products. The increase in average price per unit in the 2015 nine-month period was a result of price increases on some of our 2015 decking products and a product mix shift to higher-priced products.

Gross Profit

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Cost of sales	$ 228,688	$ 203,897	$24,791	12.2%
% of net sales	65.0%	64.2%		
Gross profit	$ 122,914	$ 113,561	$ 9,353	8.2%
Gross margin	35.0%	35.8%		

Gross profit as a percentage of net sales, gross margin, for the 2015 nine-month period decreased 2.2% due to a $7.8 million increase to the warranty reserve, primarily related to surface flaking. The decrease was partially offset by a 1.4% increase in gross margin resulting from a product mix shift to higher-margin products.

Selling, General and Administrative Expenses

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 58,763	$ 54,468	$ 4,295	7.9%
% of net sales	16.7%	17.2%		

The increase in selling, general and administrative expenses in the 2015 nine-month period compared to the 2014 nine-month period was attributable to a $4.3 million increase in personnel-related expenses primarily due to incentive compensation and severance pay and $2.2 million higher branding spend due to the launch of our new marketing campaign in the 2015 nine-month period. These increases were partially offset by $0.7 million in reduced facilities expense and $1.0 million in other general cost reductions. As a percentage of net sales, total selling, general and administrative expenses decreased to 16.7% in the 2015 nine-month period from 17.2% in the 2014 nine-month period.

Interest Expense, net

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Interest expense, net	$ 482	$ 791	$ (309)	(39.1%)

The decrease in interest expense was due to a lower effective interest rate under the revolving credit facility during the 2015 nine-month period compared to the 2014 nine-month period.

Provision for Income Taxes

	Nine Months Ended September 30, 2015	2014	$ Change	% Change
	(dollars in thousands)			
Provision for income taxes	$ 23,657	$ 21,934	$ 1,723	7.9%
Effective tax rate	37.2%	37.6%		

The effective tax rate remained relatively constant for the 2015 nine-month period compared to the 2014 nine-month period.

LIQUIDITY AND CAPITAL RESOURCES

We finance operations and growth primarily with cash flow from operations, borrowings under our revolving credit facility, operating leases and normal trade credit terms from operating activities.

At September 30, 2015, we had $2.5 million of cash and cash equivalents.

S*ources and Uses of Cash.* The following table summarizes our cash flows from operating, investing and financing activities for the nine months ended September 30, 2015 and 2014 (in thousands):

	Nine Months Ended September 30, 2015	2014
Net cash provided by operating activities	$ 12,151	$ 45,325
Net cash used in investing activities	$ (18,276)	$ (8,731)
Net cash used in financing activities	$ (887)	$ (36,525)
Net (decrease) increase in cash and cash equivalents	$ (7,012)	$ 69

Operating Activities

Net cash provided by operating activities decreased $33.2 million in the 2015 nine-month period compared to the 2014 nine-month period. The decrease was primarily due to an increase in accounts receivable of $36.3 million due to the timing of customer payments for the 2015 nine-month period. We expect to collect all outstanding accounts receivable balances during the fourth quarter.

Investing Activities

Net cash used in investing activities increased $9.5 million in the 2015 nine-month period compared to the 2014 nine-month period due to increased capital expenditures. Capital expenditures in the 2015 nine-month period totaled $18.3 million to equipment purchases related to our specialty materials operation, the purchase of land adjacent to our Winchester, VA facility to support potential future expansion, and support cost reduction initiatives. Capital expenditures in the 2014 nine-month period were $8.8 million related to new lines for our specialty materials operation and continued retrofitting to our current production lines to support the manufacture of our high-performance products.

Financing Activities

Net cash used in financing activities decreased $35.6 million in the 2015 nine-month period compared to the 2014 nine-month period primarily due to an increase of $45.5 million in net borrowings under the line of credit and a $10.2 million reduction in excess tax benefits from stock compensation. Borrowings under the line of credit are used to support our seasonal working capital needs, which are generally substantially repaid during the subsequent quarter as accounts receivable balances are collected.

Stock Repurchase Programs. On October 23, 2014, our Board of Directors authorized a common stock repurchase program of up to two million shares of our outstanding common stock (Stock Repurchase Program). This authorization has no expiration date. During the three months ended September 30, 2015, the Company repurchased 1,134,300 shares for $45.2 million under the Stock Repurchase Program using cash on hand and borrowings from our revolving credit facility.

Indebtedness. Our indebtedness consists of a revolving credit facility. At September 30, 2015, our indebtedness totaled $48.5 million, and remaining available borrowing capacity of approximately $51.5 million. The interest rate on our revolving credit facility was 1.4%.

We currently have a Second Amended and Restated Credit Agreement that provides us with revolving loan capacity in a collective maximum principal amount of $150 million from January 1 through June 30 of each year, and a maximum principal amount of $100 million from July 1 through December 31 of each year throughout the term, which ends November 20, 2019.

Debt Covenants. To remain in compliance with covenants contained within our debt agreements, we must maintain specified financial ratios based on levels of debt, fixed charges, and earnings (excluding extraordinary gains and extraordinary non-cash losses) before interest, taxes, depreciation and amortization. At September 30, 2015, we were in compliance with these covenants. Failure to comply with our loan covenants might cause our lenders to accelerate our repayment obligations under our credit facility, which may be declared payable immediately based on a default.

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

Capital Requirements. Capital expenditures in the 2015 nine-month period totaled $18.3 million to support equipment purchases related to our specialty materials operation, the purchase of land adjacent to our Winchester, VA facility to support potential future expansion, and cost reduction initiatives. We currently estimate that our capital expenditures in 2015 will be approximately $25 million.

Inventory in Distribution Channels. We sell our products through a tiered distribution system. We have approximately 20 wholesale distributors and two retail merchandisers to which we sell our products. The distributors in turn sell the products to approximately 6,700 dealers and retail locations who in turn sell the products to end users. While we do not typically receive information regarding inventory in the distribution channel from dealers, we occasionally receive limited information from some but not all of our distributors regarding their inventory. Because few distributors provide us with any information regarding their inventory, we cannot definitively determine the level of inventory in the distribution channels at any time. We believe that distributor inventory levels as of September 30, 2015 are comparable to distributor inventory levels as of September 30, 2014. Significant increases in inventory levels in the distribution channel without a corresponding change in end-use demand could have an adverse effect on future sales.

Product Warranty. We continue to receive and settle claims related to material produced at our Nevada facility prior to 2007 that exhibits surface flaking, which has had a material adverse effect on cash flow from operations. We estimate that the annual number of claims received will continue to decline over time and that the average cost per claim will remain relatively stable. If the level of claims received or average cost per claim differs materially from our expectations, it could result in additional increases to the warranty reserve and reduced earnings and cash flow in future periods.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see “Quantitative and Qualitative Disclosures about Market Risk,” in Part II, Item 7A of the Company’s 10-K for the year ended December 31, 2014. There were no material changes to the Company’s market risk exposure during the nine months ended September 30, 2015.

Item 4. Controls and Procedures

The Company’s management, with the participation of its President and Chief Executive Officer, who is the Company’s principal executive officer, and its Vice President and Chief Financial Officer, who is the Company’s principal financial officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2015. Based on this evaluation, the President and Chief Executive Officer and the Vice President and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective. In addition, there have been no changes in the Company’s internal control over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II
OTHER INFORMATION

Item 1. Legal Proceedings

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

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

(c) The following table provides information relating to the purchases of our common stock during the quarter ended September 30, 2015 in accordance with Item 703 of Regulation S-K:

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit) ($)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum number of Shares (or Units) that May Yet Be Purchased Under the Plan or Program
July 1, 2015 – July 31, 2015	—	—	—	—
August 1, 2015 – August 31, 2015	1,211,369	$ 39.94	1,134,300	865,700
September 1, 2015 – September 30, 2015	—	—	—	—
Quarter ended September 30, 2015	1,211,369	$ 39.94	1,134,300	865,700

(1) Includes shares withheld by, or delivered to, the Company pursuant to provisions in agreements with recipients of restricted stock granted under the Company's 2005 Stock Incentive Plan allowing the Company to withhold, or the recipient to deliver to the Company, the number of shares having the fair value equal to tax withholding due.

(2) On October 23, 2014, the Company's Board of Directors authorized a common stock repurchase program of up to two million shares of the Company's outstanding common stock (Stock Repurchase Program). The Stock Repurchase Program was publicly announced on October 27, 2014. This authorization had no expiration date. All of the above purchases were made on the open market at prevailing market rates plus related expenses. During the three months ended September 30, 2015, the Company repurchased 1,134,300 shares for $45.2 million under the Stock Repurchase Program. On October 22, 2015, the Company's Board of Directors terminated the Stock Repurchase Program adopted on October 23, 2014, and adopted a new stock repurchase program of up to three million one hundred fifty thousand (3,150,000) shares of the Company's outstanding common stock (2015 Stock Repurchase Program). This authorization has a termination date of December 31, 2016. As of October 27, 2015, no shares have been purchased under the 2015 Stock Repurchase Program.

Item 5. Other Information

Amendment of Amended and Restated 1999 Incentive Plan for Outside Directors

On October 21, 2015, the Board of Directors approved an amendment to the Amended and Restated 1999 Incentive Plan for Outside Directors (Outside Directors Plan) as follows:

- The annual cash retainer for service on the Board was increased from $40,000 to $50,000.
- The annual equity award for service on the Board was increased from $55,000 to $70,000.
- The annual committee fee for members of the Audit Committee was increased from $7,500 to $8,500.
- The annual committee fee for members of the Compensation Committee was increased from $5,000 to $6,500.
- The annual committee fee for the chairman of the Compensation Committee was increased from $7,500 to $9,000.
- The additional compensation for the Lead Independent Director was increased from $12,500 to $15,000.
- The additional compensation for a non-executive chairman of the Board was increased from $30,000 to $60,000.

The Nominating and Corporate Governance Committee and the Board of Directors of the Company amended the Outside Directors Plan as described above based upon a Board of Directors compensation study undertaken by the Hay Group, which is the Company's independent compensation consultant.

The foregoing description of the amendment to the Outside Directors Plan is qualified in its entirety by reference to the full text of the Outside Directors Plan, which is filed as Exhibit 10.2 to this Form 10-Q.

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Item 6. Exhibits

The number and description of the following exhibits coincide with Item 601 of Regulation S-K:

3.1	Restated Certificate of Incorporation of Trex Company, Inc. (the “Company”). Filed as Exhibit 3.1 to the Company’s Registration Statement on Form S-1 (No. 333-63287) and incorporated herein by reference.
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of Trex Company, Inc. dated April 30, 2014. Filed as Exhibit 3.2 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 and incorporated herein by reference.
3.3	Amended and Restated By-Laws of the Company. Filed as Exhibit 3.2 to the Company’s Current Report on Form 8-K filed May 7, 2008 and incorporated herein by reference.
10.1	Form of Trex Company, Inc. 2014 Stock Incentive Plan Stock Appreciation Rights Agreement. Filed herewith.*
10.2	Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors as amended on October 21, 2015. Filed herewith.*
31.1	Certification of Chief Executive Officer of Trex Company, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. Filed herewith.
31.2	Certification of Chief Financial Officer of Trex Company, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. Filed herewith.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management contract or compensatory plan or agreement.

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SIGNATURE

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

TREX COMPANY, INC.

Date: October 27, 2015

By: /s/ Bryan H. Fairbanks
Bryan H. Fairbanks
Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

EXHIBIT INDEX

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* Management contract or compensatory plan or agreement.

Exhibit 10.1

TREX COMPANY, INC.
2014 STOCK INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AGREEMENT

Trex Company, Inc., a Delaware corporation (the "Company"), hereby grants stock appreciation rights (SARs) relating to its common stock, $.01 par value, (the "Stock") to the Grantee named below. The terms and conditions of the SARs are set forth in this cover sheet, in the attachment, and in the Company's 2014 Stock Incentive Plan (the "Plan").

Grant Date: __________

Name of Grantee: ____

Number of Shares of Stock Subject to the SARs: __________

SAR Grant Price per Share: $______

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

Last Date to Exercise: __________[1]

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

Grantee: ____
(Signature)

Company: ____
William R. Gupp
Senior Vice President, General Counsel and Secretary

Attachments: Stock Appreciation Rights Agreement

Please sign, return one copy of this Agreement to Corporate Human Resources, and retain the second copy for your records.

This is not a stock certificate or a negotiable instrument.

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

TREX COMPANY, INC.
2014 STOCK INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AGREEMENT

Vesting	The SARS are only exercisable before the Last Date to Exercise (noted on the cover sheet) and then only with respect to the vested portion of the SARs. Subject to the preceding sentence, you may exercise the SARs, in whole or in part, by following the procedures set forth in the Plan and below in this Agreement. For the purpose of this Agreement, “Service” means service as an employee of the Company or any Affiliate or service as Service Provider. Your right to exercise the SARs vests as to thirty three and one-third percent ($33^{1/3}$%) of the total number of shares of Stock subject to the SARs, on each anniversary of the grant, as shown on the cover sheet, provided that you then continue in service on each such vesting date. The resulting aggregate number of vested shares of Stock will be rounded to the nearest whole number, and you may not vest in more than the number of shares of Stock shown on the cover sheet. Except as otherwise provided herein, no SARs will vest after your Service has terminated for any reason. Notwithstanding the foregoing or any other provision herein to the contrary, SARS shall vest according to the terms and conditions, if so provided, in any separate agreement between you and the Company, including but not limited to any Employment Agreement, Severance Agreement or Change in Control Severance Agreement.
Regular Termination	If your Service terminates for any reason, other than death, Retirement, Disability or by the Company without Cause, then your unvested SARs will expire immediately and your vested SARs will expire at the close of business at Company headquarters on the 90th day after your termination date (or, if such 90th day is a Saturday, Sunday or holiday, at the close of business on the next preceding day that is not a Saturday, Sunday or holiday); but in any event no later than the Last Date to Exercise. For the purpose of this Agreement, Disability means “permanent and total disability” (within the meaning of Section 22(e)(3) of the Code) and “Cause” means, as determined by the Board, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements.
Termination for Cause	If your Service is terminated for Cause, then you will immediately forfeit all rights to your SARs and the SARs will immediately expire.
Death	If your Service terminates because of your death, then your SARs shall fully vest and will expire at the close of business at Company headquarters on the date five (5) years after the date of your death (but not later than the Last Date to Exercise). During that five year period (but not later than the Last Date to Exercise), your estate or heirs may exercise your SARs. In addition, notwithstanding any provision herein to the contrary, if you die during the 90-day period described in connection with a regular termination

(i.e., a termination of your Service not on account of your death, Retirement, Disability or Cause), and a vested portion of your SARs has not yet been exercised, then your SARs will instead expire on the date two (2) years after your termination date (but not later than the Last Date to Exercise). In such a case, during the period following your death up to the date two (2) years after your termination date (but not later than the Last Date to Exercise), your estate or heirs may exercise the vested portion of your SARs.

Disability or Retirement

If your Service terminates because of your Disability or Retirement, then your SARs shall fully vest and your SARs will expire at the close of business at Company headquarters on the date five (5) years after your termination date (but not later than the Last Date to Exercise).

Leaves of Absence

For purposes of this award of SARs, your Service does not terminate when you go on a *bona fide* employee leave of absence that was approved by the Company in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, your Service will be treated as terminating 90 days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. Your Service terminates in any event when the approved leave ends unless you immediately return to active employee work.

The Company determines, in its sole discretion, which leaves count for this purpose, and when your Service terminates for all purposes under the Plan.

Notice of Exercise

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

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

Payment for SARs

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

Withholding Taxes

You will not be allowed to exercise the SARs unless you make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the exercise of the SARs. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to the exercise or sale of shares arising from this grant, the Company shall have the right to require such payments from you, withhold such amount from the proceeds of the exercise of your SARs, or withhold such amounts from other payments due to you from the Company or any Affiliate.

Transfer of SARs

Other than as provided in Section 10.2 of the Plan, during your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the SARs, and you cannot transfer or assign the SARs. For instance, you may not sell the SARs or use them as security for a loan. If you attempt to do any of these things, the SARs will immediately become invalid. You may, however, dispose of the SARS in your will or the SARs may be transferred upon your death by the laws of descent and distribution.

Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your spouse, nor is the Company obligated to recognize your spouse's interest in your SARs in any other way.

Retention Rights

Neither your SARs nor this Agreement give you the right to be retained by the Company (or any of its Affiliates) in any capacity. The Company (and any of its Affiliates) reserves the right to terminate your Service at any time and for any reason.

Shareholder Rights

You, or your estate or heirs, have no rights as a shareholder of the Company until a certificate for shares of Stock received pursuant to the exercise of your SARS has been issued (or an appropriate book entry has been made). No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued (or an appropriate book entry has been made), except as described in the Plan.

Adjustments

In the event of a stock split, a stock dividend or a similar change in the Stock, the number of shares covered by the SARs and the SAR Grant Price per share shall be adjusted (and rounded down to the nearest whole number) if required pursuant to the Plan. Your SARs shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

The Plan

The text of the Plan is incorporated in this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.

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

Data Privacy

In order to administer the Plan, the Company may process personal data about you. Such data includes but is not limited to the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you such as home address and business addresses and other contact information, payroll information and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan.

By accepting the SARs, you give explicit consent to the Company to process any such personal data. You also give explicit consent to the Company to transfer any such personal data outside the country in which you work or are employed, including, with respect to non-U.S. resident Grantees, to the United States, to transferees who shall include the Company and other persons who are designated by the Company to administer the Plan.

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

Exhibit 10.2

TREX COMPANY, INC.

AMENDED AND RESTATED
1999 INCENTIVE PLAN FOR OUTSIDE DIRECTORS

TABLE OF CONTENTS

1. DEFINITIONS

To the extent any capitalized words used in this Plan are not defined, they shall have the definitions stated for them in the Trex Company, Inc. 2014 Stock Incentive Plan.

1.1 "Annual Director Fee" means an annual fee earned by an Eligible Director for service on the Board of Directors.

1.2 "Annual Committee Fee" means an annual fee earned by an Eligible Director for service on various committees of the Board of Directors.

1.3 "Board of Directors" or "Board" means the Board of Directors of the Company.

1.4 "Cash Portion of the Annual Director Fee" means the portion of the Annual Director Fee to be received in cash, or if elected by the Eligible Director, in Equity, as provided in Sections 4.3 and 6 hereof.

1.5 "Committee" means the Nominating/Corporate Governance Committee which administers the Plan.

1.6 "Common Stock" means the common stock, par value $0.01 per share, of the Company.

1.7 "Company" means Trex Company, Inc., a Delaware corporation, or any successor thereto.

1.8 "Election Form" means the form used by an Eligible Director to elect to receive all or a portion of the Cash Portion of the Annual Director Fee and the Annual Committee Fee for a Plan Year in the form of Equity.

1.9 "Eligible Director" for each Plan Year means a member of the Board of Directors who is not an employee of the Company or any Subsidiary.

1.10 "Equity" means Options, Restricted Stock, Restricted Stock Units or SARs, or any combination thereof, as designated by the Committee from time to time, as provided in Section 4.6.

1.11 "Equity Portion of the Annual Director Fee" means the portion of the Annual Director Fee to be received in Equity, as provided in Section 4.1.2 hereof.

1.12 "Fair Market Value" means the closing price of a share of Common Stock reported on the New York Stock Exchange (the "NYSE") on the date Fair Market Value is being determined, provided that if there is no closing price reported on such date, the Fair Market Value of a share of Common Stock on such date shall be deemed equal to the closing price as reported by the NYSE for the last preceding date on which sales of shares of Common Stock were reported. Notwithstanding the foregoing, in the event that the shares of Common Stock are listed upon more than one established stock exchange, "Fair Market Value" means the closing price of the shares of Common Stock reported on the exchange that trades the largest volume of shares of Common Stock on the date Fair Market Value is being determined. If the Common Stock is not at the time listed or admitted to trading on a stock exchange, Fair Market Value means the mean between the lowest reported bid price and highest reported asked price of the Common Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by the Board and regularly reporting the market price of Common Stock in such market. If the Common Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, Fair Market Value shall be as determined in good faith by the Board.

1.13 "Grant Date" has the meaning set forth in Section 5 hereof.

1.14 "Option" means a non-qualified Option granted pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan as may be amended from time to time.

1.15 "Option Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Option.

1.16 "Option Price" means the purchase price for each share of Common Stock subject to an Option.

1.17 "Participant" for any Plan Year means an Eligible Director who participates in the Plan for that Plan Year in accordance with Section 6.1 hereof.

1.18 "Plan" means the Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors as set forth herein and as amended from time to time.

1.19 "Plan Year" means the twelve-month period beginning on July 1 and ending on June 30.

1.20 "Restricted Stock'' means shares of Common Stock, issued pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan as may be amended from time to time.

1.21 "Restricted Stock Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Restricted Stock.

1.22 "Restricted Stock Unit" means restricted stock units issued pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan as may be amended from time to time.

1.23 "Restricted Stock Unit Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the Restricted Stock Unit.

1.24 "SAR Agreement" means the written agreement between the Company and the Participant that evidences and sets out the terms and conditions of the SARs.

1.25 "Stock Appreciation Right" or "SAR" means a right granted pursuant to, and in accordance with the terms of, the Trex Company, Inc. 2014 Stock Incentive Plan to receive, upon exercise thereof, the excess of (x) the Fair Market Value of one share of Common Stock on the date of exercise over (y) the grant price of the SAR, determined pursuant to Section 4.6.2 hereof.

1.26 “SAR Price” means the grant price of the SAR.

1.27 “Subsidiary” means any “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Internal Revenue Code of 1986, as amended.

2. PURPOSE

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

3. SHARES SUBJECT TO THE PLAN

The shares of Common Stock issuable under the Plan shall be issued pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan.

4. ANNUAL DIRECTOR AND COMMITTEE FEES

4.1 Annual Director Fee

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

4.1.1 Cash Portion of the Annual Director Fee. Each Eligible Director shall receive the amount of fifty thousand dollars ($50,000) (the “Cash Portion of the Annual Director Fee”). The Cash Portion of the Annual Director Fee (after reduction pursuant to Section 4.3 hereof, if any) shall be paid to an Eligible Director in four equal quarterly installments in arrears on the first business day following the end of each quarter of the Plan Year in which the Eligible Director provided services to the Company. Notwithstanding the foregoing, (a) any Eligible Director who serves as Chairman of the Board shall receive the amount of sixty thousand dollars ($60,000) in addition to the $50,000 payment referred to above, and (b) any Eligible Director that serves as Lead Independent Director shall receive the amount of fifteen thousand dollars ($15,000) in addition to the $50,000 payment referred to above, with all other provisions of this subsection being applicable to such Eligible Director(s).

4.1.2 Equity Portion of the Annual Director Fee. Each Eligible Director shall receive Equity valued at seventy thousand dollars ($70,000) (the “Equity Portion of the Annual Director Fee”). The Equity Portion of the Annual Director Fee shall be paid in arrears as provided in Section 5 below.

4.2 Annual Committee Fee

Each Eligible Director shall be entitled to an Annual Committee Fee, which may be adjusted by the Board from time to time, as follows (a) twelve thousand five hundred dollars ($12,500) for the Audit Committee Chairman, (b) eight thousand five hundred dollars ($8,500) for each Audit Committee member (other than the Chairman), (c) nine thousand dollars ($9,000) for the Compensation Committee Chairman, (d) six thousand five hundred dollars ($6,500) for each Compensation Committee member (other than the Chairman), (e) seven thousand five hundred dollars ($7,500) for the Nominating/Corporate Governance Committee Chairman, and (f) five thousand dollars ($5,000) for each Nominating/Corporate Governance Committee member (other than the Chairman). The Annual Committee Fee shall be paid to an Eligible Director in four equal quarterly installments in arrears on the first business day following each quarter of the Plan Year in which the Eligible Director served on the applicable committee(s).

4.3 Election

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

4.4 Proration

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

4.5 Initial Grant upon Election to Board

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

4.6 Equity

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

4.6.2 Options and SARs. If Options or SARS are granted, the number of Options or SARs granted shall be determined by dividing the dollar amount of the grant by the value of each Option or SAR on the Grant Date as determined pursuant to the methodology then in use by the Company’s Finance Department to value Options and SARs granted pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan. The Option Price or SAR Price of Common Stock covered by each SAR or Option, as the case may be, granted under the Plan shall be the Fair Market Value of such Common Stock on the Grant Date. Each Option or SAR, as the case may be, granted hereunder shall be exercisable in respect of 100 percent (100%) of the number of shares covered by the grant on the date of the grant of such Option or SAR. Any limitation on the exercise of an Option or SAR contained in any Option or SAR Agreement may be rescinded, modified or waived by the Committee, in its sole discretion, at any time and from time to time after the date of grant of such Option or SAR. The Option or SAR, as the case may be, shall be exercisable, in whole or in part, at any time and from time to time, prior to the termination of the Option or SAR; provided, that no single exercise of the Option or SAR shall be for less than 100 shares, unless the number of shares purchased is the total number at the time available for purchase under the Option or SAR. Each Option or SAR, as the case may be, granted under the Plan shall terminate, and all rights to purchase shares of Common Stock thereunder shall cease, upon the expiration of ten years (eleven years if the service of the Participant as a director of the Company shall terminate due to death in the tenth year of the Option or SAR term) from the date such Option or SAR is granted. Except as otherwise provided in the Option or SAR Agreement, upon the termination of service (a “Service Termination”) of the Participant as a director of the Company for any reason, the Participant shall have the right, at any time within five years after the date of such Participant’s Service Termination and prior to termination of the Option or SAR, to exercise any Option or SAR held by such Participant at the date of such Participant’s Service Termination. After the termination of the Option or SAR, the Participant shall have no further right to purchase shares of Common Stock pursuant to such Option or SAR.

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

5. GRANT DATE

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

6. ELECTION TO RECEIVE ADDITIONAL EQUITY

6.1 Election Form

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

6.2 Time for Filing Election Form

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

7. ADMINISTRATION

7.1 Committee

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

7.2 Rules for Administration

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

7.3 Committee Action

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

7.4 Delegation

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

7.5 Services

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

7.6 Indemnification

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

8. AMENDMENT AND TERMINATION

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

9. GENERAL PROVISIONS

9.1 Limitation of Rights

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

9.2 No Rights as Stockholders

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

9.3 Rights as a Non-Employee Director

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

9.4 Assignment, Pledge or Encumbrance

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

9.5 Binding Provisions

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

9.6 Notices

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

9.7 Governing Law

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

9.8 Withholding

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

9.9 Effective Date

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

Exhibit 31.1

CERTIFICATION

I, James E. Cline, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2015

/s/ James E. Cline

James E. Cline
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Bryan H. Fairbanks, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function(s)):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2015

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks
Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32

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

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

(a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2015 filed on the date hereof with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2015	/s/ James E. Cline James E. Cline President and Chief Executive Officer
Date: October 27, 2015	/s/ Bryan H. Fairbanks Bryan H. Fairbanks Vice President and Chief Financial Officer