
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2005

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)

160 Exeter Drive

Winchester, Virginia

(Address of principal executive offices)

54-1910453

(I.R.S. Employer
Identification No.)

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 is an accelerated filer (as defined in 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 August 3, 2005 was 14,862,719 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)

	December 31, 2004	June 30, 2005
		(unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,925	\$ 8,814
Restricted cash	20,959	4,631
Accounts receivable, net	21,964	26,842
Inventories	44,357	47,861
Prepaid expenses and other assets	4,162	3,411
Income taxes receivable	497	6,542
Deferred income taxes	2,975	1,629
Total current assets	118,839	99,730
Property, plant, and equipment, net	158,389	189,838
Goodwill	6,837	6,837
Other assets	2,986	2,809
Total assets	\$ 287,051	\$ 299,214
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,392	\$ 30,015
Accrued expenses	15,104	13,927
Current portion of long-term debt	8,932	8,993
Total current liabilities	40,428	52,935
Deferred income taxes	15,808	15,534
Debt-related derivatives	1,736	1,730
Long-term debt, net of current portion	69,565	61,029
Total liabilities	127,537	131,228
Stockholders' equity:		
Preferred stock, \$0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 40,000,000 shares authorized; 14,843,820 and 14,881,667 shares issued and outstanding at December 31, 2004 and June 30, 2005, respectively	148	149
Additional capital	60,182	61,750
Deferred compensation	(1,259)	(1,751)
Accumulated other comprehensive loss	(1,098)	(1,093)
Retained earnings	101,541	108,931
Total stockholders' equity	159,514	167,986
Total liabilities and stockholders' equity	\$ 287,051	\$ 299,214

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

TREX COMPANY, INC.**Condensed Consolidated Statements of Operations**

(unaudited)

(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2005	2004	2005
Net sales	\$ 83,407	\$ 82,865	\$ 159,664	\$ 172,769
Cost of sales	46,425	59,992	92,699	116,560
Gross profit	36,982	22,873	66,965	56,209
Selling, general and administrative expenses	18,528	25,025	32,667	44,441
Income (loss) from operations	18,454	(2,152)	34,298	11,768
Interest expense, net	(935)	(720)	(1,909)	(1,476)
Income (loss) before income taxes	17,519	(2,872)	32,389	10,292
Provision (benefit) for income taxes	6,451	(1,858)	11,984	2,902
Net income (loss)	\$ 11,068	\$ (1,014)	\$ 20,405	\$ 7,390
Basic earnings (loss) per common share	\$ 0.76	\$ (0.07)	\$ 1.40	\$ 0.50
Basic weighted average shares outstanding	14,598,435	14,772,498	14,593,144	14,752,306
Diluted earnings (loss) per common share	\$ 0.75	\$ (0.07)	\$ 1.38	\$ 0.50
Diluted weighted average shares outstanding	14,771,024	14,772,498	14,765,333	14,912,299

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

TREX COMPANY, INC.

Condensed Consolidated Statements of Cash Flows

(unaudited)

(In thousands)

	Six Months Ended June 30,	
	2004	2005
OPERATING ACTIVITIES		
Net income	\$ 20,405	\$ 7,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	1,081	1,539
Equity method losses	71	146
Amortization of deferred compensation and financing costs	452	579
Depreciation	6,576	7,406
Loss on disposal of property, plant and equipment	80	774
Changes in operating assets and liabilities:		
Accounts receivable	(25,399)	(4,878)
Inventories	27,220	(3,504)
Prepaid expenses and other assets	(806)	751
Accounts payable	1,285	13,623
Accrued expenses	5,104	(977)
Income taxes payable/receivable	3,755	(6,245)
Net cash provided by operating activities	39,824	16,604
INVESTING ACTIVITIES		
Loans to Denplax, S.A.	(731)	(166)
Restricted Cash	—	16,328
Expenditures for property, plant and equipment	(8,328)	(39,629)
Net cash used in investing activities	(9,059)	(23,467)
FINANCING ACTIVITIES		
Principal payments under mortgages and term loans	(435)	(8,475)
Proceeds from employee stock purchase and option plans	407	970
Purchase of common stock	—	(743)
Borrowings under line of credit	—	18,531
Payments under line of credit	—	(18,531)
Net cash used in financing activities	(28)	(8,248)
Net increase (decrease) in cash and cash equivalents	30,737	(15,111)
Cash and cash equivalents at beginning of period	8,151	23,925
Cash and cash equivalents at end of period	\$ 38,888	\$ 8,814
Supplemental Disclosure:		
Cash paid for interest	\$ 2,292	\$ 2,331
Cash paid for income taxes	\$ 6,649	\$ 7,852

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

TREX COMPANY, INC.

**Notes to Condensed Consolidated Financial Statements
For the Six Months Ended June 30, 2004 and 2005
(unaudited)**

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (together with its subsidiaries, the "Company"), a Delaware corporation, was incorporated on September 4, 1998. The Company manufactures and distributes wood/plastic composite products primarily for residential and commercial decking and railing applications. Trex Wood-Polymer® lumber ("Trex") is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene ("PE material"). 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) considered necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements. The consolidated results of operations for the three-month and six-month periods ended June 30, 2005 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, 2003 and 2004 and for each of the three years in the period ended December 31, 2004 included in the annual report of Trex Company, Inc. on Form 10-K, as filed with the Securities and Exchange Commission.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2005 presentation.

3. INVENTORY

Inventories (at LIFO value) consist of the following (in thousands):

	<u>December 31, 2004</u>	<u>June 30, 2005</u>
Finished goods	\$ 32,564	\$ 28,751
Raw materials	11,793	19,110
	<u>\$ 44,357</u>	<u>\$ 47,861</u>

An actual valuation of inventory under the LIFO (last-in, first-out) method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. 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.

4. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	<u>December, 31, 2004</u>	<u>June 30, 2005</u>
Accrued sales and marketing costs	\$ 3,442	\$ 4,764
Accrued compensation and benefits	5,404	3,024
Professional fees and legal costs	1,954	117
Accrued interest	191	249
Deferred rent	439	463
Other	3,674	5,310
Accrued expenses	<u>\$ 15,104</u>	<u>\$ 13,927</u>

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5. DEBT

The Company's outstanding debt consists of senior notes, a variable rate promissory note, real estate loans and revolving credit facility. The revolving credit facility provides for borrowing up to \$20.0 million. Amounts drawn under the revolving credit facility are subject to a borrowing base consisting of accounts receivable and finished goods inventories. As of June 30, 2005, no borrowings were outstanding under the revolving credit facility.

The revolving credit facility, real estate loans, senior notes and bond loan documents contain negative and financial covenants. As of June 30, 2005, the Company was in compliance with these covenants.

The Company uses interest-rate swap contracts to manage its exposure to fluctuations in the interest rates under its real estate loans and variable rate promissory note. At June 30, 2005, the Company had capped its interest rate exposure at an annual effective rate of approximately 8.1% on all of its \$13.0 million principal amount of floating-rate real estate loans and capped its interest rate exposure at an annual effective rate of approximately 3.1% for seven years on \$10.0 million principal amount of its \$25.0 million variable rate promissory note and at an annual effective rate of approximately 3.0% for five years on an additional \$10.0 million principal amount of such note.

6. STOCKHOLDERS' EQUITY

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2005	2004	2005
Numerator:				
Net income (loss) available to common shareholders	\$ 11,068	\$ (1,014)	\$ 20,405	\$ 7,390
Denominator:				
Basic weighted average shares outstanding	14,598,435	14,772,498	14,593,144	14,752,306
Impact of potential common shares:				
Options	94,735	—	94,576	102,325
Restricted stock	77,854	—	77,613	57,668
Diluted weighted average shares outstanding	14,771,024	14,772,498	14,765,333	14,912,299
Basic earnings (loss) per share	\$ 0.76	\$ (0.07)	\$ 1.40	\$ 0.50
Diluted earnings (loss) per share	\$ 0.75	\$ (0.07)	\$ 1.38	\$ 0.50

The effect of stock options to purchase 316,201 shares of common stock and the effect of 98,948 shares of restricted common stock that were outstanding as of June 30, 2005 were excluded from the computation of diluted loss per share for the three months ended June 30, 2005 as the effect would be anti-dilutive.

7. STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with APB No. 25 and its related interpretations. No stock-based compensation cost related to stock option grants has been reflected in net income, as all options granted under the Company's 2005 Stock Incentive Plan, which amended and restated the Company's 1999 Stock Option and Incentive Plan, had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2005	2004	2005
Net income (loss), as reported	\$11,068	\$(1,014)	\$20,405	\$7,390
Deduct: Additional stock-based employee compensation expense determined under fair value based method, net of related tax effects	\$ 308	\$ 488	\$ 621	\$ 931
Pro forma net income (loss)	\$10,760	\$(1,502)	\$19,784	\$6,459
Earnings (loss) per share:				
Basic-as reported	\$ 0.76	\$ (0.07)	\$ 1.40	\$ 0.50
Basic-pro forma	\$ 0.74	\$ (0.10)	\$ 1.36	\$ 0.44
Diluted-as reported	\$ 0.75	\$ (0.07)	\$ 1.38	\$ 0.50
Diluted-pro forma	\$ 0.73	\$ (0.10)	\$ 1.34	\$ 0.43

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In accordance with SFAS No. 123, the fair value was estimated at the grant date using a Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 3-4%; no dividends; expected life of the options of approximately five years; and volatility of 35-81%.

On March 9, 2005, the Company issued 18,948 shares of restricted common stock to certain employees under the Company's 2005 Stock Incentive Plan. The shares vest in equal installments on the first, second and third anniversaries of the date of grant. The Company recorded \$0.9 million of deferred compensation equity relating to the issuance of the restricted stock. The deferred compensation will be amortized on a straight-line basis over the three-year vesting term. In the three months and six months ended June 30, 2005, the Company recorded compensation expense of \$73,000 and \$97,000, respectively.

On March 9, 2005, the Company granted 53,987 performance share awards to certain employees under the Company's 2005 Stock Incentive Plan. Payment of the performance share awards will be made in the form of unrestricted common stock on the third anniversary of the date of grant if certain performance targets are met. The Company will record compensation expense relating to the performance share awards when and if the achievement of performance targets become probable. In the three months and six months ended June 30, 2005, the Company recorded no compensation expense.

8. SEASONALITY

The Company's net sales and income from operations have historically varied from quarter to quarter. Such variations are principally attributable to seasonal trends in the demand for Trex®. 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 new construction activity. Net sales during the six months ended June 30, 2003 and 2004 accounted for approximately 67% and 63% of annual net sales in 2003 and 2004, respectively.

9. NEW ACCOUNTING STANDARDS

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement 123 (Revised 2004), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) requires that the cost resulting from all share-based payment transactions be recognized in the financial statements over the period during which an employee is required to provide service in exchange for the award. SFAS 123(R) establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value based method in accounting for share-based transactions with employees. SFAS 123(R) was originally scheduled to be effective as of the beginning of the first interim reporting period that begins after June 15, 2005. On April 14, 2005, the effective date was amended. As a result, SFAS 123(R) is now effective for most public companies for annual (rather than interim) periods that begin after June 15, 2005. The Company has not yet determined the option-pricing model it will use to calculate the fair value of its options, and the Company is currently evaluating which method of adoption it will use. Note 7 to the accompanying consolidated financial statements illustrates the effects on net income and earnings per share if the Company had adopted SFAS No. 123, using the Black-Scholes option-pricing model. The impact of the adoption of SFAS No. 123R cannot be predicted at this time, because such impact will depend on levels of share-based payments granted in the future. However, if the Company had adopted SFAS No. 123(R) in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma income and earnings per share.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. 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" or "intend." 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 "Business-Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2005.

Overview

General. Management considers growth in net sales, gross margin, selling, general and administrative expenses, and net income as key indicators of our operating performance. Growth in net sales reflects consumer acceptance of composite decking, the demand for Trex over competing products, the success of our branding strategy, the effectiveness of our distributors, and the strength of our dealer network and contractor franchise. Management emphasizes gross margin as a key measure of performance because it reflects the Company's ability to price its products accurately and to effectively manage its manufacturing unit costs. Managing selling, general and administrative expenses is important to support profitable growth. The Company's investment in research and development activities, which is included in selling, general and administrative expenses, enables it to enhance manufacturing operations, develop new products and analyze new technologies. Management considers net income to be a measure of the Company's overall financial performance. These new products have a higher per price unit and, as a result, the change in sales mix has a positive effect on sales.

In the last two years, the Company has expanded its product offerings by introducing the Trex Accents™ and Trex Brasilia™ decking product lines and the new Trex Designer Series Railing™ product. Sales of the Trex Accents product, which was launched in the fourth quarter of 2003, accounted for approximately 48% of total gross sales in the second quarter of 2005. Sales of the Trex Brasilia product, which was introduced in the fourth quarter of 2004, accounted for approximately 12% of total gross sales in the second quarter of 2005.

In the second quarter of 2005, higher manufacturing unit costs contributed to a reduction in gross profit as a percentage of sales. Manufacturing unit costs increased because of higher raw materials costs and lower production rates and yields. Managing raw materials costs and manufacturing performance is one of the Company's principal operating objectives. In the second quarter of 2005, the Company purchased reclaimed polyethylene, or "PE material," at higher prices compared to the second quarter of 2004, and operating inefficiencies related to the Company's production of new products negatively affected manufacturing unit costs. The Company expects that new PE material sourcing and purchasing initiatives will be necessary for it to effectively manage its costs of PE material in future periods. The Company continues to focus on product quality initiatives to enhance the appearance of the entire product line. These initiatives, which focus on board dimension and color consistency, also have negatively affected manufacturing performance. The resulting reduction in production rates has contributed to higher manufacturing unit costs by reducing the absorption of fixed manufacturing costs. In addition, the Company began production at its new manufacturing facility in Olive Branch, Mississippi in the second quarter of 2005 and will build out the Olive Branch production capabilities over time.

The Company continued to support its branding efforts through advertising campaigns in print publications and on television. These expenditures supported a new, more extensive advertising campaign that the Company inaugurated in the first quarter of 2005.

Net Sales. Net sales consists 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. The Company's branding and product differentiation strategy enables the Company to command premium prices over wood and to maintain price stability for Trex. To ensure adequate availability of product to meet anticipated seasonal consumer demand, the Company historically has provided its distributors and dealers incentives to build inventory levels prior to the start of the decking season. These incentives include prompt payment discounts or extended payment terms to customers.

Gross Profit. Gross profit indicates 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, PE material 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.

Selling, General and Administrative Expenses. The largest components of selling, general and administrative expenses are branding and other sales and marketing costs, which have increased significantly as the Company has sought to build brand awareness of Trex in the decking and railing market. Sales and marketing costs consist primarily of salaries, commissions and benefits paid to sales and marketing personnel, advertising expenses and other promotional costs. General and administrative expenses include salaries and

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benefits of personnel engaged in research and development, procurement, accounting and other business functions, office occupancy costs attributable to these functions, and professional fees. As a percentage of net sales, selling, general and administrative expenses have varied from quarter to quarter due, in part, to the seasonality of the Company's business.

Three Months Ended June 30, 2005 Compared With Three Months Ended June 30, 2004

Net Sales. Net sales in the quarter ended June 30, 2005 (the "2005 quarter") decreased 0.6% to \$82.9 million from \$83.4 million in the quarter ended June 30, 2004 (the "2004 quarter"). The decrease in net sales was primarily attributable to a decrease in sales volume offset, in part, by an increase in revenue per product unit. Sales volume was negatively affected by higher than anticipated trade inventory levels entering 2005 and a resulting adjustment of inventory by retailers and distributors. The increase in revenue per product unit resulted from increased sales of the higher unit priced Trex Accents and Trex Brasilia products and from a price increase of 8% on all products effective in April 2005.

Gross Profit. Gross profit decreased 38% to \$22.9 million in the 2005 quarter from \$37.0 million in the 2004 quarter. The decrease was primarily attributable to the higher unit manufacturing costs and, to a lesser extent, lower sales volume. The higher unit manufacturing costs resulted from the increased cost of raw materials, primarily PE material, and the below standard performance in the manufacturing plants. Gross profit was adversely affected by a decrease in production rates and yields due to new product and product quality initiatives and the associated decrease in absorption of fixed manufacturing expenses. Gross profit as a percentage of net sales decreased to 28% in 2005 from 44% in 2004.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 35.1% to \$25.0 million in the 2005 quarter from \$18.5 million in the 2004 quarter. The higher selling, general and administrative expenses resulted principally from increases of \$4.0 million in branding expenses, \$1.3 million in professional fees and \$1.3 million in compensation and benefits which resulted from higher headcount. In addition, included in selling, general and administrative expenses in the 2005 quarter is the write-off of \$0.8 million in equipment that was disposed of during the 2005 quarter in connection with retooling certain production lines. The foregoing increases were partially offset by a decrease of \$2.1 million in certain incentive based compensation. In the 2005 quarter, the Company reversed \$0.9 million in incentive compensation accruals made earlier in 2005. The reversal resulted from management's assessment that lesser amounts would be earned and payable under these programs for the year ended December 31, 2005. As a percentage of net sales, selling, general and administrative expenses increased to 30% in the 2005 quarter from 22% in the 2004 quarter. Selling, general and administrative expenses for the full year 2005 are expected to be in the range of 25% to 26% of net sales.

Interest Expense. Net interest expense decreased to \$0.7 million in the 2005 quarter from \$0.9 million in the 2004 quarter. The decrease in net interest expense resulted from an increase in interest capitalized on construction in process offset by an increase in interest expense resulting from higher average debt balances in the 2005 quarter. The Company capitalized \$0.8 million and \$0.3 million of interest on construction in process in the 2005 and 2004 quarters, respectively.

Provision for Income Taxes. The Company recorded a benefit for income taxes of \$1.9 million in the 2005 quarter compared to a provision of \$6.5 million in the 2004 quarter. The provisions reflected a tax benefit of approximately 65% in the 2005 quarter and tax expense of approximately 37% in the 2004 quarter. The change in the 2005 effective rate was due to the expected benefit from the American Jobs Creation Act of 2004 and changes in the state tax rate due to the effect of the expansion of the Company's operations into Mississippi and the recognition of certain state tax credits and incentives in the 2005 quarter for which the Company qualified in the 2005 quarter.

Six Months Ended June 30, 2005 Compared with Six Months Ended June 30, 2004

Net Sales. Net sales in the six-month period ended June 30, 2005 (the "2005 six-month period") increased 8.2% to \$172.8 million from \$159.7 million in the six-month period ended June 30, 2004 (the "2004 six-month period"). The increase in net sales was primarily attributable to an increase in revenue per product unit, partially offset by a decrease in volume. Sales volume was negatively affected by higher than anticipated trade inventory levels entering 2005 and a resulting adjustment of inventory by retailers and distributors. The increase in revenue per product unit resulted from sales of the higher-priced Trex Accents and Trex Brasilia products and, to a lesser extent, price increases in April 2005 of 8%.

Gross Profit. Gross profit decreased 16.1% to \$56.2 million in the 2005 six-month period from \$67.0 million in the 2004 six-month period. The decrease was primarily attributable to the increase in unit manufacturing costs and, to a lesser extent, lower sales volume. The higher unit manufacturing costs arose primarily from increased raw material costs and lower production rates and yields, which resulted in decreased absorption of fixed manufacturing expenses. Gross profit as a percentage of net sales decreased to 33% in 2005 from 42% in 2004.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 36.0% to \$44.4 million in the 2005 six-month period from \$32.7 million in the 2004 six-month period. The higher selling, general and administrative expenses resulted principally from a \$2.5 million increase in compensation and benefit expenses which resulted from higher headcount, a \$5.6 million increase in branding expenses and a \$1.3 million increase in professional fees and legal costs. In addition, included in selling, general and administrative expenses in the 2005 six-month period is the write-off of \$0.8 million in equipment that was disposed of during 2005 in connection with retooling certain production lines. The foregoing increases were partially offset by a decrease of \$2.1 million in certain incentive based compensation.

Interest Expense. Net interest expense decreased to \$1.5 million in the 2005 six-month period from \$1.9 million in the 2004 six-month period. The decrease in net interest expense resulted from an increase in interest capitalized on construction in process offset by an increase in interest expense resulting from higher average debt balances in the 2005 six-month period. The Company capitalized \$1.4 and \$0.5 million of interest on construction in process in the 2005 and 2004 six-month periods, respectively.

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Provision for Income Taxes. The Company recorded a provision for income taxes of \$2.9 million in the 2005 six-month period compared to a provision of \$12.0 million in the 2004 six-month period. The provisions reflect an effective tax rate of approximately 28% in the 2005 six-month period and 37% in the 2004 six-month period. The decrease in the effective rate was due to the expected benefit from the American Jobs Creation Act of 2004 and a reduction in the state tax rate due to the expansion of the Company's operations into Mississippi and the recognition of certain state tax credits and incentives in the second quarter of 2005 for which the Company qualified in the second quarter of 2005.

Liquidity and Capital Resources

The Company finances its operations and growth primarily with cash flow from operations, borrowings under its credit facility and other loans, operating leases and normal trade credit terms.

Sources and Uses of Cash. The Company's cash provided by operating activities for the 2005 six-month period was \$16.6 million compared to cash provided by operating activities of \$39.8 million for the 2004 six-month period. Cash flow was negatively impacted by the decrease in net income from \$20.4 million in the 2004 six-month period to \$7.4 million in the 2005 six-month period. The level of cash flow in the 2005 six-month period was positively affected by an increase in accounts payable. The increase in accounts payable resulted from the timing of payments for capital expenditures, which were primarily for the Company's third manufacturing site in Olive Branch, Mississippi. The effect of increased accounts payable was offset in part by an increase in inventory levels, accounts receivable and prepaid and other assets. Receivables increased from \$22.0 million at December 31, 2004 to \$26.8 million at June 30, 2005 as a result of higher net sales in June 2005. The Company's inventories increased from \$44.4 million at December 31, 2004 to \$47.9 million at June 30, 2005 as production outpaced shipments and due to the commencement of production at the new Olive Branch, Mississippi manufacturing facility.

The Company's cash used in investing activities totaled \$23.5 million in the 2005 six-month period compared to cash used in investing activities of \$9.1 million in the 2004 six-month period. In the 2005 six-month period, expenditures related to the purchase of property, plant and equipment totaled \$39.6 million. The Company's use of proceeds from its December 2004 bond financing is restricted to financing all or a portion of the costs of the acquisition, construction and equipping of the solid waste disposal facilities to be used in connection with the Company's new manufacturing facility. The Company used \$16.3 million of restricted cash during the 2005 six-month period. The remaining proceeds as of June 30, 2005, have been included in restricted cash on the Company's balance sheet.

The Company's cash used by financing activities was \$8.2 million in the 2005 six-month period compared to cash used in financing activities of \$0.03 million in the 2004 six-month period. In the 2005 six-month period, the Company repaid \$8.0 million of its senior notes. In the 2005 six-month period, the Company borrowed and repaid \$18.5 million under its revolving credit facility. Borrowings in the first six months were necessary to meet cash requirements in light of the extended payment terms granted on certain sales in the fourth quarter of 2004 and first quarter of 2005.

Indebtedness. As of June 30, 2005, the Company's indebtedness totaled \$71.8 million and the annualized overall weighted average interest rate of such indebtedness was approximately 6.3%, reflecting the effect of the Company's interest rate swaps.

The Company's ability to borrow under its revolving credit facility is tied to a borrowing base that consists of certain receivables and inventories. As of June 30, 2005, the borrowing base was \$31.5 million and no borrowings were outstanding under the facility.

Debt Covenants. To remain in compliance with its credit facility, senior note and bond loan document covenants, the Company must maintain specified financial ratios based on its levels of debt, capital, net worth, fixed charges, and earnings (excluding extraordinary gains and extraordinary non-cash losses) before interest, taxes, depreciation and amortization. As of June 30, 2005, the Company was in compliance with these covenants.

Capital Requirements. The Company made capital expenditures in the 2005 six-month period totaling \$39.6 million, primarily to construct the manufacturing facility and purchase equipment for the third manufacturing site. The Company currently estimates that its capital requirements in 2005 will total approximately \$47 to \$50 million. The Company expects that it will continue to make significant capital expenditures in subsequent years as the Company completes its construction in process and its new manufacturing site to meet an anticipated increase in the demand for Trex.

As of June 30, 2005, the Company had a total of approximately \$8.8 million of cash and cash equivalents and \$4.6 million of restricted cash. The Company believes that cash on hand, cash flow from operations and borrowings expected to be available under the Company's existing revolving credit facility will provide sufficient funds to enable the Company to fund its planned capital expenditures, make scheduled principal and interest payments, meet its other cash requirements and maintain compliance with terms of its borrowing agreements for at least the next 12 months. Thereafter, significant capital expenditures may be required to provide increased capacity to meet the expected growth in demand for the Company's products. The Company currently expects that it will fund its future capital expenditures from operations and financing activities. The actual amount and timing of the Company's future

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capital requirements may differ materially from the Company's estimate depending on the demand for Trex and new market developments and opportunities. The Company may determine that it is necessary or desirable to obtain financing for such requirements through bank borrowings or the issuance of debt or equity securities. Debt financing would increase the Company's level of indebtedness, while equity financing would dilute the ownership of the Company's stockholders. There can be no assurance as to whether, or as to the terms on which, the Company will be able to obtain such financing.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's major market risk exposure is to changing interest rates. The Company's policy is to manage interest rates through the use of a combination of fixed-rate and floating-rate debt. The Company uses interest-rate swap contracts to manage its exposure to fluctuations in the interest rates on its floating-rate mortgage debt, all of which is based on LIBOR, and on its variable rate promissory note. The interest on the variable rate promissory note is based on auction rates and is reset every seven days. At June 30, 2005, the Company had capped its interest rate exposure at an annual effective rate of approximately 8.1% on its \$13.0 million of floating-rate mortgage debt. At June 30, 2005, the Company had capped its interest rate exposure on \$10.0 million principal amount of its variable rate promissory note at an annual effective rate of 3.1% for seven years and on an additional \$10.0 million principal amount of such note at an annual effective rate of 3.0% for the five years.

The Company has a purchase agreement for polyethylene under which it has certain limited market risk related to foreign currency fluctuations in euros. At current purchase levels, such exposure is not material. In addition, at June 30, 2005 the Company had a note receivable denominated in euros of 1.2 million euros.

Item 4. Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer, who is the Company's principal executive officer, and its Senior 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 June 30, 2005. Based upon that evaluation, the Chief Executive Officer and the Senior Vice President and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2005.

During the 2005 quarter, there have been no changes in the Company's internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

One lawsuit, which seeks certification as a class action, has been filed in the United States District Court for the Western District of Virginia naming as defendants the Company, Robert G. Matheny, the President and a director of the Company, and Paul D. Fletcher, Senior Vice President and Chief Financial Officer of the Company. In addition, two law firms have issued press releases announcing that additional similar lawsuits will be brought with respect to the same allegations in the filed complaint. As of the date of this report, neither the Company nor either of the individuals noted above has been served with any of these lawsuits. The filed complaint principally alleges that the Company, Mr. Matheny and Mr. Fletcher violated Sections 10(b) and 20(a) of and Rule 10b-5 under the Securities Exchange Act of 1934 by, among other things, making false and misleading public statements concerning the Company's operating and financial results and expectations. The complaint also alleges that certain directors of the Company sold shares of the Company's common stock at artificially inflated prices. The plaintiffs in the filed complaint seek unspecified compensatory damages. The Company believes that the lawsuit is without merit and intends to vigorously defend this lawsuit and any other similar lawsuits that may be served on the Company and/or any individual director or officer. A separate derivative lawsuit has been filed in the United States District Court for the Western District of Virginia naming as defendants Mr. Matheny, Mr. Fletcher, and each of the directors of the Company. As of the date of this report, neither the Company nor any of the directors has been served with this lawsuit. The filed complaint is based upon the same factual allegations in the purported class action lawsuit, and alleges that the directors breached their fiduciary duties by permitting the Company to issue false and misleading public statements concerning the Company's operating and financial results, and also alleges that certain directors of the Company sold shares of the Company's common stock at artificially inflated prices.

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

- (a) The Company held its 2005 annual meeting of stockholders on April 21, 2005.
- (c) The following sets forth information regarding each matter voted upon at the 2005 annual meeting. There were 14,851,375 shares of common stock outstanding as of the record date for, and entitled to vote at the 2005 annual meeting.

Proposal 1. The election of the following duly nominated directors:

<u>Nominees</u>	<u>Votes For</u>	<u>Votes Withheld</u>
William H. Martin	12,995,149	116,583
Robert G. Matheny	12,811,387	300,345

Proposal 2. The approval of the Trex Company, Inc. 2005 Stock Incentive Plan:

<u>Votes For</u>	<u>Against</u>	<u>Abstain</u>
9,332,771	1,105,189	43,587

Proposal 3. The approval of the material terms for payment of annual executive incentive compensation to permit the compensation paid pursuant to such material terms to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code:

<u>Votes For</u>	<u>Against</u>	<u>Abstain</u>
12,881,065	185,270	45,397

Proposal 4. The ratification of the appointment of Ernst & Young LLP as Trex Company, Inc.'s independent auditors for the 2005 fiscal year:

<u>Votes For</u>	<u>Against</u>	<u>Abstain</u>
12,807,966	281,903	21,863

Item 6. Exhibits

The Company files herewith the following exhibits:

- 10.1 Form of Trex Company, Inc. 2005 Stock Incentive Plan Non-Incentive Stock Option Agreement.
- 10.2 Form of Trex Company, Inc. 2005 Stock Incentive Plan Stock Appreciation Rights Agreement.
- 10.3 Form of Trex Company, Inc. 2005 Stock Incentive Plan Performance Award Agreement.
- 10.4 Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors.
- 10.5 First Amendment to Reimbursement and Credit Agreement, dated July 25, 2005, by and between Trex Company, Inc. and JPMorgan Chase Bank, N.A., as Issuing Bank and Administrative Agent.
- 10.6 Third Amendment to Credit Agreement, dated March 31, 2005, by and between Trex Company, Inc. and Branch Banking and Trust Company of Virginia.
- 10.7 Fourth Amendment to Credit Agreement, dated July 25, 2005, by and between Trex Company, Inc. and Branch Banking and Trust Company of Virginia.
- 31.1 Certification of Chief Executive Officer of Trex Company, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 31.2 Certification of Senior Vice President and Chief Financial Officer of Trex Company, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 32 Certifications pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.

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: August 9, 2005

By: /s/ Paul D. Fletcher

Paul D. Fletcher
Senior Vice President and Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.

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32	Certifications pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.

TREX COMPANY, INC.
2005 Stock Incentive Plan
Non-Incentive Stock Option Agreement

Grant Date:
Last Date to Exercise: _____ 1/

Stock Option Exercise Price:

Number of Shares of Common Stock
Covered by Grant of Options:

We are pleased to inform you that the Board of Directors has granted you an option (the "Option") to purchase Trex Company, Inc. common stock. Your grant has been made under the Company's 2005 Stock Incentive Plan (the "Plan"), which, together with the terms contained in this Agreement, sets forth the terms and conditions of your grant and is incorporated herein by reference. If any provisions of the Agreement should appear to be inconsistent with the Plan, the Plan will control.

This stock option grant has been executed and delivered as of _____ on behalf of Trex Company, Inc.

Robert G. Matheny
Chairman and Chief Executive Officer

ACCEPTED AND AGREED TO:

Employee Name

This is not a stock certificate or a negotiable instrument. Transferable only pursuant to Section 10.2 of the Plan.

1 Certain events can cause an earlier termination of the Option. 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.

1. Vesting:

Subject to the terms of the Plan, the Option becomes vested as to 33^{1/3} % of the shares of Stock purchasable pursuant to the Option on the first anniversary of the date of grant of the Option, if you have been providing services to the Company or a Subsidiary continuously from the Option's date of grant to the first anniversary of the date of grant (the "Anniversary Date") and, so long as continuous provision of services has not been interrupted, the Option becomes vested as to an additional 33^{1/30} of the shares of Stock subject to the Option on each of the next two (2) Anniversary Dates. Notwithstanding the foregoing, if you should incur an Involuntary Termination within a one (1) year period following a Change in Control, the Option shall become 100% vested at the time of your termination. "Change in Control" means the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are shareholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company. "Involuntary Termination" means a termination of employment by the Company for a reason other than Cause or by you if the Company takes any action which results in a diminution in any material respect with your position (including status, offices, titles and reporting requirements), compensation, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you.

2. Exercise:

You may exercise this Option, in whole or in part, to purchase a whole number of vested shares at any time of not less than 100 shares, unless the number of shares purchased is the total number available for purchase under the Option, by following the exercise procedures as set forth in the Plan. All exercises must take place before the Last Date to Exercise (shown on the cover sheet), or such earlier date following your death, disability, retirement, or your ceasing to provide services as described below under "Service Requirements and Termination of Option." The number of shares you may purchase as of any date cannot exceed the total number of shares vested by that date, less any shares you have previously acquired by exercising this Option.

3. Service Requirements and Termination of Option:

If your service terminates, except as provided in Section 1 above and this Section 3, all further vesting of shares under this Option stops and all unvested shares are canceled.

If your service terminates for a reason other than: (i) for Cause or (ii) because of your death, permanent and total disability or retirement, you will have ninety (90) days after your provision of services ceases to exercise your vested Option shares, but in no event may the Option be exercised after the Last Date to Exercise. After the 90 days have elapsed, your Option will terminate.

If your service terminates because of your death, your estate will have a period of two (2) years to exercise any Options, whether or not the Options were otherwise exercisable at the time of your death, but in no event may the Options be exercised after the Last Date to Exercise. After this period has elapsed, your Options will terminate. 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 cause, or your death, permanent and total disability or retirement), and a vested portion of your Options have not yet been exercised, then your Options will instead expire on the date two (2) years after your termination date (but not later than the Last Day 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 Day to Exercise), your estate or heirs may exercise the vested portion of your Options. After this period has elapsed, your Options will terminate.

If your service terminates because of your permanent and total disability, or retirement, you will have a period of three (3) years to exercise any Options, whether or not the Options were otherwise exercisable at the time of your permanent and total disability, or retirement, but in no event may the Options be exercised after the Last Date to Exercise. After this period has elapsed, your Options will terminate.

Your Option will terminate immediately upon termination of your services for Cause. "Cause" means, as determined by the Board, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a felony or of a crime involving moral turpitude; or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements.

4. Taxes and Withholding:

This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. 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, or withhold such amounts from other payments due to you from the Company, a Subsidiary or an Affiliate.

5. Transferability:

The Option may be transferred in a manner consistent with Section 10.2 of the Plan.

Grant No.: _____

TREX COMPANY, INC.
2005 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 2005 Stock Incentive Plan (the "Plan").

Grant Date: _____, 200__

Name of Grantee: _____

Grantee's Social Security Number: ____-____-____

Number of Shares of Stock Subject to the SARs: _____

SAR Grant Price per Share: \$ ____ . ____

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, a copy of which is available on request. 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: _____
 (Signature)

Title: _____

Attachment

This is not a stock certificate or a negotiable instrument.

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

TREX COMPANY, INC.
2005 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 ($33\frac{1}{3}\%$) of the total number of shares of Stock subject to the SARS, as shown on the cover sheet, on the one-year anniversary of the Grant Date ("Anniversary Date"), provided you then continue in Service. Thereafter, the number of shares of Stock for which you may exercise the SARS will vest at the rate of thirty three and one-third percent ($33\frac{1}{3}\%$) of the total number of shares of Stock shown on the cover sheet on each of the next two Anniversary Dates. The resulting aggregate number of vested shares of Stock will be rounded to the nearest whole number, and you cannot vest in more than the number of shares of Stock shown on the cover sheet.

Except as otherwise provided herein, no additional shares of Stock will vest after your Service has terminated for any reason.

Notwithstanding the foregoing, if you should incur an Involuntary Termination within a one year period following a Change in Control, the SARS shall become 100% vested at the time of your termination. "Change in Control" means the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are shareholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company. "Involuntary Termination" means a termination of employment by the Company for a reason other than Cause or by you if the Company takes any action which results in a diminution in any material respect with your position (including status, offices, titles and reporting requirements), compensation, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you.

Regular Termination

If your Service terminates for any reason, other than death, Retirement, Disability or 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 two (2) years after the date of your death (but not later than the Last Date to Exercise). During that two 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 three (3) years after your termination date (but not later than the Last Date to Exercise).
Leaves of Absence	<p>For purposes of this award of SARs, your Service does not terminate when you go on a <i>bona fide</i> 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.</p> <p>The Company determines, in its sole discretion, which leaves count for this purpose, and when your Service terminates for all purposes under the Plan.</p>
Notice of Exercise	<p>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.</p> <p>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.</p>
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) reserve 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	<p>The text of the Plan is incorporated in this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</p> <p>This Agreement and the Plan constitute the entire understanding between you and the Company regarding the SARs. Any prior agreements, commitments or negotiations concerning the SARs are superseded.</p>
Data Privacy	<p>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.</p> <p>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.</p>
Consent to Electronic Delivery	<p>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 _____ at _____ to request paper copies of these documents.</p>
Code Section 409A	<p>It is intended that this award of SARs comply with Code Section 409A and Notice 2005-1 regarding the permissible deferral of compensation under the grant of stock-settled stock appreciation rights.</p>

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

TREX COMPANY, INC.
2005 STOCK INCENTIVE PLAN
PERFORMANCE AWARD AGREEMENT

Trex Company, Inc., a Delaware corporation (the "Company"), hereby grants performance shares relating to shares of its common stock, \$.01 par value (the "Stock"), to the individual named below as the Grantee, subject to the vesting conditions set forth in the attachment. Additional terms and conditions of the grant are set forth in this cover sheet, in the attachment and in the Trex Company, Inc. 2005 Stock Incentive Plan (the "Plan").

Grant Date: _____, 200__

Name of Grantee: _____

Number of Performance Shares Covered by Grant: _____ (Target Number)

Purchase Price per Share of Stock: \$.01

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Agreement and in the Plan, a copy of which is available from the Company upon request. 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: _____
(Signature)

Title: _____

Attachment

This is not a stock certificate or a negotiable instrument.

TREX COMPANY, INC.
2005 STOCK INCENTIVE PLAN
PERFORMANCE AWARD AGREEMENT

Grant of Performance Shares	This is a grant of performance shares, subject to the terms and conditions described below (the "Performance Shares"). The number of shares of Stock, if any, that may be issued pursuant to this grant of Performance Shares shall be determined based on the Company's attainment as of the measurement date shown on <u>Exhibit A</u> (the "Measurement Date") of the performance goals specified on attached <u>Exhibit A</u> .
Purchase Price	The Purchase Price for the shares of Stock (if any) delivered pursuant to the Performance Shares shall be deemed paid by your services to the Company.
Performance Shares Non-transferability	Your Performance Shares may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the Performance Shares be made subject to execution, attachment or similar process.
Delivery of Stock Pursuant to Performance Shares	Promptly following the Measurement Date, the Company will pay to you the number of Performance Shares authorized by the Compensation Committee, as described in <u>Exhibit A</u> . The shares of Stock represented by Performance Shares may be issued in book entry form. If certificates are issued evidencing the shares of Stock, a certificate for all of the shares of Stock that you have earned will be delivered to you.
Forfeiture of Performance Shares	In the event that you cease to be employed by, or provide services to, the Company or any Affiliate for any reason prior to the Measurement Date, you will forfeit all of your Performance Shares.
Withholding Taxes	You agree, as a condition of this award of Performance Shares, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the grant of this award or your acquisition of Stock under this award. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to this award, the Company will have the right to: (1) require that you arrange such payments to the Company; (2) withhold such amounts from other payments due to you from the Company or any Affiliate; or (3) cause an immediate forfeiture of shares of Stock that would otherwise be delivered to you pursuant to the this Performance Share award in an amount equal to the withholding or other taxes due.

Retention Rights	This Agreement does not give you the right to be retained by the Company (or any Affiliates) in any capacity. The Company (and any Affiliate) reserve the right to terminate your service at any time and for any reason.
Shareholder Rights	You do not have any of the rights of a shareholder with respect to the Performance Shares unless and until the Stock relating to the Performance Shares has been delivered to you.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Stock, the number of Performance Shares covered by this grant will be adjusted (and rounded down to the nearest whole number) as determined by the Board in accordance with the terms of the Plan.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	<p>The text of the Plan is incorporated in this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.</p> <p>This Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of Performance Shares. Any prior agreements, commitments or negotiations concerning this grant are superseded.</p>
Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to receive, the Company would be pleased to provide copies. Please contact the Director of Human Resources to request paper copies of these documents.

This Performance Share grant is subject to all of the terms and conditions described above and in the Plan.

EXHIBIT A

PERFORMANCE AND PAYOUT CRITERIA

Measurement Date: _____, 200__

Performance Goals

<u>Three year CAGR Performance Levels</u>	<u>Performance Shares Earned (Percent of Grant)</u>
Below _____%	0%
_____%	50%
_____%	100%
_____% or more	150%

- The Compounded Annual Growth Rate of earnings per share (“CAGR”) shall be determined by calculating the compounded annual growth between _____’s EPS of \$_____ and _____’s EPS. The target CAGR of _____% will be achieved if _____’s EPS is \$_____.
- Notwithstanding the schedule above, a minimum of _____% annual Return on Invested Capital (ROIC), averaged over fiscal years _____, _____ and _____, must be achieved as a condition to the payment of any performance shares.
- CAGR and ROIC may be adjusted at the discretion of the Compensation Committee to reflect extraordinary items, changes in accounting policy, or any factors that they deem appropriate. There will be interpolation of performance share payout if CAGR is between the performance levels set forth above.

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

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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. Amended and Restated 1999 Stock Option and 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 Options, as provided in Sections 4.1.1 and 4.3 hereof.
- 1.5 "Committee" means the Administrative 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 Options.
- 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 "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.

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

1.12 "Option" means a non-qualified Option granted pursuant to the Trex Company, Inc. 1999 Stock Option and Incentive Plan.

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

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

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

1.16 "Participant" for any Plan Year means an Eligible Director who participates in the Plan for that Plan Year in accordance with Section 10.1 hereof.

1.17 "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.

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

1.19 "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. Amended and Restated 1999 Stock Option and 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 twenty thousand dollars (\$20,000), plus one thousand dollars (\$1,000) for each Board meeting that the Eligible Director attends personally, and five hundred dollars (\$500) for each Board meeting that the Eligible Director participates in telephonically (collectively, 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.

4.1.2 Option Portion of the Annual Director Fee. Each Eligible Director shall receive two thousand (2,000) Options (the "Option Portion of the Annual Director Fee"). The Option 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) ten thousand dollars (\$10,000) for the Audit Committee Chairman, (b) five thousand five hundred dollars (\$5,500) for each Audit Committee member (other than the Chairman), (c) seven thousand five hundred dollars (\$7,500) for the Nominating/Corporate Governance Committee Chairman and the Compensation Committee Chairman, and (d) three thousand five hundred dollars (\$3,500) for each Nominating/Corporate Governance Committee member and Compensation Committee member (other than the Chairmen). 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 10 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 Options of equal value. In such event, the value of such Options shall be determined pursuant to the methodology then in use by the Company's Finance Department to value stock options granted pursuant to the Trex Company, Inc. 1999 Stock Option and Incentive Plan.

4.4 Proration

The Cash Portion of the Annual Director Fee, the Option 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 two thousand (2,000) Options.

5. GRANT DATE

The date of grant for the Option 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 Options issued in lieu of the Cash Portion of the Annual Director Fee and the Annual Committee Fee, as provided in Section 10 hereof, shall be the date such Fees would otherwise be due (each of such dates being referred to as the "Grant Date").

6. OPTION PRICE

The Option Price of Common Stock covered by each Option granted under the Plan shall be the Fair Market Value of such Common Stock on the Grant Date.

7. TERM OF OPTIONS

Each Option 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 term) from the date such Option is granted.

8. VESTING OF OPTIONS

On the first anniversary of the Grant Date, the Option shall be exercisable in respect of 100 percent (100%) of the number of shares covered by the grant. Any limitation on the exercise of an Option contained in any Option 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. The Option shall be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; provided, that no single exercise of the Option 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.

9. SERVICE TERMINATION

Except as otherwise provided in the Option Agreement, upon the termination of service (a "Service Termination") of the Participant as a director of the Company for any reason, any Option granted to a Participant pursuant to the Plan shall become vested, and 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 pursuant to Section 7 hereof, to exercise any Option held by such Participant at the date of such Participant's Service Termination. After the termination of the Option, the Participant shall have no further right to purchase shares of Common Stock pursuant to such Option.

10. ELECTION TO RECEIVE ADDITIONAL OPTIONS

10.1 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 Options 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 Options 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. Options issued pursuant to an election made under this Section 10 shall vest in accordance with the schedule set forth in Section 8 hereof.

10.2 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.

11. ADMINISTRATION

11.1 Committee

The general administration of the Plan and the responsibility for carrying out its provisions shall be placed in an Administrative Committee. The Committee shall consist of at least two members appointed from time to time by the Board of Directors to serve at the pleasure thereof. The initial Administrative Committee shall consist of the President and the Chief Financial Officer of the Company. Any member of the Committee may resign by delivering a written resignation to the Company, and may be removed at any time by action of the Board of Directors.

11.2 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.

11.3 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, (ii) by telephone or other means by which all members can hear one another or (iii) in writing without a meeting shall constitute the action of the Committee and shall have the same effect for all purposes as if assented to by all members of the Committee at the time in office.

11.4 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.

11.5 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.

11.6 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.

12. AMENDMENT AND TERMINATION

The Company, by action of the Board of Directors or the Administrative 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.

13. GENERAL PROVISIONS

13.1 Limitation of Rights

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

13.2 No Rights as Stockholders

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

13.3 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.

13.4 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.

13.5 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.

13.6 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.

13.7 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.

13.8 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.

13.9 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 and July 21, 2005.

FIRST AMENDMENT TO REIMBURSEMENT AND CREDIT AGREEMENT

dated July 25, 2005

By and Between

Trex Company, Inc.

and

JPMorgan Chase Bank, N.A., as Issuing Bank and Administrative Agent

in connection with the Letter of Credit
securing

\$25,000,000

Mississippi Business Finance Corporation
Variable Rate Demand Environmental Improvement Revenue Bonds
(Trex Company, Inc. Project), Series 2004

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This Table of Contents is not a part of this First Amendment to Reimbursement and Credit Agreement and is only for convenience of reference.

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FIRST AMENDMENT TO REIMBURSEMENT AND CREDIT AGREEMENT

THIS FIRST AMENDMENT TO REIMBURSEMENT AND CREDIT AGREEMENT (this "First Amendment"), dated July 25, 2005, between TREX COMPANY, INC., a Delaware corporation (the "**Borrower**") and JPMorgan Chase Bank, N.A., as Issuing Bank (in such capacity the "**Bank**") and Administrative Agent (in such capacity the "**Administrative Agent**").

BASIS FOR THIS FIRST AMENDMENT

1. This First Amendment is authorized by Section 11.03 of the Reimbursement and Credit Agreement dated as of December 1, 2004, between the Borrower, the Bank and the Administrative Agent (the "Original Agreement"). The terms, conditions and provisions of the Original Agreement are incorporated into this First Amendment by reference to the same extent and with the same force and effect as if fully stated in this First Amendment.

2. The Borrower has requested that the Bank and the Administrative Agent consent to an amendment to (a) Section 6.11 of the Original Loan Agreement in order to amend the Fixed Charge Coverage Ratio and (b) Section 7.12 of the Original Loan Agreement in order to amend the limit on capital expenditures.

3. In consideration of the premises and of the mutual covenants herein contained, and for good and valuable consideration, the Bank, the Administrative Agent and the Borrower do mutually covenant and agree, as follows:

Section 1. Definitions; Rules of Interpretation.

1.1 Definitions. For purposes of this First Amendment, all capitalized words and phrases not defined in this First Amendment shall have the meanings given to them in Section 1.01 of the Original Agreement.

1.2 Rules of Interpretation. For all purposes of the Agreement the following shall govern, except as otherwise expressly provided for or unless the context otherwise requires:

(i) The "Agreement" shall mean the Original Agreement modified, altered, amended or supplemented by this First Amendment and as it may from time to time be further modified, altered, amended or supplemented.

(ii) All references in this First Amendment to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of the Original Agreement unless otherwise indicated.

(iii) Terms defined in this First Amendment shall have the meanings prescribed for them where defined herein.

(iv) All accounting terms not otherwise defined in this First Amendment shall have the meanings assigned to them in accordance with the Original Agreement.

(v) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(vi) Terms in the singular include the plural and vice versa.

(vii) The headings and the table of contents set forth in this First Amendment are solely for convenience of reference and shall not constitute a part of this First Amendment nor shall they affect its meaning, construction or effect.

Section 2. Amendment of Original Agreement.

2.1 Amendment of Section 6.11 of Original Agreement. Section 6.11 of the Original Agreement is hereby amended to read in its entirety as follows:

“6.11 **Fixed Charge Coverage Ratio.** The Borrower will not (a) as of the end of any fiscal quarter during Fiscal Year 2005, permit the Fixed Charge Coverage Ratio for the four quarter period ended as of the end of such fiscal quarter to be less than 1.30 to 1.00 and (b) as of the end of any fiscal quarter after Fiscal Year 2005, permit the Fixed Charge Coverage Ratio for the four quarter period ended as of the end of such fiscal quarter to be less than 1.50 to 1.00”

2.2 Amendment of Section 7.12 of Original Agreement. Section 7.12 of the Original Agreement is hereby amended to read in its entirety as follows:

“7.12 **Capital Expenditures.** The Borrower and its Subsidiaries shall not make capital expenditures, including payments due under Capital Leases, (a) in Fiscal Year 2005 in excess of \$50,000,000 and (b) in any Fiscal Year, beginning with Fiscal Year 2006, in excess of \$25,000,000. Notwithstanding the preceding sentence, for Fiscal Years beginning with Fiscal Year 2006, (i) the Borrower may expend an amount equal to the unspent portion of monies from the immediately preceding Fiscal Year in the succeeding Fiscal Year and (ii) the Borrower may make capital expenditures in excess of the amounts set forth in the immediately preceding sentence if, in a particular Fiscal Year, [the difference between the figure equal to clause (a) of the definition of the Fixed Charge Coverage Ratio for such Fiscal Year minus non-Maintenance Capital Expenditures for such Fiscal Year] divided by [the figure equal to clause (b) of the definition of the Fixed Charge Coverage Ratio for such Fiscal Year] is equal to or greater than 1.0 to 1.”

Section 3. Representations of the Parties. Each of the parties hereto hereby represents and warrants to the other party as follows:

3.1 Due Organization. Each party is an organization duly organized, validly existing under the law of the state of its formation and in good standing in all jurisdictions required for it to conduct its business as now conducted and has full power and authority to carry on its business as now conducted.

3.2 Due Authorization. Each party has full power and authority to execute, deliver and perform this First Amendment and to carry out the transactions contemplated hereby. This First Amendment has been duly and validly executed and delivered by each party and constitutes the valid and binding obligation of each party, enforceable in accordance with its terms, except to the extent that enforceability may be limited by laws affecting creditors' rights and debtors' obligations generally, and legal limitations relating to remedies of specific performance and injunctive and other forms of equitable relief.

3.3 No Conflict. The execution, delivery and performance of this First Amendment (as well as any other instruments, agreements, certificates or other documents contemplated hereby, if any) do not (a) violate any laws, rules, regulations, court orders or orders of any governmental or regulatory body applicable to the parties or their respective property, (b) require any consent, approval or authorization of, or notice to, or declaration, filing or registration with any governmental body or other entity that has not been obtained or made or (c) violate or conflict with any provision of the organizational document, operating agreement or bylaws of such party.

3.4 Further Assurances. Each party hereto, at the reasonable request of the other party hereto, will execute and deliver such other documents and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

Section 4. Special Representations of the Borrower The Borrower hereby represents and warrants to the other parties as follows

4.1. Prior Representations and Warranties The representations and warranties of the Borrower in the Original Agreement are true and correct in all material respects as of the date hereof.

4.2. No Default There is no Default or Event of Default under the Original Agreement.

4.3. Full Force and Effect All provisions of Original Agreement continue in full force and effect with respect to the Borrower.

Section 5. More Favorable Covenants. If, after the date hereof, any of the covenants, representations and warranties or events of default, or any other material term or provision, contained in BBT Agreement is amended, restated, supplemented or otherwise modified to make such covenant, representation and warranty or event of default, or any other material term or provision more favorable, in the sole but reasonable opinion of the Administrative Agent, to the lender or lenders under the BBT Agreement than are the terms of this First Amendment to the Bank and the Bank Participants, this First Amendment shall be amended to contain each such more favorable covenant, representation and warranty, event of default, term or provision, and the Borrower hereby agrees to so amend this First Amendment and to execute and deliver all such documents requested by the Administrative Agent to reflect such amendment. Prior to the execution and delivery of such documents by the Borrower, unless the Administrative Agent has waived in writing its rights under this Section 4, this First Amendment shall be deemed to contain each such more favorable covenant, representation and warranty, event of default, term or provision of the BBT Agreement for purposes of determining the rights and obligations hereunder.

Section 6. Miscellaneous.

6.1 Governing Law. The substantive laws of the State shall govern the construction and enforcement of this First Amendment without giving effect to the application of choice of law principles.

6.2 Execution in Counterparts. This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

6.3 Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent and the Bank in connection with the preparation, execution and delivery of this First Amendment and any other documents which may be delivered in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Bank and the Administrative Agent with respect thereto.

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

TREX COMPANY, INC.

By: /s/ Paul D. Fletcher

Paul D. Fletcher
Senior Vice President and Chief Financial Officer

JPMORGAN CHASE BANK, N.A., as
Bank and Administrative Agent

By: /s/ Lee Brennan

Lee Brennan
Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of this 31st day of March, 2005, by and between **TREX COMPANY, INC.**, a Delaware corporation (sometimes hereinafter referred to herein as "Trex Inc."), and **BRANCH BANKING AND TRUST COMPANY OF VIRGINIA**, a Virginia state banking corporation (hereinafter referred to herein as the "Bank").

Trex Inc., TREX Company, LLC, a Delaware limited liability company ("TREX LLC"), and the Bank are the original parties to that certain Credit Agreement dated as of June 19, 2002, as amended by a First Amendment to Credit Agreement dated as of August 29, 2003, as further amended by a Second Amendment to Credit Agreement dated as of September 30, 2004 (as so amended and as it may hereafter be amended, restated, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement"). Subject to the terms and conditions contained in the Credit Agreement, the Bank agreed to extend to Trex Inc. and TREX LLC (i) a revolving credit facility, with a letter of credit subfacility, in the aggregate amount of \$20,000,000 for working capital financing of Trex Inc.'s and TREX LLC's accounts receivable and inventory, to purchase new equipment and/or for other general corporate purposes of Trex Inc. and TREX LLC, (ii) a term loan facility in the amount of \$9,570,079.88 to refinance the Winchester Property (as defined in the Credit Agreement), and (iii) a term loan facility in the amount of \$3,029,920.12 to finance existing improvements to the Winchester Property. Effective December 31, 2002, TREX LLC merged with and into Trex Inc., with Trex Inc. being the surviving entity. As a result of such merger, Trex Inc. is the sole borrower under the Credit Agreement and shall hereinafter sometimes be referred to in this Amendment as the "Borrower."

The Borrower has requested that the Bank increase the amount of the letter of credit subfacility and make certain other modifications to the Credit Agreement, and the Bank is willing to do so upon the terms and conditions contained herein.

Accordingly, the Borrower and the Bank hereby agree as follows:

1. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.
2. Section 2.01(d) of the Credit Agreement is hereby deleted in its entirety and the following Section is substituted in its place:

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

the least of (i) \$10,000,000, (ii) the Revolving Commitment minus the aggregate principal amount of all outstanding Revolving Loans, and (iii) the Borrowing Base minus the aggregate principal amount of all outstanding Revolving Loans.

3. Section 2.01(d)(2) of the Credit Agreement is hereby deleted in its entirety and the following Section is substituted in its place:

(2) Fees. For each Letter of Credit issued under the terms of this Agreement (other than the Existing Letter of Credit), the Borrower will pay to the Bank at the time of issuance the fee as to which the Bank and the Borrower have agreed subject to any minimum fees that the Bank may impose. Such fee will be fully earned at the time such Letter of Credit is issued and nonrefundable. The Borrower will also pay to the Bank when due its customary administrative fees as they may be established or altered from time to time for issuing Letters of Credit and for honoring drafts thereunder and, if applicable, for transferring, amending or extending such Letters of Credit. Nothing contained herein, however, shall obligate the Bank to transfer, amend or extend beyond its original maturity date any Letter of Credit.

4. The Borrower hereby represents and warrants to the Bank (which representations and warranties shall survive the execution and delivery of this Amendment) that:

(a) It is in compliance with all of the terms, covenants and conditions of the Credit Agreement, as amended by this Amendment, and each of the other Loan Documents.

(b) There exists no Default or Event of Default under the Credit Agreement, as amended by this Amendment, and no event has occurred or condition exists which, with the giving of notice or lapse of time, or both, would constitute such a Default or Event of Default.

(c) The representations and warranties contained in Article V of the Credit Agreement are, except to the extent that they relate solely to an earlier date or except to the extent that they relate solely to TREX LLC, true in all material respects with the same effect as though such representations and warranties had been made on the date of this Amendment.

(d) The execution, delivery and performance by the Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene or constitute (with or without the giving of notice or lapse of time or both) a default under any provision of applicable law or of the organizational documents of the Borrower or any Subsidiary or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting the Borrower or any Subsidiary or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

(e) This Amendment constitutes the valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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

5. The Bank's agreement to enter into this Amendment is subject to the following conditions precedent:

(a) The Borrower shall have executed and delivered to the Bank this Amendment.

(b) The Borrower shall have executed and delivered, or caused to be executed and delivered, to the Bank such other and further documents, certificates, opinions and other papers as the Bank shall reasonably request.

6. Except as expressly amended hereby, the terms of the Credit Agreement shall remain in full force and effect in all respects, and the Borrower hereby reaffirms its obligations under the Credit Agreement, as amended by this Amendment, and each of the other Loan Documents. The Borrower hereby waives any claim, cause of action, defense, counterclaim, setoff or recoupment of any kind or nature that it may assert against the Bank arising from or in connection with the Credit Agreement, as amended by this Amendment, any of the Loan Documents, or the transactions contemplated thereby or hereby that exist on the date hereof or arise from facts or actions occurring prior hereto or on the date hereof. Nothing contained in this Amendment shall be construed to constitute a novation with respect to the obligations described in the Credit Agreement.

7. All references to the Credit Agreement in any of the Loan Documents, or any other documents or instruments that refer to the Credit Agreement, shall be deemed to be references to the Credit Agreement as amended by this Amendment.

8. This Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

9. Any Dispute arising out of or related to this Amendment or any of the Loan Documents shall be resolved by binding arbitration as provided in Section 9.07 of the Credit Agreement. **TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY DISPUTE.**

10. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

11. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Borrower shall not have the right to assign any of its rights or obligations under or delegate any of its duties under the Credit Agreement, as amended by this Amendment, or any of the other Loan Documents.

12. The Borrower hereby agrees that it will pay on demand all out-of-pocket expenses incurred by the Bank in connection with the preparation of this Amendment and any other related documents, including but not limited to the fees and disbursements of counsel for the Bank.

13. This Amendment represents the final agreement between the Borrower and the Bank with respect to the subject matter hereof, and may not be contradicted, modified or supplemented in any way by evidence of any prior or contemporaneous written or oral agreements of the Borrower and the Bank.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Borrower and the Bank have caused this Amendment to be executed by their duly authorized officers under seal as of the date first written above.

TREX COMPANY, INC.

By: /s/ Paul D. Fletcher (SEAL)

Name: Paul D. Fletcher
Title: Senior Vice President and
Chief Financial Officer

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

By: /s/ David A. Chandler (SEAL)

Name: David A. Chandler
Title: Senior Vice President

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of this 25th day of July, 2005, by and between **TREX COMPANY, INC.**, a Delaware corporation (sometimes hereinafter referred to herein as "Trex Inc."), and **BRANCH BANKING AND TRUST COMPANY OF VIRGINIA**, a Virginia state banking corporation (hereinafter referred to herein as the "Bank").

Trex Inc., TREX Company, LLC, a Delaware limited liability company ("TREX LLC"), and the Bank are the original parties to that certain Credit Agreement dated as of June 19, 2002, as amended by a First Amendment to Credit Agreement dated as of August 29, 2003, as further amended by a Second Amendment to Credit Agreement dated as of September 30, 2004, as further amended by a Third Amendment to Credit Agreement dated as of March 31, 2005 (as so amended and as it may hereafter be amended, restated, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement"). Subject to the terms and conditions contained in the Credit Agreement, the Bank agreed to extend to Trex Inc. and TREX LLC (i) a revolving credit facility, with a letter of credit subfacility, in the aggregate amount of \$20,000,000 for working capital financing of Trex Inc.'s and TREX LLC's accounts receivable and inventory, to purchase new equipment and/or for other general corporate purposes of Trex Inc. and TREX LLC, (ii) a term loan facility in the amount of \$9,570,079.88 to refinance the Winchester Property (as defined in the Credit Agreement), and (iii) a term loan facility in the amount of \$3,029,920.12 to finance existing improvements to the Winchester Property. Effective December 31, 2002, TREX LLC merged with and into Trex Inc., with Trex Inc. being the surviving entity. As a result of such merger, Trex Inc. is the sole borrower under the Credit Agreement and shall hereinafter sometimes be referred to in this Amendment as the "Borrower."

The Borrower has requested that the Bank modify certain financial covenants contained in the Credit Agreement, and the Bank is willing to do so upon the terms and conditions contained herein.

Accordingly, the Borrower and the Bank hereby agree as follows:

1. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.
2. Section 6.09 of the Credit Agreement is hereby deleted in its entirety and the following Section is substituted in its place:

Section 6.09 Limitations on Capital Expenditures. Without the prior written consent of the Bank, the Borrower and its Subsidiaries shall not make capital expenditures, including payments due under Capital Leases, of more than the following aggregate amounts in each of its fiscal years: \$50,000,000 for fiscal year 2005; and \$25,000,000 for each fiscal year thereafter. Notwithstanding the immediately preceding sentence, for fiscal years of the Borrower beginning with fiscal year 2006, (a) the Borrower may expend an amount equal to the unspent portion of monies from the immediately preceding fiscal year of the Borrower in

the succeeding fiscal year of the Borrower and (b) the Borrower may make capital expenditures in excess of the amounts set forth in the immediately preceding sentence if, in a particular fiscal year of the Borrower, [the difference between the figure equal to clause (i) of the definition of the Fixed Charge Coverage Ratio for such fiscal year minus non-Maintenance Capital Expenditures for such fiscal year] divided by [the figure equal to clause (ii) of the definition of the Fixed Charge Coverage Ratio for such fiscal year] is equal to or greater than 1.0 to 1

3. Section 6.12 of the Credit Agreement is hereby deleted in its entirety and the following Section is substituted in its place:

Section 6.12 Fixed Charge Coverage Ratio. The Borrower will not (a) as of the end of any fiscal quarter of the Borrower during fiscal year 2005, permit the Fixed Charge Coverage Ratio of the four-quarter period ending as of the end of such fiscal quarter to be less than 1.3 to 1 and (b) as of the end of any fiscal quarter of the Borrower after fiscal year 2005, permit the Fixed Charge Coverage Ratio for the four-quarter period ending as of the end of such fiscal quarter to be less than 1.5 to 1.

4. The Borrower hereby represents and warrants to the Bank (which representations and warranties shall survive the execution and delivery of this Amendment) that:

(a) It is in compliance with all of the terms, covenants and conditions of the Credit Agreement, as amended by this Amendment, and each of the other Loan Documents.

(b) There exists no Default or Event of Default under the Credit Agreement, as amended by this Amendment, and no event has occurred or condition exists which, with the giving of notice or lapse of time, or both, would constitute such a Default or Event of Default.

(c) The representations and warranties contained in Article V of the Credit Agreement are, except to the extent that they relate solely to an earlier date or except to the extent that they relate solely to TREX LLC, true in all material respects with the same effect as though such representations and warranties had been made on the date of this Amendment.

(d) The execution, delivery and performance by the Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene or constitute (with or without the giving of notice or lapse of time or both) a default under any provision of applicable law or of the organizational documents of the Borrower or any Subsidiary or of any agreement, judgment, injunction, order, decree or other instrument binding upon or affecting the Borrower or any Subsidiary or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

(e) This Amendment constitutes the valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by equitable principles of general applicability (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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

5. The Bank's agreement to enter into this Amendment is subject to the following conditions precedent:

(a) The Borrower shall have executed and delivered to the Bank this Amendment.

(b) The Borrower shall have executed and delivered, or caused to be executed and delivered, to the Bank such other and further documents, certificates, opinions and other papers as the Bank shall reasonably request.

(c) The Borrower, JPMorgan Chase Bank, N.A., as issuing bank (the "Issuing Bank") and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent") shall have executed and delivered an amendment to the Reimbursement and Credit Agreement dated as of December 1, 2004 by and between the Borrower, the Issuing Bank and the Administrative Agent (the "Chase Credit Agreement") that amends the fixed charge coverage ratio and the capital expenditures covenants in a manner similar in all material respects to the amendments to those covenants contained in this Amendment.

6. Except as expressly amended hereby, the terms of the Credit Agreement shall remain in full force and effect in all respects, and the Borrower hereby reaffirms its obligations under the Credit Agreement, as amended by this Amendment, and each of the other Loan Documents. The Borrower hereby waives any claim, cause of action, defense, counterclaim, setoff or recoupment of any kind or nature that it may assert against the Bank arising from or in connection with the Credit Agreement, as amended by this Amendment, any of the Loan Documents, or the transactions contemplated thereby or hereby that exist on the date hereof or arise from facts or actions occurring prior hereto or on the date hereof. Nothing contained in this Amendment shall be construed to constitute a novation with respect to the obligations described in the Credit Agreement.

7. All references to the Credit Agreement in any of the Loan Documents, or any other documents or instruments that refer to the Credit Agreement, shall be deemed to be references to the Credit Agreement as amended by this Amendment.

8. This Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

9. Any Dispute arising out of or related to this Amendment or any of the Loan Documents shall be resolved by binding arbitration as provided in Section 9.07 of the Credit Agreement. **TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY DISPUTE.**

10. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

11. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Borrower shall not have the right to assign any of its rights or obligations under or delegate any of its duties under the Credit Agreement, as amended by this Amendment, or any of the other Loan Documents.

12. The Borrower hereby agrees that it will pay on demand all out-of-pocket expenses incurred by the Bank in connection with the preparation of this Amendment and any other related documents, including but not limited to the fees and disbursements of counsel for the Bank.

13. This Amendment represents the final agreement between the Borrower and the Bank with respect to the subject matter hereof, and may not be contradicted, modified or supplemented in any way by evidence of any prior or contemporaneous written or oral agreements of the Borrower and the Bank.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Borrower and the Bank have caused this Amendment to be executed by their duly authorized officers under seal as of the date first written above.

TREX COMPANY, INC.

By: /s/ Paul D. Fletcher (SEAL)

Name: Paul D. Fletcher
Title: Senior Vice President and
Chief Financial Officer

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

By: /s/ David A. Chandler (SEAL)

Name: David A. Chandler
Title : Senior Vice President

CERTIFICATION

I, Robert G. Matheny, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;
2. Based on my knowledge, this quarterly 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: August 9, 2005

/s/ Robert G. Matheny

Robert G. Matheny
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Paul D. Fletcher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trex Company, Inc.;
2. Based on my knowledge, this quarterly 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: August 9, 2005

/s/ Paul D. Fletcher

Paul D. Fletcher,
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

**Written Statement 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 Chairman and Chief Executive Officer and the Senior 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 Period Ended June 30, 2005 filed on the date hereof with the 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.

/s/ Robert G. Matheny

Robert G. Matheny
Chairman and Chief Executive Officer
August 9, 2005

/s/ Paul D. Fletcher

Paul D. Fletcher
Senior Vice President and Chief Financial Officer
August 9, 2005