TREX CO INC
Form DEF 14A
March 26, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement	¨	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement		
¨	Definitive Additional Materials		
¨	Soliciting Material Pursuant to §240.14a-12		

Trex Company, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

TREX COMPANY, INC.

160 Exeter Drive

Winchester, Virginia 22603-8605

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 5, 2010

To our stockholders:

Notice is hereby given that the 2010 annual meeting of stockholders of Trex Company, Inc. will be held at Winchester Country Club, 1300 Senseny Road, Winchester, Virginia, on Wednesday, May 5, 2010, at 9:00 a.m., local time, for the following purposes:

1. to elect three directors of Trex Company;

2. to approve the material terms for payment of annual executive incentive compensation to permit the compensation paid pursuant to such material terms to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code;

3. to ratify the appointment of Ernst & Young LLP as Trex Company s independent registered public accounting firm for the 2010 fiscal year; and

4. to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on March 15, 2010 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend this meeting.

We have elected to adopt the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing a Notice Regarding the Availability of Proxy Materials (the Notice of Availability) to our stockholders instead of a paper copy of this proxy statement and our 2009 Annual Report. The Notice of Availability contains instructions on how to access and review those documents over the internet. We believe that this new process will allow us to provide our stockholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. Stockholders who receive a Notice of Availability by mail and would like to receive a printed copy of our proxy materials should follow the instructions for requesting such materials included on the Notice of Availability.

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

By Order of the Board of Directors,

William R. Gupp

Chief Administrative Officer, General Counsel

and Secretary

Dated: March 26, 2010

TREX COMPANY, INC.

160 Exeter Drive

Winchester, Virginia 22603-8605

Annual Meeting of Stockholders

May 5, 2010

PROXY STATEMENT

GENERAL INFORMATION

Proxy Solicitation

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Trex Company, Inc. for use at Trex Company s 2010 annual meeting of stockholders to be held at Winchester Country Club, 1300 Senseny Road, Winchester, Virginia, on Wednesday, May 5, 2010, at 9:00 a.m., local time. The purpose of the annual meeting and the matters to be acted upon are set forth in the accompanying notice of annual meeting.

Record Date and Voting Securities

Only stockholders of record at the close of business on March 15, 2010, 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 15,452,256 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 Trex Company s offices at 160 Exeter Drive, Winchester, Virginia, and at the time and place of the meeting during the whole time of the meeting.

Electronic Notice and Mailing

Notice of Trex Company s annual meeting was mailed on or about March 26, 2010 to all stockholders as of the record date.

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

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 Trex Company s web site at http://trex.com/2010proxy.

Revocability of Proxies

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

Other Matters

The board of directors does not know of any matter that is expected to be presented for consideration at the annual meeting, other than the election of directors, the approval of the material terms for payment of annual executive incentive compensation to permit the compensation paid pursuant to such material terms to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, and ratification of the appointment of our independent registered public accounting firm for the current fiscal year. However, if other matters properly come before the annual meeting, the persons named in the accompanying proxy intend to vote thereon in accordance with their judgment.

Solicitation Expenses

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

The 2009 annual report to stockholders and the 2009 Annual Report on Form 10-K are not proxy soliciting materials.

Voting Procedures; Abstentions; Broker Voting

All proxies received pursuant to this solicitation will be voted except as to matters where authority to vote is specifically withheld and, where a choice is specified as to the proposal, they will be voted in accordance with such specification. If no instructions are given, the persons named in the proxy solicited by our board of directors intend to vote FOR the nominees for election of our directors listed herein, FOR approval of the material terms for payment of annual executive incentive compensation to permit the compensation paid pursuant to such material terms to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, and FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

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

Abstentions and broker non-votes will have no effect on the election of directors, which is by plurality of the votes cast in person or by proxy. Brokers may vote their shares in favor of directors so long as they have voting instructions from the beneficial owners of the shares.

Approval of the proposal to approve the material terms for payment of annual executive incentive compensation to permit the compensation paid pursuant to such material terms to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code requires the affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the matter at the annual meeting. Abstentions from voting and broker non-votes on this proposal will have the same effect as a vote against this proposal. This proposal is a discretionary voting matter for brokers. Therefore, brokers may choose to vote on this proposal.

Abstentions and broker non-votes will have no effect on the proposed ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, as this item requires the affirmative vote of a majority of shares of common stock cast in person or by proxy.

EXECUTIVE OFFICERS

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

SECURITY OWNERSHIP

The following table presents, as of February 23, 2010, information based upon Trex Company s records and filings with the SEC regarding beneficial ownership of its common stock by the following persons:

- each person known to Trex Company to be the beneficial owner of more than 5% of the common stock;
- each director and each nominee to the board of directors;
- each executive officer of Trex 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 Trex Company as a group.

As of February 23, 2010, there were 15,452,256 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. Information with respect to persons other than the holders listed in the table below that share beneficial ownership with respect to the securities shown is presented following the table.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (%)
Wellington Management Company, LLP 75 State Street Boston, MA 02109	2,089,155	13.5
Carl W. Knobloch, Jr Emily C. Knobloch William R. Knobloch P.O. Box 1530 Wilson, Wyoming 83014	1,436,240	9.3
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	916,040	5.9
JPMorgan Chase & Co 70 Park Avenue New York, New York 10017	887,085	5.7
BlackRock, Inc 40 East 52nd Street New York, New York 10022	853,264	5.5
Security Investors, LLC	814,676	5.3

One Security Benefit Place

Topeka, KS 66636-0001		
Andrew U. Ferrari	595,252	3.8
Ronald W. Kaplan	335,874	2.1
J. Mitchell Cox	169,637	1.1
William R. Gupp	120,924	*
James E. Cline	108,134	*
F. Timothy Reese	88,868	*
William F. Andrews	36,907	*
Paul A. Brunner	32,529	*
Patricia B. Robinson	25,974	*
Jay M. Gratz	23,739	*
Frank H. Merlotti, Jr	16,126	*
Richard E. Posey	6,309	*
All directors and executive officers as a group (13 persons)	1,560,273	9.7

* Less than 1%.

The percentage of beneficial ownership as to any person as of February 23, 2010 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 February 23, 2010, by the sum of the number of shares outstanding as of February 23, 2010 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 February 23, 2010. 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, Trex Company believes that the beneficial owners of Trex Company s common stock listed in the table have sole voting and investment power with respect to the shares shown.

The information concerning Wellington Management Company, LLP is based on a Schedule 13G/A filed with the SEC on February 12, 2010, in which the reporting person reports that it has shared voting power with respect to 1,807,508 shares and shared dispositive power with respect to all of the shares shown.

The information concerning Carl W. Knobloch, Jr., Emily C. Knobloch and William R. Knobloch is based on a Schedule 13G/A filed with the SEC on January 25, 2008. Carl W. Knobloch, Jr. reports that he may be deemed to have sole voting power and sole dispositive power with respect to 73,334 of the shares shown and shared voting power and shared dispositive power with respect to 1,362,906 of the shares shown. Emily C. Knobloch reports that she may be deemed to have shared voting power and shared dispositive power with respect to 980,647 of the shares shown. William R. Knobloch reports that he may be deemed to have shared voting power and shared dispositive power with respect to 382,259 of the shares shown and sole voting power and sole dispositive power with respect to 586,638 shares. Each such reporting person disclaims beneficial ownership of any shares held in trust for which the reporting person is not a trustee.

The information concerning Royce & Associates LLC is based on a Schedule 13G/A filed with the SEC on January 26, 2010, in which the reporting person reports that it has sole voting power and sole dispositive power with respect to all of the shares shown.

The information concerning JP Morgan Chase & Co. is based on a Schedule 13G filed with the SEC on February 3, 2010, in which the reporting person reports that it has sole voting power with respect to 655,808 of the shares shown, shared voting power with respect to 41 of the shares shown, and sole dispositive power with respect to all of the shares shown.

The information concerning BlackRock, Inc. is based on a Schedule 13G filed with the SEC on January 29, 2010, in which the reporting person reports that it has sole voting power and sole dispositive power with respect to all of the shares shown.

The information concerning Security Investors, LLC is based on a Schedule 13G filed with the SEC on February 12, 2010, in which the reporting person reports that it has sole voting power and sole dispositive power with respect to all of the shares shown.

The shares of common stock shown as beneficially owned by Mr. Ferrari include 27,175 shares of common stock that Mr. Ferrari has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Kaplan include 190,392 stock appreciation rights he has the right to exercise as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Cox include 39,461 shares of common stock that Mr. Cox has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Gupp include 72,836 shares of common stock that Mr. Gupp has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Cline include 57,429 stock appreciation rights he has the right to exercise as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Reese include 45,765 stock appreciation rights he has the right to exercise as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Andrews include 24,907 shares of common stock that Mr. Andrews has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Brunner include 32,529 shares of common stock that Mr. Brunner has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Ms. Robinson include 25,974 shares of common stock that Mr. Robinson has the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Gratz include 23,739 stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Merlotti include 16,126 stock appreciation rights he has the right to exercise, as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by Mr. Posey include 6,309 stock appreciation rights he has the right to exercise as of or within 60 days after February 23, 2010.

The shares of common stock shown as beneficially owned by all directors and executive officers as a group include a total of 565,642 shares of common stock that they have the right to purchase pursuant to the exercise of stock options, and the number of stock appreciation rights that they have the right to exercise, as of or within 60 days after February 23, 2010.

ELECTION OF DIRECTORS

(Proposal 1)

Nominees for Election as Directors

Trex Company s certificate of incorporation provides that the board of directors is to be divided into three classes of directors, with the classes to be as nearly equal in number as possible. The current terms of office of the three current classes of directors expire at this annual meeting, at the annual meeting of stockholders in 2011 and at the annual meeting of stockholders in 2012, respectively. Upon the expiration of the term of office of each class, the nominees for such class will be elected for a term of three years to succeed the directors whose terms of office expire.

In accordance with the recommendation of the nominating/corporate governance committee, William F. Andrews, Paul A. Brunner and Richard E. Posey have been nominated by the board of directors for election to the class with a three-year term that will expire at the annual meeting of stockholders in 2013. All of these nominees are incumbent directors. Mr. Andrews has served on the board of directors since Trex Company s initial public offering in April 1999. Mr. Brunner has served on the board of directors since his appointment as a director in February 2003. Mr. Posey has served on the board of directors since his appointment as a director in May 2009. An executive search firm engaged by the nominating/corporate governance committee assisted the committee in identifying Mr. Posey as a director candidate.

On February 17, 2010, Andrew U. Ferrari, the Chairman of the Board, whose current term of service on the board of directors expires on the date of this annual meeting, informed the board of directors of his decision not to stand for re-election.

Approval of Nominees

Approval of the nominees requires the affirmative vote of a plurality of the votes cast at the annual meeting. Unless authority to do so is withheld, it is the intention of the persons named in the proxy to vote such proxy **FOR** the election of each of the nominees. If any of the nominees should become unable or unwilling to serve as a director, the persons named in the proxy intend to vote for the election of such substitute nominee for director as the board of directors may recommend. It is not anticipated that any of the nominees will be unable or unwilling to serve as a director.

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

Information About Nominees and Continuing Directors

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

Nominees for Election for Three-Year Terms

Name	Age	Director Since
William F. Andrews	78	1999
Paul A. Brunner	74	2003
Richard E. Posey	63	2009

William F. Andrews has served as Chairman of Katy Industries, Inc., a manufacturer of maintenance and electrical products, since October 2001, and as Chairman of the Singer Sewing Company, a manufacturer of sewing machines, since 2004. Mr. Andrews served as Chairman of Corrections Corporation of America from

2000 to 2008 and is now the Chairman of the Executive Committee of the Board. Mr. Andrews has been a Principal of Kohlberg & Company, a venture capital firm, since 1994, and served as Chairman of Allied Aerospace Company from 2000 to 2006. Prior to 2002, he served in various positions, including Chairman of Scovill Fasteners Inc.; Chairman of Northwestern Steel and Wire Company; Chairman of Schrader-Bridgeport International, Inc.; Chairman, President and Chief Executive Officer of Scovill Manufacturing Co., where he worked for over 28 years; Chairman and Chief Executive Officer of Amdura Corporation; Chairman of Utica Corporation; and Chairman, President and Chief Executive Officer of Singer Sewing Company. Mr. Andrews also serves as a director of Black Box Corporation and O Charley s Restaurants. Mr. Andrews received a B.S. degree in business administration from the University of Maryland and an M.B.A. degree in marketing from Seton Hall University.

Mr. Andrews was nominated by the Nominating and Corporate Governance Committee in 1999 as one of the first outside independent directors of the Company in part due to his extensive business experience both directly and as a Principal of Kohlberg & Company. Mr. Andrews has served on the boards of twenty-two public and private companies, and has been the Chairman of seven public companies.

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

Mr. Brunner was nominated by the Nominating and Corporate Governance Committee in 2003 in part due to his significant financial experience, which qualifies him as a audit committee financial expert as required by SEC regulations, and was subsequently appointed in May 2003 as Chairman of the Audit Committee.

Richard E. Posey was appointed by the board of directors, upon recommendation of the nominating/corporate governance committee, on May 6, 2009. He served as President and Chief Executive Officer of Moen Incorporated, a leading manufacturer in the global faucet market, for six years before retiring in 2007. Prior to joining Moen, Mr. Posey was President and Chief Executive Officer of Hamilton Beach / Proctor Silex, Inc. for five years. Mr. Posey began his career at S.C. Johnson & Son, 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 currently serves on the Board of Directors of The Colman Group, a supply equipment company, is a member of the Visiting Committee, The Ross School of Business, The University of Michigan, and 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 an M.B.A. degree from The University of Michigan.

Mr. Posey was nominated by the Nominating and Corporate Governance Committee in 2009 in part due to his extensive business experience, including as a chief executive of a number of consumer product companies, and his experience in sales and marketing of consumer products.

Directors Whose Terms Expire in 2011

Name	Age	Director Since
Jay M. Gratz	57	2007
Ronald W. Kaplan	58	2008

Jay M. Gratz has been a partner in Tatum LLC, a national executive services and consulting firm that focuses on the needs of the Office of the CFO since February 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 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 nominated by the Nominating and Corporate Governance Committee in 2007 in part due to his significant financial experience, which qualifies him as a audit committee financial expert as required by SEC regulations.

Ronald W. Kaplan has served as President and Chief Executive Officer of Trex Company since January 2008. 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. From July 2005 to February 2006, Mr. Kaplan was an independent consultant. From 1979 to July 2005, 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 June 2005, as President of Harsco s Gas Technologies Group, which manufactures containment and control equipment for the global gas industry. Mr. Kaplan received a B.A. in economics from Alfred University and an M.B.A. degree from the Wharton School of Business, University of Pennsylvania.

Mr. Kaplan was hired by Trex Company in January 2008 as its President and Chief Executive Officer. He was nominated by the Nominating and Corporate Governance Committee upon his hiring to also serve as a director both due to his role as the chief executive officer of Trex Company and due to his extensive business experience, including as a chief executive of a number of manufacturing companies.

Directors Whose Terms Expire in 2012

Name	Age	Director Since
Frank H. Merlotti, Jr.	59	2006
Patricia B. Robinson	57	2000

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

Mr. Merlotti was nominated by the Nominating and Corporate Governance Committee because of his extensive business experience, including as a chief executive of a consumer product company, and his experience in sales and marketing of consumer products.

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. Ms. Robinson received a B.A. degree in economics from Duke University and an M.B.A. degree from the Darden School at the University of Virginia.

Ms. Robinson was nominated by the Nominating and Corporate Governance Committee in 2000 as one of the first outside independent directors of the Company in part due to her extensive business experience with a consumer products company and with strategic planning.

As previously reported, commencing on July 8, 2005, two lawsuits, both of which sought certification as a class action, were filed in the United States District Court for the Western District of Virginia naming as defendants Trex Company, Robert G. Matheny, a director and the former Chairman and Chief Executive Officer, and Paul D. Fletcher, Senior Vice President and Chief Financial Officer. Following agreement by the plaintiffs and the defendants that the two lawsuits should be consolidated, the plaintiffs filed a consolidated class action complaint. The complaints principally alleged that Trex Company, Mr. Matheny and Mr. Fletcher violated Sections 10(b) and 20(a) of and Rule 10b-5 under the Securities Exchange Act of 1934 by, among other things, making false and misleading public statements concerning the company s operating and financial results and expectations. The complaints also alleged that certain directors of the company sold shares of the company s common stock at artificially inflated prices. On October 6, 2006, the District Court granted Trex Company s Motion to Dismiss the claim. Two separate derivative lawsuits were filed in the United States District Court for the Western District of Virginia naming as defendants Mr. Matheny, Mr. Fletcher, and each of the directors of Trex Company. The filed complaints were based upon the same factual allegations as the complaints in the class action lawsuits, and alleged that the directors and Mr. Fletcher breached their fiduciary duties by permitting Trex Company to issue false and misleading public statements concerning the company s operating and financial results, and also alleged that directors of the company sold shares of the company s common stock at artificially inflated prices. On December 22, 2005, the two derivative actions were consolidated. On February 19, 2007, the plaintiffs signed a Stipulation of Dismissal dismissing the derivative lawsuits, and on March 26, 2007, the Court issued the Order of Dismissal.

Board of Directors and Committees of the Board of Directors

The board of directors currently consists of eight directors. Immediately following the annual meeting, upon the retirement of Mr. Ferrari, the board of directors will consist of seven directors. The board of directors has a standing audit committee, a standing compensation committee and a standing nominating/corporate governance committee. The board of directors held eight meetings during Trex Company s 2009 fiscal year. During 2009, each director attended at least 75% of the aggregate of the total number of meetings of the board of directors and of each committee of the board of directors on which such director served.

It is Trex Company s policy that all directors should attend the annual meetings of Trex Company s stockholders. All of the directors serving on the board of directors at that time attended the annual meeting of stockholders in 2009.

Board Leadership Structure. Mr. Ferrari, a co-founder of Trex Company and its former chief executive officer, currently serves as Trex Company s Chairman, and has held that position since January 2008. Mr. Kaplan is Trex Company s President and Chief Executive Officer, and was hired by Trex Company in January 2008. Given Mr. Ferrari s long history with Trex Company, the board of directors felt it was appropriate when Mr. Kaplan was hired to have Mr. Ferrari hold the position as Chairman. On February 17, 2010, Mr. Ferrari informed the board of directors of his decision not to stand for re-election in May 2010. When Mr. Ferrari so informed the board, the board decided that given Mr. Kaplan s strong leadership since he joined the Company in January 2008, it would be appropriate to appoint Mr. Kaplan as Chairman upon Mr. Ferrari s retirement in May 2010. The board also appointed Jay M. Gratz as lead independent director, to serve for a term of two years.

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

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

- employment of the director or the director s immediate family member by another company that makes payments to, or receives payments from, Trex 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 Trex Company or any of its subsidiaries has made charitable contributions of not more than $50,000 annually in any of the last three years.

Consistent with the NYSE rules, Trex Company s corporate governance principles require Trex Company s non-management directors to meet at least once each quarter without management present and, if the group of non-management directors includes any director who is not independent under NYSE rules, to meet at least once each year with only the independent directors present. Trex Company s non-management directors held four executive sessions in 2009, and the independent directors held one executive session in 2009. The role of presiding director for each such executive session of directors rotates among members in succession, as determined by the members. The presiding director for each meeting is responsible for advising the Chairman of the Board of decisions reached, and of recommendations for action by the board of directors made, at such meeting.

Audit Committee. The audit committee of the Trex Company board of directors 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 of directors has designated Paul A. Brunner as its audit committee financial expert, as such term is defined for purposes of Item 407 of Regulation S-K promulgated by the SEC, and is independent of management. The audit committee, which held ten meetings during 2009, currently consists of Mr. Brunner, who is the Chairman, Mr. Gratz, Mr. Merlotti and Mr. Posey.

The audit committee operates under a written charter that is reviewed annually. The audit committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing Trex 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 Trex Company s system of internal controls over financial reporting and disclosure controls and procedures, reviewing the financial statements and other financial information included in Trex Company s annual and quarterly reports filed with the SEC, and exercising oversight with respect to Trex 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 of the audit committee as determined to be necessary or advisable. A current version of the audit committee charter is available through Trex Company s web site at http://www.trex.com.

Compensation Committee. The compensation committee of the Trex Company board of directors is a standing committee composed of four non-employee directors who meet the independence requirements of the NYSE listing standards. The compensation committee, which held six meetings during 2009, currently consists of Mr. Andrews, 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 and approve the compensation and benefits of Trex 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 Trex Company s employee benefit programs, including its 2005 Stock Incentive Plan, 1999 Employee Stock Purchase Plan, Bonus 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 of the compensation committee as determined to be necessary or advisable. A current version of the compensation committee charter is available through Trex Company s web site at http://www.trex.com.

Nominating/Corporate Governance Committee. The nominating/corporate governance committee of the Trex Company board of directors 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, which held five meetings during 2009, currently consists of Ms. Robinson, who is the Chairman, Mr. Andrews, Mr. Brunner and Mr. Posey.

The nominating/corporate governance committee operates under a written charter that is reviewed annually. This committee is responsible for recommending candidates for election to the board of directors and for making recommendations to the board of directors 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 may form and delegate authority to subcommittees of the nominating/corporate governance committee as determined to be necessary or advisable. A current version of the nominating/corporate governance committee charter is available through Trex Company s web site at http://www.trex.com.

Compensation Committee Interlocks and Insider Participation

No member of the compensation committee was an officer or employee of Trex Company or any subsidiary of Trex Company during 2009. There are no interlock relationships as defined in the applicable SEC rules.

Director Nominations Policy

The board of directors has, by resolution, adopted a director nominations policy. The purpose of the nominations policy is to set forth the process by which candidates for possible inclusion in Trex Company s recommended slate of director nominees are selected. The nominations policy is administered by the nominating/corporate governance committee of the board of directors.

The board of directors does not currently prescribe any minimum qualifications for director candidates. Consistent with the criteria for the selection of directors approved by the board of directors, the nominating/corporate governance committee will take into account Trex Company s current needs and the qualities needed for board service, including experience and achievement in business, finance, technology or other areas relevant to Trex 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 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 Trex Company during their term, including the number of meetings attended, level of participation, quality of performance and any transactions of such directors with Trex 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, Trex Company s advisers, and executive search firms. The committee will 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. The nominating/corporate governance committee has used in the past, and may use in the future, the services of an executive search firm to help identify candidates for directors who meet the qualifications outlined above. The search firm screens the candidates, conducts reference checks, prepares a biography of each candidate for committee review and assists in arranging interviews. In 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 Trex 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 Trex 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 Trex 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.

Trex 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 Trex Company at Trex Company s principal office in Winchester, Virginia a written notice of the stockholder s intention to make such a nomination. The stockholder generally is required to furnish the notice no earlier than 120 days and no later than 90 days before the first anniversary of the preceding year s annual meeting. The notice must include the following information: (1) such information regarding each proposed nominee as would be required to be disclosed under SEC rules and regulations in solicitations of proxies for the election of directors in an election contest or otherwise; (2) the written consent of each proposed nominee to serve as a director of Trex Company; and (3) as to the stockholder giving the notice and the beneficial owner, if any, of common stock on whose behalf the nomination is made, (a) the name and address of record of such stockholder and the name and address of such beneficial owner, (b) the class and number of shares of Trex Company s capital stock that are owned beneficially and of record by such stockholder and such beneficial owner, (c) a representation that the stockholder is a holder of record of Trex Company s capital stock entitled to vote at such meeting and intends to appear, in person or by proxy, at the meeting to propose such nomination and (d) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends to (A) deliver a proxy statement or form of proxy to holders of at least the percentage of Trex Company s outstanding capital stock required to elect the nominee or (B) otherwise solicit proxies for stockholders in support of such nomination. Trex Company may require any proposed nominee to furnish such other information as Trex Company may reasonably require to determine the eligibility of such proposed nominee to serve as a director of Trex Company.

Communications With the Board of Directors

The board of directors welcomes communications from its stockholders and other interested parties and has adopted a procedure for receiving and addressing those communications. Stockholders and other interested parties may communicate any concerns they may have about Trex Company directly and confidentially to the full board of directors, to the non-management directors as a group, or to any individual director, at the following address: Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: Secretary. A stockholder or other interested party may also call Trex Company s governance hotline at 1-800-719-4916 and press 2 for Trex Company s Secretary. An independent third-party vendor maintains Trex Company s governance hotline, and all calls are forwarded to Trex Company s Secretary. 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. If the caller wishes to submit relevant documents, the documents should be mailed to the following address: Trex Company, Inc., 160 Exeter Drive, Winchester, Virginia 22603-8605, Attention: Secretary. Trex Company s Secretary will review and forward all stockholder communications and other communications from interested parties to the intended recipient, except for those communications that are outside the scope of board matters or duplicative of other communications by the applicable person.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Trex Company s directors and executive officers and persons who own more than 10% of Trex 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 Trex Company. The reporting persons are required by rules of the SEC to furnish Trex Company with copies of all Section 16(a) reports they file. Based solely upon a review of Section 16(a) reports furnished to Trex Company for fiscal 2009 or written representations that no other reports were required, Trex Company believes that the foregoing reporting persons complied with all filing requirements for fiscal 2009.

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

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

Director Compensation

Non-employee directors of Trex 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. All stock-based grants awarded as compensation to non-employee directors are issued under the Trex Company, Inc. 2005 Stock Incentive Plan, or 2005 Stock Incentive Plan, which was approved by stockholders at Trex Company s 2005 annual meeting.

The nominating/corporate governance committee is responsible for making recommendations to the board of directors regarding non-employee director compensation. In accordance with this authority, the nominating/ corporate governance committee utilized the services of DolmatConnell & Partners, Inc. as the committee s outside compensation consultant to advise the nominating/corporate governance committee on matters related to director compensation.

Trex Company s director compensation program was developed in consultation with the compensation consultant in 2007 and was designed to deliver annual compensation at the median of Trex Company s peer group, which was made up of 16 companies in both the construction and plastic products and consumer products industries that are similar in both revenues and market capitalization to Trex Company. Many of Trex Company s key competitors were not included, since they are significantly larger, and thus do not provide an appropriate basis for comparison, or are divisions or subsidiaries of public companies, and therefore have not publicly released board compensation data. Under the program, annual non-employee director compensation is delivered approximately 45% in cash (depending on meeting attendance fees) and approximately 55% in stock-settled stock appreciation rights, or SARs, based on the Black-Scholes valuation model, which the board of directors believes appropriately balances remunerating Trex Company s non-employee directors for their service and linking their compensation closely to returns to stockholders through the potential for enhanced value from future stock price appreciation. Directors may elect to receive additional SARs in lieu of cash payments. Directors are also reimbursed for actual travel expenses.

The elements of the director compensation package are as follows:

Upon initial appointment to the board of directors, non-employee directors will receive awards of SARs valued at $28,800 (based on the Black-Scholes valuation model of Trex Company shares).

For service on the board of directors, each non-employee director receives an annual retainer of $24,000, a $1,000 meeting fee for each in-person meeting attended, a $500 fee for each telephonic meeting and an annual award of SARs valued at $28,800 (based on the Black-Scholes valuation model of Trex Company shares). Any non-employee director who serves as Chairman of the Board will receive (a) $54,000, in lieu of the $24,000 annual retainer, (b) $25,361, payable in cash, in lieu of the annual award of SARs, and (c) meeting fees as applicable to the other non-employee directors.

The chairman of the audit committee receives an annual committee fee of $12,500, and the chairmen of the compensation and the nominating/corporate governance committees each receive an annual committee fee of $7,500.

Each member of the audit committee (other than the chairman) receives an annual committee retainer of $6,500, each member of the compensation committee (other than the chairman) receives an annual committee retainer of $4,000, and each member of the nominating/corporate governance committee (other than the chairman) receives an annual committee retainer of $3,500.

Each committee member on any of the committees, including the chairman of the committee, receives a $1,000 meeting fee for a special meeting not held in conjunction with a scheduled board of directors meeting, and a $500 fee for each telephonic meeting not held in conjunction with a telephonic board of directors meeting.

The $24,000 annual director fee and the annual committee fees are paid in the form of cash or grants of SARs (based on the Black-Scholes valuation model of Trex Company shares), or a combination of these forms of consideration, based on the percentages of the forms of consideration elected by the serving director, in four equal quarterly installments in arrears on the first business day following each quarter of the fiscal year in which the eligible director completes board or committee service. The fiscal year of the Outside Director Plan is July 1 through June 30.

The annual grants of SARs are made in arrears on the date of the first regularly scheduled board of directors meeting after June 30 of each year.

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

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

Unless and until the board of directors determines otherwise, stock-based grants under the Outside Director Plan will be made in the form of SARs.

The exercise price per share of a SAR is the fair market value of the common stock on the SAR grant date, which is equal to the closing sale price of the common stock on the NYSE on that date. Upon exercise of a SAR, the non-employee director will be entitled to receive a number of shares of common stock with a value based on the excess of the fair market value of the common stock on the exercise date over the fair market value of the common stock on the grant date.

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, to exercise any option or SAR held by the director on the service termination date.

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

The table below shows compensation paid to the non-employee directors for their service in 2009.

2009 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	SAR Awards ($) (1)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
William F. Andrews (2)	41,000		28,796				