

NOVO NORDISK A S  
Form 6-K  
June 01, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER**

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

**June 1, 2011**

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**NOVO NORDISK A/S**

(Exact name of Registrant as specified in its charter)

**Novo Allé**

**DK- 2880, Bagsvaerd**

**Denmark**

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g-32(b):82-\_\_\_\_\_



Company Announcement

31 May 2011

Total number of voting rights and share capital in Novo Nordisk A/S as of 31 May 2011

In accordance with Section 6 of the Danish Statutory Order on Issuers Disclosure Obligations, Novo Nordisk is required to publish the total number of voting rights and the size of the share capital in Novo Nordisk A/S as per the end of the month where changes have occurred.

Referring to Company Announcement no 26/2011 dated 2 May 2011, please find below a statement regarding the total number of voting rights and share capital in Novo Nordisk A/S as per 31 May 2011.

	<b>Number of shares (nominal value DKK 1)</b>	<b>Nominal value (DKK)</b>	<b>Number of votes</b>
<b>A shares</b>	<b>107,487,200</b>	<b>107,487,200</b>	<b>107,487,200,000</b>
<b>B shares</b>	<b>472,512,800</b>	<b>472,512,800</b>	<b>47,251,280,000</b>

*Novo Nordisk is a global healthcare company with 88 years of innovation and leadership in diabetes care. The company also has leading positions within haemophilia care, growth hormone therapy and hormone replacement therapy. Headquartered in Denmark, Novo Nordisk employs approximately 31,400 employees in 74 countries, and markets its products in 179 countries. Novo Nordisk's B shares are listed on NASDAQ OMX Copenhagen (Novo-B). Its ADRs are listed on the New York Stock Exchange (NVO). For more information, visit [novonordisk.com](http://novonordisk.com).*

<b>Novo Nordisk A/S</b>	Novo Allé	Telephone:	Internet:	CVR Number:
Corporate Communications	2880 Bagsværd Denmark	+45 4444 8888 Telefax: +45 4444 2314	novonordisk.com	24256790

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Company Announcement no 34 / 2011

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<b>Novo Nordisk A/S</b>	Novo Allé	Telephone:	Internet:	CVR Number:
Corporate Communications	2880 Bagsværd Denmark	+45 4444 8888 Telefax: +45 4444 2314	novonordisk.com	24256790

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## SIGNATURES

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

Date: June 1, 2011

NOVO NORDISK A/S

Lars Rebien Sørensen,

President and Chief Executive Officer

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**Proxy Summary**

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

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

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

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

**Table of Contents****Board of Directors**

See Page 8 Election of Directors for more information.

The following table provides summary information about each director.

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

<i>Chairman; Retired; Former</i>								
<i>President and CEO, Trex</i>								
<i>Company, Inc.</i>								
<b>Gerald Volas</b>	63	2014	Yes	1				<b>No</b>
<i>CEO, TopBuild Corp.</i>								

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

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

**2** TREX COMPANY, INC. **2018 PROXY STATEMENT**

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**Trex Company, Inc.**

**160 Exeter Drive**

**Winchester, Virginia 22603-8605**

**Annual Meeting of Stockholders**

**May 2, 2018**

**Proxy Statement**

**General Information**

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

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

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



whole time of the meeting.

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

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

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

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

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

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**GENERAL INFORMATION**

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

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

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

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

FOR election of the nominees listed herein as directors;

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

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

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

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

#### **4 TREX COMPANY, INC. 2018 PROXY STATEMENT**

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**GENERAL INFORMATION**

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

**Table of Contents****Security Ownership**

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

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

each director and each nominee to the Board;

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

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

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

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

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

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

\* Less than 1%.

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

**6 TREX COMPANY, INC. 2018 PROXY STATEMENT**

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**SECURITY OWNERSHIP**

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

- (2) The information concerning BlackRock, Inc. is based on a Schedule 13G filed with the SEC on January 19, 2018, in which the reporting person reports that it has sole voting power with respect to 3,908,179 of the shares shown and sole dispositive power with respect to all of the shares shown.
- (3) The information concerning The Vanguard Group is based on a Schedule 13G filed with the SEC on February 8, 2018, in which the reporting person reports that it has sole voting power with respect to 57,386 of the shares shown, shared voting power with respect to 3,938 of the shares shown, sole dispositive power with respect to 2,644,534 of the shares shown, and shared dispositive power with respect to 58,924 of the shares shown.
- (4) The information concerning ClearBridge Investments, LLC is based on a Schedule 13G filed with the SEC on February 14, 2018, in which the reporting person reports that it has sole voting power with respect to 1,020,417 of the shares shown, and sole dispositive power with respect to all of the shares shown.
- (5) The shares of common stock shown as beneficially owned by Mr. Cline include 28,333 unvested restricted stock units, and 38,584 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 12,641 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.
- (6) The shares of common stock shown as beneficially owned by Mr. Gupp include 11,104 unvested restricted stock units, and 14,616 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 3,139 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.
- (7) The shares of common stock shown as beneficially owned by Mr. Zambanini include 7,542 unvested restricted stock units, and 11,785 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,151 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.
- (8) The shares of common stock shown as beneficially owned by Mr. Gerhard include 7,542 unvested restricted stock units, and 10,985 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,151 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5,

2018.

- (9) The shares of common stock shown as beneficially owned by Mr. Fairbanks include 8,632 unvested restricted stock units, and 618 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,443 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.
- (10) The shares of common stock shown as beneficially owned by Mr. Scripter include 9,882 unvested restricted stock units, and 703 stock appreciation rights he has the right to exercise as of or within 60 days after March 5, 2018, and exclude 2,779 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.
- (11) The shares of common stock shown as beneficially owned by Ms. Robinson include 923 unvested restricted stock units, and 16,374 stock appreciation rights she has the right to exercise, as of or within 60 days after March 5, 2018.
- (12) The shares of common stock shown as beneficially owned by Mr. Merlotti include 923 unvested restricted stock units, and 9,410 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.
- (13) The shares of common stock shown as beneficially owned by Mr. Posey include 1,266 unvested restricted stock units, and 6,237 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.
- (14) The shares of common stock shown as beneficially owned by Mr. Gratz include 923 unvested restricted stock units, and 4,496 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.
- (15) The shares of common stock shown as beneficially owned by Mr. Kaplan include 923 unvested restricted stock units.
- (16) The shares of common stock shown as beneficially owned by Mr. Volas include 923 unvested restricted stock units, and 2,938 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.
- (17) The shares of common stock shown as beneficially owned by Mr. Golden include 923 unvested restricted stock units, and 4,710 stock appreciation rights he has the right to exercise, as of or within 60 days after March 5, 2018.
- (18) The shares of common stock shown as beneficially owned by all directors and executive officers as a group include a total of 79,779 unvested restricted stock units, 121,456 stock appreciation rights they have the right to exercise as of or within 60 days after March 5, 2018, and exclude 25,304 stock appreciation rights that are not scheduled to vest as of or within 60 days after March 5, 2018.





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**Election of Directors**

**(Proposal 1)**

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

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

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

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

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

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

<b>Director</b>	<b>Age</b>	<b>Director Since</b>
James E. Cline	66	2015
Patricia B. Robinson	65	2000

**8** TREX COMPANY, INC. **2018 PROXY STATEMENT**

**Table of Contents****ELECTION OF DIRECTORS (PROPOSAL 1)**

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

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

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

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

<b>Director</b>	<b>Age</b>	<b>Director Since</b>
Michael F. Golden	63	2013
Richard E. Posey	71	2009

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

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

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

**Table of Contents****ELECTION OF DIRECTORS (PROPOSAL 1)**

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

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

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

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

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

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

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**ELECTION OF DIRECTORS (PROPOSAL 1)**

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

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

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



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**Corporate Governance**

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

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

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

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

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

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

Our Board also has three standing committees:

Audit Committee, chaired by Mr. Gratz;

Compensation Committee, chaired by Mr. Posey; and

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

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

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

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

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

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

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

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

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**CORPORATE GOVERNANCE**

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

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

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

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

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

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

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

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

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

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

on that company's compensation committee.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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**CORPORATE GOVERNANCE**

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

The Board welcomes communications from its stockholders and other interested parties and has adopted a procedure for receiving and addressing those communications. Security holders and other interested parties may communicate any concerns they may have about the Company directly and confidentially to either the full Board or the non-management directors as a group, or an individual director, by writing to: Board of Directors or Non-Management Directors or Name of Individual Director, Trex Company, Inc., 160 Exeter Drive, Winchester, VA 22603-8605, Attention: Secretary, or by calling the Company's Governance Hotline (800-719-4916). An independent third-party vendor maintains the Governance Hotline. To maintain the caller's anonymity, calls are passed through proprietary filters to mask the caller's voice and the originating phone number is removed from the associated audio file. A caller wishing to be identified may indicate his or her name in the message. All calls are forwarded to both the Company 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) 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 2017 or written representations that no other reports were required, the Company believes that the foregoing reporting persons complied with all filing requirements for fiscal 2017.

We have adopted a code of conduct and ethics, which is applicable to all of our directors, officers and employees, including our Chief Executive Officer and Chief Financial Officer. We make available on our web site, at [www.trex.com](http://www.trex.com), and in print, to any stockholder who requests them, copies of our code of conduct and ethics, our Bylaws, our corporate governance principles and the charters of each standing committee of our Board. Requests for copies of these documents should be directed to Corporate Secretary, Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605. To the extent required by SEC rules, we intend to disclose any amendments to our code of conduct and ethics, and any waiver of a provision of the code with respect to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on our web site referred to above within four business days following any such amendment or waiver, or within any other period that may be required under SEC rules from time to time.

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**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 of the Board. The Outside Director Plan provides that all equity grants issued under such Plan are issued pursuant to the Trex Company, Inc. 2014 Stock Incentive Plan, or 2014 Stock Incentive Plan, which was approved by stockholders at the Company's 2014 annual meeting.

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, Korn Ferry Hay Group (KFHG), to advise the Nominating/Corporate Governance Committee on matters related to director compensation.

The Company's director compensation program was reviewed by KFHG in 2015 relative to the Company's peer group. The Company's peer group is reviewed by KFHG prior to each compensation review, and the peer group utilized in such study was as follows:

AAON, Inc.	Landec Corp.
American Woodmark Corp.	L.B. Foster Company
Apogee Enterprises, Inc.	Patrick Industries, Inc.
Deltic Timber Corp.	PGT, Inc.
Gibraltar Industries, Inc.	Quanex Building Products Corporation
Insteel Industries, Inc.	Simpson Manufacturing, Inc.
Kadant Inc.	Twin Disc, Inc.

The KFHG review indicated that the non-employee directors' total annual compensation (consisting of cash and equity-based compensation) was approximately at the 25<sup>th</sup> percentile of the Company's peer group. Based upon the Nominating/Corporate Governance Committee's desire to have director compensation approximate the median of its peer group, KFHG provided pay level and pay structure alternatives for the Committee's consideration. Based on KFHG's analysis, the Committee recommended and the Board approved certain modifications to the Outside Director Plan in October 2015. The elements of the non-employee director compensation package under the Outside Director Plan, as modified, are as follows:

Upon initial appointment to the Board, non-employee directors receive awards of options, stock appreciation rights (SARs), restricted shares, restricted stock units or any combination thereof (as determined by the Nominating/Corporate Governance Committee) valued at \$55,000.

For service on the Board, each non-employee director receives an annual fee of \$50,000, and an annual award of options, SARs, restricted shares, restricted stock units or any combination thereof (as determined by the Nominating/Corporate Governance Committee) valued at \$70,000.

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Any non-employee director who serves as Chairman of the Board will receive an additional \$60,000 annually, and any director who serves as Lead Independent Director will receive an additional \$15,000 annually.

The chairman of the Audit Committee receives an annual committee fee of \$12,500, the chairman of the Compensation Committee receives an annual committee fee of \$9,000, and the chairman of the Nominating/Corporate Governance Committee receives an annual committee fee of \$7,500.

Each member of the Audit Committee (other than the chairman) receives an annual committee fee of \$8,500, each member of the Compensation Committee (other than the chairman) receives an annual committee fee of \$6,500 and each member of the Nominating/Corporate Governance Committee (other than the chairman) receives an annual committee fee of \$5,000.

The \$50,000 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

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**DIRECTOR COMPENSATION**

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 a grant of options, SARs, restricted shares, restricted stock units or any combination thereof (as determined by the Nominating/Corporate Governance Committee). The fiscal year of the Outside Director Plan is July 1 through June 30.

The annual grants of equity 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 or restricted stock units vest one year after grant provided that the grants will immediately vest in the event of death, disability, retirement, 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 Nominating/Corporate Governance Committee has elected to use restricted stock units as the form of equity described above.

The Outside Director Plan is designed to deliver annual cash compensation and equity compensation at the median of the Company's peer group. The Outside Director Plan 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-employee 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 restricted stock units, or purchased on the open market), and unvested restricted shares and restricted stock units. 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 the foregoing, each director meets the current minimum requirements.

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 named executive officers.)



**Table of Contents****2017 Director Compensation**

The table below shows compensation paid to the non-employee directors for their service in 2017.

	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>SAR Awards</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>Changes in Pension Value and Nonqualified Deferred Compensation Earnings</b>	<b>All Other Compensation</b>	
	<b>(\$)</b>	<b>(\$)<sup>(1)</sup></b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	
el F. Golden <sup>(2)</sup>	65,155	70,000					13
Gratz <sup>(3)</sup>	69,000	70,000					13
l W. Kaplan <sup>(4)</sup>	110,000	70,000					18
H. Merlotti Jr. <sup>(5)</sup>	67,413	70,000					13
d E. Posey <sup>(6)</sup>	33,752	103,752					13
a B. Robinson <sup>(7)</sup>	71,431	70,000					14
Volas <sup>(8)</sup>	63,500	70,000					13

(1) Amounts represent the grant date fair value of restricted stock units granted in 2017 determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 12 to the Company's audited financial statements in the 2017 Form 10-K, as filed with the SEC.

(2) Mr. Golden served as a member of the Audit Committee, and both a member and chairman of the Nominating/Corporate Governance Committee, in 2017. Mr. Golden did not elect to receive any of his cash compensation in the form of equity.

(3) Mr. Gratz served as the chairman of the Audit Committee and a member of the Compensation Committee in 2017. Mr. Gratz did not elect to receive any of his cash compensation in the form of equity.

(4) Mr. Kaplan retired as President and Chief Executive Officer on August 17, 2015, but continues to serve as a non-executive Chairman. Mr. Kaplan did not elect to receive any of his cash compensation in the form of equity.

(5) Mr. Merlotti served both as the chairman and a member of the Nominating/Corporate Governance Committee, and a member of the Compensation Committee, in 2017, and as Lead Independent Director for a portion of 2017. Mr. Merlotti did not elect to receive any of his cash compensation in the form of equity.

- (6) Mr. Posey served as chairman of the Compensation Committee and as a member of the Audit Committee in 2017. Mr. Posey elected to receive \$33,752 of his cash compensation in the form of restricted stock units.
- (7) Ms. Robinson served as a member of the Compensation Committee and Nominating/Corporate Governance Committee in 2017, and as Lead Independent Director for a portion of 2017. Ms. Robinson did not elect to receive any of her cash compensation in the form of equity.
- (8) Mr. Volas served as a member of the Audit Committee and the Nominating/Corporate Governance Committee in 2017. Mr. Volas did not elect to receive any of his cash compensation in the form of equity.

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**Table of Contents****2017 Director Equity Awards**

<b>Name</b>	<b>Grant Date</b>	<b>Number of Securities Underlying Options</b> (#)	<b>Exercise or Base Price of Option Awards</b> (\$/Sh)	<b>Grant Date Fair Value of Option Awards</b> (\$)	<b>Number of Shares of Stock or Units</b> (#)	<b>Grant Date Fair Value of Stock or Units</b> (\$) <sup>(1)</sup>
Michael F. Golden	7/26/2017 <sup>(2)</sup>				923	70,000
Jay M. Gratz	7/26/2017 <sup>(2)</sup>				923	70,000
Ronald W. Kaplan	7/26/2017 <sup>(2)</sup>				923	70,000
Frank H. Merlotti	7/26/2017 <sup>(2)</sup>				923	70,000
Richard E. Posey	1/3/2017 <sup>(3)</sup>				125	8,438
	4/3/2017 <sup>(3)</sup>				125	8,438
	7/3/2017 <sup>(3)</sup>				122	8,438
	7/26/2017 <sup>(2)</sup>				923	70,000
	10/2/2017 <sup>(3)</sup>				96	8,438
Patricia B. Robinson	7/26/2017 <sup>(2)</sup>				923	70,000
Gerald Volas	7/26/2017 <sup>(2)</sup>				923	70,000

(1) Amounts represent the grant date fair value of restricted stock units granted in 2017 determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 12 to the Company's audited financial statements in the 2017 Form 10-K, as filed with the SEC.

(2) Reflects annual award of restricted stock units to the Board.

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



**Table of Contents****Executive Officers**

The table below sets forth information concerning our executive officers as of March 5, 2018. We refer to them as the named executive officers.

<b>Executive Officer</b>	<b>Age</b>	<b>Position with Company</b>
James E. Cline	66	President and Chief Executive Officer
William R. Gupp	58	Senior Vice President, General Counsel and Secretary
Bryan H. Fairbanks	48	Vice President and Chief Financial Officer
Christopher P. Gerhard	45	Vice President, Sales
Jay T. Scriptor	55	Vice President, Operations
Adam D. Zambanini	41	Vice President, Marketing

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

*William R. Gupp* has served as Senior Vice President, General Counsel and Secretary of the Company since August 2014. From October 2009 to August 2014, Mr. Gupp served as Chief Administrative Officer, General Counsel and Secretary, and from May 2001 to October 2009, Mr. Gupp served as Vice President and General Counsel. From March 1993 to May 2001, Mr. Gupp was employed by Harsco Corporation, an international industrial services and products company, most recently as Senior Counsel and Director-Corporate Development. From August 1985 to March 1993, Mr. Gupp was employed by the law firm of Harter, Secrest & Emery. Mr. Gupp received a B.S. degree in accounting from Syracuse University and a J.D. degree from the University of Pennsylvania Law School.

*Bryan H. Fairbanks* has served as Vice President and Chief Financial Officer of the Company since August 2015. Between March 2006 and August 2015, he served as Senior Director, Supply Chain, and between September 2012 and August 2015 he concurrently served as Executive Director, International Business Development. Between May 2004 and March 2006, he served as Director, Financial Planning and Analysis. From August 1994 to May 2004, Mr. Fairbanks served in numerous senior finance roles with the Ford Motor Company. Mr. Fairbanks received a B.S. degree in accounting from the University of Dayton and an M.B.A. degree from the University of Pittsburgh.

*Christopher P. Gerhard* has served as Vice President, Sales of the Company since June 2012. From May 2006 through June 2012, Mr. Gerhard served in a number of capacities at the Company, most recently as Director, Field Sales. From 2002 to May 2006, Mr. Gerhard served in various capacities with Kraft Foods North America, a

manufacturer of food and beverages, most recently as Southeast Region Customer Category Manager. Mr. Gerhard received a B.A. degree in English from the University of North Carolina Greensboro, and a Masters in Science degree from Ohio University.

*Jay T. Scriptor* has served as Vice President, Operations of the Company since January 2016. From February 2015 to January 2016, Mr. Scriptor served as Senior Vice President Operations of FXI, a manufacturer of polyurethane foam products for a number of industries including home furnishings, automotive, medical and

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**EXECUTIVE OFFICERS**

electronics. From July 2008 to October 2014, Mr. Scriptor served in various operational roles at Owens Illinois, a manufacturer of glass containers primarily for the food and beverage industry, most recently as Vice President Integrated Operations North America. From June 2003 to May 2008, Mr. Scriptor served in various roles at H.B. Fuller Company, a manufacturer of adhesives for building products as well as consumer goods, most recently as Vice President North America. Prior to 2003, Mr. Scriptor served in various leadership roles within the building products industry. Mr. Scriptor earned a B.S. degree in mechanical engineering from South Dakota State University and an M.B.A. degree from Drake University.

*Adam D. Zambanini* has served as Vice President, Marketing of the Company since January 2011. From September 2005 through December 2010, Mr. Zambanini served in a number of capacities at the Company, most recently as Director, Marketing. From January 2000 through September 2005, Mr. Zambanini was employed by Rubbermaid Commercial Products, most recently as Product Manager. Mr. Zambanini received a B.S. degree in mechanical engineering from Penn State University, and a M.B.A. degree from Averett University.

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**Compensation Discussion and Analysis**

This section describes the Company's compensation program for its Chief Executive Officer ( CEO ), its Chief Financial Officer ( CFO ), and its four other most highly compensated executive officers for fiscal year 2017, all of whom are referred to collectively as the named executive officers . For fiscal 2017, the Company's named executive officers were:

James E. Cline, President and Chief Executive Officer;

William R. Gupp, Senior Vice President, General Counsel and Secretary;

Bryan H. Fairbanks, Vice President and Chief Financial Officer;

Christopher P. Gerhard, Vice President, Sales;

Jay T. Scriptor, Vice President, Operations; 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 2017 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 compensation.



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 2017 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 23, 2017 received 22,600,030 votes in favor, or 93.0% of votes cast. Although these votes are advisory (and therefore not binding on the Company), the Company, the Compensation Committee and the Board 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.

**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

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**COMPENSATION DISCUSSION AND ANALYSIS**

benefit programs, including its 2014 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 Korn Ferry Hay Group ( KFHG ) in 2017 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 KFHG's work as required under rules of the SEC and concluded that it did not raise any conflicts of interest and that KFHG 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 named executive officer 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 compensation targets, and long-term equity incentive awards for named executive officers, and reviews the annual cash incentive compensation 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 executive officers of the Company, but does not recommend any specific pay level changes for executive officers.

Total fees paid to KFHG for services performed during 2017 relating to executive compensation were \$10,720. During 2017, KFHG also was retained by Management of the Company to provide succession planning and executive leadership consulting services. Management interviewed a number of consultants, but concluded that KFHG should be retained because they had a more robust process than the other consultants, and because of their intimate familiarity with the Company's culture and baseline leadership inventory, the depth of their approach to understand the Company's strategy prior to the creation of competencies and role profiles, and their ability to customize and adapt as the Company advanced through the program. The fees paid by the Company for such services performed during 2017 was \$544,498. The decision to retain KFHG to provide these additional services was approved by the Nominating/Corporate Governance Committee and the Board.

*The Role of Executives.* The Company's CEO, its Senior Vice President, General Counsel and Secretary, or GC, and its Vice President, Human Resources, or VP-HR, 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 compensation and long-term equity 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 GC and VP-HR work with the CEO to develop the recommended base salary increases, annual cash incentive compensation levels and long-term equity incentive awards, and provide 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, the GC and VP-HR 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.

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**COMPENSATION DISCUSSION AND ANALYSIS**

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 equity 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 2017, which was comprised of time-based restricted stock units, performance-based restricted stock units and stock appreciation rights, 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 incentive compensation, long-term equity incentive compensation, 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.

*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 compensation, and the value of long-term equity incentives, 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.

Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS**

*Peer Group:* In July 2016, KFHG 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 KFHG'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 into account, KFHG considers the most important to be size and competition for executive talent as these provide the most meaningful insight into competitive practices.

In July 2016, with input from KFHG, the Compensation Committee identified a publicly-traded peer group consisting of the following fifteen companies:

AAON, Inc.	Kadant, Inc.
American Woodmark Corp.	L.B. Foster Company
Apogee Enterprises, Inc.	Patrick Industries, Inc.
Continental Building Products, Inc.	PGT, Inc.
Deltic Timber Corp.	Quanex Building Products Corporation
Gibraltar Industries, Inc.	Simpson Manufacturing, Inc.
Headwaters, Inc.	Twin Disc, Inc.
Insteel Industries, Inc.	

In October 2016, KFHG completed an executive compensation benchmarking study. KFHG assessed the Company's executive compensation program against the peer group both with respect to competitiveness and mix of the elements of compensation. KFHG compared the following elements of compensation of the Company against the peer group for 2015 (the last reported compensation for the peer group): (1) base salary; (2) target total cash compensation (base salary plus target annual cash incentive compensation); and (3) target total direct compensation (base salary plus target annual cash incentive compensation plus the value of long-term equity incentive compensation). Based on such comparison, KFHG determined that the Company's respective elements of target compensation compared against the peer group (as a weighted average of the named executive officers) were as follows:

	<b>Weighted Average % of Median (all NEOs)</b>
Base Salary	99.79%
Target Total Cash Compensation	89.48%
Target Total Direct Compensation	90.19%

With respect to the mix of target compensation for the named executive officers, KFHG found that the majority of the executive officers' total compensation is comprised of variable or at risk pay with considerable emphasis on both short

and long-term incentives. This highlights the Company's focus on pay for performance, and is consistent with one of the core principles of the Compensation Committee; namely, that a material portion of the executive officers' total compensation should be dependent on performance.

#### Base Salary

Base salary is annual fixed cash compensation, and is a standard element of compensation, necessary to attract and retain talent, and provides fixed compensation that an employee can rely upon for his or her ordinary living expenses. Base salary is the principal non-variable element of the Company's total compensation program.

Base salaries reflect each named executive officer's responsibilities, the impact of each named executive officer's position, and the contributions each named executive officer delivers to the Company.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

Base salaries are determined by competitive levels in the market, based on the Company's peer group and the results of executive compensation surveys, for executives with comparable responsibilities and job scope. Base salary increases, if any, are based on individual performance, market conditions and company performance. To gauge market conditions, the Compensation Committee evaluates the peer group and market data compiled by its consultant. Base salaries are set following review of this data upon consideration of the named executive officer's experience, tenure, performance, and potential.

In December 2016, the Compensation Committee approved a 3% increase in the 2017 base salaries for the named executive officers, based on an internal analysis of prevailing market and industry conditions, except that with respect to Mr. Cline, the Committee approved a 6% increase, and for Mr. Gerhard and Mr. Zambanini, the Committee approved a 5% increase, all in recognition of their significant contributions to the Company and below median salary compared to our peer companies.

In December 2017, the Compensation Committee approved increases in the 2018 base salaries for the named executive officers. The average increase for the named executive officers was 3.47%.

The base salaries of the named executive officers are as follows:

<b>Executive Officer</b>	<b>2016 Base Salary</b>	<b>2017 Base Salary</b>	<b>2018 Base Salary</b>
James E. Cline	\$500,000	\$530,000	\$545,000
William R. Gupp	\$318,270	\$327,818	\$337,700
Jay T. Scriptor <sup>(1)</sup>	\$330,000	\$339,900	\$351,800
Bryan H. Fairbanks	\$290,000	\$298,700	\$309,200
Christopher P. Gerhard	\$250,000	\$262,500	\$273,000
Adam D. Zambanini	\$250,000	\$262,500	\$273,000

<sup>(1)</sup> Mr. Scriptor joined the Company on January 18, 2016. The amount stated above for 2016 is his annualized base salary.

**Annual Cash Incentive Compensation**

The annual cash incentive plan provides named executive officers with the opportunity to gain financially from the Company's financial results that they help to generate annually. The annual cash incentive plan provides for a cash payment based on the achievement of annual corporate financial goals.

We believe that it is necessary to provide annual cash incentive compensation, because short-term incentives provide an immediate benefit paid in cash based on the achievement of immediate results, thereby promoting the achievement of short-term goals. A performance-based incentive motivates management to focus on the short-term (one fiscal year) financial goals in specific targeted areas determined at the beginning of each year.



For the named executive officers, the Company provides an annual cash incentive payment based 75% on achievement of a certain pretax income target, and 25% on achievement of a certain free cash flow target, in each case excluding any items determined by the Compensation Committee to be extraordinary and not considered in the establishment of such targets. Free cash flow is defined as net cash provided by operating activities less net cash used for investing activities. The pretax income and free cash flow financial performance metrics were chosen because the Compensation Committee determined that they would best measure the Company's financial performance for the fiscal year and align management's financial incentives to those of its stockholders. Management deems pre-tax earnings to be the key factor to increasing shareholder value, which is indicative of its 75% weighting toward the annual cash incentive plan. Management believes that free cash flow complements pre-tax earnings to ensure the Company's operating and strategic objectives are being adequately funded as a result of meeting its profit objectives, which is indicative of its 25% weighting towards the annual cash incentive plan. The free-cash-flow financial metric also serves as a guideline to meeting management's target capital structure.

The Compensation Committee uses a sliding scale to determine both the pretax income portion of the annual cash incentive and the free cash flow portion of the annual cash incentive. The minimum threshold for any payment under both the pretax income element and the free cash flow element of the annual cash incentive plan

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for 2017 was 80% of the respective targets, which would result in a payout of 50% of the target payment, and the maximum payout was capped at 200% of the target payment if 120% or more of the target was achieved. Numbers falling within the ranges above are interpolated on a straight line basis. These performance ranges were selected based upon the Company's business judgment while acknowledging the potential variability in results given some of the unique challenges in our business. Each year, the Company determines its performance ranges based upon the best available information and makes an informed decision as to where the threshold, target and maximum performance levels should be set. As explained in more detail below, these performance ranges were established for the 2017 plan year.

Target awards are expressed as a percentage of the named executive officer's base salary. Cash incentive targets for 2016 were 100% for the CEO, and 60% to 70% for the other named executive officers, depending on the named executive officer's grade level. The total award to any single named executive officer was capped at 200% of the named executive officer's targeted percentage of salary.

*Determination of Target Levels.* The Compensation Committee believes that using pretax income and free cash flow financial targets as the basis for the executive annual cash incentive plan effectively aligns executive interests with the interests of the Company's stockholders. An annual cash incentive can be earned if the Company meets its financial goals as measured using pretax income and free cash flow as adjusted to reflect core operating performance. The annual financial objectives are contained within the Company's annual financial plan, which is approved by the Board each December prior to the start of the new fiscal year. The Company's financial-metric based approach established for the annual cash incentive plan applies to the broader management team as well as the named executive officers to ensure that there is consistency with the essence of the "pay for performance" structure of the incentive plan.

*Calculations of Pretax Income Target and Payout for 2017.* For the 2017 fiscal year, the Compensation Committee set target pretax income at \$124,888,000. The Compensation Committee considered this target challenging given the set of circumstances including the macro-economic and competitive environments known at the time. In addition, the 2017 pretax income target was 10.8% higher than actual 2016 pretax income (adjusted for extraordinary items).

As stated above, the Compensation Committee specifically agreed to exclude from the actual pretax income calculation any items determined by the Compensation Committee to be extraordinary and not considered in the establishment of the pretax income target. On July 31, 2017, the Company, through its newly formed, wholly-owned subsidiary Trex Commercial Products, Inc. ("TCP") acquired substantially all of the assets of Staging Concepts Acquisition, LLC ("SC Company"), which operated under the tradenames SC Railing Company and Staging Concepts. For 2017, the Committee agreed to exclude all items related to the acquisition of SC Company. This included a \$3,404,000 pretax loss by TCP, \$218,000 in equity awards by the Company to the senior executives of SC Company, and \$266,000 in acquisition costs. The Compensation Committee excluded all items related to the acquisition because they determined that it was an extraordinary event not anticipated in the 2017 Financial Plan which was approved by the Board in December 2016.

The net effect of the adjustment described in the preceding paragraph was to increase pretax income for 2017 for incentive purposes by \$3,888,000 from \$141,919,000 to \$145,807,000. This equated to 116.75% of target, which resulted in a payment multiple of 183.75%. This percentage was then multiplied by 75%, which is the percent weight given to the target pretax income portion of the annual cash incentive, to equal 137.81% for pretax income

achievement.

*Calculations of Free Cash Flow Target and Payout for 2017.* For the 2017 fiscal year, the Compensation Committee set target free cash flow at \$64,128,000. Although this was lower than actual 2016 free cash flow of \$70,810,000 (adjusted for extraordinary items), the Committee felt that this target was reasonable given planned working capital changes and capital investments.

As stated above, the Compensation Committee specifically agreed to exclude from the actual free cash flow calculation any items determined by the Compensation Committee to be extraordinary and not considered in the establishment of the free cash flow target. For 2017, the Committee agreed to exclude all items related to the acquisition of SC Company. This included \$72,070,000 in purchase price for SC Company and other acquisition costs, \$4,542,000 in an intra-company loan to TCP and \$14,000 in negative cash generation by TCP. The

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Compensation Committee excluded all items related to the acquisition because they determined that it was an extraordinary event not anticipated in the 2017 Financial Plan which was approved by the Board in December 2016. The Compensation Committee also excluded \$244,000, which represented payments under the warranty reserve for decking material manufactured at the Company's Nevada plant prior to 2007 that were \$244,000 more than planned for. The Compensation Committee excluded this item because they concluded that it would not be appropriate to penalize management because it related to product sold prior to the current senior management team assuming responsibility in early 2008.

The net effect of the adjustments described in the preceding paragraph was to increase free cash flow for 2017 for incentive purposes by \$76,870,000 from \$15,076,000 to \$91,946,000. This equated to 143.38% of target, which resulted in a payment multiple of 200%. This percentage was then multiplied by 25%, which is the percent weight given to the target cash flow portion of the annual cash incentive, to equal 50% for cash flow achievement.

*Total Cash Incentive Payout Percentage.* As a result of the above calculations, the cash incentive for 2017 to the executive officers was paid at a blended rate of 187.81% of target, which was determined as follows:

Pretax Income achievement	183.75% x .75 = 137.81%
Free cash flow achievement	200.00% x .25 = 50.00%
<b>Total</b>	<b>187.81%</b>

This blended rate was then multiplied by the cash incentive target for each named executive officer, as described above. Actual payouts to each of the named executive officers in February 2018, as a percentage of base salary, were:

<b>Executive Officer</b>	<b>2017 Base Salary</b>	<b>Target Annual Cash Incentive (as a % of Base Salary)</b>	<b>Target Annual Cash Incentive</b>	<b>Annual Cash Incentive Payout Percentage</b>	<b>2017 Annual Cash Incentive</b>
James E. Cline	\$530,000	100%	\$530,000	187.81%	\$995,406
William R. Gupp	\$327,818	70%	\$229,473	187.81%	\$430,978
Jay T. Scriptor	\$339,900	60%	\$203,940	187.81%	\$383,025
Bryan H. Fairbanks	\$298,700	60%	\$179,220	187.81%	\$336,598
Christopher P. Gerhard	\$262,500	60%	\$157,500	187.81%	\$295,805
Adam D. Zambanini	\$262,500	60%	\$157,500	187.81%	\$295,805

*Plan Structure and Target Levels for 2018 Annual Cash Incentive Plan.* In December 2017, the Compensation Committee established the pretax income and free cash flow targets for 2018, consistent with the Company's internal Financial Plan approved by the Board in December 2017, with pretax income again being weighted at 75% and free cash flow weighted at 25%. The program mechanics for the 2018 annual cash incentive plan will be the same as they were for the 2017 annual cash incentive plan, which is discussed in detail above.

Long-Term Equity Incentive Compensation

We believe that long-term equity incentive compensation provides appropriate motivational tools to achieve certain long-term company goals. The long-term equity incentive compensation plan is designed to align named executive officers' interests with those of stockholders, motivate the named executive officer team to achieve key financial goals and reward superior performance. The design of the program helps to reduce turnover and to retain the knowledge and skills of the Company's valued employees. In structuring the amount of long-term equity incentive compensation awards, the Compensation Committee seeks to balance such awards and the interests of the Company's stockholders under a policy that moderates the dilutive effects of annual equity-based awards against the need to provide attractive and competitive incentive compensation.

The Compensation Committee regularly makes its annual long-term equity incentive grants to named executive officers at its February meeting, with the grant date being the date of the Compensation Committee meeting at which such equity grants are approved. The Company does not time the grant of equity awards in coordination with the release of material non-public information.

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Under the long-term equity incentive compensation plan of the Company in 2017, grants consisted of 35% time-based restricted stock units, 50% performance-based restricted stock units, and 15% stock appreciation rights. The target levels for long-term equity incentive compensation grants for the named executive officers were 200% of base salary for the CEO and 115% to 135% of base salary for the other named executive officers, depending on the named executive officer's grade level.

The Compensation Committee retains discretion to adjust the target percentage award based upon each named executive officer's current performance and anticipated future contribution to the Company's results, as well as upon the amount and terms of equity-based awards previously granted to the named executive officer by the Company. The Compensation Committee did not make any discretionary adjustments to a named executive officer's target percentage award, and has not done so for any of the named executive officers in any of the years reflected in the Summary Compensation Table.

*Elements of Long-Term Equity Incentive Compensation:*

*Time-Based Restricted Stock Units.* Time-based restricted stock units are similar to time-based restricted shares, with the principal difference being that with restricted stock units, the shares are not actually issued until vesting. The restricted stock units have a three-year vesting period, vesting one-third each year. The number of restricted stock units issued is based on the approved target dollar amount of the award, divided by the fair market value of the Company's common stock on the date of the grant. Upon vesting, each restricted stock unit will equal the right to receive one share of Company stock.

Time-based restricted stock units facilitate retention by providing value if the named executive officer remains with the Company over the vesting period. In addition, time-based restricted stock units provide alignment with stockholders through stock ownership, and the potential for future growth.

*Performance-Based Restricted Stock Units.* Performance-based restricted stock units are similar to their time-based counterparts, but the number of units that will vest each year, if any, is based on Company financial performance. Upon vesting, each restricted stock unit will equal the right to receive one share of Company stock. The performance-based restricted stock units have a three-year vesting period, vesting one-third each year based on performance against target earnings before interest, taxes, depreciation and amortization, or EBITDA, for 1 year, cumulative 2 years and cumulative 3 years, respectively, in each case excluding any items determined by the Compensation Committee to be extraordinary and not considered in the establishment of such targets.

For the first vesting, the target performance will be planned EBITDA for the first year.

For the second vesting, the target performance will be cumulative planned EBITDA for the first two years, with the target EBITDA for the second year equaling the first year's target EBITDA plus a pre-determined growth rate.

For the third vesting, the target performance will be cumulative planned EBITDA for the three years, with the target EBITDA for the third year equaling the second year's target EBITDA plus a pre-determined growth rate.

The target number of performance-based restricted stock units issued is based on the approved target dollar amount of such units to be awarded, divided by the fair market value of the Company's common stock on the date of the grant. With respect to each vesting, the number of units that will vest will be between 0% and 200% of the target number of units. The Compensation Committee uses a sliding scale to determine the percentage of the target units that will vest each year. The minimum threshold for any vesting will be 80% of the EBITDA target, which will result in a payout of 50% of the target vesting, and the maximum payout will be capped at 200% of the target vesting if 120% or more of the target is achieved. Numbers falling within the ranges above are interpolated on a straight line basis.

In addition to facilitating retention, performance-based restricted stock units also more closely align the long-term equity incentive compensation plan with the Company's pay for performance philosophy. The number of units that will vest each year is contingent upon performance against pre-determined EBITDA targets. If the Company achieves less than 80% of the target for any year, no units will vest. This vesting condition encourages named executive officers to work with a long-term view of the Company's performance and reinforces their long-term affiliation with the Company.

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*Stock Appreciation Rights.* Stock Appreciation Rights, or SARs, are grants which, upon exercise, give the holder the right to receive the net appreciation in market value of a specified number of shares of our common stock over the grant price. Upon exercise, the net appreciation over the base price is settled in an equivalent number of common shares valued on the exercise date. SARs are similar to stock options but are less dilutive because only a net number of shares are issued. With respect to SARs, the grant price is the closing market price of the Company's common stock on the NYSE on the grant date. The SARs have a three-year vesting period, vesting one-third each year. The number of SARs issued is based on the approved target dollar amount of SARs to be awarded, divided by the value of one SAR, which is equal to the Black-Scholes value of an equivalent stock option. SARs have a term of ten years (provided that the term is extended for one year if the holder dies during the tenth year of the SAR).

SARs motivate executive efforts to achieve results that produce long-term increases (since executives have up to 10 years to exercise their SARs) in common stock market price. The three-year SAR vesting period encourages named executive officers to work with a long-term view of the Company's performance and reinforces their long-term affiliation with the Company. Named executive officers receive value in the SAR grants only when the share price increases above the grant price, which strengthens their alignment with stockholder interests.

The award agreements for the time-based restricted stock units, performance-based restricted stock units and SARs provide that if a participant's employment with the Company is terminated due to death, permanent and total disability, retirement, by the Company without cause, or by the participant with good reason (with cause and good reason being defined in the award agreements), any unvested awards held by a participant at termination will vest (with performance-based restricted stock units vesting at target levels). The award agreements and the change in control agreements further provide that in the event of a change in control of the Company, any unvested awards held by the participant at the time of the change in control will vest (with performance-based restricted stock units vesting at target levels). For a discussion of the change in control agreements, see the *Severance/Change in Control Agreements* discussion following this *Compensation Discussion and Analysis*.

*2017 Long-Term Equity Incentive Compensation Awards.* The target levels for the 2017 grants made in February 2017 were 200% of base salary for the CEO and 115% to 135% of base salary for the other named executive officers, depending on the named executive officer's grade level, and consisted of 35% time-based restricted stock units, 50% performance-based restricted stock units, and 15% stock appreciation rights. The award of any long-term incentive in 2017 was conditioned on the attainment in 2016 of positive pretax earnings, excluding certain items determined by the Compensation Committee to be extraordinary and not considered in the establishment of such target. The Company earned positive pretax earnings in 2016, so the awards were made in February 2017 at target levels.

*2018 Long-Term Equity Incentive Compensation Awards.* The target levels for the 2018 grants made in February 2018 were the same as in 2017: 200% of base salary for the CEO and 115% to 135% of base salary for the other named executive officers, depending on the named executive officer's grade level, and consisted of 35% time-based restricted stock units, 50% performance-based restricted stock units, and 15% stock appreciation rights. The award of any long term incentive in 2018 was conditioned on the attainment in 2017 of positive pretax earnings, excluding certain items determined by the Compensation Committee to be extraordinary and not considered in the establishment of such target. The Company earned positive pretax earnings in 2017, so awards were made in February 2018 at target levels.



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Actual awards to each named executive officer of long-term equity incentive compensation in February 2017 and February 2018, split 35% in time-based restricted stock units, 50% in performance-based restricted stock units, and 15% in SARs, are set forth as follows:

<b>Executive Officer</b>	<b>2017</b>		<b>2018</b>	
	<b>Value of 2017 Long-Term Equity Award</b>	<b>% of 2017 Base Salary</b>	<b>Value of 2018 Long-Term Equity Award</b>	<b>% of 2018 Base Salary</b>
James E. Cline	\$1,060,000	200%	\$1,090,00	200%
William R. Gupp	\$442,554	135%	\$455,895	135%
Jay T. Scriptor	\$390,885	115%	\$404,570	115%
Bryan H. Fairbanks	\$343,505	115%	\$355,580	115%
Christopher P. Gerhard	\$301,875	115%	\$313,950	115%
Adam D. Zambanini	\$301,875	115%	\$313,950	115%

*Vesting of Previously Granted Performance-Based Restricted Shares and Restricted Stock Units Based upon 2017 Performance.* In February 2018, (a) one-third of performance-based restricted shares granted in 2015 vested based on actual EBITDA performance in 2015, 2016 and 2017 (cumulative) against the EBITDA target, (b) one-third of performance-based restricted stock units granted in 2016 vested based on actual EBITDA performance in 2016 and 2017 (cumulative) against the EBITDA target, and (c) one-third of performance-based restricted stock units granted in 2017 vested based on actual EBITDA performance in 2017 against the EBITDA target. The following is a summary with respect to the vesting of performance-based restricted shares and restricted stock units granted in each of 2015, 2016 and 2017.

*Performance-Based Restricted Shares Granted in 2015*

As stated above, with respect to the performance-based restricted shares granted in 2015, one-third of such shares vested in February 2018 based upon actual EBITDA performance in 2015, 2016 and 2017 cumulatively against target. The target was \$291,340,000 which was based upon target EBITDA of \$88,018,000 in 2015 (established in December 2014), with 10% year over year growth for 2016 (\$96,820,000) and 2017 (\$106,502,000).

As reported in the Company's 2016 Proxy Statement, EBITDA for 2015 adjusted for extraordinary items was \$98,855,000. As reported in the Company's 2017 Proxy Statement, EBITDA for 2016 adjusted for extraordinary items was \$127,971,000.

With respect to EBITDA for 2017, the Compensation Committee agreed to exclude from the actual EBITDA calculation for 2017 certain items that it determined to be extraordinary and not considered in the establishment of the EBITDA target for 2017. For 2017, the Committee agreed to exclude all items related to the acquisition of SC Company. This included \$1,272,000 negative EBITDA for TCP, \$266,000 in acquisition costs, and \$218,000 in equity awards by the Company to the senior executives of SC Company. The Compensation Committee excluded all

items related to the acquisition because they determined that it was an extraordinary event not anticipated in the establishment of the EBITDA target for 2015-2017 which was approved by the Board in December 2014.

The net effect of the adjustment described above was to increase EBITDA for 2017 for incentive purposes by \$1,756,000 from \$159,110,000 to \$160,866,000. Adding this number to actual adjusted EBITDA for 2015 of \$98,855,000, and actual adjusted EBITDA for 2016 of \$127,971,000, this resulted in a cumulative adjusted EBITDA for 2015, 2016 and 2017 of \$387,692,000, which equated to 133.07% of the target EBITDA of \$291,340,000, which resulted in a payment multiple of 200.00%.

*Performance-Based Restricted Shares Granted in 2016*

As stated above, with respect to the performance-based restricted stock units granted in 2016, one-third of such units vested in February 2018 based upon actual EBITDA performance in 2016 and 2017 cumulatively against target. The target was \$232,046,000, which was based upon target EBITDA of \$110,498,000 in 2016 (established in December 2015), with 10% year over year growth for 2017 (\$121,548,000).

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As stated above, adjusted EBITDA for 2017 was \$160,866,000. Adding this number to actual adjusted EBITDA for 2016 of \$127,971,000 resulted in cumulative adjusted EBITDA for 2016 and 2017 of \$288,837,000, which equated to 124.47% of target EBITDA of \$232,046,000, which resulted in a payment multiple of 200.00%.

*Performance-Based Restricted Stock Units Granted in 2017*

As stated above, with respect to the performance-based restricted stock units granted in 2017, one-third of such units vested in February 2018 based upon actual EBITDA performance in 2017 against target. The target was \$139,865,000 established in December 2016). As stated above, adjusted EBITDA for 2017 was \$160,866,000, which equated to 115.02% of target EBITDA, which resulted in a payment multiple of 175.08%.

The following table presents the number of performance-based restricted shares granted in 2015 and the number of performance-based restricted stock units granted in 2016 and 2017 that vested in February 2018 for each named executive officer:

Executive Officer	2015			2016			2017		
	Target # of Shares	Payout %	Shares Vesting	Target # of Shares	Payout %	Shares Vesting	Target # of Shares	Payout %	Shares Vesting
James E. Cline	1,810	200.00%	3,620	4,750	200.00%	9,500	2,521	175.08%	4,414
William R. Gupp	1,584	200.00%	3,168	2,041	200.00%	4,082	1,052	175.08%	1,842
Ray T. Scriptor (1)				1,803	200.00%	3,606	930	175.08%	1,628
Bryan H. Fairbanks (2)				1,584	200.00%	3,168	817	175.08%	1,430
Christopher P. Gerhard	1,001	200.00%	2,002	1,366	200.00%	2,732	718	175.08%	1,257
Adam D. Zambanini	1,001	200.00%	2,002	1,366	200.00%	2,732	718	175.08%	1,257

(1) Mr. Scriptor joined the Company on January 18, 2016, so his first grant of performance-based restricted stock units was made in February 2016.

(2) Mr. Fairbanks first became an executive officer on August 17, 2015, so his first grant of performance-based restricted stock units as an executive officer was made in February 2016.

In August 2015, pursuant to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission adopted a rule requiring annual disclosure of the ratio of the annual total compensation of the median employee ( Median Employee ) to the total annual compensation of the principle executive officer ( PEO ). Such disclosure is now required beginning with proxy statements filed in 2018. The purpose of the new required disclosure is to provide a measure of the equitability of pay within an organization.

The Company s PEO is Mr. Cline. We identified the Median Employee by examining the 2017 total compensation, as reported on W-2 Statements, for all employees, excluding our PEO, who were employed by us on December 31, 2017. We included all full-time, part-time, seasonal or temporary employees. We did not include temporary workers employed by a third party (i.e., leased workers ). For any full-time or part-time employees hired during 2017 or for any employee on an unpaid leave of absence during the year, we annualized their compensation. We did not do this for seasonal or temporary or employees. Once we determined the identity of the Median Employee, we calculated such employee s 2017 compensation using the same methodology as that used in the Summary Compensation Table for Mr. Cline.

On July 31, 2017, the Company, through its newly formed wholly-owned subsidiary Trex Commercial Products, Inc. ( TCP ), acquired substantially all of the assets of Staging Concepts Acquisition, LLC, which operated under the tradenames SC Railing Company and Staging Concepts. As of December 31, 2017, TCP had 186 employees, who we did not include in our determination of the Median Employee.

In determining our Median Employee, we have excluded our foreign employees, who comprise less than 5% of our total employees. As of December 31, 2017, we had 929 U.S. employees and 8 non-U.S. employees. The non-U.S. employees include 6 Canadian employees, 1 German employee and 1 United Kingdom employee.

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The Company believes its compensation philosophy and process yield an equitable result. The ratio of the total annual compensation of our PEO to the Median Employee is as follows:

Median Employee Total Annual Compensation	\$62,957
Mr. Cline ( PEO ) Total Annual Compensation	\$3,105,533
Ratio of PEO to Median Employee Total Annual Compensation	49.3:1.0

As previously disclosed in prior proxy statements and filed with the Company's previous Annual Reports on Form 10-K, on July 24, 2012, the Company entered into retention agreements with Mr. Kaplan, Mr. Cline, Mr. F. Timothy Reese (former Vice President, Operations) and Mr. Gupp pursuant to which the Company granted restricted shares and agreed to pay cash retention payment awards, with the restricted stock vesting and the cash payment being made only if certain retention conditions were met.

Mr. Kaplan retired as President and Chief Executive Officer on August 17, 2015, and therefore satisfied the terms of his Retention Agreement. Accordingly, on such date, Mr. Kaplan received a cash payment of \$1,055,800 and 74,484 restricted shares vested.

Mr. Cline remained with the Company through January 1, 2017, and therefore satisfied the terms of his Retention Agreement. Accordingly, on such date, Mr. Cline received a cash payment of \$491,470 and 34,672 restricted shares vested.

Mr. Reese resigned from the Company effective June 30, 2015, and therefore did not satisfy the terms of his Retention Agreement. Accordingly, Mr. Reese forfeited any right to payment of the cash retention amount or vesting of any restricted shares.

Mr. Gupp successfully resolved the legal matters required by his Retention Agreement, and remained employed through August 16, 2015, and therefore satisfied the terms of his Retention Agreement. Accordingly, on such date, Mr. Gupp received a cash payment of \$437,920 and 30,894 restricted shares vested.

The Company provides a limited number of perquisites to its named executive officers. The perquisites offered to the named executive officers in 2017 include 401K contributions, a monthly company car allowance, and life insurance premiums.

The Compensation Committee believes that the benefits the Company and the named executive officers derive from perquisites more than offset their costs to the Company. The personal benefits are considered to constitute a part of the Company's overall program and are presented in this light as part of the total compensation package approved by the Compensation Committee at the time of an executive officer's hiring or promotion, as part of the Compensation Committee's review of each named executive officer's annual total compensation, and in compensation discussions with named executive officers.

The Compensation Committee oversees the design, implementation and administration of all the Company benefit programs, including perquisites. The Compensation Committee, with the assistance of its consultant, periodically reviews the cost and prevalence of these programs to determine whether they are in line with competitive practices and are warranted based upon business needs and the contributions of the named executive officers.

Additional information about these perquisites can be found in the All Other Compensation Table below.

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*Stock Ownership Guidelines*

To align our officers' and directors' interests with those of our stockholders, the Board in December 2013 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. For purposes of the Guidelines, common stock includes shares of common stock no matter how acquired (i.e., vesting of restricted shares or restricted stock units or purchased on the open market), unvested time-based restricted shares or restricted stock units, and unvested performance-based restricted shares or restricted stock units at target levels.

Executive officers have 5 years from the adoption of the Guidelines or 5 years from becoming an executive officer, whichever occurs later, to comply with the ownership requirements. Notwithstanding the foregoing, each named executive officer meets the current minimum requirements.

*Anti-Hedging and Anti-Pledging Policy*

The Board adopted in October 2013, on a voluntary basis and in advance of final Dodd-Frank Act hedging/pledging rules, a policy that prohibits our executive officers 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.

*Clawback Policy*

The Board adopted in October 2013, on a voluntary basis and in advance of final Dodd-Frank Act clawback (or compensation recovery) 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.

*Does the Company have Severance or Change-in-Control Agreements with its named executive officers?*

The named executive officers have severance agreements, which provide for certain benefits upon an involuntary termination. These agreements promote retention of high-performing individuals and also assist in recruiting and retaining key employees by providing competitive arrangements. In addition, the Company has entered into change in



control agreements with the named executive officers to provide certain cash payments to the officers upon a termination following a change in control, which is in the form of a double trigger. In addition, such agreements provide for an acceleration of equity grants upon a change in control. Change in control agreements are designed to protect executives in the event of a change in control, and provide security for executives against sudden or arbitrary termination in connection with a change in control. The provisions of each agreement were determined by analysis of peer group and market trends and practices and are set at competitive levels with industry practice.

For a discussion of these arrangements, including the estimated quantification of these amounts, see the *Severance/Change in Control Agreements* discussion following this *Compensation Discussion and Analysis*.

*How do our decisions regarding each element affect decisions regarding the other elements?*

The Compensation Committee considers total cash and equity compensation when setting the compensation of executive officers. In doing so, the Compensation Committee considers the retention value of the long-term equity

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currently held by the executive. Based on this review, the Compensation Committee may decide to adjust one or more elements of an executive's total compensation. The Compensation Committee aims to provide competitive total direct compensation and assesses an executive's total compensation package when looking at the executive's competitive standing relative to the market. Additionally, the Compensation Committee seeks to provide a competitive compensation mix, with discretion depending on factors deemed relevant to the Compensation Committee, such as individual performance, internal equity, and historical pay practices. Certain compensation decisions may specifically affect other elements of compensation. For example, because potential annual cash incentive and long-term equity incentive payouts are based on the executive's base salary, increases in base salary also increase the amount of such payouts.

*What are the tax and accounting considerations that factor into decisions regarding executive compensation?*

We consider tax and accounting implications in determining our compensation programs.

*Policy on Deductibility of Named Executive Officer Compensation.* In evaluating compensation program alternatives, the Compensation Committee considers the potential impact on the Company of Section 162(m) of the Internal Revenue Code. Section 162(m) eliminates the deductibility of compensation over \$1 million paid to the CEO and three other most highly-compensated named executive officers (other than the CEO), excluding performance-based compensation. Compensation programs generally will qualify as performance-based if compensation is based on pre-established objective performance targets, the programs' material features have been approved by stockholders, and there is no discretion to increase payments after the performance targets have been established for the performance period.

It should be noted that the Tax Cuts and Jobs Act signed by President Donald Trump on December 22, 2017 eliminates the exception for performance-based compensation beginning with the 2018 tax year.

To the extent a named executive officer would otherwise earn over \$1 million in compensation in any calendar year, the Compensation Committee generally endeavors to maximize deductibility of compensation under Section 162(m) of the Internal Revenue Code to the extent practicable while maintaining a competitive, performance-based compensation program. However, tax consequences are subject to many factors (such as changes in the tax laws and regulations or interpretations thereof and the timing and nature of various decisions by officers regarding stock options) that are beyond the control of either the Compensation Committee or the Company. In addition, the Compensation Committee believes that it is important for it to retain maximum flexibility in designing compensation programs that meet its stated objectives and fit within the Compensation Committee's guiding principles. Also, the actual impact of the loss of deduction for compensation paid to the CEO and the other three most highly compensated executives over the \$1 million limitation may be small and have a *de minimis* impact on the Company's overall tax position. For these and other reasons, the Compensation Committee, while considering tax deductibility as a factor in determining compensation, will not limit compensation to those levels or types that will be deductible.

*Internal Revenue Code Section 409A.* The Company reviews its compensation plans and programs for compliance with Section 409A of the Internal Revenue Code and the relevant Treasury Resolutions regarding nonqualified deferred compensation.

*Impact of FASB ASC Topic 718.* The accounting standards applicable to the various forms of long-term incentive plans under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 (formerly FASB Statement 123R) is one factor that the Company considers in the design of its long-term equity incentive programs. The Company monitors its FASB ASC Topic 718 expense to ensure that it is reasonable, but expense will not be the most important factor in making decisions about our long-term incentive plans.

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**Report of the Compensation Committee of the Board of Directors of Trex Company, Inc.**

The Compensation Committee of the Board of Directors (the Board ) of Trex Company, Inc. (the Company ) has reviewed and discussed with the Company s management the Compensation Discussion and Analysis above, and recommended to the Board that the Compensation Discussion and Analysis be included in the Company s 2018 proxy statement and incorporated by reference in the Company s Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the Securities and Exchange Commission.

Respectfully submitted,

THE COMPENSATION COMMITTEE

Richard E. Posey, Chairman

Jay M. Gratz

Frank M. Merlotti, Jr.

Patricia B. Robinson

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The following tables, narrative and footnotes discuss the compensation of our Chief Executive Officer, Chief Financial Officer, and our four other most highly compensated executive officers, during 2017. These individuals were the only executive officers of the Company during 2017 for whom this information is required under SEC rules.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>SAR Awards (\$)<sup>(1)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)<sup>(2)</sup></b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
James E. Cline <sup>(4)</sup>	2017	530,000		901,000	159,000	995,406		520,127	3,105,533
	2016	500,000		1,000,000		975,625		28,668	2,504,293
President and Chief Executive Officer	2015	391,329		726,702	250,000	634,299		25,900	2,028,230
William R. Gupp <sup>(5)</sup>	2017	327,818		376,171	66,383	430,978		25,697	1,227,047
	2016	318,270		429,665		434,717		25,383	1,208,035
Senior Vice President, General Counsel and Secretary	2015	309,000		417,150		401,539		462,820	1,590,509
Jay T. Scripser <sup>(6)</sup>	2017	339,900		332,253	58,633	383,025		25,713	1,139,524
Vice President, Operations	2016	314,622		379,500		368,344		16,932	1,079,398
Bryan H. Fairbanks <sup>(7)</sup>	2017	298,700		291,980	51,526	336,598		25,655	1,004,459
	2016	290,000		333,500		339,518		25,355	988,373
	2015	237,575		17,556		229,840		19,362	504,333

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Vice President and Chief									
Financial Officer									
Christopher P. Gerhard	2017	262,500		256,594	45,281	295,805		25,595	885,775
(8)	2016	250,000		287,500		292,688		30,161	860,349
Vice President, Sales	2015	229,280		263,672		255,381		21,655	769,588
Adam D. Zambanini	2017	262,500		256,594	45,281	295,805		25,595	885,775
(9)	2016	250,000		287,500		292,688		30,204	860,392
Vice President, Marketing	2015	229,280		263,672		255,381		21,655	769,988

- (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 12 to the Company's audited financial statements in the 2017 Form 10-K, as filed with the SEC. Additional information regarding the design of the long-term equity incentive compensation plan, including a description of the performance-based conditions applicable to 2017 awards, is included in the *Compensation Discussion and Analysis* section of this proxy statement.
- (2) Additional information regarding the design of the annual cash incentive plan, including a description of the performance-based conditions applicable to 2017 awards, is included in the *Compensation Discussion and Analysis* section of this proxy statement.
- (3) See the *All Other Compensation Table* below for additional information on these amounts for 2017.
- (4) Stock Awards to Mr. Cline in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$530,000 and the maximum grant date value if the highest level of performance is achieved is \$1,060,000.
- (5) Stock Awards to Mr. Gupp in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$221,277 and the maximum grant date value if the highest level of performance is achieved is \$442,554.
- (6) Mr. Scripser joined the Company on January 18, 2016. Stock Awards to Mr. Scripser in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$195,443 and the maximum grant date value if the highest level of performance is achieved is \$390,886.

- (7) Mr. Fairbanks was promoted from Senior Director, Supply Chain to Vice President and Chief Financial Officer effective August 17, 2015. Mr. Fairbanks first became a named executive officer on such date. Stock Awards to Mr. Fairbanks in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$171,753 and the maximum grant date value if the highest level of performance is achieved is \$343,506.
- (8) Stock Awards to Mr. Gerhard in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$150,938 and the maximum grant date value if the highest level of performance is achieved is \$301,876.
- (9) Stock Awards to Mr. Zambanini in 2017 include performance-based restricted stock units, for which the grant date value reported above based on performance at target is \$150,938 and the maximum grant date value if the highest level of performance is achieved is \$301,876.

**Table of Contents****All Other Compensation Table**

<b>Name</b>	<b>401(k) Matching Contribution</b> (\$) <sup>(1)</sup>	<b>Car Allowance</b> (\$) <sup>(2)</sup>	<b>Life Insurance Premiums</b> (\$) <sup>(3)</sup>	<b>Payment Under Retention Agreement</b> (\$) <sup>(4)</sup>	<b>Total Other Compensation</b> (\$)
James E. Cline	16,200	12,000	457	491,470	520,127
William R. Gupp	16,200	9,000	497		25,697
Jay T. Scriptor	16,200	9,000	513		25,713
Bryan H. Fairbanks	16,200	9,000	455		25,655
Christopher P. Gerhard	16,200	9,000	395		25,595
Adam D. Zambanini	16,200	9,000	395		25,595

(1) Represents company matching contributions to the Company's 401(k) plan. The Company matches up to 6% of an employee's annual salary, not to exceed the limitations imposed under the rules of the Internal Revenue Service.

(2) Represents the cost of company automobile allowance.

(3) Represents company payments for life insurance premiums.

(4) Represents payment to Mr. Cline under his Retention Agreement discussed in the Compensation Discussion and Analysis section above captioned Retention Agreements.



Table of Contents**Grants of Plan-Based Awards**

	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	All Other Awards: Number of Underlying SARs (#) <sup>(4)</sup>	Exercise or Base Price of SAR Awards (\$/Sh)	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Cline	2/15/2017	66,250	530,000	1,060,000	1,260	7,562	15,124	5,293	5,717	70.09	1,
R. Gupp	2/15/2017	28,684	229,473	458,946	526	3,157	6,314	2,210	2,387	70.09	.
cripter	2/15/2017	25,496	203,940	407,880	464	2,788	5,576	1,952	2,108	70.09	
Fairbanks	2/15/2017	22,403	179,220	358,440	408	2,450	4,900	1,715	1,853	70.09	
her P. Gerhard	2/15/2017	19,688	157,500	315,000	359	2,153	4,306	1,507	1,628	70.09	
Zambanini	2/15/2017	19,688	157,500	315,000	359	2,153	4,306	1,507	1,628	70.09	

(1) Represents threshold, target and maximum payout levels under the annual cash incentive plan for 2017 performance. Additional information regarding the design of the annual cash incentive plan, including a description of the performance-based conditions applicable to 2017 awards, is included in the *Compensation Discussion and Analysis* section of this proxy statement.

(2) Represents threshold, target and maximum payout levels (number of shares) for performance-based restricted stock units granted in 2017. Additional information regarding the design of the long-term equity incentive compensation plan, including a description of the performance-based conditions applicable to 2017 awards, is included in the *Compensation Discussion and Analysis* section of this proxy statement.

(3) Represents number of shares of time-based restricted stock units granted in 2017. Additional information regarding the design of the long-term equity incentive compensation plan is included in the *Compensation*

*Discussion and Analysis* section of this proxy statement.

- (4) Represents number of stock appreciation rights granted in 2017. Additional information regarding the design of the long-term equity incentive compensation plan is included in the *Compensation Discussion and Analysis* section of this proxy statement.
- (5) 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 12 to the Company's audited financial statements in the 2017 Form 10-K.

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**Outstanding Equity Awards at Fiscal-Year End**

Name of Officer	Option/SAR Awards					Stock Awards		
	Number of Securities Underlying Unexercised Options / SARs Exercisable (#) <sup>(1)(4)</sup>	Number of Securities Underlying Unexercised Options/ SARs Unexercisable (#) <sup>(1)(4)</sup>	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options / SARs (#)	Option / SAR Exercise Price (\$)	Option / SAR Expiration Date <sup>(2)</sup>	Number of Shares of Stock Not Vested (#) <sup>(4)</sup>	Market Value of Shares of Stock Not Vested (\$) <sup>(3)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(4)(5)</sup>
Cline								
2	18,572			12.78	2/15/2022			
3	17,136			21.94	2/12/2023			
5						1,809	196,078	1,810
5	10,256	5,128		41.17	8/17/2025	2,024	219,381	
6						9,499	1,029,597	9,499
7		5,717		70.09	2/15/2027	5,293	573,708	7,562
R. Gupp								
3	13,820			21.94	2/12/2023			
5						1,584	171,690	1,584
6						4,081	442,340	4,081
7		2,387		70.09	2/15/2027	2,210	239,542	3,157
ripter								
6						3,605	390,746	3,605
7		2,108		70.09	2/15/2027	1,952	211,577	2,788
Fairbanks								
5						133	14,416	
6						3,168	343,380	3,168
7		1,853		70.09	2/15/2027	1,715	185,889	2,450
her P. Gerhard								
3	10,442			21.94	2/12/2023			

5					1,000	108,390	1,001	1
6					2,731	296,013	2,731	2
7		1,628		70.09	2/15/2027	1,507	163,344	2,153
Zambanini								
2	4,282			12.78	2/15/2022			
3	6,960			21.94	2/12/2023			
5					1,000	108,390	1,001	1
6					2,731	296,013	2,731	2
7		1,628		70.09	2/15/2027	1,507	163,344	2,153

- (1) The Company completed 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 reflect numbers on a post-split basis.
- (2) The term of each SAR is ten years. (Under the 2014 Stock Incentive Plan, the term is extended by one year if the grantee dies in the tenth year of the term.)
- (3) The value is calculated based on the \$108.39 closing price of the Company's common stock on the NYSE on December 29, 2017, the last market trading day of the year, times the number of shares that are unvested.
- (4) Vests in three equal annual installments beginning on the first anniversary of the grant date.
- (5) Represents target number of performance-based restricted shares (for grants made prior to August 2015) and performance-based restricted stock units (for grants made after August 2015) that vest over a three year time period based on performance against target EBITDA, for 1 year, cumulative 2 years and cumulative 3 years, respectively. Additional information regarding the design of the long-term equity incentive compensation plan, including a description of the performance-based conditions, is included in the *Compensation Discussion and Analysis* section of this proxy statement.

**Table of Contents****2017 Option / SAR Exercises and Stock Vested**

Name	Option/SAR Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
James E. Cline <sup>(3)</sup>			60,338	4,036,757
William R. Gupp <sup>(4)</sup>			13,987	978,876
Jay T. Scripter <sup>(5)</sup>			5,031	352,118
Bryan H. Fairbanks <sup>(6)</sup>			4,729	330,926
Christopher P. Gerhard <sup>(7)</sup>	10,442	582,977	9,554	668,623
Adam D. Zambanini <sup>(8)</sup>			9,554	668,623

(1) The value is calculated based upon the number of SARs exercised times the difference between the strike price and the market price on the date of exercise.

(2) The value is calculated based on the closing price of the Company's common stock on the date of vesting (as set forth below in footnotes 3-8), times the number of vested shares.

(3) The amount shown for Stock Awards reflects 34,672 restricted shares that vested on January 1, 2017 at a market price of \$64.40, 6,288 restricted shares that vested on February 15, 2017 at a market price of \$70.09, 8,505 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, 4,750 restricted stock units that vested on February 17, 2017 at a market price of \$69.81, 1,811 restricted shares that vested on February 18, 2017 at a market price of \$69.81, 2,288 restricted shares that vested on February 19, 2017 at a market price of \$69.81, and 2,024 restricted stock units that vested on August 17, 2017 at a market price of \$73.76. The 34,672 restricted shares that vested on January 1, 2017 were granted to Mr. Cline pursuant to his Retention Agreement discussed in the Compensation Discussion and Analysis section above captioned Retention Agreements.

(4) The amount shown for Stock Awards reflects 5,073 restricted shares that vested on February 15, 2017 at a market price of \$70.09, 3,655 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, 2,041 restricted stock units that vested on February 17, 2017 at a market price of \$69.81, 1,584

restricted shares that vested on February 18, 2017 at a market price of \$69.81, and 1,634 restricted shares that vested on February 19, 2017 at a market price of \$69.81.

- (5) The amount shown for Stock Awards reflects 3,228 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, and 1,803 restricted stock units that vested on February 17, 2017 at a market price of \$69.81.
- (6) The amount shown for Stock Awards reflects 2,836 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, 1,584 restricted stock units that vested on February 17, 2017 at a market price of \$69.81, 133 restricted shares that vested on February 18, 2017 at a market price of \$69.81, and 176 restricted shares that vested on February 19, 2017 at a market price of \$69.81.
- (7) The amount shown for Option/SAR Awards reflects 10,442 SARS exercised on August 3, 2017 at a strike price of \$21.94 and a market price of \$77.77. The amount shown for Stock Awards reflects 3,476 restricted shares that vested on February 15, 2017 at a market price of \$70.09, 2,446 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, 1,366 restricted stock units that vested on February 17, 2017 at a market price of \$69.81, 1,002 restricted shares that vested on February 18, 2017 at a market price of \$69.81, and 1,264 restricted shares that vested on February 19, 2017 at a market price of \$69.81.
- (8) The amount shown for Stock Awards reflects 3,476 restricted shares that vested on February 15, 2017 at a market price of \$70.09, 2,446 restricted stock units that vested on February 15, 2017 at a market price of \$70.09, 1,366 restricted stock units that vested on February 17, 2017 at a market price of \$69.81, 1,002 restricted shares that vested on February 18, 2017 at a market price of \$69.81, and 1,264 restricted shares that vested on February 19, 2017 at a market price of \$69.81.

**Table of Contents****Equity Compensation Plan Information**

The following table sets forth the following information as of December 31, 2017 for (1) all equity compensation plans previously approved by the Company's stockholders, and (2) all equity compensation plans not previously approved by the Company's stockholders:

the number of securities to be issued upon the exercise of outstanding options, SARs, warrants and rights;

the weighted average exercise price of such outstanding options, SARs, warrants and rights; and

other than securities to be issued upon the exercise of such outstanding options, SARs, warrants and rights, the number of securities remaining available for future issuance under the plans.

	Number of securities to be issued upon exercise for outstanding options, SARs, warrants and rights  (a)	Weighted average exercise price of outstanding options, SARs, warrants and rights  (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))  (c)
Equity compensation plans approved by security holders <sup>(1)(4)</sup>	139,058 <sup>(2)</sup>	\$26.89	2,598,321 <sup>(3)</sup>
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>139,058<sup>(2)</sup></b>	<b>\$26.89</b>	<b>2,598,321<sup>(3)</sup></b>

<sup>(1)</sup> Consists of the Trex Company, Inc. 2014 Stock Incentive Plan (the "2014 Stock Incentive Plan"), the Trex Company, Inc. Amended and Restated 1999 Incentive Plan for Outside Directors (the "Outside Director Plan"), and Trex Company's 1999 Employee Stock Purchase Plan.

- (2) Excludes 134,888 shares of restricted stock and restricted stock units outstanding under the 2014 Stock Incentive Plan as of December 31, 2017.
- (3) Represents 2,566,452 shares remaining available for future issuance under the 2014 Stock Incentive Plan and 170,927 shares remaining available for future issuance under the 1999 Employee Stock Purchase Plan. Shares of common stock issuable under the Outside Director Plan are issued pursuant to the 2014 Stock Incentive Plan.
- (4) Per note 12 to the Company's audited financial statements in the 2017 Form 10-K, as filed with the SEC, the weighted average exercise price of outstanding SARs is \$26.89, and the weighted average remaining contractual life of outstanding SARs is 5.3 years.

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**Severance/Change in Control Agreements**

In light of competitive market practices, based on the findings in a study completed by the Compensation Committee's independent consultant, the Compensation Committee has approved severance agreements with the named executive officers, which provide for certain benefits upon an involuntary termination. These agreements promote retention of high-performing individuals and also assist in recruiting and retaining key employees by providing competitive arrangements.

The severance agreements with each of the named executive officers provide for the payment of severance compensation and benefits to the covered executive officer (the "covered executive") if the Company terminates the covered executive's employment without cause or if the covered executive resigns for good reason. For this purpose, cause and good reason are defined in the same manner as in the change-in-control severance agreements discussed above. Upon such a termination, the covered executive will be entitled to receive the following:

a lump-sum cash payment equal to the sum of (1) the covered executive's accrued base salary and accrued vacation pay plus (2) if not previously paid, the covered executive's annual cash incentive earned for the preceding fiscal year;

a lump-sum cash payment equal to 2 times for the CEO and 1 time for the other named executive officers the sum of (1) the covered executive's base salary then in effect, plus (2) an amount equal to the greater of (a) the covered executive's targeted annual cash incentive for the year immediately prior to the year in which his employment terminates, or (b) the covered executive's actual annual cash incentive earned for the preceding year;

continued health and dental plan benefits on the same terms and conditions as though the covered executive had remained an active employee (or payment of the necessary amount to obtain equivalent coverage if Company coverage is not possible), for the shorter of 12 months or until equivalent coverage is obtained from a new employer; and

accelerated vesting of all outstanding long-term equity incentive awards, including, but not limited to, stock options, stock appreciation rights, restricted stock, restricted stock units and performance shares (at the targeted payment level).

If the covered executive's employment is terminated during a change-in-control protection period under his change-in-control severance agreement, described below, the covered executive will be entitled to receive the severance payments specified under that agreement instead of the foregoing payments under his severance agreement.

The covered executive is not entitled to any additional severance payments or benefits under his severance agreement if his employment is terminated by the Company for cause, by the covered executive without good reason, or if it terminates due to his death or disability.

The term of each severance agreement is three years, unless it is extended by mutual agreement of the parties. The current term of the severance agreements ends on August 3, 2020.

In light of competitive market practices, based on the findings in a study completed by the Compensation Committee's independent consultant, the Compensation Committee has approved change in control severance agreements for the CEO and the other named executive officers. The agreements are intended to help retain these named executive officers, maintain a stable work environment and provide economic security to certain key employees in the event of termination of their employment in connection with a change in control.

Pursuant to these agreements, if, within the period beginning 90 days before and ending two years after a change in control of the Company, (1) the employment of the executive, who we refer to as a covered executive, is terminated by the Company (other than a termination for cause or by reason of death or disability) or (2) if the covered executive terminates his employment for good reason (either event constituting a double trigger), the covered executive will receive severance benefits.

For this purpose, cause includes events specified in the change-in-control severance agreement, including the covered executive's willful or grossly negligent misconduct that is materially injurious to the Company,

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**SEVERANCE/CHANGE IN CONTROL AGREEMENTS**

embezzlement or misappropriation of funds or property of the Company, conviction of a felony or any crime involving fraud, dishonesty, moral turpitude or breach of trust, or willful failure or refusal to devote full business time and attention to the performance of duties.

For this purpose, "good reason" includes events specified in the change-in-control severance agreement, including a material and adverse change in the covered executive's status or position with the Company, a 10% or greater reduction in the covered executive's aggregate base salary and targeted annual incentive other than as part of general reduction in executive compensation, the failure by the Company or any successor to continue in effect any employee benefit plan in which the covered executive is participating other than as a result of normal expiration of such plan in accordance with its terms, or the relocation of the covered executive's office more than 50 miles from the current office and further than his then-current residence.

Upon such termination, the covered executive will receive:

a lump-sum cash payment equal to the sum of (1) the covered executive's accrued base salary and accrued vacation pay, plus (2) if not previously paid, the covered executive's annual cash incentive earned for the preceding fiscal year, plus (3) the covered executive's targeted annual cash incentive for the year in which the severance occurs, pro-rated based upon the number of days he was employed during such year;

a lump sum severance payment equal to 2.99 times for the CEO and 1.5 times for the other named executive officers the sum of (1) the covered executive's annual base salary (in effect immediately prior to the change in control or termination, whichever is greater), plus (2) the greater of (a) the covered executive's target annual cash incentive for the year immediately prior to the year in which the change in control occurs, (b) the covered executive's target annual cash incentive for the year of the termination of employment, or (c) the covered executive's actual annual cash incentive for the last fiscal year immediately prior to the year of the termination of employment; and

continuation of group health and dental insurance, and group life insurance, on the same terms and conditions as though the covered executive had remained an active employee (or payment of the necessary amount to obtain equivalent coverage if Company coverage is not possible), for the shorter of 18 months or until coverage is obtained from a new employer.

Notwithstanding the foregoing, each agreement provides that, to the extent necessary to avoid imposition of the excise tax under Section 4999 of the Internal Revenue Code in connection with a change in control, the amounts payable or benefits to be provided to the covered executive shall be reduced such that the reduction of compensation to be provided to the covered executive is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Internal Revenue Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis (but not below zero).

If a change in control occurs during the term of these agreements, the covered executive will be entitled to accelerated vesting of all outstanding long-term equity incentive awards, including, but not limited to, stock options, stock appreciation rights, restricted stock, restricted stock units, and performance shares (at the targeted payment level) (whether or not there is a loss of employment).

A change in control is generally defined as (1) the acquisition by any person or entity of 35% of Trex Company's outstanding stock, (2) a merger where the stockholders of the Company immediately prior to the merger would not own at least 50% of the outstanding stock of the Company after such merger, (3) a sale of all or substantially all of the assets of the Company, or (4) during any two-year period, the directors in office at the beginning of such period ceasing to be a majority of the board, unless the nomination of each new director during such period was approved by at least two-thirds of the directors in office at the beginning of such period.

The table below reflects the amount of compensation payable to the CEO and each of the Company's other named executive officers in the event of termination of such officer's employment (including termination by death or disability) and/or a change in control. The amounts shown assume that such termination and/or change in control was effective as of December 31, 2017 and thus includes amounts earned through such date. These figures are estimates of the amounts which would be paid to the officers upon their termination and/or a change-in-control. The actual amounts to be paid can only be determined at the time of such event.

**Table of Contents****Severance and Change in Control Compensation as of December 31, 2017**

<b>Executive Officer</b>	<b>Termination by reason of:</b>	<b>Cash (\$)</b>	<b>Benefit Continuation (\$)<sup>(1)</sup></b>	<b>Intrinsic Value of Equity Awards as of 12/31/17 (\$)<sup>(2)</sup></b>	<b>Outplacement Services(\$)<sup>(3)</sup></b>	<b>Benefit Reduction (\$)<sup>(4)</sup></b>	<b>Total Benefit(\$)</b>
James E. Cline	For Cause or Voluntary Death or Disability <sup>(5)</sup>			4,627,857			4,627,857
	Involuntary Termination <sup>(6)</sup>	3,011,250	18,004	4,627,857			7,657,111
	Change in Control <sup>(7)</sup>			4,627,857			4,627,857
	Termination in connection with Change in Control <sup>(7)</sup>	5,031,819	27,692	4,627,857	25,000		9,712,368
William R. Gupp	For Cause or Voluntary Death or Disability <sup>(5)</sup>			1,901,210			1,901,210
	Involuntary Termination <sup>(6)</sup>	762,535	19,185	1,901,210			2,682,930
	Change in Control <sup>(7)</sup>			1,901,210			1,901,210
	Termination in connection with Change in Control <sup>(7)</sup>	1,373,276	29,523	1,901,210	25,000		3,329,009
Jay T. Scripser	For Cause or Voluntary Death or Disability <sup>(5)</sup>			1,375,997			1,375,997
		708,244	19,450	1,375,997			2,103,691

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	Involuntary Termination (6)						
	Change in Control (7)			1,375,997			1,375,997
	Termination in connection with Change in Control (7)	1,266,306	29,945	1,375,997	25,000		2,697,248
Bryan H. Fairbanks	For Cause or Voluntary Death or Disability (5)			1,223,589			1,223,589
	Involuntary Termination (6)	638,218	19,450	1,223,589			1,881,257
	Change in Control (7)			1,223,589			1,223,589
	Termination in connection with Change in Control (7)	1,136,547	29,858	1,223,589	25,000		2,414,994
Christopher P. Gerhard	For Cause or Voluntary Death or Disability (5)			1,267,974			1,267,974
	Involuntary Termination (6)	555,188	18,350	1,267,974			1,841,512
	Change in Control (7)			1,267,974			1,267,974
	Termination in connection with Change in Control (7)	990,282	28,118	1,267,974	25,000		2,311,374
Adam D. Zambanini	For Cause or Voluntary Death or Disability (5)			1,267,974			1,267,974
	Involuntary Termination (6)	555,188	18,650	1,267,974			1,841,812
	Change in Control (7)			1,267,974			1,267,974
	Termination in connection with Change	990,282	28,568	1,267,974	25,000		2,311,824

in Control <sup>(7)</sup>

- (1) Reflects Company's portion of cost of group health and dental insurance and group life insurance.
- (2) This value is calculated as the intrinsic value of all unvested equity awards held as of December 31, 2017 that would have vested upon death or disability, an involuntary termination, a change-in-control, or a termination in connection with a change in control based on the \$108.39 closing price of the Company's common stock on the NYSE on December 29, 2017, the last market trading day of the year.

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**SEVERANCE AND CHANGE IN CONTROL COMPENSATION AS OF DECEMBER 31, 2017**

- (3) Reflects estimated outplacement services available to the Named Executive Officers by their change-in-control severance agreements.
- (4) To the extent that a Named Executive Officer's change-in-control severance benefits would cause him to become subject to the excise tax imposed by Section 4999 of the Code, this value would reflect the reduction of his severance benefits to the extent necessary to avoid the application of this tax, as stated in his change-in-control severance agreement.
- (5) The 2014 Stock Incentive Plan, and individual restricted stock agreements, restricted stock unit agreements and SAR agreements provide that all unvested restricted shares, unvested restricted stock units and unvested SARs immediately vest upon the death or disability of the executive.
- (6) This represents benefits and payments under the severance agreements covering executive officers discussed above.
- (7) This represents benefits and payments under the change-in-control severance agreements discussed above.



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**The Company's Compensation Policies and Practices as They Relate to Risk**

The Company does not believe that its compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. The annual cash incentive compensation plan described in the Compensation Discussion and Analysis section above is based upon achievement of annual financial targets, and potential cash incentive compensation opportunities are tempered so as not to place a disproportionate incentive on short-term financial results. In addition, the long-term equity incentive plan provides appropriate motivation to achieve long-term financial results as well, given that the ultimate value of the award is based upon the future value of the Company stock, and such awards constitute a significant portion of each executive's total compensation package. The Company has constructed the determinant performance factors in short- and long-term performance plans such that they balance focus on performance metrics with strong links to stockholder value creation and overall company performance, which we believe avoids any potential risks that may result from an imbalance in performance metrics.

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**Report of the Audit Committee of the Board of Directors of Trex Company, Inc.**

During the fiscal year ended December 31, 2017, the Audit Committee of the Board of Directors (the Board) of Trex Company, Inc. (the Company) reviewed with the Company's financial managers, the internal auditors and Ernst & Young LLP (Ernst & Young), the Company's independent registered public accounting firm, the scope of the annual audit and audit plans, the results of internal and external audit examinations, the evaluation of the Company's system of internal control, the quality of the Company's financial reporting, and the Company's process for legal and regulatory compliance. The Audit Committee also monitored the progress and results of the testing of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

Management is responsible for the Company's system of internal control, the financial statements and the financial reporting process, and the assessment of the effectiveness of internal control over financial reporting. Ernst & Young is responsible for performing an integrated audit and issuing reports on the following: (1) the Company's consolidated financial statements, and (2) the Company's internal control over financial reporting. As provided in its charter, the Audit Committee's responsibilities include monitoring and overseeing these processes. The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2017 with management. Management has excluded Trex Commercial Products, Inc., the wholly-owned subsidiary of Trex Company, Inc. which is included in the Consolidated Financial Statements, from its assessment of internal control over financial reporting as of December 31, 2017, because it was formed to acquire certain assets and assume certain liabilities of Staging Concepts Acquisition, LLC in a business combination on July 31, 2017.

Consistent with this oversight responsibility, Ernst & Young reports directly to the Audit Committee. The Audit Committee appointed Ernst & Young as the Company's independent registered public accounting firm and approved the firm's compensation.

The Audit Committee discussed with Ernst & Young the matters required to be discussed by the New York Stock Exchange, the U.S. Securities and Exchange Commission, the Public Company Accounting Oversight Board, and the American Institute of Certified Public Accountants' Statement on Auditing Matters No. 61, *Communication with Audit Committee*, as amended, as adopted by the Public Company Accounting Oversight Board. In addition, the Audit Committee has received from Ernst & Young the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence, and discussed with Ernst & Young the firm's independence from the Company and its management.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board, and the Board has approved, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the U.S. Securities and Exchange Commission.

Respectfully submitted,

THE AUDIT COMMITTEE

Jay M. Gratz, Chairman

Michael F. Golden

Richard E. Posey

Gerald Volas

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**Advisory Vote on Executive Compensation**

**(Proposal 2)**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement, in accordance with the SEC's rules.

As described in detail under the heading *Compensation Discussion and Analysis*, our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder value. Please read the *Compensation Discussion and Analysis* section above for additional details about our executive compensation programs, including information about the fiscal year 2017 compensation of our named executive officers.

The Compensation Committee periodically reviews the compensation programs for our named executive officers to determine and confirm that they achieve (and continue to achieve) the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to vote on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders, and the Compensation Committee will consider the results of the vote in future decisions relating to executive compensation.

Approval of this proposal will require the affirmative vote of holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on such matter 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** this proposal. Abstentions from voting on this proposal will have the same effect as a vote against this proposal. Brokers may vote their shares on this proposal if they have voting instructions from the beneficial owners of the shares. Broker non-votes will not be treated as votes cast on this matter, and therefore will not have any effect on determining the outcome.

**The Board unanimously recommends that the stockholders of the Company vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the U.S. Securities and Exchange Commission.**



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**Approval of the Second Certificate of Amendment to the Restated Certificate of Incorporation of Trex Company, Inc. to Increase the Number of Authorized Shares of Common Stock**

**(Proposal 3)**

The Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation is attached to this Proxy Statement as Appendix A (the Amendment ). The purpose of the Amendment is solely to modify Article IV of the Restated Certificate of Incorporation of the Company to increase the number of authorized shares of common stock, par value \$.01 per share, from 80,000,000 shares to 120,000,000. The Amendment would change Article IV specifically as follows:

The Corporation shall have the authority to issue a total of one hundred twenty three million (123,000,000) shares of capital stock, each with a par value of \$0.01, consisting of one hundred twenty million (120,000,000) shares of common stock and three million (3,000,000) shares of preferred stock.

The authorized capital stock of the Company presently consists of 83,000,000 shares of capital stock, each with a par value of \$0.01 per share, consisting of 80,000,000 shares of common stock and 3,000,000 shares of preferred stock. As of December 31, 2017, 29,428,430 shares of common stock were outstanding, 5,493,681 shares were held by the Company as treasury shares, and 2,737,379 shares were reserved for issuance under the Company's stock incentive plans for directors, officers and other key employees.

The terms of the additional authorized shares of common stock will be identical to those of the currently outstanding shares of common stock. The relative rights and limitations of the shares of issued common stock would remain unchanged under this proposal. This Amendment will not alter the number of shares issued on the date of stockholder approval.

The Board of Directors believes that it is in the Company's best interests to increase the number of authorized shares of common stock to give the Company greater flexibility in the future should certain opportunities arise such as the following:

- \* future stock splits;
- \* raising capital through the sale of common stock;
- \* acquiring other companies, businesses or products in exchange for shares of common stock;
- \* attracting and retaining employees by the issuance of additional securities under the Company's various equity compensation plans; or

- \* other transactions and corporate purposes that the Board and/or the Compensation Committee deems are in the Company's best interest.

The additional authorized shares would enable the Company to act quickly in response to opportunities that may arise for these types of transactions. For example, on April 7, 2014, the Company completed a 2 for 1 stock split in the form of a stock dividend. Between April 7, 2014 and December 31, 2017, the Company's common stock increased in market price from \$36.42 to \$108.39. It is possible in the near future that the Board of Directors may resolve to do another 2 for 1 stock split in the form of a stock dividend. If the Board approved a 2 for 1 stock split using the currently authorized numbers, approximately 75,300,000 shares would be outstanding, held by the Company as treasury shares, or reserved for issuance under the Company's stock incentive plan after such stock split. Without approving the Amendment, the Company would have only 4,700,000 authorized shares of common stock available for any future issuances for the other possibilities described above. This may severely impede the ability of the Board and management to take action to achieve a valid business purpose that would create value for the Company and the stockholders. If the Amendment is approved, the number of authorized and unissued shares of common stock available for future issuance would increase to 44,700,000 shares if the Company did a 2 for 1 stock split.

The Company is not proposing to increase its authorized shares of common stock in order to impede a change in control of the Company and the Company is not aware of any current efforts to acquire control of the Company.

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**APPROVAL OF THE SECOND CERTIFICATE OF AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION OF TREX COMPANY, INC. TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK (PROPOSAL 3)**

However, under certain circumstances, the additional shares of common stock could be issued by the Company to defend against, or otherwise respond to, a hostile takeover bid. For instance, the Company could issue shares of common stock to dilute the stock ownership of a person or entity seeking to obtain control of the Company. The Company could also respond to an unsolicited takeover bid by issuing, in a private placement or otherwise, a significant portion of its securities with purchasers who might align with the Board in response to a specific change in control transaction affecting the Company. Moreover, the issuance of shares of common stock to persons friendly to the Board could make it more difficult to remove incumbent officers and directors from office even if such change could be considered favorable to stockholders generally.

Nevertheless, while the issuance of shares of common stock may have anti-takeover ramifications, the Board believes that the financial flexibility offered by Amendment outweighs any such disadvantages. To the extent that the Amendment may have anti-takeover effects, the Amendment may encourage persons seeking to acquire the Company to negotiate directly with the Board enabling the Board to consider the proposed transaction in a manner that best serves the stockholders' interests.

The issuance of the additional shares of common stock contemplated by this proposal also could have the effect in certain circumstances of, among other things, diluting earnings per share, book value per share or voting power of the currently outstanding shares of common stock.

As of the date of this proxy statement, the Company has no current plans, arrangements or understandings regarding the additional shares that would be authorized pursuant to this proposal; however, the Company reviews and evaluates potential capital raising activities, transactions and other corporate actions on an on-going basis to determine if such actions would be in the best interests of the Company and its stockholders.

Under Delaware law, approval of the Amendment requires the affirmative vote of a majority of the shares of common stock issued and outstanding. Unless authority to do so is withheld, it is the intention of the persons named in the proxy to vote such proxy **FOR** this proposal. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

**The Board unanimously recommends that the stockholders of the Company vote FOR approval of the Second Certificate of Amendment to the Trex Company, Inc. Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock from 80,000,000 to 120,000,000.**





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**Ratification of Appointment of Independent Registered Public Accounting Firm for the 2018 Fiscal Year**

**(Proposal 4)**

The Audit Committee of the Board has appointed Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending December 31, 2018. The Board is submitting this appointment for stockholder ratification at the annual meeting.

A representative of Ernst & Young will attend the annual meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions from stockholders.

The Company's bylaws do not require that stockholders ratify the appointment of Ernst & Young as the Company's independent registered public accounting firm. The Company is asking its stockholders to ratify this appointment because it believes such a proposal is a matter of good corporate practice. If the stockholders do not ratify the appointment of Ernst & Young, the Audit Committee will reconsider whether or not to retain Ernst & Young as the Company's independent registered public accounting firm, but may determine to do so. Even if the appointment of Ernst & Young is ratified by the stockholders, the Audit Committee may change the appointment at any time if it determines that a change would be in the best interests of the Company and its stockholders.

Approval of this proposal will require the affirmative vote of holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on such matter 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** this proposal. 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.

**The Board unanimously recommends that the stockholders of the Company vote FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2018 fiscal year.**

**Table of Contents****Independent Registered Public Accounting Firm**

Ernst & Young LLP served as the Company's independent registered public accounting firm for the Company's fiscal years ended December 31, 2017 and 2016. The following sets forth the aggregate fees billed by Ernst & Young to the Company for fiscal years 2017 and 2016.

	2017	2016
Audit services	\$942,060	\$788,000
Audit-related services	\$94,680	
Tax services		
All other services	\$280,800	\$416,369
Total	\$1,317,540	\$1,204,369

The Audit Committee considered whether Ernst & Young's provision of non-audit-related services is compatible with maintaining Ernst & Young's independence, and determined it was.

*Audit Services.* Audit services include services performed by Ernst & Young to comply with generally accepted auditing standards related to the audit and review of the Company's consolidated financial statements. The audit fees shown above for the 2017 and 2016 fiscal years were incurred principally for services rendered in connection with the audit of the Company's consolidated financial statements and associated SEC filings, the issuance of opinions on the Company's internal control over financial reporting and quarterly reviews.

*Audit-Related Services.* Audit-related services include assurance and related services that are traditionally performed by independent registered public accounting firms.

*Tax Services.* The tax fees shown above were incurred in connection with the preparation of the Company's tax returns and corporate tax consultations.

*All Other Services.* These fees were incurred in connection with a strategic market assessment provided by an affiliate company of Ernst & Young.

The Audit Committee pre-approves all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. These services may include audit services, audit-related services, tax and other services. Pre-approval on other than an engagement-by-engagement basis is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a

specific budget. The independent registered public accounting firm and management are required to report periodically to the Audit Committee regarding the extent of services provided by such firm in accordance with this pre-approval and the fees for the services performed to date. The Audit Committee also may pre-approve particular services on an engagement-by-engagement basis.

During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm. The Audit Committee has the authority to delegate pre-approval authority to a subcommittee of the Audit Committee consisting of one or more of its members.

All services provided to the Company by Ernst & Young LLP during fiscal 2017 and 2016 were pre-approved by the Audit Committee in accordance with this policy.

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**Transactions with Related Persons**

The Company's Board has adopted a written policy for the approval of transactions with related persons. The policy requires Audit Committee approval or ratification of transactions which involve more than \$120,000 in which the Company is a participant and in which a Company director, nominee for director, executive officer, greater than 5% stockholder, or an immediate family member of any of the foregoing persons has a direct or indirect material interest. In reviewing the related party transaction, the Audit Committee will, after reviewing all material information regarding the transaction, take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction. The policy includes standing pre-approval for the following related person transactions:

any transaction with another company at which a related person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's equity securities, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2% of that company's total annual revenues;

any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a related person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or 2% of the charitable organization's total annual receipts;

any transaction, such as dividends paid on the common stock, in which the related person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis; and

any transaction with a related party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

There are no transactions with related persons to report for fiscal 2017.

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**Stockholder Proposals for the 2019 Annual Meeting**

Pursuant to Rule 14a-8 under the Securities Exchange Act, stockholder proposals to be included in the proxy statement for the Company's annual meeting of stockholders in 2019 must be received by the Secretary of the Company at the Company's offices at 160 Exeter Drive, Winchester, Virginia 22603-8605, at least 120 days before the date of the Company's proxy statement for the previous year's annual meeting. The submission by a stockholder of a proposal for inclusion in the proxy statement is subject to regulation by the SEC.

Under the Company's bylaws, notice of proposals by stockholders to be brought before any annual or special meeting generally must be in proper form, contain the information required by the bylaws and be delivered to the Company no earlier than 120 days and no later than 90 days before the first anniversary of the previous year's annual meeting.

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**Delivery of Documents to Stockholders Sharing an Address**

If you and other residents at your mailing address own common stock through a broker or bank in street name, your broker or bank may have sent you a notice that your household will receive only one annual report to stockholders and proxy statement or a Notice of Internet Availability indicating proxy materials are available on the internet for each company in which you hold shares through that broker or bank. The practice of sending only one copy of an annual report to stockholders and proxy statement or a Notice of Internet Availability is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of the Notice of Internet Availability to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm, and your account number to Broadridge, Household Department, 51 Mercedes Way, Edgewood, New Jersey 11717 (telephone number: 1-800-542-1061). In any event, if you did not receive an individual copy of the Company's annual report to stockholders or this proxy statement, and wish to do so, the Company will send a copy to you if you address your written request to Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: Secretary, or call the Company at 540-542-6300. If you are receiving multiple copies of the annual report to stockholders and proxy statement or Notice of Internet Availability, you can request householding by contacting the Company in the same manner. The Company encourages you to participate in this program. It will reduce the volume of duplicate information received at your household, as well as reduce the Company's expense.

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**Other Matters**

The Board does not intend to present to the annual meeting any other matters not referred to above and does not presently know of any matters that may be presented to the meeting by others. If other matters are properly brought before the meeting, the persons named in the enclosed proxy will vote on such matters in their own discretion.

By Order of the Board of Directors,

Ronald W. Kaplan

*Chairman of the Board*

James E. Cline

*President and Chief Executive Officer*

Dated: March 22, 2018



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**Appendix A**

**SECOND CERTIFICATE OF AMENDMENT TO  
THE RESTATED CERTIFICATE OF INCORPORATION OF  
TREX COMPANY, INC.**

Trex Company, Inc., a Delaware corporation (the Corporation), does hereby certify:

**FIRST:** That Article IV of the Certificate of Incorporation of the Corporation is hereby amended to read in its entirety as follows:

The Corporation shall have the authority to issue a total of one hundred twenty three million (123,000,000) shares of capital stock, each with a par value of \$0.01, consisting of one hundred twenty million (120,000,000) shares of common stock and three million (3,000,000) shares of preferred stock.

**SECOND:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

In witness whereof, the Corporation has caused this Certificate to be signed by its duly authorized officer, this 2nd day of May, 2018.

By: \_\_\_\_\_

Name: William R. Gupp

Title: Senior Vice President, General Counsel and Secretary

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