Quanex Building Products CORP
Form DEF 14A
January 31, 2017
Table of Contents

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

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

QUANEX BUILDING PRODUCTS CORPORATION

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

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing party:

(4) Date Filed:

Table of Contents

QUANEX BUILDING PRODUCTS CORPORATION

1800 West Loop South

Suite 1500

Houston, Texas 77027

(713) 961-4600

January 31, 2017

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 2, 2017, 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 two directors, in favor of an advisory vote approving the Company s named executive officer compensation, in favor of our Amended and Restated Employee Stock Purchase Plan, and in favor of a resolution ratifying the Company s appointment of its independent auditor for the 2017 fiscal year. In addition, you will be asked to provide an advisory vote indicating whether you prefer that the Company seek shareholder advisory votes on executive compensation every one, two, or three years. 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, AND IN FAVOR OF A ONE-YEAR TIMELINE FOR COMPENSATION ADVISORY VOTES. 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

Table of Contents

TABLE OF CONTENTS

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held March 2, 2017

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 2, 2017, at 8:00 a.m., C.S.T., for the following purposes:

(1) To elect two directors to serve until the Annual Meeting of Stockholders in 2018;

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

(3) To provide a non-binding advisory vote on the proposed timeline for seeking executive compensation advisory votes in the future;

(4) To approve the amendment and restatement of the Company s Employee Stock Purchase Plan;

(5) To approve a resolution ratifying the appointment of the Company s independent auditor for fiscal 2017; and

(6) 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 12, 2017, 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, 2016, accompanies this Notice.

By order of the Board of Directors,

Kevin P. Delaney

Senior Vice President General Counsel

and Secretary

Houston, Texas

January 31, 2017

1

Table of Contents

PROXY STATEMENT

Annual Meeting of Stockholders

To Be Held March 2, 2017

This Proxy Statement and the accompanying form of proxy are to be first mailed on or about January 31, 2017, to all holders of record on January 12, 2017 (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 2, 2017, 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 the proposal to seek annual non-binding approval of the Company s executive compensation program, 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 34,406,433 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 & Co., LLC, which has been retained by the Company to assist in the solicitation for a fee of approximately $6,500 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 2, 2017:

Our Proxy Statement and 2016 Annual Report are available online at the following web address:

http://www.quanex.com/2016AR

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

Table of Contents

MATTERS TO COME BEFORE THE MEETING

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Two 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 II and Class III directors will stand for election at the Company s annual stockholder meetings in 2018 and 2019, respectively, and Class I 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.

Former Class I directors Susan F. Davis and Curtis M. Stevens are the directors currently standing for election. Ms. Davis and Mr. Stevens were each elected by the stockholders in 2014 to a term ending in 2017, and they are each standing for re-election for a term expiring at the 2018 Annual Meeting. Messrs. Rupp and Buck were each elected to a term ending in 2018 at the 2015 Annual Meeting, while 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 2018 Annual Meeting (formerly Class I Directors)	Principal Occupation	Age	Director Since
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).	63	2007
Curtis M. Stevens	Chief Executive Officer and a director of Louisiana-Pacific Corporation, a leading building materials manufacturer (Nashville, Tennessee).	64	2010

Directors whose terms expire at the 2018 Annual Meeting (formerly Class II Directors)	Principal Occupation	Age	Director Since
Joseph D. Rupp	Chairman of the Board of Olin Corporation, a basic materials company concentrated in chemicals and ammunition (Clayton, Missouri).	66	2007
Robert R. Buck	Chairman of the Board of Beacon Roofing Supply, Inc., a leading distributor of roofing materials (Herndon, Virginia).	69	2011

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).	65	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).	70	2010

Table of Contents

Director Biographies, Key Attributes, and Skills

ROBERT BUCK, age 69

Biography: Mr. Buck is the Chairman of the Board of Beacon Roofing Supply, Inc., a $4.1 billion NASDAQ-traded roofing materials distributor. 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 2011: Mr. Buck currently serves on the boards of Beacon Roofing Supply, Inc., and Multi-Color Corporation, and served on the board of Kendle International, Inc., a former Nasdaq-traded company, until 2011. Mr. Buck also serves on the board of privately held Elkay Manufacturing Co.

SUSAN DAVIS, age 63

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 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 2011: Ms. Davis currently serves on the board of Cooper Tire & Rubber Company, which she joined in 2016.

Table of Contents

WILLIAM GRIFFITHS, age 65

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 70

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 2011: 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. Mr. Nosbaum also served on the board of Esterline Technologies Corporation from 2009 to 2011.

JOSEPH RUPP, age 66

Biography: Mr. Rupp is the Chairman of the Board of Olin Corporation, a $2.9 billion NYSE-traded basic materials company concentrated in chemicals and ammunition. Mr. Rupp served as Chairman and Chief Executive Officer of Olin from 2014 to May 2016. Prior to that time, Mr. Rupp was Chairman, President and Chief Executive Officer of Olin from 2005 to 2014, and President and Chief Executive Officer 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 since 2002.

Table of Contents

Other Directorships Since 2011: Mr. Rupp served as a director of Olin Corporation from 2002 to 2005, and has been Chairman of Olin s board since 2005. In 2016, Mr. Rupp joined the board of Cass Information Systems, a Nasdaq-traded company.

CURTIS STEVENS, age 64

Biography: Mr. Stevens is currently the Chief Executive Officer and a director of Louisiana-Pacific Corporation, a $1.9 billion NYSE-traded building materials manufacturer. 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. Prior to 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 has 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 2011: Mr. Stevens has served on the board of Louisiana-Pacific since 2012.

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 Mr. 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.

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 90 days from the date of the certification of the election results.

Table of Contents

Recommendation

The Board of Directors recommends that you vote FOR the elections of Ms. Davis and Mr. Stevens. Unless you give contrary instructions in your proxy, your proxy will be voted FOR the elections of Ms. Davis and Mr. 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.

Table of Contents

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 2017 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 19 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.

Table of Contents

PROPOSAL NO. 3

ADVISORY (NON-BINDING) VOTE ON THE FREQUENCY OF THE

ADVISORY VOTE ON EXECUTIVE COMPENSATION

At the meeting, the stockholders will vote on a non-binding, advisory proposal regarding the frequency of the advisory stockholder vote on executive compensation discussed in Proposal No. 2 above in this Proxy Statement, as required pursuant to section 14A of the Securities Exchange Act.

This advisory stockholder vote, commonly known as Say-on-Frequency, gives you as a stockholder the opportunity to cast an advisory vote on whether the stockholder vote on executive compensation should occur every one, two or three years. Stockholders may also abstain from voting on the matter.

Because your vote is advisory, it will not be binding upon the Company or the board of directors. However, the board of directors will take into account the outcome of the vote when considering the frequency of the advisory stockholder vote on executive compensation.

Say-on-Frequency votes by our stockholders are required to take place every six years.

Board Recommendation

The Board recommends voting in favor of holding an advisory stockholder vote on executive compensation every year. We believe this approach provides the most direct form of communication for our shareholders. Implicit in the annual process, the vote corresponds directly to the information presented in the accompanying Proxy Statement for the annual shareholders meeting. We emphasize, however, that you are not voting to approve or disapprove the board of directors recommendation. Instead, your proxy card provides you with four options regarding this non-binding, advisory proposal. You may cast an advisory vote for the stockholder vote on executive compensation to occur every one, two or three years, or you may abstain from voting on the matter.

Table of Contents

PROPOSAL NO. 4

APPROVAL OF AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

On November 30, 2016, the Compensation and Management Development Committee (the Compensation Committee) approved an Amended and Restated Employee Stock Purchase Plan (the Restated ESPP). The Compensation Committee s approval of the Restated ESPP was conditional on receiving shareholder approval at the 2017 Annual Meeting. If approved by the Company s shareholders, the Restated ESPP will become effective on April 1, 2017. For more information about our current Employee Stock Purchase Plan, please see page 52 of this Proxy Statement. Annex A of this Proxy Statement contains a full copy of the Restated ESPP proposed for approval by the Company s shareholders. The Company s existing Employee Stock Purchase Plan, which was adopted in 2007, is subject to a ten year term.

The Restated ESPP is designed to provide our eligible employees the opportunity to invest in our Common Stock through voluntary payroll deductions. In addition, participating employees receive a percentage match from the Company, thereby encouraging employees to share in the Company s success and to remain in its service. The Restated ESPP is not intended to meet the requirements of Section 423 of the Internal Revenue Code.

The Restated ESPP will continue to be administered by Wells Fargo Shareowner Services (the Bank), who may be removed at management s election.

Regular full time employees of the Company or any of its U.S. subsidiaries (approximately 3,400 persons), will be eligible to participate in the Restated ESPP, and participation is voluntary.

Contributions to the Restated ESPP

Contributions to the Restated ESPP will consist of employees payroll deductions and an amount from the Company equal to 15% of those deductions. The Bank will establish an account under the Restated ESPP as agent for each eligible employee electing to participate, and will credit the following sources of cash to each employee s account for the purchase of full and fractional shares of Common Stock (Plan Shares):

- such employee s payroll deductions;
- such employee s 15% Company contribution;
- cash dividends received from the Company on all shares in such employee s account at the time a dividend is paid; and
- cash resulting from the sale of any (i) rights to purchase additional shares of the Company s stock or other securities of the Company, or (ii) securities of any other issuer.

Participants generally will not be allowed to add shares of Common Stock held in their name to their accounts. All shares will be held in the name of the Bank or its nominee as Plan Shares subject to the terms and conditions of the Restated ESPP.

Participants in the Restated ESPP will be subject to a minimum payroll contribution of ten dollars per pay period and a maximum payroll contribution of one thousand dollars per pay period.

Purchase of Plan Shares

The Bank will apply cash credited to each participant s account to the purchase of full and fractional Plan Shares and will credit such Plan Shares to such participants accounts. The price at which the Bank is deemed to have acquired Plan Shares for accounts is the average price, excluding brokerage and other costs of purchase, of all Plan Shares purchased by the Bank for all participants in the Restated ESPP during the calendar month. The Bank will purchase Plan Shares in negotiated transactions or on any securities exchange where the Company s Common Stock is traded. The purchases will be on terms as to price, delivery and other matters, and will be executed through those brokers or dealers, as the Bank may determine.

Table of Contents

Stock Certificates

The Bank will hold the Plan Shares of all participants in its name or in the name of its nominee evidenced by as many or as few certificates as the Bank determines. No certificates representing Plan Shares purchased for participants accounts will be issued to any participant unless the participant makes a request in writing or until the participant s account is terminated and the participant makes the election described below under *Termination and Withdrawal by a Participant*. Certificates will not be issued for fewer than ten shares unless the participant s account is terminated.

Voting of Plan Shares

The Bank will vote each participant s Plan Shares as instructed by the participant on a form to be furnished by and returned to the Bank at least five days (or such shorter period as the law may require) before the meeting at which the Plan Shares are to be voted. The Bank will not vote Plan Shares for which no instructions are received.

Assignment or Sale

Except as otherwise described herein, participants will not be allowed to sell, pledge, or otherwise assign or transfer their accounts, any interest in their accounts or any cash or Plan Shares credited to their accounts. Any attempt to do so will be void.

Subject to the restrictions set forth below under *Restrictions on Resale*, each participant will be allowed to request that the Bank sell:

- all or any part of such participant s Plan Shares at any time after they have been held in the participant s account for at least six months; and

- all or part of such participant s Plan Shares at any time, if the participant is employed by or in connection with a division or subsidiary of the Company immediately before the Company sells or otherwise disposes of that division or subsidiary and after such sale or other disposition the participant is no longer employed by the Company or its subsidiary.

If a participant elects to sell all of his or her Plan Shares, such participant will be deemed to have terminated participation in the Restated ESPP.

Termination and Withdrawal by a Participant

Participants will be allowed to terminate their participation in the Restated ESPP at any time by giving proper notice. Upon receipt of such notice, unless the participant has made a contrary election in written response to the Bank s notice relating to such participant s account, the Bank will send the participant a certificate or certificates representing the full Plan Shares accumulated in the participant s account (or move such shares to book-entry direct registration shares) and send the participant a check for the net proceeds of any fractional share in the participant s account. After the participant s withdrawal, the sale by the participant of any shares of Common Stock issued to the participant upon such withdrawal will be subject to the restrictions below under *Restrictions on Resale*.

Restrictions on Resale

Under the Restated ESPP, the Company s officers (as defined by the relevant securities laws) will be subject to certain restrictions on resale that apply to sales by (i) the Bank on their behalf of shares of Common Stock pursuant to the Restated ESPP and (ii) the participant, after he or she withdraws from the Restated ESPP, of shares of Common Stock issued to the participant upon his or her withdrawal from the Restated ESPP.

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.

Table of Contents

Board Recommendation

The Board recommends that you vote FOR approval of the Restated ESPP. We believe that employee stock ownership is an important aspect of aligning Company interests with those of the shareholders, and improving Company performance. We further believe that the Restated ESPP provides Company employees with a reasonable incentive to purchase the Company s stock and an effective means of doing so. Thus we feel strongly that adoption of the Restated ESPP is in the best interest of the Company, its employees, and its shareholders.

Table of Contents

PROPOSAL NO. 5

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDIT FIRM

The Audit Committee has selected Grant Thornton LLP, an independent registered public accounting firm, to audit our consolidated financial statements for fiscal year 2017. 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, 2017. 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, 2017.

Table of Contents

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, 65	Chairman of the Board, President and Chief Executive Officer since 2013
Brent L. Korb, 44	Senior Vice President Finance and Chief Financial Officer since 2008
Kevin P. Delaney, 55	Senior Vice President General Counsel and Secretary since 2007
M. Dewayne Williams, 46	Vice President Controller since 2013
Scott M. Zuehlke, 40	Vice President Investor Relations and Treasurer since 2016

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.

Table of Contents

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.

Mr. Zuehlke was named Vice President Investor Relations and Treasurer of the Company effective January 25, 2016. Prior to joining the Company, Mr. Zuehlke served as Vice President, Investor Relations for Halcón Resources from 2011 to 2016, and as Director, Investor Relations for Geokinetics from 2010 to 2011. In those roles, Mr. Zuehlke was responsible for leading and managing the investor relations function and acting as the primary contact to the investment community. Halcón is an independent energy company focused on the acquisition, production, exploration and development of onshore liquids-rich assets in the United States, while Geokinetics is an international land and shallow water geophysical service company focusing on the petroleum and mining industries. Prior to joining Geokinetics, Mr. Zuehlke served as Manager, Finance and Investor Relations for Hercules Offshore from 2009 to 2010. Mr. Zuehlke began his career at Invesco, where he was employed as an Equity Analyst and Market Data Associate from 1998 to 2009.

Table of Contents

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 2016, 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, 2016, 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: $7,500/year paid quarterly

Member of Compensation & Management Development Committee: $5,000/year paid quarterly

Member of Nominating & Corporate Governance Committee: $5,000/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