TREX CO INC
Form DEF 14A
March 21, 2014

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 x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x 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):

x No fee required.

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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):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

TREX COMPANY, INC.

160 Exeter Drive

Winchester, Virginia 22603-8605

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 30, 2014

To our stockholders:

Notice is hereby given that the 2014 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, April 30, 2014, at 9:00 a.m., local time, for the following purposes:

1. to elect three directors of Trex Company;

2. to approve, on a non-binding advisory basis, the compensation of our named executive officers;

3. to approve an amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.01 par value per share, from 40,000,000 to 120,000,000;

4. to approve the Trex Company, Inc. 2014 Stock Incentive Plan;

5. to ratify the appointment of Ernst & Young LLP as Trex Company s independent registered public accounting firm for the 2014 fiscal year; and

6. 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 3, 2014 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 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 2013 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

Chief Administrative Officer, General

Counsel and Secretary

Dated: March 21, 2014

TREX COMPANY, INC.

160 Exeter Drive

Winchester, Virginia 22603-8605

Annual Meeting of Stockholders

April 30, 2014

PROXY STATEMENT

GENERAL INFORMATION

Proxy Solicitation

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 2014 annual meeting of stockholders to be held at The George Washington Grand Hotel, 103 East Piccadilly Street, Winchester, Virginia, on Wednesday, April 30, 2014 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.

Record Date and Voting Securities

Only stockholders of record at the close of business on March 3, 2014, 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 16,752,213 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.

Electronic Notice and Mailing

Notice of the Company s annual meeting was mailed on or about March 21, 2014 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/2014proxy.

Revocability of Proxies

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 Secretary of the annual meeting at any time prior to the voting of the proxy at the annual meeting.

Other Matters

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 directors, a non-binding advisory vote on the compensation of our named executive officers, approval of an amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.01 par value per share, from 40,000,000 to 120,000,000, approval of the Trex Company, Inc. 2014 Stock Incentive Plan, 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.

Solicitation Expenses

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 annual report to stockholders and the 2013 Annual Report on Form 10-K are not proxy soliciting materials.

Voting Procedures; Abstentions; Broker Voting

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 an amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.01 par value per share, from 40,000,000 to 120,000,000;
- FOR approval of the Trex Company, Inc. 2014 Stock Incentive Plan; and
- FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

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.

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.

Approval, on a non-binding advisory basis, of the compensation of our named executive officers requires the affirmative vote of the holders of a 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 so long as 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. As disclosed later in this proxy statement, the vote on approval of the compensation of our named executive officers is advisory, and therefore not binding on the Company, the Compensation Committee or our Board.

Approval of the an amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized shares of common stock, $0.01 par value per share, from 40,000,000 to 120,000,000 requires the affirmative vote of a majority of the shares of common stock issued and outstanding. Abstentions from voting on this proposal and broker non-votes will have the same effect as a vote against this proposal.

Approval of the Trex Company, Inc. 2014 Stock Incentive Plan requires the affirmative vote of the holders of a 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 so long as 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 appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of the holders of a 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. Broker non-votes will not be treated as votes cast on this matter, and therefore will not have any effect on determining the outcome.

EXECUTIVE OFFICERS

See Executive Officers and Directors in Part I, Item 1 of our 2013 Annual Report on Form 10-K for the information about our executive officers, which is incorporated herein by reference.

SECURITY OWNERSHIP

The following table presents, as of March 3, 2014, information based upon the Company s records and filings with the 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 3, 2014, there were 16,752,213 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(1)	Percent of Class (%)(2)
Barrow, Hanley, Mewhinney & Strauss, LLC (3) 2200 Ross Avenue, 31st Floor Dallas, TX 75201-2761	1,200,777	7.2
Investco Ltd. (4) 1555 Peachtree Street NE Atlanta, GA 30309	1,070,635	6.4
The Vanguard Group (5) 100 Vanguard Blvd. Malvern, PA 19355	1,001,113	6.0
BlackRock, Inc. (6) 40 East 52nd Street New York, New York 10022	955,041	5.7
State Street Corporation (7) State Street Financial Center One Lincoln Street	914,870	5.5

Boston, MA 02111		
Ronald W. Kaplan (8)	191,895	1.1
James E. Cline (9)	86,392	*
William R. Gupp (10)	73,292	*
F. Timothy Reese (11)	59,523	*
Adam D. Zambanini (12)	23,149	*
Christopher P. Gerhard (13)	10,000	*
Patricia B. Robinson (14)	27,436	*
Frank H. Merlotti, Jr. (15)	23,230	*
Jay M. Gratz (16)	14,141	*
Richard E. Posey (17)	13,740	*
Paul A. Brunner (18)	4,721	*
Michael F. Golden (19)	2,797	*
Gerald Volas (20)	1,469	*
All directors and executive officers as a group (13 persons) (21)	531,833	3.1

* Less than 1%.

(1) The Company has declared a two-for-one stock split payable in the form of a stock dividend on May 7, 2014 to stockholders of record on April 7, 2014. The numbers shown above and all share information set forth in this proxy statement reflect ownership of our common

stock on a pre-split basis, and all votes at the annual meeting of stockholders will be tallied and a quorum will be established based on the number of shares of our common stock issued and outstanding as of the record date for the annual meeting of March 3, 2014, on a pre-split basis.

(2) The percentage of beneficial ownership as to any person as of March 3, 2014 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 3, 2014, by the sum of the number of shares outstanding as of March 3, 2014 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 3, 2014. 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.

(3) The information concerning Barrow, Hanley, Mewhinney & Strauss, LLC is based on a Schedule 13G filed with the SEC on February 12, 2014, in which the reporting person reports that it has sole voting power with respect to 613,687 of the shares shown, shared voting power with respect to 587,090 of the shares shown, and sole dispositive power with respect to all of the shares shown.

(4) The information concerning Investco Ltd. is based on a Schedule 13G filed with the SEC on February 11, 2014, in which the reporting person reports that it has sole voting power with respect to 923,970 of the shares shown, and sole dispositive power with respect to all of the shares shown.

(5) The information concerning The Vanguard Group is based on a Schedule 13G filed with the SEC on February 12, 2014, in which the reporting person reports that it has sole voting power with respect to 22,946 of the shares shown, sole dispositive power with respect to 979,367 of the shares shown, and shared dispositive power with respect to 21,746 of the shares shown.

(6) The information concerning BlackRock, Inc. is based on a Schedule 13G filed with the SEC on January 30, 2014, in which the reporting person reports that it has sole voting power with respect to 905,366 of the shares shown and sole dispositive power with respect to all of the shares shown.

(7) The information concerning State Street Corporation is based on a Schedule 13G filed with the SEC on February 4, 2014, in which the reporting person reports that it has shared voting power and shared dispositive power with respect to all of the shares shown.

(8) The shares of common stock shown as beneficially owned by Mr. Kaplan include 103,066 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(9) The shares of common stock shown as beneficially owned by Mr. Cline include 47,858 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(10) The shares of common stock shown as beneficially owned by Mr. Gupp include 3,466 shares of common stock that he has the right to purchase pursuant to the exercise of stock options, and 34,753 stock appreciation rights he has the right to exercise, as of or within 60 days after March 3, 2014.

(11) The shares of common stock shown as beneficially owned by Mr. Reese include 16,499 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(12) The shares of common stock shown as beneficially owned by Mr. Zambanini include 12,806 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(13) The shares of common stock shown as beneficially owned by Mr. Gerhard include 1,741 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(14) The shares of common stock shown as beneficially owned by Ms. Robinson include 4,000 shares of common stock that she has the right to purchase pursuant to the exercise of stock options, and 20,478 stock appreciation rights she has the right to exercise, as of or within 60 days after March 3, 2014.

(15) The shares of common stock shown as beneficially owned by Mr. Merlotti include 20,831 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(16) The shares of common stock shown as beneficially owned by Mr. Gratz include 11,742 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(17) The shares of common stock shown as beneficially owned by Mr. Posey include 9,998 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(18) The shares of common stock shown as beneficially owned by Mr. Brunner include 2,322 shares of common stock that he has the right to purchase pursuant to the exercise of stock options as of or within 60 days after March 3, 2014.

(19) The shares of common stock shown as beneficially owned by Mr. Golden include 2,355 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(20) The shares of common stock shown as beneficially owned by Mr. Volas include 1,469 stock appreciation rights he has the right to exercise as of or within 60 days after March 3, 2014.

(21) The shares of common stock shown as beneficially owned by all directors and executive officers as a group include a total of 9,788 shares of common stock that they have the right to purchase pursuant to the exercise of stock options, and 283,596 stock appreciation rights they have the right to exercise, as of or within 60 days after March 3, 2014.

ELECTION OF DIRECTORS

(Proposal 1)

Nominees for Election as Directors

The Company s certificate of incorporation 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. The current terms of office of the three current classes of directors expire at this annual meeting, at the annual meeting of stockholders in 2015 and at the annual meeting of stockholders in 2016, 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.

In accordance with the recommendation of the Nominating/Corporate Governance Committee, Jay M. Gratz, Ronald W. Kaplan and Gerald Volas 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 2017. These nominees are incumbent directors. Mr. Gratz has served on the Board since his appointment as a director in February 2007, Mr. Kaplan has served on the Board since his appointment as a director in January 2008, and Mr. Volas has served on the Board since his appointment as a director in March 2014.

William F. Andrews retired from the Board effective the end of his three year term which expired on May 1, 2013. Mr. Andrews had served on the Board since 1999, and was one of the first outside independent directors of the Company.

Approval of Nominees

Approval of the nominees requires the affirmative vote of a plurality of the votes cast at the annual meeting. 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.

Information About Nominees and Continuing Directors

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

Nominees for Election for Three-Year Terms

Name	Age	Director Since
Jay M. Gratz	61	2007
Ronald W. Kaplan	62	2008
Gerald Volas	59	2014

Jay M. Gratz has served as the Chief Financial Officer of VisTracks, Inc., an application enabling platform service provider, since March 2010, and a director of such company since April 2010. 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 and renominated this year specifically because the Board felt it was important to find 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. The Board also believes that Mr. Gratz could potentially serve as Chairman of the Audit Committee in the future.

Ronald W. Kaplan has served as Chairman, President and Chief Executive Officer of the Company since May 2010. 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. 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.

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 and renominated this year because the Board believes that the Chief Executive Officer of the Company should serve on the Board.

Gerald Volas has been 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 since 1982. Since February 2005, he has served as a Group Executive responsible for almost all of Masco s operating companies at one time or another. He currently is responsible for a number of Masco operating companies accounting for approximately 50% of Masco s revenues in 2012. 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 and nominated for election at this annual meeting 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.

Directors Whose Terms Expire in 2015

Name	Age	Director Since
Frank H. Merlotti, Jr.	63	2006
Patricia B. Robinson	61	2000

Frank H. Merlotti, Jr. is retired. He previously served as President of the Coalesse business unit of Steelcase, Inc., a manufacturer of office furniture and furniture systems, from October 2006 to September, 2013, and as President of Steelcase North America from September 2002 through September 2006. Mr. Merlotti served as President and Chief Executive Officer of G&T Industries, a manufacturer and distributor of fabricated foam and soft-surface materials for the marine, office furniture and commercial building industries, from August 1999 to September 2002. From 1991 through 1999, Mr. Merlotti served as President and Chief Executive Officer of Metropolitan Furniture Company, a Steelcase Design Partnership company. From 1985 through 1990, Mr. Merlotti served as General Manager of the Business Furniture Division of G&T Industries.

Mr. Merlotti was appointed to the Board in 2006 due to his professional experience as a chief executive of a consumer product company, and his experience in sales and marketing of consumer products. As a consumer products company where sales and marketing efforts are critical to its success, the Board believes this is important experience to have on 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 2000 as one of the first outside independent directors of the Company 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.

Directors Whose Terms Expire in 2016

Name	Age	Director Since
Paul A. Brunner	78	2003
Michael F. Golden	60	2013
Richard E. Posey	67	2009

Paul A. Brunner is President and Chief Executive Officer of Spring Capital Inc., a merchant bank, which he founded in 1985. From 1982 to 1985, Mr. Brunner served as President and Chief Executive Officer of U.S. Operations of Asea-Brown Boveri, a multi-national Swiss manufacturer of high technology products. In 1967, he joined Crouse Hinds Company, a manufacturer of electronics and electronic equipment, and through 1982 held various positions with that company, including President and Chief Operating Officer, Executive Vice President of Operations, Vice President of Finance and Treasurer, and Director of Mergers and Acquisitions. Mr. Brunner served as a director of Johnson Controls, Inc. from 1983 through 2007, and as Chairman of its Audit Committee from 1989 to 2005. From 1959 to 1967, he worked for Coopers & Lybrand, an international accounting firm, as an audit supervisor. Mr. Brunner is a Certified Public Accountant. He received a B.S. degree in accounting from the University of Buenos Aires and a M.B.A. degree in management from Syracuse University.

Mr. Brunner was appointed to the Board in 2003 specifically due to his professional experience as a Certified Public Accountant and his past involvement as Chairman of Johnson Controls, Inc.   s Audit Committee. In addition, the Board believed Mr. Brunner would benefit the Board in serving as Chairman of the Audit Committee.

Michael F. Golden currently serves as Co-Vice Chairman of the Board of Directors of Smith and Wesson Holding Corporation, a manufacturer of firearms and firearms-related products and accessories, and served as President and Chief Executive Officer of such company from December 2004 until his retirement in September 2011. 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 Company. 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.

Richard E. Posey is retired. He previously served as President and Chief Executive Officer of Moen Incorporated, a manufacturer of faucets, from January 2002 through 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.

Board of Directors and Committees of the Board of Directors

The Board currently consists of eight directors. Mr. Golden was appointed by the Board, upon recommendation of the Nominating/Corporate Governance Committee, in February 2013, and elected by the stockholders at the 2013 annual meeting. Mr. Volas was appointed by the Board, upon recommendation of the Nominating/Corporate Governance Committee, in March 2014, and nominated for election at this annual meeting.

The Board has a three standing committees: the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. The Board held seven meetings, the Audit Committee held five meetings, the Compensation Committee held five meeting, and the Nominating/Corporate Governance Committee held five meetings during the Company s 2013 fiscal year. During 2013, 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 2013.

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.

Board Leadership Structure and Risk Oversight

Our board leadership structure is currently composed of a combined Chairman of the Board of Directors and Chief Executive Officer, a Lead Independent Director, an independent Audit Committee Chairman, an independent Compensation Committee Chairman, and an independent Nominating/Corporate Governance Committee Chairman. Mr. Kaplan is the Company s President, Chief Executive Officer and Chairman of the Board, and he was hired by the Company in January 2008. Mr. Kaplan has served as President and Chief Executive Officer since January 2008, and Chairman since May 2010. After careful consideration and considering Mr. Kaplan s strong leadership since he joined the Company in January 2008, the Board determined it appropriate to appoint Mr. Kaplan Chairman in May 2010. In making this determination, the Board also considered the relative size of the Company, the size of the Board and the fact that all remaining members of the Board are independent. The Board believes that having a combined role enhances the ability to provide insight and direction on important strategic initiatives to both management and the Board and increases the likelihood that the Company acts with a common purpose. Separating the roles would potentially result in less effective management and governance processes through undesirable duplication of work and, in worst case, lead to a blurring of the current clear lines of accountability and responsibility. The Company s overall corporate governance policies and practices adequately address any governance concerns raised by the dual CEO and Chairman role. In addition, the Board determined that there are other members of the executive management team that are well versed in all aspects of the Company and who are familiar with the roles and responsibilities of the Chairman/CEO in the event that the Chairman/CEO is unavailable.

Mr. Gratz is the Company s Lead Independent Director, and he is currently serving a term of two years, which ends May 2014. Mr. Gratz is an experienced former public company Executive Vice President and Chief Financial Officer. (For additional information regarding Mr. Gratz s professional experience, please see *Proposal 1 Election of Directors* .) As our Lead Independent Director, and 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 key committees:

Audit Committee, chaired by Mr. Brunner;

Compensation Committee, chaired by Mr. Posey; and

Nominating/ Corporate Governance Committee, chaired by Mr. Merlotti.

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 Chairman and 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 Chief Executive Officer who has intimate knowledge of our business, history, and the complex challenges we face. The Chairman and 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 Lead Independent Director, independent committee chairs and other directors also are experienced professionals or 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, non-executive independent board members and the Chairman and 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 oral reports from the committee chairs, and committee meeting minutes are available for review 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 Chairman and Chief Executive Officer provides written and/or oral reports to the Board on the critical issues we face and recent developments in each of our principal operating areas. 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 also is charged with monitoring our incentive and equity-based compensation plans, including employee pension and 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 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, President and Chief Executive Officer, are independent of the Company within the meaning of the rules governing companies listed on the New York Stock Exchange, or NYSE . For a director to be independent under the NYSE rules, 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 rules:

- 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.

Consistent with the NYSE rules, 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 rules, to meet at least once each year with only the independent directors present. During 2013, all of the Company s non-management directors were independent under NYSE rules. The Company s non-management directors held five executive sessions in 2013. Mr. Gratz, as Lead Independent Director, acted as presiding director for each such executive session of non-management directors, and was responsible for advising the Chairman of the Board of decisions reached, and of recommendations for action by the Board made, at each such meeting.

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 Paul A. Brunner and Jay M. Gratz are audit committee financial experts, as 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 five meetings during 2013. Between January 1 and May 1, 2013, the Audit Committee consisted of Mr. Brunner, who is the Chairman, Mr. Gratz, Mr. Merlotti and Mr. Posey. Subsequent to May 1, 2013, the Audit Committee consists of Mr. Brunner, Mr. Golden, Mr. Gratz and Mr. Posey.

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 2013. Between January 1 and May 1, 2013, the Compensation Committee consisted of Mr. Andrews, who was the Chairman, Mr. Gratz, Mr. Posey and Ms. Robinson. Subsequent to May 1, 2013, the Compensation Committee 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 2005 Stock Incentive Plan, 1999 Employee Stock Purchase Plan, annual cash incentive plan, and other incentive compensation plans, benefits plans and equity-based plans. (The Company s Board of Directors has approved an amendment and restatement of the 2005 Stock Incentive Plan, which is being submitted to the stockholders for their approval at this annual meeting, and which will be known as the Trex Company, Inc. 2014 Stock Incentive Plan if approved by the stockholders. (See *Approval of Trex Company, Inc. 2014 Stock Incentive Plan Proposal.))*

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 2013. Between January 1 and May 1, 2013, the Nominating/Corporate Governance Committee consisted of Ms. Robinson, who was the Chairman, Mr. Andrews, Mr. Brunner and Mr. Merlotti. Subsequent to May 1, 2013, the Nominating/Corporate Governance Committee consists of Mr. Merlotti, who is the Chairman, Mr. Brunner, Mr. Golden and Ms. Robinson.

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 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/.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was an officer or employee of the Company or any subsidiary of the Company during 2013. There are no interlock relationships as defined in the applicable SEC rules.

Director Nominations Policy

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. In identifying Mr. Golden as a candidate for nomination to the Board in February, 2013, and Mr. Volas as a candidate for nomination to the Board in March 2014, the Nominating/Corporate Governance Committee retained the executive search firm, Russell Reynolds Associates.

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 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 include the following information: (1) such information regarding each proposed nominee as would be required to be disclosed under SEC rules and regulations in solicitations of proxies for the election of directors in an election contest or otherwise; (2) the written consent of each proposed nominee to serve as a director of the Company; and (3) as to the stockholder giving the notice and the beneficial owner, if any, of common stock on whose behalf the nomination is made, (a) the name and address of record of such stockholder and the name and address of such beneficial owner,

(b) the class and number of shares of the Company s capital stock that are owned beneficially and of record by such stockholder and such beneficial owner, (c) a representation that the stockholder is a holder of record of the Company s capital stock entitled to vote at such meeting and intends to appear, in person or by proxy, at the meeting to propose such nomination, and (d) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends to (A) deliver a proxy statement or form of proxy to holders of at least the percentage of the Company s outstanding capital stock required to elect the nominee, or (B) otherwise solicit proxies for stockholders in support of such nomination. The Company may require any proposed nominee to furnish such other information as the Company may reasonably require to determine the eligibility of such proposed nominee to serve as a director of Trex Company.

Communications with the Board of Directors; Reporting Questionable Accounting, Internal Accounting Controls and Auditing Matters

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 wishing to be identified may indicate his or her name in the message. All calls are forwarded to the Trex Secretary and Chief Financial Officer. The Secretary then reviews and forwards all communications to the Board member or members that the caller designates, except for those communications that are outside the scope of Board matters or duplicative of other communications previously forwarded to the intended recipients. The Secretary will retain copies of all communications and maintain a record of whether the communications were forwarded and, if not, the reason why not.

Any individual, whether an employee or third party, may report to the Audit Committee any information relating to questionable accounting, internal accounting controls and auditing matters by writing to Trex Company, Inc., Audit Committee Chairman, c/o Woods Rogers PLC, 901 East Byrd Street, Suite 1550, Richmond, VA 23219, or by calling the Company s Governance Hotline. As stated above, an independent third-party vendor maintains the Governance Hotline, and 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 wishing to be identified may indicate his or her name in the message. All calls are forwarded to the Chairman of the Audit Committee. If anyone wants to submit relevant records, they should be mailed to the above address.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and executive officers and persons who own more than 10% of the Company s common stock to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. The reporting persons are required by rules of the SEC to furnish the Company with copies of all Section 16(a) reports they file. Based solely upon a review of Section 16(a) reports furnished to the Company for fiscal 2013 or written representations that no other reports were required, the Company believes that the foregoing reporting persons complied with all filing requirements for fiscal 2013.

Availability of Corporate Governance Principles, Code of Conduct and Ethics, and Committee Charters

The Company makes available on its website at www.trex.com and in paper form without charge, copies of its corporate governance principles, its code of conduct and ethics, and the charters of each standing committee of its Board. Requests for copies of these documents should be directed to Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: Secretary.

DIRECTOR COMPENSATION

Non-employee directors of the Company receive cash and stock-based compensation under the Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors, or Outside Director Plan. The Outside Director Plan is administered by the Nominating/Corporate Governance Committee. (The Outside Director Plan provides that all equity grants issued under such Plan are issued pursuant to the Trex Company, Inc. 2005 Stock Incentive Plan, or 2005 Stock Incentive Plan, which was approved by stockholders at the Company s 2005 annual meeting. The Company s Board of Directors has approved an amendment and restatement of the 2005 Stock Incentive Plan, which is being submitted to the stockholders for their approval at this annual meeting, and which will be known as the Trex Company, Inc. 2014 Stock Incentive Plan if approved by the stockholders. (See *Approval of Trex Company, Inc. 2014 Stock Incentive Plan Proposal 4.*))

The Nominating/Corporate Governance Committee is responsible for making recommendations to the Board regarding non-employee director compensation. In accordance with this authority, the Nominating/Corporate Governance Committee utilizes the Compensation Committee s independent compensation consultant, Hay Group, to advise the Nominating/Corporate Governance Committee on matters related to director compensation.

The Company s director compensation program was reviewed by Hay Group in 2012, and such review indicated that the non-employee directors total annual compensation (consisting of cash and stock-based compensation) was approximately at the 25th percentile of the Company s peer group. (See discussion of our peer group under the *Benchmarking* section of *Compensation Discussion and Analysis* under *How do we determine executive pay*.) Based upon the Nominating/Corporate Governance Committee s desire to have director compensation approximate or slightly exceed the median of its peer group, the Board approved certain modifications to the Outside Director Plan in July 2012. As a result of these modifications, the elements of the non-employee director compensation package under the Outside Director Plan are as follows:

Upon initial appointment to the Board, non-employee directors receive awards of stock appreciation rights, or SARs or stock options valued at $55,000 (based on the Black-Scholes valuation model of the Company s shares).

For service on the Board, each non-employee director receives an annual fee of $40,000, and an annual award of restricted shares valued at $55,000 based upon the closing market price of the Company stock on the day of the grant. Any non-employee director who serves as Chairman of the Board will receive $70,000, in lieu of the $40,000 annual fee. Any director serving as Lead Independent Director will receive an additional $12,500.

The chairman of the Audit Committee receives an annual committee fee of $12,500, and the chairman of the Compensation Committee and the Nominating/Corporate Governance Committee each receive an annual committee fee of $7,500.

Each member of the Audit Committee (other than the chairman) receives an annual committee fee of $7,500, and each member of the Compensation Committee and the Nominating/Corporate Governance Committee (other than the chairman) receives an annual committee fee of $5,000.

The $40,000 annual director fee and the annual committee fees are paid in four equal quarterly installments in arrears on the first business day following each quarter of the fiscal year in which the eligible director completes board or committee service. Such fees are paid in the form of cash, provided that a director may elect to receive all or any portion of such fees in the form of grants of 50% SARs or stock options (based on the Black-Scholes valuation model of the Company s shares) and 50% restricted shares (based upon the closing market price of the Company s stock on the day of the grant). The fiscal year of the Outside Director Plan is July 1 through June 30.

The annual grants of restricted shares are made in arrears on the date of the first regularly scheduled Board meeting after June 30 of each year.

All grants of restricted shares vest one year after grant provided that the grants will immediately vest in the event of death, disability, retirement at the end of a term, or termination in connection with a change in control. All grants of SARs or stock options vest immediately upon grant and have a term of ten years (provided that the term is extended for one year if the director dies during the tenth year of the SAR or stock option term). Upon the termination of a non-employee director s service for any reason (other than for cause), the director will have the right, at any time within five years after the date of termination of service and before the termination of the SAR or stock option, to exercise any SAR or stock option held by the director on the service termination date.

All fees described above paid in arrears are pro-rated for any partial periods served.

The Outside Director Plan, as amended in 2012, is designed to deliver annual cash compensation at the median, and equity compensation slightly above the median, of the Company s peer group. The Outside Director Plan, as amended, is designed to deliver compensation approximately 50% in cash and 50% in equity (assuming a director does not elect to receive additional equity in lieu of cash, as discussed above), with the objective of appropriately balancing the pay of non-employee directors for their service while linking their compensation closely to returns to stockholders through the potential for enhanced value from future stock price appreciation. Directors are also reimbursed for actual travel expenses.

The Company does not provide pensions, medical benefits or other benefit programs to non-employee directors.

In 2013, the Board adopted Stock Ownership Guidelines applicable to non-employee directors, pursuant to which each non-executive director is required to own and hold, as a minimum, that number of shares of the Company s common stock having a market value of at least 3 times the director s annual cash retainer. For purposes of the guidelines, common stock includes shares of common stock no matter how acquired (i.e., vesting of restricted shares or purchased on the open market), and unvested restricted shares. Directors have 5 years from the adoption of the guidelines or 5 years from becoming a director, whichever occurs later, to comply with the ownership requirements. Notwithstanding, each director meets the current minimum requirements other than Mr. Golden, who was appointed to the Board in February 2013, and Mr. Volas, who was appointed to the Board in March 2014.

In 2013, the Board also adopted, on a voluntary basis and in advance of final Dodd-Frank Act hedging rules, an Anti-Hedging and Anti-Pledging Policy that applies to non-employee directors. This policy prohibits our directors from purchasing any financial instrument or entering into any transaction that is designed to hedge or offset any decrease in the market value of Company equity (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, or exchange funds), or pledging, hypothecating, or otherwise encumbering Company equity as collateral for indebtedness.

(See discussion in *Compensation Discussion and Analysis* under the *Stock Ownership Guidelines* and *Anti-Hedging and Anti-Pledging Policy* sections under *Additional Information on Our Program.* for discussion of the Stock Ownership Guidelines and Anti-Hedging and Anti-Pledging Policy as applicable to our executive officers.)

The table below shows compensation paid to the non-employee directors for their service in 2013.

2013 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	SAR Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
William F. Andrews (2)	17,596	45,808					63,404
Paul A. Brunner (3)	57,500	55,000					112,500
Michael F. Golden (4)	43,644	20,945					64,589
Jay M. Gratz (5)	65,000	55,000					120,000
Frank H. Merlotti Jr. (6)	52,500	55,000					107,500
Richard E. Posey (7)	27,082	68,384	13,384				108,850
Patricia B. Robinson (8)	50,838	55,000					105,838

(1) Amounts represent the grant date fair value determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 8 to the Company s audited financial statements in the 2013 Form 10-K, as filed with the SEC.

(2) Mr. Andrews retired from the Board effective May 1, 2013. Mr. Andrews served as the chairman of the Compensation Committee and as a member of the Nominating/Corporate Governance Committee in 2013 until his retirement. Mr. Andrews did not elect to receive any of his cash compensation in the form of SARs or restricted shares.

(3) Mr. Brunner served as the chairman of the Audit Committee and as a member of the Nominating/Corporate Governance Committee in 2013. Mr. Brunner did not elect to receive any of his cash compensation in the form of SARs or restricted shares.

(4) Mr. Golden was appointed to the Board on February 12, 2013, and served as a member of the Audit Committee and the Nominating/Corporate Governance Committee in 2013.

(5) Mr. Gratz served as a member of the Audit Committee and the Compensation Committee, and as Lead Independent Director, in 2013. Mr. Gratz did not elect to receive any of his cash compensation in the form of SARs or restricted shares.

(6) Mr. Merlotti served as a member of the Nominating/Corporate Governance Committee in 2013, as a member of the Audit Committee between January 1 and May 1, 2013, and as a member of the Compensation Committee since May 1, 2013. Mr. Merlotti has served as chairman of the Nominating/Corporate Governance Committee since May 1, 2013. Mr. Merlotti did not elect to receive any of his cash compensation in the form of SARs or restricted shares.

(7) Mr. Posey served as a member of the Audit Committee and the Compensation Committee in 2013. Mr. Posey has served as chairman of the Compensation Committee since May 1, 2013. Mr. Posey elected to receive $27,082 of his cash compensation in the form of SARs and restricted shares.

(8) Ms. Robinson served as a member of the Compensation Committee and Nominating/Corporate Governance Committee in 2013, and as the chairman of the Nominating/Corporate Governance Committee between January 1 and May 1, 2013. Ms. Robinson did not elect to receive any of her cash compensation in the form of SARs or restricted shares.

2013 DIRECTOR EQUITY AWARDS

Name	Grant Date	Number of Securities Underlying Options (#)(1)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Option Awards ($)(2)	Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock or Units ($)(2)
William F. Andrews (6)	7/31/2013(4)				967	45,808
Paul A. Brunner	7/31/2013(4)				1,161	55,000
Michael F. Golden (7)	7/31/2013(4)				442	20,945
Jay M. Gratz	7/31/2013(4)				1,161	55,000
Frank H. Merlotti	7/31/2013(4)				1,161	55,000
Richard E. Posey	1/2/2013(5)	160	38.53	3,281	85	3,281
	4/1/2013(5)	130	48.02	3,281	68	3,281
	7/1/2013(5)	138	47.08	3,384	71	3,384
	7/31/2013(4)				1,161	55,000
	10/1/2013(5)	144	49.02	3,438	70	3,438
Patricia B. Robinson	7/31/2013(4)				1,161	55,000

(1) All SARs vest immediately upon grant and have a term of ten years (provided that the term is extended for one year if the director dies during the tenth year of the SAR term).

(2) Amounts represent the grant date fair value determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 8 to the Company s audited financial statements in the 2013 Form 10-K, as filed with the SEC.

(3) All restricted shares vest one year after grant provided that the awards will immediately vest in the event of death, disability, retirement at the end of a term, or termination in connection with a change in control.

(4) Reflects annual award of restricted stock to the Board. Mr. Andrews and Mr. Golden s grants were pro-rated for partial year service during the plan year.

(5) Reflects an award of SARs and restricted stock received in lieu of a percentage of cash compensation as elected by the director prior to the beginning of the fiscal year.

(6) Mr. Andrews retired from the Board effective May 1, 2013.

(7) Mr. Golden was appointed to the Board effective February 12, 2013.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section describes the Company s compensation program for its Chief Executive Officer (CEO), its Chief Financial Officer (CFO), and its four other mostly highly compensated executive officers for fiscal year 2013, all of whom are referred to collectively as its named executive officers. For fiscal 2013, the Company s named executive officers were:

- Ronald W. Kaplan, Chairman, President and Chief Executive Officer;
- James E. Cline, Senior Vice President and Chief Financial Officer;
- F. Timothy Reese, Senior Vice President, Operations;
- William R. Gupp, Chief Administrative Officer, General Counsel and Secretary;
- Christopher P. Gerhard, Vice President, Sales; and
- Adam D. Zambanini, Vice President, Marketing.

This Compensation Discussion and Analysis focuses on the material elements of our executive compensation program in effect for the 2013 fiscal year. It also provides an overview of our executive compensation philosophy and why we believe the program is appropriate for the Company and its stockholders. Finally, we discuss the Compensation Committee s methodology for determining appropriate and competitive levels of compensation for the named executive officers. Details of compensation paid to the named executive officers can be found in the tables below.

Our executive compensation program is intended to align our named executive officers interests with those of our stockholders by rewarding performance that meets or exceeds the goals the Compensation Committee establishes with the objective of increasing stockholder value. In line with our pay for performance philosophy, the total compensation received by our named executive officers will vary based on individual and corporate performance measured against annual and long-term performance goals. Our named executive officers total compensation is comprised of a mix of base salary, annual cash incentive compensation and long-term equity incentive awards.

Executive Summary

The following is a summary of actions taken by the Board and Compensation Committee in or with respect to 2013, all of which are discussed in further detail below:

- In October 2012, the Compensation Committee modified the Company s long-term equity incentive compensation plan, effective for awards made beginning in 2014. Beginning with the 2014 awards, the SARs previously being granted have been replaced with performance-based restricted shares, which will vest equally over a 3 year period, with each year s vesting based on achievement against target earnings before interest, taxes, depreciation and amortization, or EBITDA , for 1 year, cumulative 2 years and cumulative 3 years, respectively.
- In December 2012, the Compensation Committee s independent consultant, Hay Group, completed an executive compensation benchmarking study of the Company s executive compensation. Results of this study are discussed in detail later in this Compensation Discussion and Analysis.

In December 2012, the Compensation Committee approved a 2.5% increase in the base salaries for the named executive officers (which did not include Mr. Gerhard and Mr. Zambanini at the time) for the 2013 fiscal year.

In July 2013, the Board promoted Mr. Cline from Vice President and Chief Financial Officer, to Senior Vice President and Chief Financial Officer, and Mr. Reese from Vice President, Operations to Senior

Vice President, Operations, and increased each of their annual base salaries from $296,400 to $311,400. Each of their target annual cash incentive compensation award was increased from 70% to 75% of base salary, and their target long-term equity incentive compensation award was increased from 135% to 145% of base salary.

In October 2013, the Board approved, on a voluntary basis and in advance of final Dodd-Frank Act clawback rules, a clawback policy with respect to incentive-based compensation. The policy provides that in the event of a restatement of the Company s financial results due to any fraudulent actions or executive misconduct, the Compensation Committee is entitled to recover from executive officers any incentive-based compensation that would not otherwise have been awarded to such persons under the as-restated financial statements during the three years preceding the date of the restatement.

In October 2013, the Board approved, on a voluntary basis and in advance of final Dodd-Frank Act hedging rules, a policy that prohibits our executive officers and directors from purchasing any financial instrument or entering into any transaction that is designed to hedge or offset any decrease in the market value of Company equity (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, or exchange funds), or pledging, hypothecating, or otherwise encumbering Company equity as collateral for indebtedness.

In December 2013, the Board instituted Stock Ownership Guidelines. Under these Guidelines, each executive officer is required to own and hold, as a minimum, that number of shares of the Company s common stock having a market value of at least a stated multiple of the executive officer s base salary. The stated multiple for the Chief Executive Officer is 3, for a Senior Vice President is 1.5 and for a Vice President is 1.

In December 2013, the Compensation Committee approved a 2.5% increase in the base salaries for each of the named executive officers, other than Mr. Gerhard and Mr. Zambanini, who each received a 5% increase, for the 2014 fiscal year.

For the 2013 fiscal year, the Compensation Committee set target pretax income at $42,414,000 and target free cash flow at $34,909,000 for purposes of the annual cash incentive compensation plan. Actual pretax income and free cash flow were $48,536,000 and $35,552,000, respectively, excluding certain items that the Compensation Committee determined were extraordinary and not considered in the establishment of the respective targets for the year. This resulted in a payout of annual cash incentive compensation of 155.8% of the target for each executive officer.

The Company s TSR in 2013 continued to outperform relative to the peer group. During calendar year 2013, the Company s stock price increased by 113.6%, which was well in excess of the average of the peer group for 2013, which was 56.3%, and the S&P 500, which was 32.4%.

2013 Say on Pay Results and Considerations

The Company provides its stockholders the opportunity to cast an annual non-binding advisory vote on executive compensation (a say-on-pay proposal). The Company and the Company s Compensation Committee consider the outcome of the Company s say-on-pay proposal when making future compensation decisions for the executive officers of the Company. In connection with the Company s 2013 annual meeting of stockholders, the proposal to approve the executive compensation of the Company s executive officers named in the Company s proxy statement dated March 22, 2013 received 13,696,982 votes in favor, or 95.1% of votes cast. Although these votes are advisory (and therefore not binding on the Company), the Company and the Compensation Committee carefully review these results each year and consider them, along with other communications from stockholders relating to our compensation practices, in making future compensation decisions for executive officers of the Company.

Compensation Philosophy and Objectives

What person or group is responsible for determining the compensation levels of named executive officers?

The Role of the Compensation Committee. The Compensation Committee, pursuant to its charter, reviews, determines and approves the compensation, including base salary, and annual and long term incentive compensation, of the Company s CEO and the other named executive officers, as well as Vice Presidents who report directly to the CEO. Additionally, the Compensation Committee administers the Company s employee benefit programs, including its 2005 Stock Incentive Plan, 1999 Employee Stock Purchase Plan, annual cash incentive plan, and other incentive compensation plans, benefit plans and equity-based plans.

The Role of Consultants. 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. The Compensation Committee has the authority to compensate its outside advisers without obtaining approval of the Board. In accordance with this authority, the Compensation Committee retained Hay Group in 2013 as the committee s independent compensation consultant to advise the Compensation Committee on matters related to CEO and other named executive officer compensation. The Compensation Committee assessed Hay Group s work as required under rules of the Securities and Exchange Commission and concluded that it did not raise any conflicts of interest and that Hay Group was independent within the NYSE s listing standards.

The consultant s assignments are determined by the chairman of the Compensation Committee. At the request of the chairman, the current consultant assists in developing the peer group of companies and compensation surveys to be used for the competitive analyses, prepares the market analysis of both named executive officer and board compensation, prepares a financial analysis of the Company s performance vis-à-vis the peer group and analyzes the relationship between CEO pay and company performance, constructs market competitive ranges of pay opportunity for base salaries, annual cash incentive targets, and long-term equity incentive awards for named executive officers, and reviews the annual cash incentive and long-term equity incentive plans for linkage to key business objectives and company performance. The consultant advises the Compensation Committee as to the compensation of officers of the Company, but does not recommend any specific pay level changes for named executive officers.

The Role of Executives. The Company s CEO and Chief Administrative Officer, General Counsel and Secretary, or CAO, are actively involved in the executive compensation process. Historically, the CEO reviews the performance of each of the named executive officers (other than his own performance) and, within the defined program parameters, recommends to the Compensation Committee base salary increases and annual cash incentive and long-term incentive awards for such individuals. He provides the Compensation Committee with both annual and long-term recommended financial performance goals for the Company that are used to link pay with performance. The CEO also provides his views to the Compensation Committee and the consultant with respect to the executive compensation program s ability to attract, retain and motivate the level of executive talent necessary to achieve the Company s business goals. The CAO works with the CEO to develop the recommended base salary increases, annual cash incentive levels and long-term equity incentive awards, and provides analysis on the ability of the executive compensation program to attract, retain, and motivate the Company s executive team and potential executive hires. The CEO and the CAO attend the meetings of the Compensation Committee, but do not participate in the Compensation Committee s executive sessions.

What are the Company s executive compensation principles and objectives?

The Compensation Committee believes that the structure of the compensation program for named executive officers should be designed to attract, motivate, and retain key talent to promote the long-term success of the Company, and to balance these objectives with a strong link to stockholder return and other measures of performance that drive total stockholder return.

The Company s overall executive compensation philosophy is that pay should be competitive with the relevant market for executive talent, be performance-based, vary with the attainment of specific objectives, and be closely aligned with the interests of the Company s stockholders. The core principles of the Company s executive compensation program include the following:

Pay competitively: The Compensation Committee believes in positioning executive compensation at competitive levels necessary to attract and retain exceptional leadership talent. An individual s performance and importance to the Company can result in that individual s total compensation being higher or lower than the Company s target market position. The Compensation Committee regularly utilizes the assistance of a compensation consultant to provide information on market practices, programs, and compensation levels.

Pay-for-performance: The Compensation Committee structures executive compensation programs to balance annual and long-term corporate objectives, including specific measures which focus on financial performance, with the goal of fostering stockholder value creation in the short- and long-term.

Create an ownership culture: The Compensation Committee believes that using compensation to instill an ownership culture effectively aligns the interests of management and the stockholders. To promote this alignment, the Compensation Committee granted equity-based compensation in 2013, including SARs, and time-based restricted shares, to provide incentives for named executive officers to enhance stockholder value.

Utilize a total compensation perspective: The Compensation Committee considers all of the compensation components base salary, annual cash incentives, long-term equity incentives, and benefits and perquisites in total.

Improved financial performance: The Company aggressively pursues strategies intended to improve its financial and operational performance by expanding its product offerings, enhancing its sales channels, improving production performance, including quality, efficiency and capacity, and lowering costs. The Compensation Committee believes in utilizing a compensation program that appropriately rewards executives for the achievement of these objectives.

The CEO and the Compensation Committee regularly review the executive compensation program and philosophy to assess whether the program promotes the objectives of enabling the Company to attract and retain exceptionally talented executives and to link total compensation to the Company s ability to meet its annual financial and non-financial goals and, in the longer term, to produce enhanced levels of total stockholder return. Based on such reviews, programmatic changes have been implemented at various times to enhance consistency of the various compensation elements with the program s philosophy.

How do we determine executive pay?

Benchmarking: Benchmarking in comparison to the peer group (see below) is one of several factors considered in the compensation process but is not in and of itself determinative. The relative position of individual named executive officers in comparison to the peer group is based on their respective competencies, experience and performance. While the Company does not establish executive pay based solely on benchmarking data, we believe that our pay levels and practices should be within a range of competitiveness with our peer group and benchmarking provides us with an assessment of reasonableness and competitiveness. To that end, the Company generally views the median of the market as a reference point against which to evaluate the competitiveness of its target total direct compensation. However, each individual s actual compensation is based on numerous factors including the individual s level of experience in the role and the annual and long-term performance of both the Company and the individual.

The Compensation Committee benchmarks target total direct compensation, which consists of base salary, target annual cash incentive, and the value of long-term equity incentives to the competitive marketplace, including to a peer group of companies (the peer group). The Compensation Committee benchmarks its named executive officer compensation because the Compensation Committee believes this is the best way to determine whether such compensation is competitive with the Company s labor market for executive talent.

Peer Group: In June 2012, Hay Group reviewed the Company s existing peer group and provided the Compensation Committee with a set of considerations for change, including proposed additions and deletions to the peer group. Based on Hay Group s analysis, the Compensation Committee refined its peer group taking into account a number of factors for each potential peer company including, but not limited to, size (revenues, market capitalization and number of employees), nature of business (business comparators and similar customer base), organizational complexity and business model (span and scope of the organization), competition for executive talent (organizations from which executives may be recruited to and from) and location. While all of the aforementioned factors are taken in account, Hay Group considers the most important to be size and competition for executive talent as these provide the most meaningful insight into competitive practices.

In June 2012, with input from Hay Group, the Compensation Committee identified a publicly-traded peer group consisting of the following fifteen companies:

AAON Inc.