Quanex Building Products CORP
Form DEF 14A
January 26, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Quanex Building Products Corp.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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(4) Date Filed:

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QUANEX BUILDING PRODUCTS CORPORATION

1800 West Loop South
Suite 1500
Houston, Texas 77027
(713) 961-4600

January 26, 2018

Dear Fellow Stockholder:

You are cordially invited to attend the Company's Annual Meeting of Stockholders to be held at 8:00 a.m., C.S.T., on Thursday, March 1, 2018, at the Company's principal executive offices at 1800 West Loop South, Suite 1500, Houston, Texas.

This year you will be asked to vote in favor of the election of four directors, in favor of an advisory vote approving the Company's named executive officer compensation, and in favor of a resolution ratifying the Company's appointment of its independent auditor for the 2018 fiscal year. These proposals are more fully explained in the attached Proxy Statement, which you are encouraged to read.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF EACH PROPOSAL OUTLINED IN THE ATTACHED PROXY. THE BOARD FURTHER URGES YOU TO VOTE AT YOUR EARLIEST CONVENIENCE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

Thank you for your continued support.

Sincerely,

William C. Griffiths
Chairman of the Board

YOUR VOTE IS IMPORTANT

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held March 1, 2018

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Quanex Building Products Corporation, a Delaware corporation (the "Company" or "Quanex"), will be held at the principal executive offices of the Company, 1800 West Loop South, Suite 1500, Houston, Texas, 77027, on Thursday, March 1, 2018, at 8:00 a.m., C.S.T., for the following purposes:

(1) To elect four directors to serve until the Annual Meeting of Stockholders in 2019;

(2) To approve an advisory resolution approving the compensation of the Company's named executive officers;

(3) To approve a resolution ratifying the appointment of the Company's independent auditor for fiscal 2018; and

(4) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Information with respect to the above matters is set forth in the Proxy Statement that accompanies this Notice.

The Board of Directors of the Company (the "Board of Directors" or "Board") has fixed the close of business on January 10, 2018, as the record date for determining stockholders entitled to notice of and to vote at the meeting. A complete list of the stockholders entitled to vote at the meeting will be maintained at the Company's principal executive offices, 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 prior to the meeting, and will be made available at the time and place of the meeting during the whole time thereof.

Please execute your vote promptly. Your designation of a proxy is revocable and will not affect your right to vote in person if you find it convenient to attend the meeting and wish to vote in person.

The Company's Annual Report to Stockholders for the fiscal year ended October 31, 2017, accompanies this Notice.

By order of the Board of Directors,

Kevin P. Delaney
Senior Vice President General Counsel and Secretary

Houston, Texas
January 26, 2018

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PROXY STATEMENT

Annual Meeting of Stockholders
To Be Held March 1, 2018

This Proxy Statement and the accompanying form of proxy are to be first mailed on or about January 26, 2018, to all holders of record on January 10, 2018 (the "Record Date"), of the common stock, $.01 par value (the "Common Stock"), of Quanex Building Products Corporation, a Delaware corporation (the "Company"). These materials are furnished in connection with the solicitation of proxies by the Board of Directors of the Company to be used at the Annual Meeting of Stockholders to be held at the Company's principal executive offices, 1800 West Loop South, Suite 1500, Houston, Texas, 77027, at 8:00 a.m., C.S.T., on Thursday, March 1, 2018, and at any adjournment or adjournments thereof. Shares of Common Stock represented by any un-revoked proxy in the enclosed form, if such proxy is properly executed and is received prior to the meeting, will be voted in accordance with the specifications made on such proxy. Proxies on which no specifications have been made will be voted FOR the election as director of the nominees listed herein, FOR ratification of the appointment of the Company's independent auditor for fiscal 2018, and FOR each other proposal included herein. Proxies are revocable by written notice to the Secretary of the Company at the address of the Company set forth below, or by delivery of a later dated proxy, at any time prior to their exercise. Proxies may also be revoked by a stockholder attending and voting in person at the meeting.

The Common Stock is the only class of securities of the Company that is entitled to vote at the meeting. As of the close of business on the Record Date, the date for determining stockholders who are entitled to receive notice of and to vote at the meeting, there were 35,070,482 shares of Common Stock outstanding. Each share is entitled to one vote. The presence at the meeting, in person or by proxy, of the holders of a majority of shares of Common Stock is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present in determining whether the quorum requirement is satisfied.

The cost of soliciting proxies will be borne by the Company. Solicitation may be made personally or by mail, telephone or electronic data transfer by officers, directors and regular employees of the Company (who will not receive any additional compensation for any solicitation of proxies), or by the firm of Morrow Sodali, LLC, which has been retained by the Company to assist in the solicitation for a fee of approximately $7,500 plus expenses. The Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses for sending proxy materials to the beneficial owners of Common Stock. The mailing address of the Company's principal executive office is 1800 West Loop South, Suite 1500, Houston, Texas, 77027.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING TO BE HELD ON MARCH 1, 2018:

Our Proxy Statement and 2017 Annual Report are available online at the following web address:

http://www.quanex.com/2017AR

In accordance with Securities and Exchange Commission rules, this website provides complete anonymity with respect to any stockholder accessing it.

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MATTERS TO COME BEFORE THE MEETING

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Four directors are to be elected at the meeting. Prior to March 2016, the Company's Certificate of Incorporation and Amended and Restated Bylaws provided that the Board of Directors would be divided into three classes as nearly equal in number as possible, with the terms of office of the classes expiring at different times. Class III directors will stand for election at the Company's annual stockholder meeting to be held in 2019, and Class I and Class II directors are standing for election at the annual meeting to which this proxy relates. However, in accordance with amendments approved at the Company's 2016 Annual Meeting of Stockholders, the Board of Directors is currently in the process of declassifying, and each director will now be elected to a term of only one year.

Current directors Robert R. Buck, Susan F. Davis, Joseph D. Rupp and Curtis M. Stevens are the directors currently standing for election. Ms. Davis and Mr. Stevens were each elected by the stockholders in 2017 to a term ending in 2018, while Messrs. Buck and Rupp were each elected by the stockholders in 2015 to a term ending in 2018. Each of these directors are standing for re-election for a term expiring at the 2019 Annual Meeting. Messrs. Griffiths and Nosbaum were elected to a term ending in 2019 at the 2016 Annual Meeting.

In reviewing the information contained in this Proxy Statement that relates to our directors and officers, it is important to note that Quanex Building Products Corporation was initially created on December 12, 2007, in connection with the April 2008 spin-off of the building products business of Quanex Corporation, and the related merger of Quanex Corporation with Gerdau S.A. In connection with these transactions, the directors and officers of Quanex Corporation became the directors and officers of Quanex Building Products Corporation. As such, we have listed these "carryover" directors and officers as beginning with the Company in 2007 despite the fact that they may have served in similar positions with Quanex Corporation prior to that time. For information related to the transaction, the origins of Quanex Building Products Corporation, and any pre-transaction service as a director or officer of Quanex Corporation, please see (a) the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2008, (b) the Information Statement attached as Exhibit 99.1 to the Company's Registration Statement on Form 10, filed April 4, 2008 and effective April 9, 2008, and (c) Quanex Corporation's Annual Report on Form 10-K, as amended by Form 10-K/A, for the fiscal year ended October 31, 2007.

Nominees for election to a term that will expire at the 2019 Annual Meeting (formerly Class I and Class II Directors)	**Principal Occupation**	**Age**	**Director Since**
Robert R. Buck	Chairman of the Board of Beacon Roofing Supply, Inc., a leading distributor of roofing materials (Herndon, Virginia).	70	2011
Susan F. Davis	Retired Executive Vice President Asia Pacific of Johnson Controls, Inc., a global leader in automotive systems, building efficiency and power solutions (Milwaukee, Wisconsin).	64	2007
Joseph D. Rupp	Retired Chairman of the Board of Olin Corporation, a basic materials company concentrated in chemicals and ammunition (Clayton, Missouri).	67	2007
Curtis M. Stevens	Retired Chief Executive Officer of Louisiana-Pacific Corporation, a leading building materials manufacturer (Nashville, Tennessee).	65	2010

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Directors whose terms expire at the 2019 Annual Meeting (formerly Class III Directors)	Principal Occupation	Age	Director Since
William C. Griffiths	Chairman, President and Chief Executive Officer, Quanex Building Products Corporation (Houston, Texas).	66	2009
LeRoy D. Nosbaum	Retired President and Chief Executive Officer of Itron, Inc., a leading technology provider to the global energy and water industries and a leading provider of intelligent metering, data collection and utility software solutions (Liberty Lake, Washington).	71	2010

Director Biographies, Key Attributes, and Skills

ROBERT BUCK, age 70

Biography: Mr. Buck is the Chairman of the Board of Beacon Roofing Supply, Inc., a NASDAQ-traded roofing materials distributor with approximately $7 billion in revenue. Prior to becoming Chairman in early 2011, Mr. Buck served as Chairman and CEO of Beacon from 2007 to 2011; as Chairman, President, and CEO in 2007; and as President and CEO from 2003 to 2007. Prior to joining Beacon in 2003, Mr. Buck spent 21 years with Cintas Corporation in various executive positions. Mr. Buck holds a B.S. in Finance from the University of Cincinnati.

Key Attributes, Experience, and Skills: During his time at Beacon Roofing and Cintas Corporation, Mr. Buck developed extensive executive leadership, finance and accounting expertise. Mr. Buck also participated in numerous mergers and acquisitions and has strong corporate governance experience. In addition, Mr. Buck's tenure at Beacon Roofing has provided him substantial experience in the building products industry. Mr. Buck has also amassed a good deal of public company board experience through his service on the boards of Beacon Roofing Supply, Multi-Color Corporation, and Kendle International.

Other Directorships Since 2012: Mr. Buck currently serves on the boards of Beacon Roofing Supply, Inc., and Multi-Color Corporation. Mr. Buck also serves on the board of privately held Elkay Manufacturing Co.

SUSAN DAVIS, age 64

Biography: Ms. Davis retired in 2016 from Johnson Controls, Inc., a global leader in automotive systems, building efficiency and power solutions. Prior to her retirement, Ms. Davis served as the Executive Vice President Asia Pacific for Johnson Controls, beginning in 2015. Prior to her appointment to that position, Ms. Davis served as the chief human resources officer of Johnson Controls from 1994 to 2015, holding the positions of Executive Vice President and Chief Human Resources Officer from 2014 to 2015, Executive Vice President of Human Resources from 2006 to 2014, and Vice President of Human Resources from 1994 to 2006. Prior to that time, she served in various other positions with Johnson Controls, which she originally joined in 1983. Ms. Davis received an MBA degree from the University of Michigan, and received both Master's and Bachelor's degrees from Beloit College.

Key Attributes, Experience, and Skills: As the executive leader of Human Resources for Johnson Controls from 1994 to 2015, and through her role as Executive Vice President Asia Pacific from 2015 to 2016, Ms. Davis acquired extensive management, corporate governance, public company, and international business expertise. She has also worked extensively with executive compensation and management development issues. Further, Ms. Davis' time as a director for Butler Manufacturing and Cooper Tire & Rubber Company, and Johnson Controls' status as a global leader in building efficiency

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products and controls, has provided Ms. Davis with the opportunity to accumulate extensive experience in the building products industry and with manufacturing processes, both of which are very valuable in her service as a director of the Company. Ms. Davis also gained public company board experience as a result of her prior service as a director for Butler Manufacturing and Quanex Corporation.

Other Directorships Since 2012: Ms. Davis currently serves on the board of Cooper Tire & Rubber Company, which she joined in 2016.

WILLIAM GRIFFITHS, age 66

Biography: Mr. Griffiths was named Chairman, President, and Chief Executive Officer of the Company in July 2013, after serving as an independent director of the Company beginning in 2009. Prior to joining the Company as President and CEO, Mr. Griffiths served as the Managing Director and a member of the board of directors of Sealine (International) Ltd., a privately held manufacturer of yachts and other marine vessels based in the United Kingdom. Prior to joining Sealine in January 2012, Mr. Griffiths served as Chairman of the Board, President and CEO of Champion Enterprises, Inc., a NYSE-traded producer of modular and manufactured housing until 2010. He joined Champion as a Director, and as President and Chief Executive Officer, in August 2004, and was named Chairman of the Board in 2006. Champion filed for Chapter 11 bankruptcy on November 15, 2009. From 2001 to 2004, Mr. Griffiths was President Fluid Systems Division at SPX Corporation, a global multi-industry company located in Charlotte, North Carolina. Mr. Griffiths graduated from the University of London with a BS with Honors in Mining Engineering. In addition, Mr. Griffiths is a graduate of the Harvard Business School's PMD executive education program.

Key Attributes, Experience, and Skills: During his tenure as CEO of Champion Enterprises, Mr. Griffiths gained extensive experience with manufacturing processes, corporate governance, and public company issues. Champion also provided Mr. Griffiths with valuable expertise and insight into the building products industry, which he has continued to build during his tenure at Quanex Building Products Corporation. In addition, Mr. Griffiths' time as a senior leader at SPX Corporation provided him with extensive and wide-reaching expertise in international operations management and international business in general. It also allowed him to build a great deal of experience in mergers and acquisitions, both international and domestic.

LEROY NOSBAUM, age 71

Biography: Mr. Nosbaum is the retired Chairman, President and Chief Executive Officer of Itron, Inc., a NASDAQ-traded leading technology provider to the global energy and water industries and a leading provider of intelligent metering, data collection and utility software solutions. Mr. Nosbaum joined Itron in 1996, was promoted to the role of President and CEO in 2000, and was elected as Chairman in 2002. He retired from Itron in 2009, but returned as President and Chief Executive Officer in 2011, before retiring again in December 2012. Prior to his employment with Itron, Mr. Nosbaum served in various positions at Metricom, Inc. from 1989 to 1996, and at Schlumberger Limited from 1977 to 1989. Mr. Nosbaum holds a B.S. in Electrical Engineering from Valparaiso University.

Key Attributes, Experience, and Skills: Mr. Nosbaum brings to the board strong sales, marketing and technology expertise, which he gained during his service as the Executive VP of Marketing and Sales for Metricom, Inc. In his various roles at Itron, Mr. Nosbaum also built extensive public company, finance, strategic development, acquisition, technology and manufacturing process expertise. Further, Mr. Nosbaum gained international experience at Itron, which conducts operations throughout Europe, South America, and Asia. In addition, he has built corporate governance expertise both through his role as CEO of Itron, and through his service on the Nominating and Corporate Governance Committees of Esterline Technologies and Quanex Building Products Corporation.

Other Directorships Since 2012: Mr. Nosbaum served as director of Itron from 2000 to 2002 and as Chairman from 2002 to 2009. After a brief interval, Mr. Nosbaum again served as a director of Itron from 2011 until his retirement in December 2012.

JOSEPH RUPP, age 67

Mr. Rupp is the retired Chairman of the Board of Olin Corporation, an NYSE traded basic materials company concentrated in chemicals and ammunition. Mr. Rupp served as the Chairman of the Board of Olin Corporation from May 2016 to April 2017. Prior to May 2016, Mr. Rupp served as Chairman, President and Chief Executive Officer of Olin since 2005. Prior to his election as Chairman, Mr. Rupp was President and Chief Executive Officer of Olin from 2002 to 2005. Prior to 2002, Mr. Rupp served in various positions with Olin, which he originally joined in 1972. Mr. Rupp holds a bachelor's degree in metallurgical engineering from the University of Missouri, Rolla.

Key Attributes, Experience, and Skills: As the CEO of Olin, Mr. Rupp amassed strong corporate governance expertise, public company management experience, and solid financial acumen. He also brings a wealth of experience in operations management, lean manufacturing processes, and mergers and acquisitions. In addition, he has gained extensive public board experience as a director of Olin from 2002 to 2017 and as a director of Quanex Building Products since 2008.

Other Directorships Since 2012: Mr. Rupp served as a director of Olin Corporation from 2002 to 2005, and as Chairman of Olin's board from 2005 until his retirement in 2017. Mr. Rupp also currently serves on the Boards of Cass Information Systems and Owens-Illinois, Inc.

CURTIS STEVENS, age 65

Biography: Mr. Stevens retired in June 2017 from Louisiana-Pacific Corporation, an NYSE traded building materials manufacturer. Prior to his retirement, Mr. Stevens served as the Chief Executive Officer and a director of Louisiana-Pacific from 2012 to June 2017. Prior to becoming CEO in May 2012, Mr. Stevens served as Louisiana-Pacific's Chief Operating Officer and Executive Vice President beginning in December 2011. Prior to assuming the role of Chief Operating Officer, Mr. Stevens served as Chief Financial Officer of Louisiana-Pacific since 1997, and as Executive Vice President, Administration, since 2002. Before joining Louisiana-Pacific, Mr. Stevens served for 14 years in various financial and operational positions at Planar Systems, a flat-panel display products manufacturer. Mr. Stevens holds a B.A. in Economics and an M.B.A with a concentration in Finance from the University of California at Los Angeles.

Key Attributes, Experience, and Skills: Through his various roles at Louisiana-Pacific, Mr. Stevens acquired broad experience in the building products industry. He also possesses a strong background in accounting and finance, as well as extensive expertise in information technology and supply chain management, strategy development, and public company issues. Further, Louisiana-Pacific's international operations have provided Mr. Stevens with strong international business experience.

Other Directorships Since 2012: Mr. Stevens served on the board of Louisiana-Pacific from 2012 until his retirement in 2017.

The Board of Directors has affirmatively determined that Ms. Davis and each of Messrs. Buck, Nosbaum, Rupp, and Stevens have no material relationship with the Company and have satisfied the independence requirements of the New York Stock Exchange. In assessing director independence, the Board of Directors considered the relationships (as a customer or supplier or otherwise) of the Company with various companies with which such directors may be affiliated and has determined that there are no such relationships that, in the opinion of the Board, might impact any director's independence. In making this assessment, the Board took into account the level of transactions with such companies in relationship to the Company's and the other parties' aggregate sales, the level of director involvement in such transactions and the ability of such directors to influence such transactions. Based on its review, the Board determined that no transactions occurred during the year that might affect any non-employee director's independence. During the fiscal year, the Nominating & Corporate Governance Committee determined that there were no "related person" transactions, as defined by the Securities and Exchange Commission. In addition, each of such directors has met the definitions of "non-employee director" under Rule 16b-3 of the Securities Exchange Act of 1934 and "outside director" under Section 162(m) of the Internal Revenue Code of 1986.

There are no arrangements or understandings between any person and any of the directors pursuant to which such director was selected as a nominee for election at the Meeting, and there are no family relationships among any of the directors or executive officers of the Company. Ms. Davis and Messrs. Buck, Rupp and Stevens have each indicated a willingness to serve if elected. If a nominee should be unable to serve or will not serve for any reason, and if any other person is nominated, the persons designated on the accompanying form of proxy will have discretionary authority to vote or refrain from voting in accordance with their judgment on such other nominee unless authority to vote on such matter is withheld.

Vote Required

To be elected as a director, a director nominee must receive a majority of votes cast at the meeting with respect to such nominee (the number of shares voted "FOR" a director nominee must exceed the number of votes cast "AGAINST" that nominee). Cumulative voting is not permitted in the election of directors. Abstentions and broker non-votes will not be treated as a vote for or against any particular director nominee and will not affect the outcome of the election of directors.

Pursuant to the Company's Corporate Governance Guidelines, any current director that is nominated for election must tender his or her resignation as a director in the event that he or she receives more "AGAINST" votes than "FOR" votes. In such an event, the Governance Committee and subsequently the full Board would then review and determine whether to accept or reject the tendered resignation. The Board is required to publicly disclose its decision and the rationale behind it within ninety days from the date of the certification of the election results.

Recommendation

The Board of Directors recommends that you vote "FOR" the elections of Ms. Davis and Messrs. Buck, Rupp and Stevens. Unless you give contrary instructions in your proxy, your proxy will be voted "FOR" the elections of Ms. Davis and Messrs. Buck, Rupp and Stevens. If any nominee should become unable or unwilling to accept nomination or election, the person acting under the proxy will vote for the election of such other person as the Board of Directors may recommend. The Board has no reason, however, to believe that any nominee will be unable or unwilling to serve if elected.

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PROPOSAL NO. 2
ADVISORY VOTE APPROVING NAMED EXECUTIVE OFFICER COMPENSATION

At the meeting, the stockholders will vote on an advisory resolution approving the compensation of the Company's named executive officers, as required pursuant to Section 14A of the Securities Exchange Act.

We believe that our compensation practices and procedures are competitive, focused on pay-for-performance and strongly aligned with the long-term interests of our stockholders. This advisory stockholder vote, commonly known as "Say-on-Pay," gives you as a stockholder the opportunity to express approval or withhold approval of the compensation we pay our named executive officers through voting for or against the following resolution:

> "Resolved, that the stockholders approve the compensation of the Company's named executive officers as disclosed pursuant to Item 402 of Regulation S-K in the Company's 2018 Proxy Statement, which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other executive compensation tables and related discussion."

The Company and the Compensation & Management Development Committee (the "Compensation Committee") remain committed to the compensation philosophy, practices, and objectives outlined under the heading "*Compensation Discussion and Analysis*" located on page 14 of this Proxy Statement. As always, the Compensation Committee will continue to review all elements of the executive compensation program and take any steps it deems necessary to continue to fulfill the objectives of the program.

Stockholders are encouraged to carefully review the "*Compensation Discussion and Analysis*" section of this Proxy Statement for a detailed discussion of the Company's executive compensation program.

Because your vote is advisory, it will not be binding upon the Company or the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

Unless the Board modifies its policy on the frequency on holding Say-on-Pay advisory votes, Say-on-Pay votes by our stockholders take place at each Annual Meeting, and the next such vote will occur at the annual meeting to which this Proxy Statement relates.

Vote Required

The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal is necessary to approve the Say-on-Pay proposal. Abstentions will have the same effect as a vote "AGAINST" the Say-on-Pay proposal. Broker non-votes will have no effect on the Say-on-Pay proposal.

Board Recommendation

The Board recommends that you vote "FOR" the ratification of the advisory resolution approving the compensation of the Company's named executive officers.

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PROPOSAL NO. 3
RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDIT FIRM

The Audit Committee has selected Grant Thornton LLP, an independent registered public accounting firm, to audit the Company's consolidated financial statements for fiscal year 2018. Grant Thornton LLP has been the Company's independent registered public accounting firm since April 2014, when it was retained by the Audit Committee after the completion of a competitive process to select an auditor for the Company's fiscal 2014 financial statements. We are asking the stockholders to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending October 31, 2018. Grant Thornton LLP was appointed by the Audit Committee in accordance with its charter.

In the event stockholders fail to ratify the appointment of Grant Thornton LLP, the Audit Committee may reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company's and its stockholders' best interests.

The Audit Committee has approved all services provided by Grant Thornton LLP. A representative of Grant Thornton LLP will be present at the Annual Meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions you may ask.

Vote Required

This vote requires approval by the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Abstentions with respect to the approval of this proposal will have the effect of a vote "AGAINST" this proposal. Broker non-votes will not be counted for the purpose of determining the number of votes necessary for approval of this proposal.

Board Recommendation

The Board recommends that you vote "FOR" the ratification of appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending October 31, 2018.

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EXECUTIVE OFFICERS

Set forth below is certain information concerning the executive officers of the Company, each of whom serves at the pleasure of the Board of Directors. There is no family relationship between any of these individuals or between these individuals and any of the Company's directors. There are no arrangements or understandings between any person and any of the executive officers pursuant to which such executive officer was selected as an executive officer, except for arrangements or understandings with such executive officer acting solely in such executive officer's capacity as such.

Name and Age	Office and Length of Service
William C. Griffiths, 66	Chairman of the Board, President and Chief Executive Officer since 2013
Brent L. Korb, 45	Senior Vice President Finance and Chief Financial Officer since 2008
Kevin P. Delaney, 56	Senior Vice President General Counsel and Secretary since 2007
George L. Wilson, 49	Vice President Chief Operating Officer since 2017
M. Dewayne Williams, 47	Vice President Controller since 2013

Mr. Griffiths was elected Chairman, President and Chief Executive Officer of the Company effective July 9, 2013. Prior to joining the Company, Mr. Griffiths served as the Managing Director and a member of the board of directors of Sealine (International) Ltd., a privately held manufacturer of yachts and other marine vessels based in the United Kingdom, from 2012 until it was sold in June 2013. Prior to joining Sealine in 2012, Mr. Griffiths served as Chairman of the Board, President and CEO of Champion Enterprises, Inc., a NYSE-traded producer of modular and manufactured housing until 2010. He joined Champion as a Director, and as President and Chief Executive Officer, in August 2004, and was named Chairman of the Board in 2006. Champion filed for Chapter 11 bankruptcy on November 15, 2009. From 2001 to 2004, Mr. Griffiths was President Fluid Systems Division at SPX Corporation, a global multi-industry company located in Charlotte, North Carolina. Mr. Griffiths graduated from the University of London with a B.S. with Honors in Mining Engineering. In addition, Mr. Griffiths is a graduate of the Harvard Business School's PMD executive education program.

Mr. Korb was named Senior Vice President Finance and Chief Financial Officer of the Company on August 1, 2008. Mr. Korb was named Vice President Controller of Quanex Corporation in 2005, and was elected to the same position with the Company upon its creation on December 12, 2007. Prior to his election as Vice President Controller of Quanex Corporation, Mr. Korb served as Assistant Controller of Quanex Corporation from 2003 to 2005. Prior to that time, Mr. Korb was Controller & Director of Business Analysis since 2003, and Manager of Business Analysis since 2001, of Resolution Performance Products, a manufacturer of specialty chemicals. From 1996 to 2001, Mr. Korb held various positions at Service Corporation International, a provider of funeral, cremation and cemetery services, including Director International Finance & Accounting, Manager International Finance & Accounting, Manager Corporate Development, Manager Strategic Planning, and Financial Analyst.

Mr. Delaney was named Senior Vice President General Counsel and Secretary of Quanex Corporation on February 24, 2005, and was elected to the same position with the Company upon its creation on December 12, 2007. Prior to that, he was Vice President General Counsel of Quanex Corporation since 2003, and Secretary since 2004. Prior to that he was Chief Counsel for Trane Residential Systems, a business of American Standard Companies, a global manufacturer with market leading positions in automotive, bath and kitchen, and air conditioning systems, since 2002; Assistant General Counsel for American Standard Companies since 2001; and Group Counsel for The Trane Company's North American Unitary Products Group since 1997. Prior to that time, Mr. Delaney was Vice President General Counsel with GS Roofing Products Company, Inc. from 1995 to 1997 and Senior Attorney with GTE Directories Corporation from 1991 to 1995.

Mr. Wilson was named Vice President Chief Operating Officer of the Company effective August 1, 2017. Prior to his appointment to that role, Mr. Wilson served as President and General

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Manager of the Company's Insulating Glass Systems Division since 2011, and as General Manager of Edgetech I.G., Inc. beginning with its purchase by Quanex in March 2011 until it was consolidated with existing Quanex operations to create the Insulating Glass Systems Division. Prior to joining Quanex, Mr. Wilson served as the Vice President of Operations for Lauren Manufacturing from 2008 to 2010, and as the Vice President of Human Resources for its parent company Lauren International, a diversified manufacturer of polymers, rubbers and plastics, from 2010 to 2011. Prior to that time and beginning in 1993, Mr. Wilson served in various capacities of increasing responsibility for Federal Mogul, a Tier 1 manufacturer of various automobile components.

Mr. Williams was named Vice President Controller of the Company effective July 1, 2013. Prior to joining the Company, Mr. Williams served as the Vice President Accounting, Corporate Controller, Chief Accounting Officer and Assistant Treasurer of Complete Production Services, Inc., a publicly held oilfield service provider, from 2009 until it was acquired by Superior Energy Services in 2012. In this role, Mr. Williams served as principal accounting officer and also provided cash management services, various treasury functions, and purchase accounting/transaction support. Prior to that, he served as Assistant Controller for Complete Production Services from 2005 to 2009. During the time from his 2012 departure from Complete Production Services until he joined the Company in 2013, Mr. Williams engaged in consulting work primarily related to purchase transaction accounting for several oilfield service companies.

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DIRECTOR AND OFFICER COMPENSATION

Director Compensation

Directors who are also employees of the Company do not receive any additional compensation for serving on the Board. In fiscal 2017, Mr. Griffiths was the only director who also served as an employee of the Company. As such, he did not receive any additional compensation for Board service, and has not since the date on which he became an employee.

For the fiscal year ended October 31, 2017, the Company's non-employee directors received the following compensation:

Annual Cash Retainer[(1)] $55,000/year paid quarterly

Committee Member Retainer[(1)]

Member of Audit Committee: $9,000/year paid quarterly

Member of Compensation & Management Development Committee: $7,500/year paid quarterly

Member of Nominating & Corporate Governance Committee: $7,500/year paid quarterly

Committee Chairman Fees (paid in lieu of Committee Member Retainer listed above)[(1)]

Chairman of Audit Committee: $15,000/year paid quarterly

Chairman of Compensation & Management Development Committee: $10,000/year paid quarterly

Chairman of Nominating & Corporate Governance Committee: $10,000/year paid quarterly[(2)]

Lead Director Fee[(1)] $20,000/year paid quarterly

Annual Restricted Stock Unit Retainer[(3)] On the first business day of each fiscal year, non-employee directors receive an annual restricted stock unit award of $80,000 in equivalent value. The restricted stock unit award vests immediately upon issuance. If the non-employee director meets the Company's director stock ownership guidelines (in shares and share equivalents), payment of the award will be deferred automatically to the director's separation from service (or, if earlier, a change in control of the Company), unless an election is made by the director to settle and pay the award on an earlier permitted specified date, and such election is made prior to the last day of the deferral election period applicable to the award under Section 409A of the Internal Revenue Code. If the non-employee director has not met the Company's applicable stock ownership guidelines, then payment of the award will automatically be deferred until the director's separation from service, and no election for an earlier payment date will be allowed. For purposes of this paragraph, the determination of whether a director meets the stock ownership guidelines will be made as of December 31st of the calendar year immediately preceding the calendar year in which the applicable restricted stock unit award is granted. With respect to the restricted stock unit awards that were granted on November 1, 2016, no director elected for an earlier payment date.

Initial Restricted Stock Unit Grant On the date on which a non-employee director is first elected or appointed as a director, such director will be granted an annual restricted stock unit award that is pro-rated for the time served during the current fiscal year, from the director's date of election or appointment. These grants will immediately vest and will be settled and paid upon the earlier of the director's separation from service or a change in control of the Company. The pro-rated restricted stock unit award, as well as the first full restricted stock unit

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award granted to a newly appointed or elected director, is not eligible for any form of deferral or other payment timing election.

Expense Reimbursement Directors are reimbursed by the Company for their expenses relating to attendance at meetings.

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(1) Non-employee directors are permitted to defer all or any part of their cash retainers and fees under the Quanex Building Products Corporation Deferred Compensation Plan (the "DC Plan"). These deferrals are placed into notional accounts maintained under the DC Plan and are deemed invested in cash, units denominated in Common Stock, or any of the accounts available under the Company's qualified 401(k) plan, as the director elects. The number of units that are deemed invested in Company common stock units and credited to a director's notional account is equal to the number of shares of Common Stock that could have been purchased with the dollar amount deferred based on the closing price of the Common Stock on the New York Stock Exchange on the date the amount would have been paid for such share purchase. If a dividend or other distribution is declared and paid on Common Stock, for each notional common stock unit credited to a director's account a corresponding credit will be accrued in the director's notional matching account. All director deferrals are 100% vested. No payments may be made under the DC Plan until a distribution is permitted in accordance with the terms of the DC Plan. In the event of a "change in control" of the Company, any amount credited to a director's account is fully vested and is payable in cash within five days after the change in control occurs. A "change in control" is defined generally as (i) an acquisition of securities resulting in an individual or entity or group thereof becoming, directly or indirectly, the beneficial owner of 20% or more of either (a) the Company's then-outstanding Common Stock or (b) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors, (ii) a change in a majority of the persons who were members of the Board of Directors as of December 12, 2007 (the "Incumbent Board"), (iii) generally, a reorganization, merger, consolidation or sale of the Company or disposition of all or substantially all of the assets of the Company, or (iv) the approval by the stockholders of the Company of a complete liquidation or dissolution of the Company. For this purpose, an individual will be treated as a member of the Incumbent Board if he becomes a director subsequent to December 12, 2007, and his election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board; unless his initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or group other than the Board. All distributions under the DC Plan will be made in cash. Any deferral or payment permitted under the DC Plan is administered in a manner that is intended to comply with Section 409A of the Internal Revenue Code of 1986.

(2) Mr. Rupp serves as Chairman of the Nominating & Corporate Governance Committee, but has chosen to decline the Committee Chairman Fee related to that position.

(3) Restricted stock unit grants are issued from the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended.

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The table below shows the total compensation of our non-employee directors for the fiscal year ended October 31, 2017.

Name	Fees Earned or Paid in Cash(1) ($)	Stock Unit Awards(2) ($)	Option Awards(2) ($)	Change in Pension Value & Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation(4) ($)	Total ($)
Robert R. Buck	69,500	76,873			5,035	151,408
Susan F. Davis	71,250	76,873			6,584	154,707
LeRoy D. Nosbaum	75,750	76,873			2,567	155,190
Joseph D. Rupp	87,500	76,873			3,255	167,628
Curtis M. Stevens	76,250	76,873			4,674	157,797

(1)
Amounts shown reflect fees earned by the directors from Quanex Building Products Corporation during fiscal year 2017. During fiscal 2017, Messrs. Buck and Stevens and Ms. Davis elected to defer cash compensation of $69,500, $38,125 and $17,500, respectively, under the Quanex Building Products Corporation Deferred Compensation Plan in the form of notional units.

(2)
These columns show respectively, the aggregate grant date fair value for restricted stock units and stock options awarded in fiscal 2017 computed in accordance with FASB ASC Topic 718. There were no grants of stock options to non-employee directors during fiscal 2017. Director grants vest immediately and as such are expensed on the date of grant. A discussion of the assumptions used in computing the grant date fair values may be found in Note 15, "Stock-Based Compensation," included in the Company's audited financial statements on Form 10-K for the year ended October 31, 2017. These values reflect the Company's assumptions used to determine the accounting expense associated with these awards and do not necessarily correspond to the actual value that may be recognized by the directors.

The following table shows the grant date fair value of restricted stock units and option grants made during fiscal year 2017 as well as the aggregate number of restricted stock units and stock option awards outstanding for each non-employee director as of October 31, 2017:

	Restricted Stock Units			Stock Options		
	2017 Grants		Total Units	2017 Grants		Total Stock Options
Name	Grant Date	Grant Date Fair Value ($)	Outstanding as of October 31, 2017 (#)	Grant Date	Grant Date Fair Value ($)	Outstanding as of October 31, 2017 (#)
Buck	11/1/16	76,873	12,935	n/a		20,876
Davis	11/1/16	76,873	20,346	n/a		56,308
Nosbaum	11/1/16	76,873	16,046	n/a		35,398
Rupp	11/1/16	76,873	20,346	n/a		56,308
Stevens	11/1/16	76,873	16,046	n/a		35,398

(3)
The Company does not provide a pension plan for non-employee directors. None of the directors received preferential or above-market earnings on deferred compensation.

(4)
Amounts shown represent (a) dividends paid during fiscal 2017 on outstanding restricted stock units, and (b) equivalent dividends paid on phantom stock in the Deferred Compensation Plan for Ms. Davis and Messrs. Buck and Stevens of $3,329; $2,965; and $2,106, respectively.

Compensation Discussion and Analysis

Introduction

This section of the proxy describes the compensation paid to the executive officers listed in the Summary Compensation Table on page 37 of this Proxy Statement:

- William C. Griffiths Chairman, President and Chief Executive Officer ("CEO")
- George L. Wilson Vice President and Chief Operating Officer ("COO")
- Brent L. Korb Senior Vice President Finance and Chief Financial Officer ("CFO")
- Kevin P. Delaney Senior Vice President General Counsel and Secretary
- M. Dewayne Williams Vice President Controller

The compensation programs described, however, apply more broadly to other officers and management personnel at the Company, with changes as appropriate to reflect different levels and types of responsibility. The Company believes that this approach helps to align Quanex employees into a unified team committed to the Company's corporate objectives.

Business and Compensation Context

Strategic Repositioning and Fiscal 2017 Performance

Beginning in 2013, the Company embarked on a transformative strategy that began with the hiring of William Griffiths as CEO. Under Mr. Griffith's leadership, and with ongoing oversight from our Board of Directors, the Company's executive team began implementing a strategic transformation plan to improve profitability, increase free cash flow, and adjust the Company's portfolio of businesses and products to drive long-term shareholder value. These strategic actions included:

- Divested Nichols Aluminum, a rolled aluminum sheet business;
- Acquired HL Plastics, a vinyl window and door frame business;
- Acquired Woodcraft, a supplier of hardwood and manufactured cabinet doors and components; and
- Closed four plants and redeployed or retired related assets which were no longer in line with long-term financial goals.

These strategic initiatives, including the decision to become a "pure play" building products company, further added to our EBITDA, EBITDA Margin, and free cash flow and reinforced our strategy of value driven business units.

In fiscal 2017, we consciously exited over $80 million in revenue. These reduced volumes, in combination with operational inefficiencies, dampened profitability and resulted in underperformance on key financial goals. Despite this initial decline, cash flow continued to be strong and allowed us to reduce debt (net of capital leases) by over $45 million for the second consecutive year. Additionally, Total Shareholder Return for the year was 36%. Managing cost structure, maintaining a strong balance sheet, and providing meaningful returns to our shareholders are important elements of our strategy. The actions taken in 2017 are intended to position Quanex to further improve its profitability and cash flow in 2018.

The following graphs illustrate critical scope and financial metrics over the prior four-year period. They are presented on a pro forma basis to include the results of Nichols Aluminum (excluding a one-time gain on the sale of Nichols) to provide an understanding of the Company's execution on its strategic goals.

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Despite Falling Short on Targets in Fiscal 2017, the Strategic Actions taken Reflect our Focus on Investment for the Long Term.

Pro Forma Revenue and Pro Forma EBITDA Margin Performance

Pro Forma EBITDA, Free Cash Flow, and Pro Forma EBITDA Margin Performance

While revenue in fiscal 2017 ended below desired levels, EBITDA margin performance remained strong.

In combination with the decision to retire or redeploy assets in fiscal 2017, improvements in EBITDA and free cash flow fell short of Management's goals.

Financial Metric(1)	**Fiscal 2014(2)**	**Fiscal 2015(3)**	**Fiscal 2016**	**Fiscal 2017**
Revenue ($M)	$ 733	$ 646	$ 928	$ 867
Pro Forma EBITDA ($M)	$ 47	$ 61	$ 103	$ 96
Pro Forma EBITDA Margin	6.4%	9.4%	11.1%	11.1%
Free Cash Flow ($M)	$ (13)	$ 37	$ 49	$ 44

(1) For the periods presented above, a reconciliation of Pro Forma EBITDA to Net Income as reported by the Company and a reconciliation of Free Cash Flow to Cash Provided by Operating Activities as reported by the Company, are included in *Annex A* to this Proxy Statement. Free Cash Flow is defined as cash provided by operations less capital expenditures.

(2) Fiscal 2014 includes $137 million of Revenue and $38 million of EBITDA attributable to Nichols Aluminum. Fiscal 2014 EBITDA excludes a one-time gain on the sale of Nichols in the amount of $39 million.

(3) Fiscal 2015 includes no Revenue and $1 million of EBITDA attributable to Nichols Aluminum.

Despite underperformance on key financial metrics in 2017, since 2014, EBITDA has more than doubled (from $47 million to $96 million), and Free Cash Flow has grown significantly (from $(13) million to $44 million).

Realized Pay and Shareholder Alignment

The effect of the strategic repositioning has meaningfully reduced realized pay for our executives during this time frame. The following chart illustrates the relationship between the CEO's target and realized pay to the Company's total shareholder return between fiscal 2014 and fiscal 2017.

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Note: Target pay includes base salary; target bonus; and the grant date value of options, restricted stock, cash-based performance units, and performance shares for the applicable period. Realized pay includes base salary, bonus payout, in-the-money value of stock options based on the October 31, 2017 stock price, the value of restricted stock granted during the period based on the October 31, 2017 stock price, and the value of cash-based performance units and performance shares paid out during the period. Revenue reflects the Company's fiscal year end revenue for each applicable year. Fiscal 2014 Revenue includes $137 million attributable to Nichols Aluminum.

The following table shows the payouts (as a percentage of target) for the Company's annual incentive award program ("AIA") and performance awards under the Company's Long-Term Incentive Plan. Over the past five years, incentive plan payouts have been responsive to Company performance on average, payouts under the AIA and long-term performance award have been approximately 51% of target and 42% of target, respectively.

	Payout (as a % of target)				
Award Type	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
AIA	0.0%	78.5%	92.8%	81.4%	0.0%
Perf. Award	0.0%	0.0%	66.8%	100.0%	41.0%

In fiscal 2017, we did not earn a payout under the AIA and earned below target on the long-term performance award, consistent with our performance on goals during the year. Mr. Wilson earned a pro rata payout related to his prior service as a division president.

Responding to Shareholders: Changes for 2018

In line with our commitment to align pay and performance, we undertook careful analysis of the value drivers of our business in relation to our compensation arrangements. As a result, decisions were made to change our compensation programs for fiscal 2018. The Committee believes that the decisions

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made to our program going forward demonstrate our ongoing commitment to align executive compensation with stockholder interests and encourage value creation at Quanex. Although these changes are discussed here, the full impact of these decisions will be reflected in 2018 pay and in next year's proxy statement. These recent changes include the following:

- Held target compensation levels flat for executives, with the exception of a 3% market adjustment for the VP-Controller;
- Replaced EBITDA with Modified Free Cash Flow under the AIA to reflect our commitment to stronger cash flow generation;
- Replaced stock options with Performance Restricted Stock Units ("PRSU"), resulting in an LTI mix that is 75% performance-based; and
- Changed executive LTI target values to be expressed as dollar amounts rather than a percentage of salary.

Compensation Best Practices

We use traditional compensation elements of base salary, annual incentives, long-term incentives, and employee benefits to deliver attractive and competitive compensation. We benchmark both compensation and Company performance in evaluating the appropriateness of pay. All of our executive pay programs are administered by an independent compensation committee, with assistance from an independent consultant. Some highlights to our executive compensation program include the following actions:

What We Do	What We Don't Do
Link annual incentive compensation to the achievement of an objective pre-established performance goal.	No tax gross ups for new executive officers.
Provide 50% of our long-term compensation in the form of Performance-Based Long-Term Incentives.	We do not allow hedging or pledging of Company stock.
Target the market median for all elements of compensation.	No "single-trigger" change in control cash payments.
Apply robust minimum stock ownership guidelines.	No excessive perquisites.

Maintain a clawback policy.

Use and review compensation tally sheets.

Evaluate the risk of our compensation programs.

Use an independent compensation consultant.

Seek to optimize deductibility of performance-based compensation.

Compensation Objectives

We design our executive compensation program to further our corporate goal of paying for performance. Our compensation plan and pay strategy focus on and are intended to influence the

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profit margins of our businesses, cash flow generation, returns to stockholders and efficient management of our operations.

Our specific objectives and related plan features include:

Objectives	How We Meet Our Objectives
Attract and retain effective leadership	We provide a competitive total pay package, taking into account base salary, incentives, benefits, and perquisites for each executive.
	We regularly benchmark our pay programs against the competitive market, comparing both fixed and variable, at-risk compensation that is tied to short- and long-term performance; we use the results of this analysis as context in making pay adjustments.
	Our plans include three-year performance cycles on long-term incentive awards, three-year vesting schedules on equity incentives, and career-weighted vesting on our supplemental retirement plan to motivate long-term retention.
	We compete effectively for the highest caliber people who will determine our long-term success.
Motivate and reward executives for achieving specific financial goals	We offer a compensation program that focuses on variable, performance-based compensation (through Annual and Long-Term Incentive Awards).
	Specific financial performance measures used in the incentive programs include:
	Fiscal 2017 Annual Incentive Awards (AIA) used a corporate scorecard based on 100% Earnings Before Interest, Taxes, Depreciation and Amortization and other, net (EBITDA), taking into account operational and strategic goals, provided the Company achieves the initial performance hurdle of positive operating income (excluding any amounts attributable to corporate). Fiscal 2018 AIA replaces EBITDA with Modified Free Cash Flow.
	Performance Share awards use compounded Earnings Per Share (EPS) Growth to motivate long-term focus on bottom-line performance, Relative Total Shareholder Return (TSR) to reward executives for performance compared to the market, and Return on Invested Capital (ROIC) to encourage effective capital deployment.
Create a strong financial incentive to meet or exceed	

long-term financial goals and build long-term value	We link a significant part of total compensation to Quanex's financial and stock price performance over 70% of our compensation mix is performance-based.
	We deliver 50% of long-term incentives in the form of performance-based equity compensation.
	For SVPs and above, long-term compensation opportunities are weighted to deliver more than two times the target short-term incentive opportunity, resulting in a significant portion of our total compensation delivered in the form of long-term incentives.

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Objectives	How We Meet Our Objectives
Align executive and shareholder interests	In order to emphasize long-term shareholder returns, we require significant Quanex stock ownership among executives through the use of stock ownership guidelines.
	The ultimate value of our annual equity grants is driven by stock price performance over the grant date value.

Competitive Positioning

Fiscal 2017

The Compensation Committee annually examines the level of competitiveness and continued appropriateness of our executive compensation program. For fiscal 2017, the Company examined the previous comparator group for benchmarking compensation and determined to transition from a reference group approach to a peer group approach comprised of the Company's direct industry peers. For fiscal 2017, Quanex used comparative compensation data from a group of sixteen direct industry companies, referred to in this CD&A as the "Peer Group," as a point of reference in designing and setting its compensation levels. The Peer Group consists of companies selected on criteria including size, complexity, revenue, market capitalization, risk profile, asset intensity, margins, and industrial application of the primary business. The Compensation Committee reviewed and approved the following companies to be included in the Company's fiscal 2017 peer group:

AAON Inc.	LCI Industries (formerly known as Drew Industries, Inc.)	PGT, Inc.
American Woodmark Corp.	Louisiana-Pacific Corp.	Ply Gem Holdings Inc.
Apogee Enterprises Inc.	Masonite International	Simpson Manufacturing Inc.
Continental Building Products	NCI Building Systems Inc.	Trex Company, Inc.
Gibraltar Industries Inc.	Patrick Industries Inc.	Universal Forest Products Inc.
Griffon Corporation		

The following 18 companies were included in the fiscal 2016 Reference Group but removed from the fiscal 2017 Peer Group: A.M. Castle & Co., Actuant Corp., Albany International Corp., Astec Industries Inc., Builders FirstSource Inc., CLARCOR Inc., Compass Minerals International Inc., Eagle Materials Inc., Encore Wire Corp., EnPro Industries Inc., Graco Inc., H&E Equipment Services Inc., Headwaters Inc., Nordson Corp., Nortek Inc., Olympic Steel Inc., Superior Industries International, and Watts Water Technologies Inc.

Frederic W. Cook & Co., Inc. ("FW Cook"), an independent compensation consultant to the Compensation Committee, used the Peer Group pay information, along with manufacturing and general industry survey data, to develop the appropriate range of compensation for each executive position. FW Cook also prepared an independent analysis of our key performance indicators such as profitability, growth, capital efficiency, balance sheet strength, and total return to stockholders compared to our sixteen industry peers. These results were then reported to the Compensation Committee in order to provide a thorough picture of the competitiveness of pay in the context of our performance as compared with that of our peers. While the Compensation Committee uses this analysis to help frame its decisions on compensation, it uses its collective judgment in determining executive pay. The Compensation Committee exercises discretion in making compensation decisions based on the following inputs: its understanding of market conditions, its understanding of competitive pay analysis, recommendations from the CEO regarding his direct reports, the Committee's overall evaluation of the executive's performance, and our overall compensation strategy.

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Changes for Fiscal 2018

For fiscal 2018, the Company added one company, Insteel Industries, to the peer group. The following seventeen companies comprise the fiscal 2018 peer group:

AAON Inc.	Insteel Industries	PGT, Inc.
American Woodmark Corp.	LCI Industries	Ply Gem Holdings Inc.
Apogee Enterprises Inc.	Louisiana-Pacific Corp.	Simpson Manufacturing Inc.
Continental Building Products	Masonite International	Trex Company, Inc.
Gibraltar Industries Inc.	NCI Building Systems Inc.	Universal Forest Products Inc.
Griffon Corporation	Patrick Industries Inc.	

Program Description

Our executive compensation program is a traditional design structure that has been customized to suit the business and organizational objectives of the Company. It includes base salary, annual cash incentive compensation, long-term incentives and executive benefits. Our fiscal 2017 long-term incentive program consisted of stock option grants, restricted stock grants, and performance share awards. The amount of pay that is performance-based for an executive is directly related to the level of responsibility held by the position; accordingly, our highest ranked executive has the most performance-based pay as a percentage of total compensation. We attempt to set realistic but challenging goals in our annual incentive and performance share plans. In both cases, if we fail to meet the pre-determined standards, no plan-based compensation is earned by executives.

We evaluate the various components of compensation annually relative to the competitive market for prevalence and value. By setting each of the elements against the competitive market within the parameters of our compensation strategy, the relative weighting of each element of our total pay mix varies by individual. We do not set fixed percentages for each element of compensation. The mix may also change over time as the competitive market moves or other market conditions which affect us change. We do not have and do not anticipate establishing any policies for allocating between long-term and currently paid compensation, or between cash and non-cash compensation. We have a process of assessing the appropriate allocation between these elements of compensation on a periodic basis and adjusting our position based on market conditions and our business strategy.

Base Salary

Purpose: This pay element is intended to compensate executives for their qualifications and the value of their job in the competitive market.

Competitive Positioning: The Company's goal is to target the market median as our strategic target for base salary. We review each executive's salary and performance every year to determine whether base salary should be adjusted. Along with individual performance, we also consider movement of salary in the market, as well as our financial results from the prior year to determine appropriate salary adjustments.

While the Compensation Committee applies general compensation concepts when determining the competitiveness of our executives' salaries, the Compensation Committee generally considers base salaries as being competitive when they are within approximately 10% of the stated market target (in this case, the market 50^{th} percentile). In the most recent analysis using both our comparator group and general industry data, the salaries for our named executive officers ranged from 82% to 107% of the market 50^{th} percentile.

Fiscal 2017 Review: In December 2016, the Compensation Committee decided to maintain current base salaries based on the Company's relative position to the market and overall stockholder return.

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Mr. Wilson's base salary was determined in connection with his promotion to COO in August 2017. The table below provides base salaries for fiscals 2016 and 2017:

Name and Principal Position	Fiscal 2016 Base Salary	Fiscal 2017 Base Salary	Base Salary Increase
William C. Griffiths Chairman, President and CEO	$ 815,000	$ 815,000	0%
George L. Wilson(1) Vice President and COO	$ 327,000	$ 450,000	38%
Brent L. Korb Senior Vice President Finance and CFO	$ 418,000	$ 418,000	0%
Kevin P. Delaney Senior Vice President General Counsel and Secretary	$ 375,000	$ 375,000	0%
M. Dewayne Williams Vice President Controller	$ 232,000	$ 232,000	0%

(1) Mr. Wilson's fiscal 2016 base salary reflects his rate as Division President prior to his promotion to COO.

Changes for Fiscal 2018: In October 2017, the Compensation Committee decided to maintain current base salaries, as set forth above, based on the Company's relative position to market.

Annual Incentive Awards (AIA)

Purpose: This element of compensation is intended to reward executives for the achievement of annual goals related to key business drivers. It is also intended to emphasize to executives the key business goals of the Company from year to year.

Competitive Positioning: The Company's strategy is to target the market median for annual incentives for performance that meets expected levels. We have established the range of possible payouts under the plan so that our competitive position could be above or below our stated strategy based on performance outcomes. Our most recent analysis showed our named executive officers to be in a range of 81% to 108% of the market median on target total cash compensation.

Plan Mechanics: The Company's 2008 Omnibus Incentive Plan, as amended in 2011 and 2014 (the "Omnibus Plan") serves as the governing plan document for our AIA. The AIA is a goal attainment incentive plan design that pays target award levels for expected performance results.

Fiscal 2017: The AIA emphasizes earnings and informed decision making with regard to the Company's operational and strategic goals. To integrate the goals of the AIA throughout the Company, the annual incentive program participation includes the top leaders of all of our domestic business divisions. We believe this is necessary in order to align managers throughout the organization with this incentive structure. The plan design requires the Company (excluding any amounts attributable to corporate) to have positive operating income in order for any Annual Incentive Awards to be paid out. If the performance hurdle is met, then the bonus pool for all Annual Incentive Awards is funded at the maximum bonus opportunity level.

Rigorous Goals: If funded, the Compensation Committee will assess performance against the fiscal 2017 corporate scorecard weighted 100% on EBITDA. The Company set rigorous performance expectations based on the forecasted results of the operating divisions and the projected markets for

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building products. The Committee established performance goals for fiscal 2017 that require the Company to at least perform at last year's levels to earn a payout.

Target Award Levels: Based on competitive market practices for annual incentives, and our compensation strategy, we set a target award opportunity for each of our executives. This is the amount of incentive compensation the executive can earn when performance meets expected results, or "target." The table below reflects the payout percentage of a named executive's base salary at the threshold, target and maximum levels of performance for fiscal 2017.

Potential AIA Payout
Expressed as a % of Salary

Participant	**Threshold**	**Target**	**Maximum**
CEO	50%	100%	200%
COO	37.5%	75%	150%
CFO	32.5%	65%	130%
GC	30%	60%	120%
VP-Controller	25%	50%	100%

Fiscal 2017 Results: For fiscal 2017, the performance hurdle of positive operating income (excluding corporate) was met, with the Company having earned operating income of $34.4 million. Once the hurdle was met and the plan was funded, the Compensation Committee determined the incentive payouts. The primary metric for the AIA scorecard considered by the Compensation Committee was the Adjusted EBITDA target of $111.8 million. The Committee adjusted EBITDA results by factoring in the effect of foreign exchange rates, LIFO, stock based compensation, restructuring related costs, loss on sale, and transaction related costs. The Company achieved adjusted EBITDA of $98.5 million, which resulted in an AIA achievement of 0% of target payment for the officers. Mr. Wilson earned a payout equal to 81% of target, based on his role as Division President of IG Systems for the first nine months of the fiscal year, and a 0% of target payout based on his role as COO for the last three months of the fiscal year. The AIA achievement resulted in payments to participants as follows:

Participant	**Target %** **(as a % of salary)**	**Achieved %** **(as a % of salary)**
CEO	100%	0%
COO	60%	30%
CFO	65%	0%
GC	60%	0%
VP-Controller	50%	0%

Fiscal 2018 Changes: For fiscal 2018, the Compensation Committee replaced the EBITDA metric in the AIA with Modified Free Cash Flow. Modified Free Cash Flow is defined as EBITDA minus change in accounts receivable, inventory, and accounts payable minus capital expenditures.

The fiscal 2018 scorecard will be weighted 100% on Modified Free Cash Flow. We believe that the use of a single financial measure helps focus the management team on operational excellence and profitability. The plan will continue to use positive operating income (excluding any amounts attributable to corporate) as the initial performance hurdle.

AIA participant target payout percentages will remain the same for fiscal 2018.

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Long-Term Incentive Compensation

Purpose: We have a long-term incentive program designed to help align the interests of executive management with shareholders and reward executives for the achievement of long-term goals. Long-term incentives are also critical to the retention of key employees and provide executives an opportunity for personal capital accumulation. For these reasons we have placed more value on the long-term incentive element of compensation than on other elements. The result is that this element of compensation represents at least half of the named executive officers' total direct compensation.

Competitive Positioning: In 2016, we evaluated the long-term incentive philosophy and made modifications in order to target the 50th percentile of the market. In our most recent analysis versus the market, we found that the named executive officers' competitive positioning is within approximately 10% of the market 50th percentile. The individual performance of each named executive officer is not considered in the value of the long-term incentive awards granted. Since the goals are set prospectively, the Company's financial performance determines the ultimate value of the award.

Participation: Participation in the program includes the named executive officers and certain key contributors to the business and is determined based on competitive practices as well as our assessment of which positions contribute to long-term value creation.

Target Award Levels: In order to align with our market strategy of targeting the 50th percentile, we have maintained the dollar value of target awards for the CEO, CFO, and GC. Target awards for our VPs are determined based on a percent of salary. The following LTI targets were established for the executives for fiscal 2017:

Participant	LTI Target
CEO	$2,145,000
VP COO	200% of base salary
CFO	$700,000
GC	$594,000
VP Controller	70% of base salary

Fiscal Year 2017 Long Term Incentive Program Design

Vehicles and Goals

The Company's fiscal 2017 program consisted of a combination of stock options, performance shares and restricted stock. The allocation between the long-term incentive vehicles is determined by the Compensation Committee based on market information provided by its compensation consultant, as well as input from senior management regarding the key business drivers that allow for the continuation of a results-oriented culture. The Omnibus Plan does not provide for any specific subjective individual performance component in determining the ultimate value of the award. The following chart illustrates the fiscal 2017 allocation of long-term incentives by vehicle type.

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Stock Options

Options to purchase company stock comprised 25% of our long-term incentive target value for fiscal 2017 and provide executives the opportunity to share in the increase in stock value over time. They provide an element of compensation that varies along with changes in stock price over time. These awards also offer our executives the opportunity to accumulate value (if the Company's stock appreciates) since the growth in value occurs over a long period of time (up to 10 years), and gains from that growth are not taxed until such time as the options are exercised. Since we generally use ratable vesting over three years for each award, stock options also serve a meaningful role in the retention of our key employees.

Our stock options are granted at the fair market value closing price on the date of grant, have a term of ten years, and generally vest ratably over a three-year period.

Restricted Stock

Restricted stock represents 25% of the participant's long-term incentive value. We chose 25% of the total value because it provides meaningful retentive value to our key executives, helps smooth out market volatility, and is cost efficient. The restricted stock awards vest three years after the award is granted, so long as the participant remains employed by us. We believe restricted stock awards are an effective long-term compensation vehicle through which key employees can be retained, especially through volatile periods in the market.

Performance Shares

Performance shares represent 50% of each participant's long-term incentive value. Performance shares are payable 50% in cash and 50% in stock and are intended to motivate executives to achieve preset goals that are in line with critical business drivers. These awards also provide an incentive for executives to outperform peer companies as measured by relative total shareholder return.

We set target award values for each year. These target award values are used to calculate the number of performance shares granted to each executive. The final number of shares to vest is not determined until the end of a three-year performance cycle and is based on Earnings Per Share Growth (or "EPS Growth") and Relative Total Shareholder Return (or "Relative TSR"). Each goal is weighted 50% of the total performance share award. As part of our emphasis on performance-based long-term

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incentives, new for 2017, the payouts under these metrics are subject to a modifier based on Return on Invested Capital ("ROIC") improvement.

EPS Growth is measured as the cumulative value of EPS over the three-year performance period, Relative TSR is expressed as the stock price appreciation plus dividends reinvested relative to appreciation of our peer group, and ROIC performance is measured as the Company's absolute improvement over the three-year performance period. ROIC is defined as net operating profit after taxes divided by average invested capital. Net operating profit after taxes is defined as earnings from continuing operations plus after-tax interest and amortization expense. Average invested capital is defined as the sum of the average debt and shareholders' equity for the year. ROIC excludes other comprehensive loss, goodwill impairments and non-economic accounting changes, as they are not reflective of our operating performance. Modifier payouts can range from 0% to 50% of target, but no modifier will be applied if the Company does not reach at least threshold performance on the EPS Growth and Relative TSR metrics. Performance shares will continue to be capped at 200% of target. The goals for EPS Growth and Relative TSR are listed below:

			Performance Share Modifier		
Milestones	**Relative Total Shareholder Return Percentile**	**3-Yr. Cumulative Compounded Annual EPS Growth %**	**R-TSR (50% Weighting)**	**EPS (50% Weighting)**	**Total**
Maximum	75%	12%	100%	100%	200%
Target	60%	9%	50%	50%	100%
Threshold	30%	6%	37.5%	37.5%	75%

To measure performance for the fiscal 2017 grant, the three-year cumulative compounded EPS growth will be applied to the starting value of $0.80 per share, which was derived from historical EPS, adjusted for the pro forma results of businesses acquired, restructuring and goodwill impairment charges, less certain transaction costs.

Fiscal 2017 Long-Term Incentive Grants

The number of long-term incentive awards granted during fiscal 2017 was determined by: (1) taking 25% of the participant's target award value and dividing it by the calculated Black-Scholes value of a Quanex stock option to determine the number of options, (2) taking 25% of the participant's target award value and dividing it by the 10-day average closing stock price between October 18, 2016 and October 31, 2016 to determine the number of restricted stock awards and (3) taking 50% of the participant's target award value and dividing it by the 10-day average closing stock price between October 18, 2016 and October 31, 2016 to determine the number of performance shares. The equity grant calculations apply an average stock price based on the last 10 trading days in October 2016. For more information related to long-term incentive awards granted during fiscal 2017, please see the table entitled "Grants of Plan Based Awards" located on page 40 of this Proxy Statement.

Previously Awarded Performance Shares

Fiscal 2015 Performance Shares

The performance shares awarded to our executives in December 2014 (the "Fiscal 2015 Performance Shares") became payable to executives in December 2017, with a final value determined by the Company's performance period for fiscal 2015 through fiscal 2017. Performance measures and goals for the Fiscal 2015 Performance Shares included EPS Growth and Relative TSR, each weighted 50% of the total performance share award. EPS Growth is measured as the cumulative value of EPS over the three-year performance period, and Relative TSR is expressed as the stock price appreciation plus dividends reinvested relative to appreciation of our peer group. Relative TSR is determined by calculating the change in the value of our stock plus the value of dividends and comparing that value

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with that of our peer group. Our performance against these pre-established goals determined the payout to executives within a range from threshold to maximum. The pre-established goals and the actual performance to these goals are set forth below.

Milestones	Relative TSR Percentile	3 yr. EPS Growth(1) Cum.	Percent	Performance Share Modifier R-TSR (50% weighting)	EPS (50% weighting)	Total
Performance Measures:						
Maximum	75%	$ 0.83	12%	100%	100%	200%
Target	60%	$ 0.79	9%	50%	50%	100%
Threshold	30%	$ 0.74	6%	37.5%	37.5%	75%
Actual Performance	0%	$ 0.75	6.7%	0%	41%	41%

(1) Three Year EPS Growth was determined by using a base year value of $0.22, which represents the fiscal 2014 reported EPS.

For the Fiscal 2015 Performance Shares, the total actual payout was equal to 41% of target as a result of earning 82% of target associated with EPS Growth and 0% of target associated with relative TSR. Actual payout amounts for each named executive officer were as follows:

Officer	Fiscal 2015 Performance Shares Granted (#)	EPS Growth Total Payout ($)	EPS Growth Total Shares Granted (#)	R-TSR Total Payout ($)	R-TSR Total Shares Granted (#)	Cash Paid for Accumulated Dividends during Performance Period ($)	Total Payout ($)	Total Shares Granted (#)
Griffiths	53,600	243,494	10,988			10,549	254,043	10,988
Wilson	7,000	31,800	1,435			1,377	33,177	1,435
Korb	17,500	79,499	3,588			3,444	82,943	3,588
Delaney	14,800	67,233	3,034			2,913	70,146	3,034
Williams	3,900	17,717	800			767	18,484	800

Fiscal 2018 Long-Term Incentive Grants

At the Compensation Committee's December 2017 meeting, the Compensation Committee elected to change the Company's LTI plan design from an LTI mix of 25% stock options, 25% restricted stock and 50% performance shares to 25% performance restricted stock units, 25% restricted stock and 50% performance shares. The new LTI design will be 75% performance-based. Other than the replacement of stock options with performance restricted stock units, the design of the LTI plan is the same as in fiscal 2017. The following charts illustrate the change in the allocation of long-term incentives by vehicle type for fiscal 2018.

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Fiscal 2018 Performance Restricted Stock Units

The fiscal 2018 performance restricted stock units (PRSU) can be earned based on absolute total shareholder return over the three-year performance period. The PRSUs will be settled 100% in equity. In order for executives to receive a target payout, the Company must have absolute TSR improvement of 20%. The table below illustrates the number of shares that will vest based on the Company's absolute TSR under the PRSU awards. Performance will be interpolated for any results in between threshold and target or target and maximum.

Milestones	Absolute Total Shareholder Return Performance	Performance Restricted Stock Units Modifier
Maximum	≥ 50%	150%
Target	20%	100%
Threshold	20%	50%

Fiscal 2018 Performance Shares

The fiscal 2018 performance shares will continue to include EPS Growth and Relative TSR, each weighted 50%, with a modifier based on absolute ROIC improvement. Modifier payouts can range from 0% to 50% of target, but no modifier will be applied if the Company does not reach at least threshold performance on the EPS Growth and Relative TSR metrics. Performance shares will continue to be capped at 200% of target.

			Performance Share Modifier		
Milestones	Relative Total Shareholder Return Percentile	3-Yr. Cumulative Compounded Annual EPS Growth %	R-TSR (50% Weighting)	EPS (50% Weighting)	Total
Maximum	75%	12%	100%	100%	200%
Target	60%	9%	50%	50%	100%
Threshold	30%	6%	37.5%	37.5%	75%

For fiscal 2018, the three-year cumulative compounded EPS growth will be applied to the starting value of $0.58 per share, which is the pro forma EPS for fiscal 2017, excluding transaction costs.

The foregoing goals are not intended to and do not reflect guidance by or expectations of the Company as to actual results. These goals are part of an overall compensation program designed,

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among other things, to align executive compensation with the market's reasonable expectations of performance and shareholder returns.

LTI Targets

For fiscal 2018, we will continue to target the market median for long-term incentives. Our review of market conditions for fiscal 2018 indicated no change to target LTI values as compared to last year with the exception of the VP Controller. The Committee chose to raise the LTI value for the VP Controller to $175,000. In addition to holding target LTI values flat, we have maintained the dollar value of target awards for the VPs. This practice has been used for the CEO, CFO, and GC since fiscal 2016. The following table shows the LTI targets for the executives.

Participant	LTI Target
CEO	$ 2,145,000
VP COO	$ 900,000
CFO	$ 700,000
GC	$ 594,000
VP Controller	$ 175,000

Processes and Procedures for Determining Executive Compensation

Guided by the principal objectives described above, the Compensation Committee approves the structure of the executive compensation program and administers the programs for our executive officers, including matters where approval by our independent Compensation Committee members is appropriate for tax or regulatory reasons. The following describes the roles of key participants in the process.

The Role of Executives

Our Chief Executive Officer is the only executive who works with the Compensation Committee and compensation consultant in establishing compensation levels and performance targets. Our Chief Executive Officer is responsible for reviewing the compensation and performance of the other executive officers and, as such, makes recommendations to the Compensation Committee regarding adjustments in compensation to such executive officers. The Compensation Committee considers the Chief Executive Officer's recommendations along with the Committee's own evaluation of individual and business performance and the market data provided by its compensation consultant. In making recommendations, the Chief Executive Officer relies upon his evaluation of his direct reports' performance and competitive compensation information. The Chief Executive Officer does not recommend his own compensation. The Chief Executive Officer recommends AIA performance goals to the Compensation Committee. The Chief Executive Officer, with input from the compensation consultant, recommends performance goals for long-term incentive awards that are properly aligned with the business goals and compensation strategy.

Our Senior Vice President General Counsel and Secretary serves as the liaison between the compensation consultant, the Compensation Committee, and the Governance Committee. In this role, he interfaces with the compensation consultant to carry out the duties of the Compensation Committee and Governance Committee.

The Role of Independent External Advisors

To facilitate the formulation and administration of our compensation program, the Compensation Committee has retained Frederic W. Cook & Co., Inc. ("FW Cook") since July 2012 as its independent consultant on executive compensation matters. FW Cook helps the Compensation Committee assess the

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competitiveness and appropriateness of compensation programs throughout the market, including our peers, and develop a compensation program that is consistent with our objectives and market conditions. FW Cook meets with our Compensation Committee in executive sessions and advises the Compensation Committee with respect to a wide range of issues related to executive compensation. The Compensation Committee authorizes the scope of services that it desires FW Cook to provide for the Company, including reviewing and analyzing market data, evaluating our comparator group composition, making recommendations for incentive system designs, providing market and regulatory updates, assisting with deliberations related to CEO compensation, reviewing any relevant information and reporting to the Compensation Committee on all aspects of our compensation programs. FW Cook reports directly to, and takes its charge from, the Compensation Committee. However, the Compensation Committee does not specifically direct the manner in which FW Cook performs the scope of services it provides to the Company. Additionally, the Compensation Committee makes all final decisions regarding compensation.

Independence of Advisors

The Compensation Committee reviewed the independence of FW Cook based on the NYSE rules for independence which include the following factors: (i) the provision of other services to the Company by FW Cook; (ii) the amount of fees from the Company paid to FW Cook as a percentage of FW Cook's total revenue; (iii) the policies and procedures of FW Cook that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the individual compensation advisors who serve the Committee with any member of the Committee; (v) any stock of the Company owned by such individual compensation advisors, and (vi) any business or personal relationship of FW Cook or the individual compensation advisors who serve the Committee with an executive officer of the Company. The Compensation Committee also reviewed FW Cook's policies for avoiding conflicts of interest. The Compensation Committee has determined, based on its analysis of the factors listed above, that the work of FW Cook and the individual compensation consultants employed by FW Cook does not create any conflicts of interest and that FW Cook meets the NYSE standards for independence.

The Role of the Compensation & Management Development Committee

The Compensation Committee currently comprises three non-employee independent directors. The Compensation Committee's duties in administering executive compensation programs include the following:

- Review and approve the Company's overall total compensation policy.
- Review and evaluate Company performance against pre-established performance metrics.
- Establish the annual total compensation paid to officers and key executives, including base salary, annual incentive, and long-term incentives.
- Regularly review and approve all employment agreements and severance arrangements for the executive officers.
- Review the Company's Compensation Discussion and Analysis disclosure.

The Compensation Committee determines the Chief Executive Officer's salary and incentive awards based upon an assessment of individual and Company performance, as well as market data provided by the compensation consultant. The Compensation Committee may form and delegate duties to subcommittees when appropriate. A more expansive list of the Compensation Committee's responsibilities can be found in its charter, which can be viewed on our website at *www.quanex.com*.

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Post-Employment Compensation

Severance and change in control benefits are provided under the employment agreements of our executives, as well as under our incentive plans. These benefits are discussed at greater length in the section entitled "*Employment Agreements and Potential Payments upon Termination or Change in Control*" on page 31 of this Proxy Statement.

Since 2013, the Company has maintained a policy to no longer provide excise tax gross up benefits to any new executives in the event of a change in control termination.

Deferred Compensation Plan

The Company has a nonqualified deferred compensation program that gives executives the opportunity to defer income. As with our various other plans and programs, this deferral opportunity is designed to attract and retain key executives.

The deferred compensation program is administered by the Compensation Committee. Before eligible employees can participate, they must first receive a recommendation from our senior managers and then final approval by the Compensation Committee. Participants in the program may choose to defer up to 100% of their annual and long-term incentive bonuses. Participants may choose from a variety of investment choices in which the Company will invest their deferrals over the defined deferral period.

Executive Benefits

Purpose: The role of executive benefits is to provide financial security, enhanced employee welfare, and competitive packages that are meaningful in the markets for which we compete for executive talent. These programs provide post retirement income, and in some cases, additional benefits in place of those that would otherwise be lost due to plan limits imposed by the Internal Revenue Code.

Competitive Positioning: Our executive benefits strategy is to provide meaningful yet cost-efficient benefits to executives at a level that aligns with our desired competitive positioning of the market median. We provide executives with health and welfare benefits that are consistent with our program for exempt personnel generally. Supplemental retirement and supplemental life benefits are also provided to our officers.

Program Elements:

Retirement and other benefits. Our executives participate in the Company's defined benefit pension plan, 401(k) defined contribution retirement plan, and supplemental executive retirement plans. Executives also receive company contributions under our 401(k) plan, a 15% match under our employee stock purchase program (ESPP) and dividends on unvested restricted stock. The Company previously provided a 20% match under the deferred compensation plan, but that benefit was suspended on April 1, 2009.

Life insurance benefits. Our executives participate in Company provided life insurance, the amount of which takes into consideration age and/or income. Our executives also have the opportunity to purchase supplemental life insurance.

Perquisites. We provide our executives with certain perquisites which help us compete for executive talent, and in some cases, allow our executives to devote more attention to the business of the Company. Certain perquisites have been grandfathered and not all executives are provided the same. The various perquisites include executive life insurance, financial and tax

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planning, automobile allowances, and club memberships. The Compensation Committee eliminated tax gross-up payments on perquisites, effective December 31, 2009.

Other Compensation Items

Clawback Provision (Recovery of Incentive Payments)

We have a policy to enable the Board, in its judgment and to the extent permitted by governing law, to require reimbursement of any cash bonus or performance shares paid to an executive where (a) the value of the award was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, and (b) a lower payment would have been made to the executive based on the restated financial results. In each instance, the Company may seek to recover that portion of the affected executive's annual and/or long-term incentive payments that is higher than the payment that would have originally been paid. No reimbursement will be required if such material restatement was caused by or resulted from any change in accounting policy or rules. In addition, we have amended our performance based award agreements to facilitate a transition to new SEC and stock exchange requirements when they are finalized.

Risk Assessment

In fiscal 2017, the Compensation Committee discussed and analyzed risks associated with the Company's compensation policies and practices for executive officers and all employees generally. This discussion included, but was not limited to, topics such as eligibility, affordability, retention impact, corporate objectives, alignment with shareholder interests, governance, and possible unintended consequences. The Compensation Committee did not identify any risks arising from the Company's compensation programs or practices that are reasonably likely to have a material adverse effect on the Company.

Executive Stock Ownership Guidelines

We encourage our executives to own our Common Stock because we believe such ownership provides strong alignment of interests between executives and shareholders. Our executive stock ownership guidelines provide that different levels of executives are expected to own a specific value of our Common Stock, expressed as a percentage of salary. The stock ownership requirement for the current CEO is effective five years after assuming his role. For other executives, the stock ownership requirement is effective three years after assuming their respective roles. The chart below shows the guidelines by executive level.

Level	Typical Executive Position	Stock Ownership Goal
1	CEO	4x Base Salary
2	COO	2.5x Base Salary
3	SVP	2x Base Salary
4	VP	1x Base Salary

All of our named executives currently are in compliance with the executive stock ownership guidelines.

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Timing of Certain Committee Actions

The Compensation Committee schedules actions related to executive pay to coincide with its regularly scheduled Board meetings in October and December:

Executive Compensation Element	Action Item
Base Salaries	Review and/or adjust based on market review
Short-Term Incentives	Determine year-end results and approve payouts
	Set goals for upcoming year
Long-Term Incentives	Determine performance results and approve long-term plan's payouts
	Set goals for long-term plan's next three-year performance cycle
	Determine and approve equity awards, including stock options and restricted stock awards

Compensation decisions related to promotions or new hire awards are addressed on an individual basis, at the time the executive is promoted or first joins the Company.

Accounting Considerations and Tax Deductibility of Executive Compensation

In designing compensation programs, we consider the effects that accounting and taxation may have on us, the named executive officers or other employees as a group. We account for compensation arrangements in accordance with FASB ASC Topic 718. All share based payments to employees are measured at fair value on the date of grant and recognized in the statement of operations as compensation expense over their requisite service periods.

Section 162(m) of the Internal Revenue Code provides that we may not deduct for federal income tax purposes compensation of more than $1,000,000 paid in any year to the Chief Executive Officer or any of the three other most highly compensated executive officers, excluding the Chief Financial Officer, unless the compensation is paid solely on the attainment of one or more pre-established objective performance goals and certain other considerations are met. Under the terms of our annual cash bonus program and performance unit and performance share programs, the Compensation Committee may, in its discretion, adjust payouts to executives downward. Because the plans are intended to comply with Internal Revenue Code Section 162(m), no upward discretion in determining payouts is permitted.

Tax reform legislation that was enacted in December 2017 will be considered as the Committee administers compensation arrangements in the future.

Influence of Say on Pay Results on Executive Compensation Decisions

Management and the Compensation Committee are attentive to the outcome of the shareholder "Say on Pay" vote. At the Company's 2017 annual shareholder meeting, the Company received significant support for its executive compensation program, with 98.8% of the votes in favor of the "Say on Pay" resolution. The Compensation Committee remains responsive to shareholder feedback and believes that the strong support from shareholders indicates satisfaction with the executive compensation program.

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Employment Agreements and Potential Payments upon Termination or Change in Control

The Company has entered into change in control agreements with its named executive officers. We believe that the change in control agreements help us attract and retain our named executive officers by reducing the personal uncertainty and anxiety that arises from the possibility of a future business combination. During a potential change in control, we do not want executives leaving to pursue other employment out of concern for the security of their jobs or being unable to concentrate on their work. To enable executives to focus on the best interest of our stockholders, we offer change in control agreements that generally provide benefits to executives whose employment terminates in connection with a change in control.

In addition, to attract certain of our named executive officers to accept employment with us, we agreed to provide those officers who previously were employed by Quanex Corporation with severance agreements that will provide them certain of the protections they would have been entitled to if they had remained with Quanex Corporation following the spin-off of Quanex Building Products Corporation from Quanex Corporation in April 2008. The Company also entered into a letter agreement with its President and CEO, effective July 9, 2013, which contains certain executive severance provisions. The Company entered into these arrangements because executives at this level generally require a longer timeframe to find comparable jobs as fewer jobs at this level exist in the market. In addition, executives often have a large percentage of their personal wealth dependent on the status of their employer, given the requirement to hold a multiple of their salary in stock and the fact that a large part of their compensation is stock-based. The amount and type of benefits were based on competitive market practices for executives at this level.

Provisions of the severance agreements and severance letter arrangement require a termination of employment before any benefits are paid. The change in control agreements require both a change in control and a termination of employment before any benefits are paid (a "double trigger"). If an executive officer who is covered by both a change in control agreement and a severance agreement or letter arrangement experiences both a change in control of the Company and a termination of employment, benefits are payable under only the change in control agreement; in no event will the executive be able to receive payment under both the severance agreement or letter arrangement and the change in control agreement.

Severance Agreements of Certain Executives

This section describes the severance agreements entered into by Quanex with the SVP Finance and CFO and the SVP General Counsel and Secretary. As described above, benefits are payable under the severance agreements following a termination of employment that meets certain requirements. A termination of employment that triggers benefits under the severance agreements includes involuntary termination by the Company without Cause. "Cause" exists if the executive commits gross negligence or willful misconduct in connection with his employment; an act of fraud, embezzlement or theft in connection with his employment; intentional wrongful damage to Company property; intentional wrongful disclosure of our secret processes or confidential information; or an act leading to a conviction of a felony or a misdemeanor involving moral turpitude.

If the executive is entitled to benefits under the severance agreement, the executive will receive the following:

- Annual base salary and compensation for earned but unused vacation time accrued through the date of termination of employment;

- Pro-rated amount equal to the greater of the executive's (i) target performance bonus for the year of termination of employment, or (ii) performance bonus for the year immediately preceding the year of termination of employment;

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- Lump sum severance equal to 18 months of the executive's base salary for the fiscal year in which the termination occurs;
- Continued participation in health and welfare plans and payment of benefit premiums for 18 months; and
- All other perquisites to which the executive is entitled pursuant to the terms of the agreements providing for such perquisites.

President and CEO Severance Letter Agreement

This section describes the severance provisions contained in the letter agreement entered into by the Company and Mr. Griffiths upon his assumption of duties as the Company's Chairman, President and CEO. In the event that Mr. Griffiths' employment is terminated by the Board of Directors for any reason other than "Cause," as defined in the change in control agreement, or a material violation of the Company's Code of Business Conduct and Ethics, the following benefits would be payable:

- Base salary continuation for two years (at the rate in effect immediately preceding the date of termination), paid semi-monthly for 24 months;
- Pro-rated AIA bonus for the year of termination, as determined by the Board of Directors; and
- Continued participation in health and welfare plans and payment of benefit premiums (i.e., medical, dental, vision, life, disability and any other welfare plans he currently participates in) for 18 months.

The letter agreement requires Mr. Griffiths to execute a mutually satisfactory release of all claims before the expiration of the 90^{th} day following his termination, or he shall forfeit any and all payment, reimbursements, and benefits due under the letter agreement.

Change in Control Agreements

As described above, benefits are payable under the change in control agreements following the occurrence of both (i) a change in control of the Company and (ii) termination of the named executive officer's employment with the Company. Each of the following events generally constitutes a change in control of the Company for purposes of the change in control agreements:

- Any person or entity acquiring or becoming beneficial owner as defined in SEC regulations of 20% or more of (i) the then outstanding shares of our Common Stock or (ii) the combined voting power of the then outstanding voting securities of the Company;
- Generally, our current directors ceasing to constitute a majority of our directors;
- Consummation of a merger, consolidation, or recapitalization (unless the directors continue to represent a majority of the directors on the Board, more than 80% of the pre-spin-off ownership survives and, in the event of a recapitalization, no person owns 20% or more of (i) the then outstanding shares of our Common Stock or (ii) the combined voting power of our then outstanding voting securities);
- The stockholders approve a complete liquidation or dissolution of the Company; or
- The sale, lease, or disposal of substantially all of our assets.

Terminations of employment that meet the termination requirement under the change in control agreements will be similar to but broader than those required under the severance agreements. For these purposes, a termination of employment would include a termination by the Company without

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Cause as well as the executive's resignation for "Good Reason." "Good Reason" under the change in control agreements will include (but will not be limited to):

- the executive is assigned any duties inconsistent with his/her position; there is a change in his/her position, authority, duties or responsibilities; he/she is removed from, or not re-elected or reappointed to, any duties or position previously held or assigned or there is a material diminution in such position, authority, duties or responsibilities;
- the executive's annual base salary is reduced;
- the executive's annual bonus is reduced below a certain amount;
- the executive's principal office is relocated outside of the portion of the metropolitan area of the City of Houston, Texas that is located within the highway known as "Beltway 8";
- the executive's benefits are reduced or terminated;
- any other non-contractual benefits that were provided to the executive or any material fringe benefit is reduced;
- the executive's number of paid vacation days is reduced;
- the executive's office space, related facilities and support personnel (including, but not limited to, administrative and secretarial assistance) are reduced or moved;
- the executive is required to perform a majority of his duties outside our principal executive offices for a period of more than 21 consecutive days or for more than 90 days in any calendar year; or
- any provision of any employment agreement with the executive is breached.

If the executive officer is entitled to benefits under a change in control agreement, the executive officer would receive the following:

- Annual base salary and compensation for earned but unused vacation time accrued through the date of termination of employment;
- Pro-rated amount equal to the greater of the executive officer's (i) target performance bonus for the year of termination of employment and (ii) performance bonus for the year immediately preceding the year of termination of employment;
- Lump sum severance equal to 2.99 times (for the Chief Executive Officer and Chief Operating Officer), three times (for the Senior Vice Presidents), or two times (for the Vice President Controller) the sum of (i) base salary for the year of termination and (ii) the greater of the executive officer's (x) target performance bonus for the year of termination of employment and (y) performance bonus for the year immediately preceding the year of termination of employment;

In the event that severance benefits under the change in control agreement result in the imposition of an excise tax, then (i) the Chief Executive Officer and Chief Operating Officer would receive either the net benefits after the excise tax is calculated, or the benefits will be cut back to the point that they do not exceed 2.99 times the base amount, whichever is greater, and (ii) the Senior Vice Presidents would receive a gross-up payment for the value of any such excise tax.

Continued health and welfare benefits for the shorter of (i) three years from the date of termination or (ii) such time as the executive becomes fully employed; and

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All other perquisites to which the executive is entitled pursuant to the terms of the agreements providing for such perquisites.

If an executive officer is entitled to benefits under a change in control agreement, the following would occur immediately upon the occurrence of a change in control (regardless of whether the named executive officer's employment is terminated as a result of the change in control):

all options to acquire our Common Stock and all stock appreciation rights pertaining to Common Stock held by the executive immediately prior to a change in control would become fully exercisable;

all restrictions on any restricted Common Stock granted to the executive prior to the change in control would be removed and the stock would be freely transferable;

all Performance Shares held by the executive prior as of the change in control will be paid in cash at the target level, calculated on a pro rata basis rounded up to include the full current year of the performance period;

all Performance RSUs would vest in full, with the number of earned Performance RSUs to be determined by total shareholder return based on the price per share of the Company's stock to be paid in connection with the change in control.

As set forth above, a named executive officer is entitled to benefits under *either* the severance agreement or the change in control agreement; under no circumstances can a named executive officer receive payment under both agreements.

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Post-Employment Compensation Table

The following table describes the potential payments or benefits upon termination, other post-employment scenarios or change in control for each of the Company's named executive officers. The amounts in the table below show only the value of amounts payable or benefits due to enhancements in connection with each scenario, and do not reflect amounts otherwise payable or benefits otherwise due as a result of employment. In each case, the termination is assumed to take place on October 31, 2017.

Name	Severance Payment ($)	Pro-rated Bonus ($)	Options (Un-vested)(1)(10) ($)	Restricted Stock (Un-vested)(1)(10) ($)	Performance Shares(1) ($)	Health & Welfare Benefits(2) ($)	NQ Deferred Comp. (Unvested) ($)	Retirement (SERP & Restoration)(3) ($)	Tax Gross-Up(4) ($)	Total Benefit ($)
William C. Griffiths										
Enhanced Retirement(5)					1,333,814(11)				n/a	1,333,814
Death/Disability				1,193,625	1,333,814(11)				n/a	2,527,440
Involuntary w/o Cause(6)	1,630,000		(9)			21,475			n/a	1,651,475
Change in Control(7)		815,000		1,938,185	2,040,447				n/a	4,793,632
Termination after Change in Control(8)	4,873,700	815,000		1,938,185	2,040,447	49,151			n/a	9,716,482
George L. Wilson										
Enhanced Retirement(5)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Death/Disability		109,108	71,601	178,918	288,338(11)				n/a	647,966
Involuntary w/o Cause(6)									n/a	
Change in Control(7)		219,263	71,601	302,910	380,608				n/a	974,382
Termination after Change in Control(8)	1,017,898(12)	219,263	71,601	302,910	380,608	54,631			n/a	2,046,910
Brent L. Korb										
Enhanced Retirement(5)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Death/Disability			141,327	387,836	596,418(11)			2,953,493(13)	n/a	4,079,073
Involuntary w/o Cause(6)	627,000	271,700				31,257			n/a	929,957
Change in Control(7)		271,700	141,327	629,965	827,128					1,870,120
Termination after Change in Control(8)	2,069,100	271,700	141,327	629,965	827,128	73,474		4,537,465	2,989,348	11,539,506
Kevin P. Delaney										
Enhanced Retirement(5)					368,818(11)				n/a	368,818
Death/Disability				329,731	368,818(11)			n/a(14)	n/a	698,549
Involuntary w/o Cause(6)	562,500	225,000				31,257			n/a	818,757
Change in Control(7)		225,000		535,580	563,933					1,324,513
Termination after Change in Control(8)	1,800,000	225,000		535,580	563,933	79,328		1,182,594	1,668,082	6,054,517
M. Dewayne Williams										
Enhanced Retirement(5)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Death/Disability			32,641	90,299	136,753(11)				n/a	259,693
Involuntary w/o Cause(6)									n/a	
Change in Control(7)		116,000	32,641	147,065	188,168				n/a	483,873
Termination after Change in Control(8)	696,000	116,000	32,641	147,065	188,168	74,202			n/a	1,254,076

(1) Unvested stock options, restricted shares, and performance shares (including accrued dividends) granted under the Quanex Building Products 2008 Omnibus Incentive Plan are forfeited except upon death, Disability, retirement (except restricted stock) or Change in Control.

(2)

Health & Welfare Benefits paid upon involuntary termination without Cause include company paid COBRA premiums. Health & Welfare Benefits paid upon termination after Change in Control include continuation of all health & welfare benefits.

(3) See Narrative to "Pension Benefit Table" for further description of the SERP and Restoration Plan.

(4) Tax Gross-Up was calculated using the tax rates in effect on the last day of the Company's fiscal year (October 31, 2017).

(5) Messrs. Wilson, Korb, and Williams have not reached the minimum retirement requirement of 65 years of age or 55 years of age with five years of service with the Company, but Messrs. Griffiths and Delaney have as of October 31, 2017.

(6) These benefits would be provided upon termination by the Company without Cause.

(7) These benefits would be provided upon a Change in Control without termination of employment.

(8) These benefits would be provided upon termination by the Company without Cause, as well as resignation for Good Reason in connection with a Change in Control.

(9) Mr. Griffiths' prorata bonus paid upon involuntary termination without Cause absent a Change in Control is determined by the Board of Directors pursuant to his Offer Letter. We assumed the Board of Directors would award Mr. Griffiths with his actual 2017 bonus if he were terminated on the last day of the fiscal year. Mr. Griffiths' actual 2017 bonus was $0.

(10) The fair market value of Company stock on the date of separation from service was $21.95.

(11) Executives are entitled to a prorata portion of their performance shares based on actual performance for the full performance period upon their termination due to Retirement, death or Disability. With respect to the 2016 and 2017 awards, since actual performance for the full performance period is unknown, target performance level was used for purposes of these calculations. Messrs. Griffiths and Delaney are the only Executives eligible for Retirement and therefore entitled to this benefit in that scenario.

(12) Severance payment is shown net of required scaleback.

(13) The amount represents the present value of the Retirement Benefit as of October 31, 2017.

(14) Mr. Delaney is retirement eligible and so is not entitled to SERP disability benefits.

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Summary Compensation Table

The following table provides information about the compensation of the Company's Chief Executive Officer, its Chief Financial Officer, and the three most highly compensated officers during the fiscal year ending October 31, 2017. George L. Wilson became Chief Operating Officer on August 1, 2017, and served as President of the Company's Insulating Glass Systems division since fiscal 2011. Amounts presented below for Mr. Wilson for fiscal 2017 include service in these capacities. No amounts are presented for Mr. Wilson for the periods prior to assuming an executive officer role.

Name/Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards(1) ($)	Option Awards(1) ($)	Non-Equity Incentive Plan Compensation(2) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation(4) ($)	Total ($)
William C. Griffiths	2017	815,000		1,398,744	569,905	254,043	109,202	41,907	3,188,801
Chairman of the Board,	2016	813,654		1,103,567	575,904	1,192,359	113,099	31,982	3,830,565
President & Chief	2015	780,000		1,163,790	448,224	1,077,821	86,016	37,209	3,593,060
Executive Officer									
George L. Wilson									
	2017	352,546		233,641	95,589	142,285	40,684	30,768	895,513
Vice President Chief	2016								
Operating Officer	2015								
Brent L. Korb									
	2017	418,000		455,688	221,445	82,943	165,149	36,939	1,380,164
Senior Vice	2016	417,308		359,166	188,160	393,986	457,552	35,688	1,851,860
President Finance &	2015	400,000		378,955	146,624	431,274		34,483	1,391,336
Chief Financial Officer									
Kevin P. Delaney									
	2017	375,000		386,566	188,195	70,146	206,398	46,758	1,273,063
Senior Vice President	2016	374,423		305,098	159,264	329,790	555,736	44,182	1,768,493
General Counsel &	2015	360,000		321,345	129,042	350,443		44,532	1,205,362
Secretary									
M. Dewayne Williams									
	2017	232,000		106,201	51,205	18,484	19,919	25,789	453,598
Vice President	2016	231,731		83,999	43,680	114,803	24,258	23,171	521,642
Controller	2015	225,000		85,693	33,705	84,166	18,315	22,727	469,606

(1) These columns show respectively, the aggregate grant date fair value for: (a) restricted stock and the equity portion of performance share awards (assuming the shares will settle at 100%) and (b) stock options computed in accordance with FASB ASC Topic 718. A discussion of the assumptions used in computing the grant date fair values may be found in Note 15, "Stock-Based Compensation" included in Quanex Building Products Corporation's audited financial statements on Form 10-K for the year ended October 31, 2017. Performance share awards are expected to settle at target (100%). However, the performance share awards could potentially settle at maximum (200%). If these performance share awards were to vest at maximum, the fair value for the equity portion of these awards and restricted stock granted during fiscal 2017 for Messrs. Griffiths, Wilson, Korb, Delaney and Williams would be $2,157,583; $360,307; $703,261; $596,137; and $163,777, respectively. These values reflect the Company's assumptions to determine the accounting expense for these awards and do not necessarily correspond to the actual value that may be recognized by the named executive officers. For information regarding the restricted stock, performance shares, and option awards granted in fiscal 2017, please see the "*Grants of Plan-Based Awards*" table located on page 40 of this Proxy Statement.

(2) "2017" amounts represent payments made in December 2017 for (a) performance from November 1, 2016 to October 31, 2017 for Annual Incentive Awards (AIA), for which only Mr. Wilson received a payment for service as President of IG Systems for the period November 1, 2016 to July 31, 2017, and (b) performance from November 1, 2014 to October 31, 2017 for Performance Share grants in December 2014 (portion settled in cash (50%), including dividends accrued on all performance share equivalents earned (100%) for the performance period). "2016" amounts represent payments made in December 2016 for (a) performance from November 1, 2015 to October 31, 2016 for Annual Incentive Awards (AIA), and (b) performance from November 1, 2013 to October 31, 2016 for Performance Share grants in December 2013 (portion settled in cash (50%), including dividends accrued on all performance share equivalents earned (100%) for the performance period). "2015" amounts represent payments made in December 2015 for (a) performance from November 1, 2014 to October 31, 2015 for Annual Incentive Awards (AIA), and (b) performance from November 1, 2012 to October 31, 2015 for Performance Units granted in December 2012.

The AIA, Performance Unit payouts and Performance Share payouts would include the dollar value of such amounts deferred under the Quanex Building Products Corporation or Quanex Corporation Deferred Compensation ("DC") Plan, as applicable. Under the terms of each DC Plan, participants may elect to defer a portion of their incentive bonus to a mix of cash, or notional common stock units or investment accounts. None of the named executive officers deferred amounts pursuant to these awards for the periods presented.

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The amounts paid for the AIA, Performance Units and Performance Shares, along with any respective deferred amounts, are as follows:

		Annual Incentive		Performance Unit Payout		Performance Share Payout		Total	
Name	**Year**	**Total ($)**	**Deferred ($)**	**Total ($)**	**Deferred ($)**	**Total ($)**	**Deferred ($)**	**Total ($)**	**Deferred ($)**
Griffiths	2017					254,043		254,043	
	2016	663,018				529,341		1,192,359	
	2015	723,821		354,000				1,077,821	
Wilson	2017	109,108				33,177		142,285	
	2016								
	2015								
Korb	2017					82,943		82,943	
	2016	221,033				172,953		393,986	
	2015	241,274		190,000				431,274	
Delaney	2017					70,146		70 146	
	2016	183,042				146,748		329,790	
	2015	200,443		150,000				350,443	
Williams	2017					18,484		18,484	
	2016	75,495				39,308		114,803	
	2015	84,166						84,166	

Any deferred amounts noted above would have been deferred pursuant to the Quanex Building Products Corporation Deferred Compensation Plan. Please see the "*Compensation Discussion and Analysis*" section for a detailed discussion of the performance measures and related outcomes for payments of the awards.

(3)

The amounts in this column represent the change in actuarial present value of each individual's accumulated benefit under all defined benefit pension plans. The change in pension value reflects the difference in the present value of accumulated benefits determined as of the end of the current reporting period compared to the end of the previous reporting period. For instance, the change for fiscal 2017 would represent the difference between the value at October 31, 2016 and October 31, 2017. The key assumptions used to calculate the change in value are shown with the "*Pension Benefits*" table located on page 44 of this Proxy. If aggregate changes in pension value during a fiscal year are negative, such amounts are excluded from the Summary Compensation Table.

No named executive officer received preferential or above-market earnings on deferred compensation.

(4)

The named executives receive various perquisites and benefits provided by or paid for by the Company. These perquisites and benefits can include life insurance, financial planning, personal use of automobiles, memberships in social and professional clubs, and relocation reimbursement. Also included are the Company's contributions under its 401(k) plan, a 15% match under its Employee Stock Purchase Program (ESPP), and dividends on unvested restricted stock and restricted stock units. Effective December 31, 2009, the Compensation Committee eliminated tax gross-up payments on perquisites, except as permitted under the relocation reimbursement guidelines.

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The amounts reported in Other Annual Compensation for the named executives are set forth below:

All Other Compensation

	Year	Life Insurance ($)	Financial Planning ($)	Auto-mobile ($)	Annual Club Membership ($)	Relocation Reimbursement ($)	401K Match ($)	ESPP 15% Stock Match ($)	Unvested Restricted Stock and RSU Dividends* ($)	Total ($)
Griffiths	2017	17,520	1,790				6,304		16,293	41,907
	2016	8,862	1,830				6,625		14,665	31,982
	2015	8,870					6,250		22,089	37,209
Wilson	2017	965		12,000		7,701	6,388	1,350	2,364	30,768
	2016									
	2015									
Korb	2017	3,826	789	14,400	6,186		6,750		4,988	36,939
	2016	3,518	650	14,400	6,031		6,625		4,464	35,688
	2015	3,519	600	14,954	4,776		6,154		4,480	34,483
Delaney	2017	7,519	7,500	14,400	6,349		6,750		4,240	46,758
	2016	6,273	6,892	14,400	6,200		6,625		3,792	44,182
	2015	6,276	6,766	14,954	6,561		6,231		3,744	44,532
Williams	2017	4,460		14,814			5,355		1,160	25,789
	2016	4,439		12,361			5,347		1,024	23,171
	2015	4,437		12,642			4,816		832	22,727

* Cash dividends are paid on unvested restricted stock shares and unvested restricted stock units. The dividend rate is not preferential and is equal to the rate paid on the Company's common stock as disclosed in Part II, Item 5 of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2017.

Grants of Plan-Based Awards

The following table discloses the estimated range of payouts that were possible for the fiscal year 2017 Annual Incentive Awards along with the potential estimated range of payouts that will be possible with respect to Performance Shares granted in December 2016. The table also shows the actual number of stock options and restricted stock awards granted during fiscal 2017 and their respective grant date fair value, as well as the number of Performance Shares granted in fiscal 2017.

Grants of Plan-Based Awards

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards							
Name	Grant Date	Non-Equity Incentive Plan Awards(1) (#)	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units(4) (#)	All Other Option Awards: Number of Securities Underlying Options(4) (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock Awards(5) ($)	Grant Date Fair Value of Option Awards(5) ($)
Griffiths	2017		407,500(2)	815,000(2)	1,630,000(2)					
	11/30/16	32,950	284,565(3)	758,839(3)	1,517,678(3)	65,850	102,100	$ 19.45	1,398,744	569,905
Wilson	2017		109,631(2)	219,263(2)	438,525(2)					

	11/30/16	5,500	47,500(3)	126,666(3)	253,332(3)	11,000	17,100	$ 19.45	233,641	95,589
Korb	2017		135,850(2)	271,700(2)	543,400(2)					
	11/30/16	10,750	92,840(3)	247,573(3)	495,146(3)	21,450	33,300	$ 19.45	455,688	221,445
Delaney	2017		112,500(2)	225,000(2)	450,000(2)					
	11/30/16	9,100	78,589(3)	209,571(3)	419,142(3)	18,200	28,300	$ 19.45	386,566	188,195
Williams	2017		58,000(2)	116,000(2)	232,000(2)					
	11/30/16	2,500	21,591(3)	57,576(3)	115,152(3)	5,000	7,700	$ 19.45	106,201	51,205

(1)
The figures shown reflect the non-equity component of Performance Shares granted in December 2016 under the Omnibus Plan. The performance shares are earned based upon a market condition (relative total shareholder return) and an internal performance condition (earnings per share). The grant date fair value related to the market condition was based on a Monte Carlo simulation. The grant date fair value related to the internal performance condition was based on the closing price of the Company's common stock on the date of grant. The awards settle 50% in cash, and 50% in shares, and the participants can

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earn from 0% to 200% of the awards granted (Threshold 75%; Target 100%; Maximum 200%). Threshold can be achieved for each of the performance measures independently. Therefore, threshold as presented above is calculated at 37.5% (50% of 75% of Target). The award includes an enhancement based upon achievement of a designated return on invested capital (ROIC), but the maximum cannot exceed 200% (even if the enhancement is achieved). Achievement of the enhancement was not assumed for purposes of this presentation. The figures presented in this item represent the non-equity portion (amount expected to settle in cash). The portion expected to settle in shares has been included in item (4). This presentation assumes that the shares will settle at 100% (Target).

(2) These amounts reflect possible Annual Incentive Award (AIA) payments under the Omnibus Plan for fiscal year 2017, under which the named executive officers were eligible to receive a cash bonus based on a target percentage of base salary. The results for Mr. Wilson were calculated pursuant to the terms of his compensation agreements as President of IG Systems for the period from November 1, 2016 through July 1, 2017, and as Chief Operating Officer for the period from August 1, 2017 to October 31, 2017.

Please see the "*Compensation Discussion and Analysis*" section for more information regarding this program, performance shares granted thereunder, the related performance measures and the actual performance results.

(3) These amounts reflect possible payments with regard to the Performance Shares granted under the Omnibus Plan in December 2016 which are expected to settle in cash. The amount of cash which is ultimately paid will be determined by the Company's performance over the performance period from November 1, 2016 through October 31, 2019.

Please see the "*Compensation Discussion and Analysis*" section for more information regarding this program, performance shares granted thereunder, and the related performance measures.

(4) The amounts shown reflect: (a) grants of restricted stock and the equity-portion of performance share awards (assuming shares settle at 100%) and (b) grants of stock options made under the Omnibus Plan. The stock options are granted at fair market value based on the closing share price as of the grant date.

(5) The fair value shown in these columns was calculated in accordance with FASB ASC Topic 718. A discussion of the assumptions used in calculating these values may be found in Note 15, "Stock-Based Compensation" to the Company's audited financial statements on Form 10-K for the year ended October 31, 2017.

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Outstanding Equity Awards

The following table provides information about the outstanding equity awards held by the named executive officers as of October 31, 2017:

Outstanding Equity Awards at October 31, 2017

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested(18) ($)
Griffiths		102,100(1)	19.45	11/30/2026	65,850(15)	1,445,408
	28,567	57,133(2)	19.31	12/02/2025	57,150(16)	1,254,443
	32,200	16,100(3)	20.28	12/03/2024	53,600(17)	1,176,520
	55,800					