TREX CO INC
Form DEF 14A
March 22, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Trex Company, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it is determined):

4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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Trex Company, Inc.

160 Exeter Drive

Winchester, Virginia 22603-8605

Notice of Annual Meeting of Stockholders

May 2, 2018

To our stockholders:

Notice is hereby given that the 2018 annual meeting of stockholders of Trex Company, Inc. will be held at The George Washington Grand Hotel, 103 East Piccadilly Street, Winchester, Virginia, on Wednesday, May 2, 2018, at 9:00 a.m., local time, for the following purposes:

- **to elect two directors of Trex Company, Inc.;**
- **to approve, on a non-binding advisory basis, the compensation of our named executive officers;**
- **to approve the Second Certificate of Amendment to the Restated Certificate of Incorporation of Trex Company, Inc. to increase the number of authorized shares of common stock, $0.01 par value per share, from 80,000,000 to 120,000,000;**
- **to ratify the appointment of Ernst & Young LLP as Trex Company s independent registered public accounting firm for the 2018 fiscal year; and**
- **to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.**

Only stockholders of record at the close of business on March 5, 2018 will be entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend this meeting.

We have elected to adopt the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing a Notice Regarding the Availability of Proxy Materials (the Notice of Availability) to our stockholders instead of a paper copy of this proxy statement and our 2017 Annual Report. The Notice of Availability contains instructions on how to access and review those documents over the Internet. We believe that this process will allow us to provide our stockholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. Stockholders who receive a Notice of Availability by mail and would like to receive a printed copy of our proxy materials, should follow the instructions for requesting such materials included on the Notice of Availability.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, your shares should be represented and voted. To vote, please complete and return your proxy card, or vote by telephone or via the Internet by following the instructions on your Notice of Availability. Returning a proxy card or otherwise submitting your proxy does not deprive you of your right to attend the annual meeting and vote in person.

By Order of the Board of Directors,

William R. Gupp

Senior Vice President,

General Counsel and Secretary

Dated: March 22, 2018

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Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. Please read the entire Proxy Statement carefully before voting.

Annual Stockholders Meeting		Meeting Agenda
Date	May 2, 2018	Election of two directors
Time	9:00 a.m. Eastern Time	Advisory vote on executive compensation
Place	The George Washington Grand Hotel 103 East Piccadilly Street Winchester, Virginia 22601	Approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized common shares from 80,000,000 to 120,000,000
Record Date	March 5, 2018	Ratification of Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for fiscal year 2018
Voting	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.	Transact other business that may properly come before the meeting

Item	Board recommendation	Reasons for recommendation	More information
1. Election of two directors.	**FOR**	The Board and Nominating/Corporate Governance Committee believe that	Page 8

		the two Board candidates possess the skills, experience, and diversity to effectively monitor performance, provide oversight, and advise management on the Company s long-term strategy.	
2. Advisory vote on executive compensation say-on-pay.	**FOR**	The Company s executive compensation programs demonstrate the continuing evolution of the Company s pay for performance philosophy.	Page 51
3. Approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized common shares from 80,000,000 to 120,000,000.	**FOR**	The Board of Directors believes it is in the best interests of the Company to have additional authorized shares of Common Stock available for future business purposes, including potential stock splits, raising capital, acquisitions and employee equity plans.	Page 52
4. Ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal year 2018.	**FOR**	Based on the Audit Committee s assessment of Ernst & Young s qualifications and performance, it believes that its retention for fiscal year 2018 is in the best interests of the Company.	Page 54

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Board of Directors

See Page 8 Election of Directors for more information.

The following table provides summary information about each director.

Director Occupation	Age	Director since	Independent	Other public boards	Committee memberships AC	CC	NCGC	Up for re-election at current Annual Meeting
James E. Cline *President and CEO,* *Trex Company, Inc.*	66	2015	No	0				**Yes**
Patricia B. Robinson *Independent Consultant*	65	2000	Yes	0				**Yes**
Frank H. Merlotti, Jr. (1) *Retired; Former President* *Coalesse Unit of Steelcase, Inc.*	67	2006	Yes	0				**No**
Michael F. Golden *Retired; Former President and* *CEO, Smith and Wesson* *Holding Corporation*	63	2013	Yes	2				**No**
Richard E. Posey *Retired; Former President and* *CEO, Moen Incorporated*	71	2009	Yes	0				**No**
Jay M. Gratz *Consultant and Director, 10X Technologies*	65	2007	Yes	0				**No**
Ronald W. Kaplan	66	2008	No	1				**No**

Chairman; Retired; Former President and CEO, Trex Company, Inc.								
Gerald Volas *CEO, TopBuild Corp.*	63	2014	Yes	1				**No**

(1) Mr. Merlotti will be retiring from the Board of Directors effective on the date of the 2018 Annual Meeting.

AC	Audit Committee	Chair
CC	Compensation Committee	Member
NCGC	Nominating/Corporate Governance Committee	Financial expert

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Trex Company, Inc.

160 Exeter Drive

Winchester, Virginia 22603-8605

Annual Meeting of Stockholders

May 2, 2018

Proxy Statement

General Information

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Trex Company, Inc. (the Company) for use at the Company s 2018 annual meeting of stockholders to be held at The George Washington Grand Hotel, 103 East Piccadilly Street, Winchester, Virginia, on Wednesday, May 2, 2018 at 9:00 a.m., local time. The purpose of the annual meeting and the matters to be acted upon are set forth in the accompanying notice of annual meeting.

Only stockholders of record at the close of business on March 5, 2018, the record date for the annual meeting (the record date), will be entitled to notice of and to vote at the annual meeting. As of the record date, we had 29,424,763 shares of common stock outstanding, which are our only securities entitled to vote at the annual meeting. Each share of common stock is entitled to one vote.

A list of stockholders entitled to vote at the annual meeting will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of ten days before the meeting at the Company s offices at 160 Exeter Drive, Winchester, Virginia, and at the time and place of the meeting during the whole time of the meeting.

Notice of the Company s annual meeting was mailed on or about March 22, 2018 to all stockholders as of the record date.

Those stockholders entitled to vote may vote their shares via the Proxy Card, or via the Internet, telephone or mail, following the instructions printed on the Notice of Availability.

Stockholders who receive a Notice of Availability and would like to receive a printed copy of our proxy materials should follow the instructions for requesting such materials included in the Notice of Availability.

From the date of the mailing of the Notice of Availability until the conclusion of the annual meeting, all of the proxy materials will be accessible on the Company s website at www.trex.com/proxy.

Stockholders who execute proxies may revoke them by giving written notice to our Corporate Secretary any time before such proxies are voted. Attendance at the annual meeting shall not have the effect of revoking a proxy unless the stockholder so attending shall, in writing, so notify the Corporate Secretary at any time prior to the voting of the proxy at the annual meeting.

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GENERAL INFORMATION

The Board does not know of any matter that is expected to be presented for consideration at the annual meeting, other than the election of two directors, a non-binding advisory vote on the compensation of our named executive officers, approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized common shares from 80,000,000 to 120,000,000, and ratification of the appointment of our independent registered public accounting firm for the current fiscal year. However, if other matters properly come before the annual meeting, the persons named in the accompanying proxy intend to vote thereon in accordance with their judgment.

We are not engaging any company for the purpose of proxy solicitation in conjunction with this proxy statement. We will bear the cost of the annual meeting and the cost of soliciting proxies, including the cost of mailing any proxy materials. In addition to solicitation by mail, our directors, officers and regular employees (who will not be specifically compensated for such services) may solicit proxies by telephone or otherwise. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxies and proxy material to their principals, and we will reimburse them for their expenses. In addition, we have retained Broadridge Financial Solutions, Inc., or Broadridge, to assist in the mailing, collection, and administration of the proxy.

The 2017 Annual Report to stockholders and the 2017 Form 10-K are not proxy soliciting materials.

All proxies received pursuant to this solicitation will be voted except as to matters where authority to vote is specifically withheld. Where a choice is specified as to the proposal, proxies will be voted in accordance with such specification. If no instructions are given, the persons named in the proxy intend to vote:

FOR election of the nominees listed herein as directors;

FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers;

FOR approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized common shares from 80,000,000 to 120,000,000; and

FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2018 fiscal year.

A majority of the outstanding shares of common stock entitled to vote on the record date, whether present in person or represented by proxy, will constitute a quorum for the transaction of business at the annual meeting and any adjournment or postponement thereof. Abstentions and broker non-votes (which occur with respect to any proposal when a broker holds shares of a customer in its name and is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given) will be counted as present or represented for purposes of establishing a quorum for the transaction of business.

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Voting Matter	Standard Required
Election of Directors.	**Plurality**, which means the two persons receiving the most amount of votes are elected. Abstentions and broker non-votes will have no effect on the election of directors, which is by plurality of the votes cast in person or by proxy. Brokers may vote their shares in favor of directors so long as they have voting instructions from the beneficial owners of the shares.
Advisory vote on executive compensation say-on-pay ; and Appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2018 fiscal year.	**Majority** of the shares of common stock present in person or represented by proxy and entitled to vote on the matter at the annual meeting. Abstentions from voting on this proposal will have the same effect as a vote against this proposal. Brokers may vote their shares on this proposal if they have voting instructions from the beneficial owners of the shares. Broker non-votes will not be treated as votes cast on this matter, and therefore will not have any effect on determining the outcome.
Approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized common shares from 80,000,000 to 120,000,000.	**Majority** of the shares of common stock issued and outstanding. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

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Security Ownership

The following table presents, as of March 5, 2018, information based upon the Company s records and filings with the U.S. Securities and Exchange Commission (SEC) regarding beneficial ownership of its common stock by the following persons:

each person known to the Company to be the beneficial owner of more than 5% of the common stock;

each director and each nominee to the Board;

each executive officer of the Company named in the Summary Compensation Table following the Compensation Discussion and Analysis section of this proxy statement; and

all directors and executive officers of the Company as a group.

As of March 5, 2018, there were 29,424,763 shares of common stock outstanding.

The following information has been presented in accordance with SEC rules and is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules, beneficial ownership of a class of capital stock as of any date includes any shares of such class as to which a person, directly or indirectly, has or shares voting power or investment power as of such date and also any shares as to which a person has the right to acquire such voting or investment power as of or within 60 days after such date through the exercise of any stock option, warrant or other right, without regard to whether such right expires before the end of such 60-day period or continues thereafter. If two or more persons share voting power or investment power with respect to specific securities, all of such persons may be deemed to be the beneficial owners of such securities.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (%) [1]
BlackRock, Inc. [2] 55 East 52nd Street New York, New York 10055	3,974,637	13.51%
The Vanguard Group [3] 100 Vanguard Blvd. Malvern, PA 19355	2,703,458	9.19%
ClearBridge Investments, LLC [4] 620 8th Avenue	1,703,019	5.79%

New York, NY 10018		
James E. Cline (5)	84,534	*
William R. Gupp (6)	50,625	*
Adam D. Zambanini (7)	45,144	*
Christopher P. Gerhard (8)	28,384	*
Bryan H. Fairbanks (9)	20,563	*
Jay T. Scripter (10)	16,485	*
Patricia B. Robinson (11)	27,811	*
Frank H. Merlotti, Jr. (12)	19,729	*
Richard E. Posey (13)	15,298	*
Jay M. Gratz (14)	13,397	*
Ronald W. Kaplan (15)	8,173	*
Gerald Volas (16)	7,155	*
Michael F. Golden (17)	7,064	*
All directors and executive officers as a group (13 persons) (18)	344,362	1.17%

* Less than 1%.

(1) The percentage of beneficial ownership as to any person as of March 5, 2018 is calculated by dividing the number of shares beneficially owned by such person, which includes the number of shares as to which such person has the right to acquire voting or investment power as of or within 60 days after March 5, 2018, by the sum of the number of shares outstanding as of March 5, 2018 plus the number of shares as to which such person has the right to acquire voting or investment power as of or within 60 days after March 5, 2018.

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SECURITY OWNERSHIP

Consequently, the denominator used for calculating such percentage may be different for each beneficial owner. Except as otherwise indicated below and under applicable community property laws, the Company believes that the beneficial owners of the Company s common stock listed in the table have sole voting and investment power with respect to the shares shown.

(2) The information concerning BlackRock, Inc. is based on a Schedule 13G filed with the SEC on January 19, 2018, in which the reporting person reports that it has sole voting power with respect to 3,908,179 of the shares shown and sole dispositive power with respect to all of the shares shown.

(3) The information concerning The Vanguard Group is based on a Schedule 13G filed with the SEC on February 8, 2018, in which the reporting person reports that it has sole voting power with respect to 57,386 of the shares shown, shared voting power with respect to 3,938 of the shares shown, sole dispositive power with respect to 2,644,534 of the shares shown, and shared dispositive power with respect to 58,924 of the shares shown.

(4) The information concerning ClearBridge Investments, LLC is based on a Schedule 13G filed with the SEC on February 14, 2018, in which the reporting person reports that it has sole voting power with respect to 1,020,417 of the shares shown, and sole dispositive power with respect to all of the shares shown.

(5) The shares of common stock shown as beneficially owned by Mr. Cline include 28,333 unvested restricted stock units, and 38,584 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 12,641 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

(6) The shares of common stock shown as beneficially owned by Mr. Gupp include 11,104 unvested restricted stock units, and 14,616 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 3,139 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

(7) The shares of common stock shown as beneficially owned by Mr. Zambanini include 7,542 unvested restricted stock units, and 11,785 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,151 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

(8) The shares of common stock shown as beneficially owned by Mr. Gerhard include 7,542 unvested restricted stock units, and 10,985 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,151 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5,

2018.

(9) The shares of common stock shown as beneficially owned by Mr. Fairbanks include 8,632 unvested restricted stock units, and 618 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,443 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

(10) The shares of common stock shown as beneficially owned by Mr. Scripter include 9,882 unvested restricted stock units, and 703 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,779 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

(11) The shares of common stock shown as beneficially owned by Ms. Robinson include 923 unvested restricted stock units, and 16,374 stock appreciation rights she has the right to exercise, as of or within 60 days after March 5, 2018.

(12) The shares of common stock shown as beneficially owned by Mr. Merlotti include 923 unvested restricted stock units, and 9,410 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.

(13) The shares of common stock shown as beneficially owned by Mr. Posey include 1,266 unvested restricted stock units, and 6,237 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.

(14) The shares of common stock shown as beneficially owned by Mr. Gratz include 923 unvested restricted stock units, and 4,496 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.

(15) The shares of common stock shown as beneficially owned by Mr. Kaplan include 923 unvested restricted stock units.

(16) The shares of common stock shown as beneficially owned by Mr. Volas include 923 unvested restricted stock units, and 2,938 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.

(17) The shares of common stock shown as beneficially owned by Mr. Golden include 923 unvested restricted stock units, and 4,710 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.

(18) The shares of common stock shown as beneficially owned by all directors and executive officers as a group include a total of 79,779 unvested restricted stock units, 121,456 stock appreciation rights they have the right to exercise as of or within 60 days after March 5, 2018, and exclude 25,304 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.

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Election of Directors

(Proposal 1)

The current terms of office of the three current classes of directors expire at this annual meeting, at the annual meeting of stockholders in 2019 and at the annual meeting of stockholders in 2020, respectively. Upon the expiration of the term of office of each class, the nominees for such class will be elected for a term of three years to succeed the directors whose terms of office expire.

The Company s restated certificate of incorporation, as amended, provides that the Board is to be divided into three classes of directors, with the classes to be as nearly equal in number as possible. Frank H. Merlotti, Jr. s current three year term is scheduled to expire on the date of the 2018 annual meeting. As previously disclosed by the Company, Mr. Merlotti has elected to retire from the Company s Board, and therefore will not stand for election at the 2018 annual meeting. With Mr. Merlotti s retirement, Patricia B. Robinson was the only director scheduled for election at the 2018 annual meeting. In order to keep the classes as nearly equal in number as possible, James E. Cline, who was otherwise scheduled for election at the 2019 annual meeting, agreed to be moved to the class of directors whose terms expire at the 2018 annual meeting.

In accordance with the recommendation of the Nominating/Corporate Governance Committee, Ms. Robinson and Mr. Cline have been nominated by the Board for election to the class with a three-year term that will expire at the annual meeting of stockholders in 2021. These nominees are incumbent directors. Ms. Robinson has served on the Board since her appointment in November 2000. Mr. Cline has served on the Board since his appointment in August 2015.

Approval of the nominees requires the affirmative vote of a plurality of the votes cast at the annual meeting. Abstentions and broker non-votes will have no effect on the election of directors, which is by plurality of the votes cast in person or by proxy. Brokers may vote their shares in favor of directors if they have voting instructions from the beneficial owners of the shares. Unless authority to do so is withheld, it is the intention of the persons named in the proxy to vote such proxy **FOR** the election of each of the nominees. If any of the nominees should become unable or unwilling to serve as a director, the persons named in the proxy intend to vote for the election of such substitute nominee for director as the Board may recommend. It is not anticipated that any of the nominees will be unable or unwilling to serve as a director.

The Board unanimously recommends that the stockholders of the Company vote FOR the election of the nominees to serve as directors.

Biographical information concerning each of the nominees and each of the directors continuing in office is presented below.

Director	Age	Director Since
James E. Cline	66	2015
Patricia B. Robinson	65	2000

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ELECTION OF DIRECTORS (PROPOSAL 1)

James E. Cline has served as President and Chief Executive Officer of the Company since August 17, 2015. He previously served as Senior Vice President and Chief Financial Officer between August 2013 and August 2015, and as Vice President and Chief Financial Officer between March 2008 and July 2013. Mr. Cline served from July 2005 through December 2007 as the President of Harsco GasServ, a subsidiary of Harsco Corporation and a manufacturer of containment and control equipment for the global gas industry. From January 2008 through February 2008, in connection with the purchase of Harsco GasServ by Taylor-Wharton International LLC, which was owned by Windpoint Partners Company, Mr. Cline served as a consultant to the buyers by providing transition management and financial services. From April 1994 through June 2005, Mr. Cline served as the Vice President and Controller of Harsco GasServ. Mr. Cline served in various capacities with Huffy Corporation from June 1976 to February 1994, including as the Director of Finance of its True Temper Hardware subsidiary, a manufacturer of lawn care and construction products. Mr. Cline received a B.S.B.A. degree in accounting from Bowling Green State University.

Mr. Cline was appointed to the Board in August 2015 upon his promotion to President and Chief Executive Officer. Mr. Cline was appointed to the Board in 2015 and renominated this year specifically because the Board felt it was important to have another member of the Board with significant financial expertise in this industry and also because the Board believes it is in the best interest of the Company that the Chief Executive Officer be a member of the Board.

Patricia B. Robinson has been an independent consultant since 1999. From 1977 to 1998, Ms. Robinson served in a variety of positions with Mead Corporation, a forest products company, including President of Mead School and Office Products, Vice President of Corporate Strategy and Planning, President of Gilbert Paper, Plant Manager of a specialty machinery facility and Product Manager for new packaging product introductions. She received a B.A. degree in economics from Duke University and a M.B.A. degree from the Darden School at the University of Virginia.

Ms. Robinson was appointed to the Board in November 2000 as one of the first outside independent directors of the Company and renominated this year due to her professional experience as a President of a consumer products company and her experience with strategic planning and new product introductions. As a consumer products company that continues to innovate with new products, the Board believes this is important experience to have on the Board.

Director	Age	Director Since
Michael F. Golden	63	2013
Richard E. Posey	71	2009

Michael F. Golden is retired. He served as President and Chief Executive Officer of American Outdoor Brands Corporation (formerly Smith and Wesson Holding Corporation), a manufacturer of firearms and firearms-related products and accessories, from December 2004 until his retirement in September 2011, and currently serves as a director of such company. Mr. Golden was employed in various executive positions with the Kohler Company, which manufactures kitchen and bath plumbing fixtures, furniture, tile, engines, and generators, and operates resorts, from

February 2002 until December 2004, with his most recent position being the President of its Cabinetry Division. Mr. Golden was the President of Sales for the Industrial/Construction Group of the Stanley Works Company, which manufactures tools and hardware, from 1999 until 2002; Vice President of Sales for Kohler s North American Plumbing Group from 1996 until 1998; and Vice President, Sales and Marketing for a division of The Black & Decker Corporation, which manufactures tools and hardware, where he was employed from 1981 until 1996. Mr. Golden also serves on the Board of Directors of Quest Resources Holding Corporation, a company that provides management programs to reuse, recycle, and dispose of various waste streams and recyclables in the United States. He received a B.S. degree in Marketing from Pennsylvania State University and a M.B.A. degree from Emory University.

Mr. Golden was appointed to the Board in February 2013 specifically because the Board felt it was important to find and include an additional member with experience as a chief executive officer and experience in growing branded consumer products companies.

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ELECTION OF DIRECTORS (PROPOSAL 1)

Richard E. Posey is retired. He served as President and Chief Executive Officer of Moen Incorporated, a manufacturer of faucets, from January 2002 until his retirement in September 2007. Prior to joining Moen, Mr. Posey was President and Chief Executive Officer of Hamilton Beach / Proctor Silex, Inc., a manufacturer of small kitchen appliances, for five years. Mr. Posey began his career at S.C. Johnson & Son, a supplier of cleaning and other household products, where for 22 years he served in a series of increasingly responsible management positions, both overseas and in the U.S., culminating with Executive Vice President, Consumer Products, North America. Mr. Posey is a Founding Trustee, Virginia Commonwealth University School of Engineering Foundation. He received a B.A. degree in English from The University of Southern California and a M.B.A. degree from The University of Michigan.

Mr. Posey was appointed by the Board in May 2009 because the Committee felt it was important to find and include a member with consumer product experience. Mr. Posey was primarily chosen due to his professional experience as a chief executive of a number of consumer product companies, and his experience in sales and marketing of consumer products.

Director	Age	Director Since
Jay M. Gratz	65	2007
Ronald W. Kaplan	66	2008
Gerald Volas	63	2014

Jay M. Gratz has served as a consultant and director of 10X Technologies, a high technology startup, since April 2017. Mr. served as the Chief Financial Officer of VisTracks, Inc., an application enabling platform service provider, for the period of March 2010 through January 2018, and a director of such company for the period of April 2010 through January 2018. Mr. Gratz was a partner in Tatum LLC, a national executive services and consulting firm that focuses on the needs of the Office of the CFO between February 2010 and March 2010. From October 2007 through February 2010, Mr. Gratz was an independent consultant. From 1999 through October 2007, Mr. Gratz served as Executive Vice President and Chief Financial Officer of Ryerson Inc., a metals processor and distributor, and as President of Ryerson Coil Processing Division from November 2001 until October 2007. Mr. Gratz served as Vice President and Chief Financial Officer of Inland Steel Industries, a steel company, from 1994 through 1998, and served in various other positions, including Vice President of Finance, within that company since 1975. Mr. Gratz is a Certified Public Accountant. He received a B.A. degree in economics from State University of New York in Buffalo and an M.B.A. degree from Northwestern University Kellogg Graduate School of Management.

Mr. Gratz was appointed to the Board in 2007 specifically because the Board felt it was important to have a member with extensive financial experience. Mr. Gratz is a Certified Public Accountant, served as a chief financial officer of another respected public company, and has experience dealing with a wide-range of financial issues that the Board feels is beneficial to the Company. In addition, the Board also believed that Mr. Gratz could potentially serve as Chairman of the Audit Committee (in which position he is now currently serving).

Ronald W. Kaplan retired as President and Chief Executive Officer of the Company on August 17, 2015, and remains the Chairman. He served as Chairman, President and Chief Executive Officer of the Company between May 2010 and August 2015. From January 2008 to May 2010, Mr. Kaplan served as President and Chief Executive Officer of the Company. From February 2006 through December 2007, Mr. Kaplan served as Chief Executive Officer of Continental Global Group, Inc., a manufacturer of bulk material handling systems. For 26 years prior to this, he was employed by Harsco Corporation, an international industrial services and products company, at which he served in a number of capacities, including as Senior Vice President-Operations, and, from 1994 through 2005, as President of Harsco s Gas Technologies Group, which manufactures containment and control equipment for the global gas industry. Mr. Kaplan also serves on the Board of Directors of Caesarstone Sdot-Yam, Ltd., a company engaged in the manufacture and sale of engineered stone surfaces used for kitchen countertops, vanity tops and tiles. He received a B.A. degree in economics from Alfred University and an M.B.A. degree from the Wharton School of Business, University of Pennsylvania.

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ELECTION OF DIRECTORS (PROPOSAL 1)

Mr. Kaplan was hired by the Company in January 2008 as its President and Chief Executive Officer. The Board believed that the Company at that time would greatly benefit from someone with prior professional experience as a chief executive officer of manufacturing companies, including experience leading companies through financial and operational turnarounds , which the Board felt was important experience for the Company at that time. Mr. Kaplan was appointed to the Board in 2008 because the Board believed that the Chief Executive Officer of the Company should serve on the Board. Mr. Kaplan has retired as the Company s Chief Executive Officer but remains as Chairman of the Board because the Board believes they can benefit from Mr. Kaplan s experience with both the Company and in the industry in which the Company competes.

Gerald Volas has served as Chief Executive Officer and a director of TopBuild Corp., a leading installer and distributor of insulation products, since June 2015. Between 1982 and June 2015, Mr. Volas was employed by Masco Corporation, one of the world s leading manufacturers of brand-name products for the home improvement and new home construction industries, in various positions of increasing responsibility. Between February 2005 and June 2015, he served as a Group Executive responsible for almost all of Masco s operating companies. From April 2001 to February 2005, he served as President of Liberty Hardware, a Masco operating company, from January 1996 to April 2001, he served as a Group Controller supporting a variety of Masco operating companies, and from May 1982 to January 1996, he served in progressive financial roles including Vice President/Controller at BrassCraft Manufacturing Company, a Masco operating company. Mr. Volas is a Certified Public Accountant. He received a Bachelor of Business Administration degree from the University of Michigan.

Mr. Volas was appointed to the Board in March 2014 because of his professional experience as an executive of a consumer products company, with additional specific experience in the home improvement and new home construction industry. In addition, the Board felt it was important to find a member with extensive financial experience. Mr. Volas is a Certified Public Accountant, and has experience dealing with a wide-range of financial issues that the Board feels is beneficial to the Company, and could potentially serve as Chairman of the Audit Committee in the future.

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Corporate Governance

The Board currently consists of eight directors. Upon Mr. Merlotti s retirement from the Board effective the date of the 2018 annual meeting of stockholders, the Board will consist of seven directors. At this time, the Board has no plans to replace Mr. Merlotti on the Board.

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee. During the Company s 2017 fiscal year, the Board held five meetings, the Audit Committee held four meetings, the Compensation Committee held five meetings, and the Nominating/Corporate Governance Committee held five meetings. During 2017, each director attended at least 75% of the aggregate of the total number of meetings of the Board and of each committee of the Board on which such director served.

It is the Company s policy that all directors should attend the annual meetings of the Company s stockholders. All of the directors attended the annual meeting of stockholders in 2017.

The Board does not have a strict retirement age for directors. However, the Board does believe that once a director attains a certain age, the Board should carefully consider whether such director s continued service on the Board is in the best interests of the Company. The Company s Corporate Governance Principles provide that at the adjournment of each annual meeting of stockholders, any director who is then age 75 or older shall tender his or her resignation to the Board, at which time the Board may elect to either accept such resignation or request that such director continue to serve on the Board.

Our Board is currently led by a non-executive Chairman, Mr. Kaplan, who retired as the Company s President and Chief Executive Office on August 17, 2015. Our Board determined that retaining Mr. Kaplan as Chairman, despite him retiring as chief executive officer, was in the best interests of the Company because it allows the Company to benefit from Mr. Kaplan s significant experience and accumulated expertise about the Company s industry and the Company s internal policies, practices and procedures to effectively and expertly guide the Board. Mr. Kaplan s familiarity with the Company s executives reinforces that the Board and executives will operate with continuity and common purpose. The Board determined that having Mr. Kaplan serve as chairman will allow Mr. Cline, the Company s President and Chief Executive Officer effective August 17, 2015 to focus on executing the Company s strategy and manage operations and performance. The Board is further comprised of a Lead Independent Director, an independent Audit Committee Chairman, an independent Compensation Committee Chairman, and an independent Nominating/ Corporate Governance Committee Chairman. These independent positions align with the Company s corporate governance policies and practices and assure adequate independence of the Board.

Mr. Merlotti served as the Company s Lead Independent Director until May 3, 2017, at which time, Ms. Robinson was appointed as the Lead Independent Director for term ending on August 18, 2018, at which time Mr. Kaplan will be considered independent under New York Stock Exchange Rules. Mr. Merlotti and Ms. Robinson are both experienced former chief executive officers. (For additional information regarding Mr. Merlotti s and Ms. Robinson s professional experience, please see *Proposal 1 Election of Directors* .) Pursuant to the Company s Corporate Governance Principles, the responsibilities of the Lead Independent Director may include: presiding at executive sessions of the independent directors; presiding at Board meetings in the absence of the Chairman; making recommendations and consulting with management with regard to Board meeting agendas, materials and schedules; and serving as a liaison between the independent directors and members of senior management.

Our Board also has three standing committees:

Audit Committee, chaired by Mr. Gratz;

Compensation Committee, chaired by Mr. Posey; and

Nominating/ Corporate Governance Committee, chaired by Mr. Merlotti until May 3, 2017 and by Mr. Golden after such date.

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Each of these committees plays an important role in the governance and leadership of our Board and each is chaired by an independent director with significant business experience.

The Board of Directors Role in Risk Oversight. Our Board recognizes the importance of effective risk oversight in running a successful business and in fulfilling its fiduciary responsibilities to the Company and its stockholders. While the Chief Executive Officer and other members of our senior leadership team are responsible for the day-to-day management of risk, our Board is responsible for ensuring that an appropriate culture of risk management exists within the Company and for setting the right tone at the top, overseeing our aggregate risk profile, and assisting management in addressing specific risks, such as strategic and competitive risks, financial risks, brand and reputation risks, legal risks, regulatory risks, and operational risks.

The Board believes that its current leadership structure best facilitates its oversight of risk by combining independent leadership, through the Lead Independent Director, independent board committees, and majority independent board composition, with an experienced Chairman and an experienced Chief Executive Officer who each have intimate knowledge of our business, history, and the complex challenges we face. The Chief Executive Officer s in-depth understanding of these matters and involvement in the day-to-day management of the Company uniquely positions him to promptly identify and raise key business risks to the Board, call special meetings of the Board when necessary to address critical issues, and focus the Board s attention on areas of concern. The Chairman, Lead Independent Director, independent committee chairs and other directors also are experienced executives who can and do raise issues for Board consideration and review, and are not hesitant to challenge management. The Board believes there is a well-functioning and effective balance between the Lead Independent Director, independent board committees, independent board members, the Chairman, and the Chief Executive Officer, which enhances risk oversight.

The Board exercises its oversight responsibility for risk both directly and through its three standing committees. Throughout the year, the Board and each committee spend a portion of their time reviewing and discussing specific risk topics. The full Board is kept informed of each committee s risk oversight and related activities through regular attendance at all committee meetings by all directors. Strategic, operational and competitive risks also are presented and discussed at the Board s quarterly meetings, and more often as needed. On at least an annual basis, the Board conducts a review of our long-term strategic plans and members of senior management report on our top risks and the steps management has taken or will take to mitigate these risks. At each quarterly meeting, or more often as necessary, our Chief Executive Officer provides written and/or oral reports to the Board on the critical issues we face, and each officer reports on recent developments in their respective operating area. These reports include a discussion of business risks as well as a discussion regarding enterprise risk. In addition, at each quarterly meeting, or more often as necessary, the General Counsel updates the Board on material legal and regulatory matters.

The Audit Committee is responsible for reviewing the framework by which management discusses our risk profile and risk exposures with the full Board and its committees. The Audit Committee meets regularly with our Chief Financial Officer, independent auditor, internal auditor, General Counsel, and other members of senior management to discuss our major financial risk exposures, financial reporting, internal controls, credit and liquidity risk, compliance risk, and key operational risks. The Audit Committee meets regularly in separate executive sessions with the independent auditor and internal auditor, as well as with committee members only, to facilitate a full and candid discussion of risk and other issues.

The Compensation Committee is responsible for overseeing human capital and compensation risks, including evaluating and assessing risks arising from our compensation policies and practices for all employees and ensuring executive compensation is aligned with performance. The Compensation Committee is also charged with monitoring our incentive and equity-based compensation plans, including employee benefit plans, reviewing and retaining compensation advisers, and considering the results of the say-on-pay vote and determine what adjustments, if any, are necessary or appropriate for the Company to make to its compensation policies and practices in light of such vote.

The Nominating/ Corporate Governance Committee oversees risks related to our overall corporate governance, including Board and committee composition, Board size and structure, Board compensation, director

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independence, and our corporate governance profile and ratings. The Committee also is actively engaged in overseeing risks associated with succession planning for the Board and management.

Director Independence. The Board has affirmatively determined that all of the current directors, other than Mr. Kaplan, who is the Company s Chairman and former President and Chief Executive Officer, and Mr. Cline, who is the Company s current President and Chief Executive Officer, are independent of the Company within the independence guidelines governing companies listed on the New York Stock Exchange, or NYSE . For a director to be independent under the NYSE guidelines, the Board must affirmatively determine that the director has no material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company.

The Board has adopted the following categorical standards of independence to assist it in determining whether a director has a material relationship with the Company. The following relationships between a director and the Company will not be considered material relationships that would preclude a finding by the Board that the director is independent under the NYSE guidelines:

employment of the director or the director s immediate family member by another company that makes payments to, or receives payments from, the Company or any of its subsidiaries for property or services in an amount which, in any single fiscal year, does not exceed the greater of $1 million or 2% of such other company s consolidated gross revenues; and

a relationship of the director or the director s immediate family member with a charitable organization, as an executive officer, board member, trustee or otherwise, to which the Company or any of its subsidiaries has made charitable contributions of not more than $50,000 annually in any of the last three years.

Furthermore, the Board has also determined, consistent with NYSE guidelines, a director is not independent if:

The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

The director is a current partner or employee of a firm that is the Company s internal or external auditor; the director has an immediate family member who is a current partner of such a firm; the director has an immediate family member who is a current employee of such a firm and personally works on the Company s audit; or the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company s audit within that time.

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company s present executive officers at the same time serves or served on that company s compensation committee.

The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

Consistent with the NYSE guidelines, the Company s corporate governance principles require the Company s non-management directors to meet at least once each quarter without management present and, if the group of non-management directors includes any director who is not independent under NYSE guidelines, to meet at least once each year with only the independent directors present. The Company s non-management directors held five executive sessions in 2017. Mr. Kaplan, as Chairman, acted as presiding director for each such executive session of non-management directors. In 2017, the Company s independent directors held one executive session, at which Ms. Robinson presided.

Audit Committee. The Audit Committee of the Board is a standing committee composed of four non-employee directors who meet the independence and expertise requirements of the NYSE listing standards. Pursuant to SEC rules, the Board has determined that Jay M. Gratz and Gerald Volas are audit committee financial experts, as

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such term is defined for purposes of Item 407 of Regulation S-K promulgated by the SEC, and are independent of management. The Audit Committee held four meetings during 2017. The Audit Committee currently consists of Mr. Gratz, who is the Chairman, Mr. Golden, Mr. Posey, and Mr. Volas.

The Audit Committee operates under a written charter that is reviewed annually. The Audit Committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing the Company s independent registered public accounting firm, pre-approving all audit and non-audit services by the independent registered public accounting firm, reviewing the scope of the audit plan and the results of each audit with management and the independent registered public accounting firm, reviewing the internal audit function, reviewing the adequacy of the Company s system of internal controls over financial reporting and disclosure controls and procedures, reviewing the financial statements and other financial information included in the Company s annual and quarterly reports filed with the SEC, and exercising oversight with respect to the Company s code of conduct and ethics and other policies and procedures regarding adherence with legal requirements. The Audit Committee has the authority to retain and terminate any third-party consultants and to obtain advice and assistance from internal and external legal, accounting and other advisers. The Audit Committee is authorized to delegate its authority to subcommittees as determined to be necessary or advisable. A current version of the Audit Committee charter is available through the Company s website at www.trex.com/our-company/corporate-governance/committees-charters/.

Compensation Committee. The Compensation Committee of the Board is a standing committee composed of four non-employee directors who meet the independence requirements of the NYSE listing standards. The Compensation Committee held five meetings during 2017. The Compensation Committee currently consists of Mr. Posey, who is the Chairman, Mr. Gratz, Mr. Merlotti and Ms. Robinson.

The Compensation Committee operates under a written charter that is reviewed annually. Pursuant to its charter, the principal functions of the Compensation Committee are to review, determine and approve the compensation and benefits of the Company s Chief Executive Officer, or CEO, and the other executive officers named in the Summary Compensation Table following the Compensation Discussion and Analysis section of this proxy statement, or named executive officers, as well as Vice Presidents who report directly to the CEO, and to administer the Company s employee benefit programs, including its 2014 Stock Incentive Plan, 1999 Employee Stock Purchase Plan, annual cash incentive plan, and other incentive compensation plans, benefits plans and equity-based plans.

The Compensation Committee has the authority to retain and terminate any third-party compensation consultant and to obtain advice and assistance from internal and external legal, accounting and other advisers. (See the *Compensation Discussion and Analysis* section of this proxy statement for information regarding the practices of the Compensation Committee, including the role of the executive officers and the Compensation Committee s compensation consultant in determining or recommending the amount and form of compensation paid to the named executive officers.) The Compensation Committee is authorized to delegate its authority to subcommittees as determined to be necessary or advisable. A current version of the Compensation Committee charter is available through the Company s website at www.trex.com/our-company/corporate-governance/committees-charters/.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee of the Board is a standing committee composed of four non-employee directors who meet the independence requirements of the NYSE listing standards. The Nominating/Corporate Governance Committee held five meetings during 2017. The

Nominating/Corporate Governance Committee currently consists of Mr. Merlotti, who was the Chairman until May 3, 2017, Mr. Golden, who became Chairman on May 3, 2017, Ms. Robinson, and Mr. Volas.

The Nominating/Corporate Governance Committee operates under a written charter that is reviewed annually. The Nominating/Corporate Governance Committee is responsible for recommending candidates for election to the Board and for making recommendations to the Board regarding corporate governance matters, including Board size and membership qualifications, Board committees, corporate organization, non-employee director compensation, succession planning for officers and key executives, programs for training and development of executive-level employees, and stockholder proposals regarding these matters. The Nominating/Corporate Governance Committee has the authority to retain and terminate any search firm engaged to identify director candidates, and to obtain advice and assistance from outside counsel and any other advisors, as it deems appropriate in its sole discretion. The Nominating/Corporate Governance Committee is authorized to delegate its

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authority to subcommittees as determined to be necessary or advisable. A current version of the Nominating/Corporate Governance Committee charter is available through the Company s website at www.trex.com/our-company/corporate-governance/committees-charters/.

No member of the Compensation Committee was an officer or employee of the Company or any subsidiary of the Company during 2017. There are no interlock relationships as defined in the applicable SEC rules.

The Board has, by resolution, adopted a director nominations policy. The purpose of the nominations policy is to set forth the process by which candidates for directors are selected. The nominations policy is administered by the Nominating/Corporate Governance Committee of the Board.

The Board does not currently prescribe any minimum qualifications for director candidates. Consistent with the criteria for the selection of directors approved by the Board, the Nominating/Corporate Governance Committee will take into account the Company s current needs and the qualities needed for Board service, including experience and achievement in business, finance, technology or other areas relevant to the Company s activities; reputation, ethical character and maturity of judgment; diversity of viewpoints, backgrounds and experiences; absence of conflicts of interest that might impede the proper performance of the responsibilities of a director; independence under SEC and NYSE rules; service on other boards of directors; sufficient time to devote to Board matters; ability to work effectively and collegially with other Board members; and diversity. In considering the diversity of candidates, the Committee considers an individual s background, professional experience, education and skill, race, gender and/or national origin. In the case of incumbent directors whose terms of office are set to expire, the Nominating/Corporate Governance Committee will review such directors overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance and any transactions of such directors with the Company during their term. For those potential new director candidates who appear upon first consideration to meet the Board s selection criteria, the Nominating/Corporate Governance Committee will conduct appropriate inquiries into their background and qualifications and, depending on the result of such inquiries, arrange for in-person meetings with the potential candidates.

The Nominating/Corporate Governance Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other directors, members of management, and Trex Company s advisers. The Nominating/Corporate Governance Committee has used in the past, and may use in the future, the services of an executive search firm to help identify candidates for directors who meet the qualifications outlined above. The search firm screens the candidates, conducts reference checks, prepares a biography of each candidate for committee review and assists in arranging interviews.

The Committee will also consider director candidates recommended by stockholders and will evaluate such director candidates in the same manner in which it evaluates candidates recommended by other sources. In making recommendations for director nominees for the annual meeting of stockholders, the Nominating/Corporate Governance Committee will consider any written recommendations of director candidates by stockholders received by the Secretary of the Company no later than 120 days before the anniversary of the previous year s annual meeting of stockholders. Recommendations must include the candidate s name and contact information and a statement of the candidate s background and qualifications, and must be mailed to Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: Secretary.

The nominations policy is intended to provide a flexible set of guidelines for the effective functioning of the Company s director nominations process. The Nominating/Corporate Governance Committee intends to review the nominations policy as it considers advisable and anticipates that modifications may be necessary from time to time as the Company s needs and circumstances evolve, and as applicable legal or listing standards change. The Nominating/Corporate Governance Committee may amend the nominations policy at any time.

The Company s bylaws provide that any stockholder wishing to nominate persons for election as directors at an annual meeting must deliver to the Secretary of the Company at the Company s principal office in Winchester, Virginia a written notice of the stockholder s intention to make such a nomination. The stockholder generally is

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required to furnish the notice no earlier than 120 days and no later than 90 days before the first anniversary of the preceding year s annual meeting. The notice must contain the information required by the bylaws.

The Board welcomes communications from its stockholders and other interested parties and has adopted a procedure for receiving and addressing those communications. Security holders and other interested parties may communicate any concerns they may have about the Company directly and confidentially to either the full Board or the non-management directors as a group, or an individual director, by writing to: Board of Directors or Non-Management Directors or Name of Individual Director, Trex Company, Inc., 160 Exeter Drive, Winchester, VA 22603-8605, Attention: Secretary, or by calling the Company s Governance Hotline (800-719-4916). An independent third-party vendor maintains the Governance Hotline. To maintain the caller s anonymity, calls are passed through proprietary filters to mask the caller s voice and the originating phone number is removed from the associated audio file. A caller wishin