

Quanex Building Products CORP  
Form DEF 14A  
January 29, 2016  
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)**

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  - (4) Proposed maximum aggregate value of transaction:
  
  - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:
  - (1) Amount previously paid:
  
  - (2) Form, Schedule or Registration Statement No:
  
  - (3) Filing party:

(4) Date Filed:

Table of Contents

**QUANEX BUILDING  
PRODUCTS CORPORATION**

1800 West Loop South

Suite 1500

Houston, Texas 77027

(713) 961-4600

January 29, 2016

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 Friday, March 4, 2016, 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 certain proposed changes to the Company's certificate of incorporation, and in favor of a resolution ratifying the Company's appointment of its independent auditor for the 2016 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**

**Table of Contents****TABLE OF CONTENTS**

<b>Item</b>	<b>Page</b>
<b><u>Notice of Annual Meeting of Stockholders</u></b>	<b>1</b>
<b><u>Proxy Statement</u></b>	<b>2</b>
<b><u>Matters to Come Before the Meeting</u></b>	<b>3</b>
<i><u>Proposal No. 1: Election of Directors</u></i>	3
<i><u>Proposal No. 2: Advisory Vote Approving Named Executive Officer Compensation</u></i>	7
<i><u>Proposal No. 3: Proposed Amendment to Certificate of Incorporation to Declassify our Board of Directors</u></i>	8
<i><u>Proposal No. 4: Proposed Amendments to Certificate of Incorporation to Set Supermajority Voting Provisions for Certain Amendments at 66 2/3<sup>rd</sup>% of our Shares</u></i>	11
<i><u>Proposal No. 5: Ratification of Appointment of Independent Audit Firm</u></i>	14
<b><u>Executive Officers</u></b>	<b>15</b>
<b><u>Director and Officer Compensation</u></b>	<b>17</b>
<i><u>Director Compensation</u></i>	17
<i><u>Compensation Discussion and Analysis</u></i>	20
<i><u>Introduction</u></i>	20
<i><u>Executive Summary</u></i>	20
<i><u>Compensation Objectives</u></i>	23
<i><u>Competitive Positioning</u></i>	24
<i><u>Program Description</u></i>	25
<i><u>Fiscal Year 2015 Long Term Incentive Program Design</u></i>	28
<i><u>Processes and Procedures for Determining Executive Compensation</u></i>	32
<i><u>Other Compensation Items</u></i>	34
<i><u>Employment Agreements and Potential Payments upon Termination or Change in Control</u></i>	36
<i><u>Post-Employment Compensation Table</u></i>	39
<i><u>Summary Compensation Table</u></i>	41
<i><u>Grants of Plan-Based Awards</u></i>	44
<i><u>Outstanding Equity Awards</u></i>	45
<i><u>Option Exercises and Stock Vested in Fiscal 2015</u></i>	47
<i><u>Pension Benefits</u></i>	47
<i><u>Qualified Defined Contribution Plans</u></i>	52
<i><u>Stock Purchase Plans</u></i>	52
<i><u>Nonqualified Defined Benefit and Other Nonqualified Deferred Compensation Plans</u></i>	54
<b><u>Common Stock Ownership</u></b>	<b>57</b>
<i><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></i>	57
<b><u>Corporate Governance</u></b>	<b>58</b>
<i><u>Recent Governance Initiatives</u></i>	58
<i><u>Corporate Governance Guidelines</u></i>	58
<i><u>Communications with the Company</u></i>	64
<b><u>Structure and Committees of the Board of Directors</u></b>	<b>66</b>
<i><u>Audit Committee</u></i>	66
<i><u>Compensation &amp; Management Development Committee</u></i>	68
<i><u>Nominating &amp; Corporate Governance Committee</u></i>	69
<i><u>Executive Committee</u></i>	70
<i><u>Risk Oversight</u></i>	70

<b><u>Further Information</u></b>	<b>71</b>
<u>Principal Stockholders</u>	71
<u>Other Matters and Stockholder Proposals</u>	72
<b><u>Annex A</u></b>	<b>A-1</b>
<b><u>Annex B</u></b>	<b>B-1</b>

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held March 4, 2016**

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 Friday, March 4, 2016, 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 2019;
- (2) To approve an advisory resolution approving the compensation of the Company's named executive officers;
- (3) To approve an amendment to the Company's Certificate of Incorporation to declassify our Board of Directors;
- (4) To approve amendments to the Company's Certificate of Incorporation to set supermajority voting provisions for certain amendments at 66 2/3<sup>rds</sup>% of our shares;
- (5) To approve a resolution ratifying the appointment of the Company's independent auditor for fiscal 2016; 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 14, 2016, 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, 2015, accompanies this Notice.



By order of the Board of Directors,

Kevin P. Delaney

*Senior Vice President    General Counsel*

*and Secretary*

Houston, Texas

January 29, 2016

**Table of Contents**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**

**To Be Held March 4, 2016**

This Proxy Statement and the accompanying form of proxy are to be first mailed on or about January 29, 2016, to all holders of record on January 14, 2016 (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 Friday, March 4, 2016, 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 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 34,208,012 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 4, 2016:***

Edgar Filing: Quanex Building Products CORP - Form DEF 14A

Our Proxy Statement and 2015 Annual Report are available online at the following web address:

<http://www.quanex.com/2015AR>

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. The Company's Certificate of Incorporation and Amended and Restated Bylaws both provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible, with the terms of office of the classes expiring at different times. Directors are divided into three classes. Class I and Class II directors will stand for election at the annual meetings of stockholders in 2017 and 2018, respectively. Class III directors are standing for election at the annual meeting to which this proxy relates. The terms of office of William C. Griffiths and LeRoy D. Nosbaum expire at the 2016 Annual Meeting. Messrs. Griffiths and Nosbaum were each elected by the stockholders in 2013 to a term ending in 2016, and they are each standing for re-election for a term expiring at the 2019 annual meeting. Ms. Davis and Mr. Stevens were elected to a term ending in 2017 at the 2014 Annual Meeting, while Messrs. Rupp and Buck were elected to a term ending in 2018 at the 2015 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.

<b>Nominees for election to a term that will expire at the 2016 Annual Meeting (Class III Directors)</b>	<b>Principal Occupation</b>	<b>Age</b>	<b>Director Since</b>
William C. Griffiths	Chairman, President and Chief Executive Officer, Quanex Building Products Corporation (Houston, Texas).	64	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).	69	2010
<b>Directors whose terms expire at the 2017</b>	<b>Principal Occupation</b>	<b>Age</b>	<b>Director Since</b>

**Annual Meeting (Class I Directors)**

Susan F. Davis	Executive Vice President Asia Pacific of Johnson Controls, Inc., a global leader in automotive systems, building efficiency and power solutions (Milwaukee, Wisconsin).	62	2007
Curtis M. Stevens	Chief Executive Officer and a director of Louisiana-Pacific Corporation, a leading building materials manufacturer (Nashville, Tennessee).	63	2010

**Directors whose terms expire at the 2018**

<b>Annual Meeting (Class II Directors)</b>	<b>Principal Occupation</b>	<b>Age</b>	<b>Director Since</b>
Joseph D. Rupp	Chairman, President and Chief Executive Officer of Olin Corporation, a basic materials company concentrated in chemicals and ammunition (Clayton, Missouri).	65	2007
Robert R. Buck	Chairman of the Board of Beacon Roofing Supply, Inc., a leading distributor of roofing materials (Herndon, Virginia).	68	2011

**Table of Contents**

**Director Biographies, Key Attributes, and Skills**

**ROBERT BUCK**, age 68

**Biography:** Mr. Buck is the Chairman of the Board of Beacon Roofing Supply, Inc., a \$2.3 billion NASDAQ traded roofing materials distributor. Prior to becoming Executive 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 2010:** 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 62

**Biography:** Ms. Davis was appointed in 2015 as the Executive Vice President – Asia Pacific for Johnson Controls, Inc., a global leader in automotive systems, building efficiency and power solutions. Prior to her appointment as Executive Vice President – Asia Pacific, 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. Johnson Controls is a \$37.2 billion NYSE-traded company. 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, Ms. Davis acquired extensive management, corporate governance, and 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 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.

**WILLIAM GRIFFITHS**, age 64

**Biography:** Mr. Griffiths was named Chairman, President, and Chief Executive Officer of the Company on July 9, 2013. 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

## **Table of Contents**

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. 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.

**Other Directorships Since 2010:** Mr. Griffiths served as a member of the Champion board from 2004 to 2010, including a term as Chairman from 2006 to 2010.

### **LEROY NOSBAUM, age 69**

**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, strategic development, technology and manufacturing process expertise. Mr. Nosbaum gained extensive finance and acquisition experience while serving as CEO of Itron. Mr. Nosbaum also 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.

**Other Directorships Since 2010:** 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 65**

**Biography:** Mr. Rupp has been Chairman and Chief Executive Officer of Olin Corporation since 2014. Prior to this, 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. Olin is a \$7.0 billion NYSE-traded basic materials company concentrated in chemicals and ammunition. 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 has 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.

**Other Directorships Since 2010:** Mr. Rupp served as a director of Olin Corporation from 2002 to 2005, and has been Chairman of Olin's board since 2005.



**CURTIS STEVENS**, age 63

**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.

## **Table of Contents**

**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 2010:** 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 party 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. Messrs. Griffiths and Nosbaum 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.

## **Recommendation**

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

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 2016 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 20 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 in 2017.

**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**  
**PROPOSED AMENDMENT TO CERTIFICATE OF**  
**INCORPORATION TO DECLASSIFY OUR BOARD OF DIRECTORS**

Our Board of Directors unanimously adopted resolutions proposing to amend Article Twelfth of the Company's Certificate of Incorporation (the "certificate of incorporation") to declassify the Board of Directors over a three-year period commencing at the 2017 Annual Meeting of stockholders.

**General Information on the Proposed Amendment**

Pursuant to Article Twelfth of our certificate of incorporation, the Board is divided into three classes, designated Class I, Class II and Class III. Each class consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors, with each class of directors elected to serve three-year staggered terms of office. If the proposed amendment is adopted at the Annual Meeting, the classified (three-year, staggered term) board structure would be phased out, and the annual election of the entire Board of Directors for a one-year term would be phased in over a three-year period commencing at the 2017 Annual Meeting of stockholders and concluding at the 2019 Annual Meeting of stockholders. If the proposed amendment is adopted, from and after the 2017 Annual Meeting of stockholders, each member of the Board of Directors whose term expires would be elected to serve an annual (one-year) term.

If adopted, the proposed amendment would not affect the nominees for director who are elected at this Annual Meeting, and the term of office of such directors would expire at the 2019 Annual Meeting of stockholders (see Proposal No. 1 *Election of Directors*). Therefore, directors who are elected at this Annual Meeting would be the final class of directors elected to serve for a three-year term. If adopted, the proposed amendment would not affect the term of any director currently serving in a class who was elected prior to this meeting, each of whom will complete his or her three-year term expiring at the 2017 Annual Meeting of stockholders or the 2018 Annual Meeting of stockholders, as applicable. If the proposed amendment is adopted, nominees elected at the 2017 Annual Meeting of stockholders would become the first group of directors elected to serve for an annual (one-year) term, and nominees elected at all Annual Meetings subsequent to the 2017 Annual Meeting of stockholders also would be elected to serve for an annual (one-year) term expiring at the immediately following Annual Meeting. The proposed amendment provides, consistent with the Company's current certificate of incorporation, that any director chosen by the Board to fill a vacancy on our Board will hold office for the unexpired term in respect of which such vacancy occurred (as determined consistent with the foregoing), except that directors filling newly created directorships will hold office for a term expiring at the immediately following Annual Meeting.

**Considerations and Reasons for the Proposed Amendment**

Our Board of Directors resolved to adopt and recommend the proposed amendment following a careful review of the Company's corporate governance practices. Our Board also conducted a careful assessment of the risks and benefits of board declassification, which are described below, and reviewed the classified board structure in relation to the corporate governance policies and practices that continue to evolve at both companies generally comparable to Quanex in size and S&P 500 companies.

In determining to recommend declassification, our Board of Directors considered the growing sentiment, particularly in the institutional investor community, favoring the annual election of directors. An increasing number of large companies provide for the annual election of directors, and many stockholders perceive that annual elections improve

director accountability. In addition, proxy advisory firms generally view declassification as a good corporate governance practice. Our Board of Directors concluded that it can continue to effectively oversee the management and protect the best interests of the Company and its stockholders under an annual-term election system.

Our Board of Directors also considered the benefits of maintaining a classified board structure, which enhances stability and continuity with respect to the development and implementation of our Company's long-term operating strategy, and also helps to ensure that a majority of incumbent directors always have institutional knowledge and experience as directors of our Company. Our Board of Directors believes that a classified board structure provides an important measure of protection against unsolicited (or hostile) takeover attempts and tactics focusing on short-term financial gains, which may not be in the best long-term interests of all of the Company's stockholders. Our Board further believes that a classified board structure provides directors with the time necessary to fully evaluate the adequacy and fairness of any unsolicited takeover proposal; communicate with stockholders in a thoughtful, deliberate and fully informed manner regarding the merits and

## **Table of Contents**

risks of an unsolicited takeover or change-in-control transaction and any strategic or financial alternatives that the Board of Directors believes are in the best interests of our Company and stockholders; deter certain manipulative and coercive takeover and change-in-control tactics; negotiate with enhanced bargaining power on behalf of all stockholders; and carefully weigh all strategic and financial alternatives to create value for all stockholders without the threat of the imminent removal of a majority or all of our Company's directors by a single large stockholder or group of stockholders. When a board is not classified, the entire board can be replaced at a single Annual Meeting without cause. Accordingly, if the proposed amendment is adopted, it would be easier for one or more stockholders holding a significant number of outstanding shares to seek to replace a majority of our Company's directors, or the entire Board of Directors at once, whether or not in connection with an acquisition proposal and irrespective of the long- or short-term interests and objectives of such stockholder or stockholders.

Although our Board of Directors believes it is important to maintain appropriate takeover defenses, it also believes it is vitally important to maintain stockholder confidence in the actions, decisions, policies and priorities of our Board of Directors by demonstrating that our Company's directors listen carefully to the views, concerns and recommendations expressed by, and understand that they are accountable to, our stockholders. Accordingly, our Board of Directors has carefully considered the relative benefits and detriments of declassifying the Board of Directors and, for the reasons described above, our Board of Directors has determined it is in the best interests of our stockholders to declassify the Board; has approved resolutions setting forth the proposed amendment to Article Twelfth of the certificate of incorporation; has resolved to submit the proposed amendment to stockholders for their consideration and adoption at this meeting; and has recommended that stockholders vote to adopt the proposed amendment.

## **Text of the Proposed Amendment to the Certificate of Incorporation**

The general description of the proposed amendment to the certificate of incorporation set forth above is qualified in its entirety by reference to the complete text of the amendment, which is attached as Annex A to this proxy statement. If the proposed amendment is adopted at the 2016 Annual Meeting, it will become effective upon the filing by the Company with the Secretary of State of the State of Delaware of a certificate of amendment to the certificate of incorporation currently in effect.

## **Conditional Bylaw Amendments**

In connection with its approval in October 2015 of resolutions to amend Article Twelfth of the certificate of incorporation to declassify the Board of Directors, the Board of Directors also approved an amendment to Section 4.4 of the Company's Amended and Restated Bylaws (the "bylaws") which would provide that (i) until the Board is fully declassified, directors shall be subject to removal for cause only by majority vote of stockholders entitled to vote in the election of directors and (ii) following the time the Board is fully declassified, annually elected directors shall be removable with or without cause by 66 2/3<sup>rd</sup>% of the outstanding shares of capital stock entitled to vote in the election of directors. Since the bylaw amendment addresses removal following declassification, its effectiveness was made conditional on adoption by our stockholders of the amendment to Article Twelfth of the certificate of incorporation to declassify the Board of Directors. Accordingly, if stockholders adopt the proposed amendment to declassify the Board of Directors, the applicable bylaw change will go into effect. If stockholders do not adopt the proposed amendment to declassify the Board of Directors, the applicable bylaw change will not go into effect. Although stockholders are not voting on the amendment to Section 4.4 of the bylaws, they should be cognizant that a vote **FOR** the amendment to Article Twelfth of the certificate of incorporation would result in adoption of the foregoing bylaw change.

Under a classified structure, members of the Board of Directors are removable only for cause under Delaware law. The conditional bylaw amendment makes clear that the "for cause" removal standard is maintained until such time as

the Board of Directors has fully transitioned to annual elections (i.e., as of the 2019 Annual Meeting). After such time, the members of the Board would be removable *without* cause by a 2/3<sup>rd</sup>s vote of our shares. In the context of an annually elected or nonclassified Board of Directors in which a majority or all of our board may be removed at one time without cause and also considering the Company recently granted large stockholders the right to call special meetings and seek changes (including director removal) on an interim basis, such an approach is intended to require that any single large stockholder or group of stockholders that may seek such removal represent a large portion of our stockholder base. The amendment to Section 4.4 of the bylaws will not affect certain key benefits to stockholders of declassification, including having directors stand for annual elections and being removable without cause as of the time the Board is fully declassified, and the amendment was approved only in such context. Nevertheless the amendment to Section 4.4 in isolation may have anti-takeover effects, since a 2/3<sup>rd</sup>s



**Table of Contents**

threshold to remove directors could have the effect of making it more difficult for directors to be removed and accordingly for our Board to be replaced on an interim basis than a simple majority of our shares, and thereby delay, defer or prevent a change of control of the Company. The Board believes the combination of the amendments to Article Twelfth and Section 4.4 of the bylaws provides the optimal balance for our stockholders from the standpoint of strong governance and stability. A 2/3<sup>rd</sup>s vote was also approved because it is a supermajority standard that aligns with the voting standard to be adopted for certain other actions (see Proposal No. 4 *Proposed Amendments to Our Certificate of Incorporation to Set Supermajority Voting Provisions for Amendments at 66 2/3<sup>rd</sup>s% of Our Shares* ).

The Board also approved a conforming amendment to Section 4.2 of the bylaws to reflect the same changes in Section 4.2 as would be reflected in Article Twelfth of the certificate of incorporation if such amendment to Article Twelfth is adopted by stockholders.

**Vote Required**

The affirmative vote of a majority of the outstanding shares of stock of the Company entitled to vote in elections of directors is necessary to adopt the proposed amendment to our certificate of incorporation. Unless otherwise instructed, proxy holders will vote the proxies received by them FOR this proposal. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on this proposal and will have the effect of a vote AGAINST this proposal. Accordingly, we encourage you to vote promptly, even if you plan to attend the meeting. Like broker non-votes, abstentions will also count as a vote AGAINST this proposal.

Table of Contents

**PROPOSAL NO. 4**

**PROPOSED AMENDMENTS TO CERTIFICATE OF INCORPORATION TO SET  
SUPERMAJORITY VOTING PROVISIONS FOR CERTAIN AMENDMENTS AT 66 2/3<sup>rds</sup>%  
OF OUR SHARES**

Our Board of Directors unanimously adopted resolutions proposing to amend Articles Fourteenth, Fifteenth and Sixteenth of the certificate of incorporation to set certain supermajority voting provisions with respect to amendments to our certificate of incorporation and bylaws at 66 2/3<sup>rds</sup>% of the voting power of our shares. This Proposal No. 4 is conditioned upon approval of Proposal No. 3 *Proposed Amendment to Our Certificate of Incorporation to Declassify Our Board of Directors*, as described on page 8 of this Proxy Statement. Accordingly, if Proposal No. 3 is not adopted by stockholders, this Proposal No. 4 will not be adopted irrespective of the outcome of the vote on this Proposal No. 4.

**General Information on the Proposed Amendments**

Article Fourteenth of the certificate of incorporation currently requires the affirmative vote of the holders of eighty percent (80%) or more of all outstanding shares of capital stock entitled to vote in election of directors, considered as a single class, for stockholders to amend, modify or repeal any provision of Article Twelfth, Article Thirteenth or Article Fourteenth of the certificate of incorporation or any provision of the bylaws relating to the number or term of office of directors. Article Fourteenth also states that the foregoing 80% threshold is reduced to a majority of the outstanding shares if the Board of Directors, by resolution adopted by a majority of directors then in office, recommends to the stockholders the adoption of any amendment to such provisions. Article Twelfth of the certificate of incorporation addresses provisions relating to the Company Board of Directors (including, if approved by stockholders pursuant to Proposal No. 3, the provisions of the certificate of incorporation relating to the phased declassification and annual election of the Board of Directors), and Article Thirteenth addresses approval provisions relating to transactions with interested stockholders. The proposed amendment to Article Fourteenth, if adopted, would replace the eighty percent (80%) supermajority vote requirement to approve amendments to the specified provisions of the certificate of incorporation (i.e., Articles Twelfth, Thirteenth and Fourteenth) with a requirement that sixty-six and two thirds percent (66 2/3<sup>rds</sup>%) or more of our shares would be able to amend, modify or repeal any such provision. The proposed amendment would also eliminate the majority-then-in-office voting exception contained in Article Fourteenth. In effect, if the proposed amendment is adopted, assuming the Board of Directors were to recommend such future changes to the certificate of incorporation, stockholders will be able to approve future changes to Articles Twelfth or Thirteenth of the certificate of incorporation by a vote of sixty-six and two thirds percent (66 2/3<sup>rds</sup>%) of our shares.

Article Fifteenth of the certificate of incorporation currently requires the affirmative vote of the holders of eighty percent (80%) or more of the voting power of our capital stock entitled to vote in the election of directors for stockholders to amend, modify or repeal any provision of Article Fifteenth of the certificate of incorporation. Article Fifteenth contains a prohibition on stockholders acting by written consent (unless the consent is executed by all of our stockholders). The proposed amendment to Article Fifteenth, if adopted, would replace the eighty percent (80%) supermajority vote requirement to approve amendments to Article Fifteenth with a requirement that sixty-six and two thirds percent (66 2/3<sup>rds</sup>%) of our shares would be able to amend, modify or repeal any such provision. In effect, if the proposed amendment is adopted, assuming the Board of Directors were to recommend such future amendment to the certificate, stockholders can repeal the prohibition on action by written consent by a vote of sixty-six and two thirds percent (66 2/3<sup>rds</sup>%) of our shares.

Article Sixteenth of the certificate of incorporation currently requires the affirmative vote of the holders of eighty percent (80%) or more of the voting power of our capital stock entitled to vote in the election of directors for stockholders to adopt any new bylaws or amend, modify or repeal any provision of our bylaws. Article Sixteenth also requires the same vote to amend Article Sixteenth itself. The proposed amendment to Article Sixteenth, if adopted, would replace the eighty percent (80%) supermajority vote requirements for stockholders to approve amendments to our bylaws or the adoption of new bylaws (or amendments to Article Sixteenth) with a requirement that sixty-six and two thirds percent (66 2/3<sup>rd</sup>s%) or more of our shares would be able to adopt any new bylaws or amend, modify or repeal any provision of our bylaws or amend Article Sixteenth of the certificate of incorporation. In effect, if the proposed amendment is adopted, stockholders can amend the bylaws or adopt new bylaws by a vote of sixty-six and two thirds percent (66 2/3<sup>rd</sup>s%) of our shares. If the amendments are adopted, the bylaws would continue to permit bylaw amendments adopted by a majority of the Board.

## Table of Contents

### **Considerations and Reasons for the Proposed Amendments**

As with many public companies, the current supermajority voting requirements for amendments to our certificate of incorporation (which stand at 4/5ths, or eighty percent (80%) of the voting power of our capital stock) were originally implemented when we became a public company in 2007 to broadly protect the interests of our stockholders.

Together with the proposed amendment to effect declassification (see Proposal No. 3 *Proposed Amendment to Our Certificate of Incorporation to Declassify Our Board of Directors*), our Board of Directors resolved to adopt and recommend the proposed amendments to our supermajority voting provisions following a careful review of the Company's corporate governance practices and based on its desire to be responsive to evolving standards of corporate governance and to the concerns of our stockholders. In particular our Board broadly reviewed the amendment practices, including the quantitative voting thresholds, existing both at companies generally comparable to Quanex in size and at companies in the S&P 500.

In recent years, stockholders of many public companies have requested the complete elimination of the supermajority voting standard for stockholder actions, and a number of companies have effected such changes. Our Board continues to believe that supermajority voting provisions remain in the best interest of the Company and its stockholders because they facilitate corporate governance stability by requiring broad stockholder consensus to effect changes, and in the process help protect minority stockholder interests. In addition, Quanex's supermajority thresholds for amendments to our certificate of incorporation in particular address limited circumstances, and the Board does not believe that the elimination of the supermajority votes for such circumstances is appropriate. With that said, our Board of Directors recognized that the Company's existing eighty percent (80%) voting thresholds for certain amendments to our certificate of incorporation, or for changes to bylaws initiated by stockholders, are high and increasingly disfavored and pose a challenging threshold for stockholders to reach to effect certain changes and participate in important company decisions that are properly within the realm of stockholders under state corporate law. For this reason, the Board determined that an evaluation of a reduction in as opposed to an elimination of the supermajority thresholds for amendments was warranted and would be consistent with the Board's commitment to strong governance practices.

In making its recommendation, the Board carefully considered the advantages and disadvantages of reducing the thresholds set forth in our supermajority voting provisions for amendments to our certificate of incorporation and bylaws. The Board also considered whether complete elimination of supermajority voting standards for amendments would be advisable or prudent. As noted, while supermajority voting thresholds can facilitate stability and protect minority rights, supermajority vote requirements (and particularly high thresholds such as 80%) can limit the ability of a large group of stockholders at any particular time to effect change by essentially providing a veto to a minority stockholder or group of stockholders. In addition, a lower threshold for stockholder votes can increase stockholders ability to participate effectively in corporate governance. Finally, the Board is aware that many investors and others have come to perceive supermajority voting provisions as conflicting with principles of good corporate governance and accordingly believe that lower thresholds are responsive to this growing sentiment and an effective step in enhancing our corporate governance. As noted above, the Board did not believe that eliminating the Company's supermajority voting requirements in their entirety was in the best interests of stockholders.

After weighing all of these considerations, the Board determined it is in the best interests of our stockholders to set the supermajority vote requirements for amendments at sixty-six and two thirds percent (66 2/3<sup>rd</sup>s%) of the voting power of our shares; has approved resolutions setting forth the proposed amendments to Articles Fourteenth, Fifteenth and Sixteenth of the certificate of incorporation; has resolved to submit the proposed amendments to stockholders for their consideration and adoption at this meeting; and has recommended that stockholders vote to adopt the proposed amendments.

As previously discussed, while the amendments to Article Fifteenth and Sixteenth simply lower the supermajority voting thresholds contained in those provisions to at sixty-six and two thirds percent (66 2/3<sup>rd</sup>s%) of the voting power from an eighty percent (80%) threshold and would affirmatively make changes to such provisions or the bylaws easier to effect by stockholders, the amendment to Article Fourteenth also eliminates an exception that would permit a majority vote of our outstanding stock to approve changes to Articles Twelfth and Thirteenth (and Article Fourteenth itself) if a majority of the directors then-in-office recommends the change to the stockholders. The Board believes that this exception existed in part to facilitate the dismantling of a classified board structure (as set forth in our existing Article Twelfth) should this change be recommended by our Board. The dismantling of our classified Board structure is now being recommended (see Proposal No. 3 *Proposed Amendment to Our Certificate of Incorporation to Declassify Our Board of Directors* ), which if

## **Table of Contents**

approved arguably obviates the need for the majority exception going forward. The Board also believes that the elimination of the majority exception in Article Fourteenth is prudent (a) to better protect for the benefit of our stockholders the specific provisions and policies set forth in our certificate of incorporation and bylaws that are covered by the relevant sections (e.g., other Board related protections, such as the Board's right to fill vacancies, set forth in Article Twelfth; or approvals in connection with interested stockholder transactions set forth in Article Thirteenth) in a regime of annually elected directors (i.e., where a majority of the board can be changed at one election, or be removed without cause), (b) to provide better consistency with the other amendment related approval thresholds of our certificate of incorporation set forth in Articles Fifteenth and Sixteenth, (c) to make it harder for the Board to reverse declassification and later re-institute a classified board and (d) for reasons of overall simplicity in the mechanics of our constituent documents. While such change is being effected in the context of lowering the eighty percent (80%) threshold and other changes which enhance stockholder rights, the elimination of the majority vote exception may nevertheless have an antitakeover effect. For example, if stockholders were successful in replacing a majority or all of our Board, any further effort to amend or eliminate certain provisions of our Certificate of Incorporation which themselves have the effect of delaying, deferring or preventing a change of control (e.g., Article Thirteenth), may be impacted.

Because Article Sixteenth is being amended to reduce the voting threshold for stockholders to amend the bylaws to sixty-six and two thirds percent ( $66\frac{2}{3}\%$ ) of our shares and the majority exception is being eliminated, there became no reason to include a reference to bylaw changes in Article Fourteenth (Article Fourteenth previously subjected changes to any provision of the bylaws relating to the number or term of office of directors to a vote of eighty percent (80%) of the voting power of the capital stock, subject to the majority exception referenced herein).

## **Text of the Proposed Amendments to the Certificate of Incorporation**

The general description of the proposed amendments to the certificate of incorporation set forth above is qualified in its entirety by reference to the complete text of the amendments, which is attached as Annex B to this proxy statement. If the proposed amendments are adopted at the 2016 Annual Meeting, they will become effective upon the filing by the Company with the Secretary of State of the State of Delaware of a certificate of amendment to the certificate of incorporation currently in effect.

## **Conditional Bylaw Amendments**

In connection with its approval of resolutions to amend Articles Fourteenth, Fifteenth and Sixteenth of the certificate of incorporation, the Board of Directors also approved a conforming amendment to Article XIII of the bylaws to reflect the same change in Article XIII as would be reflected in Article Sixteenth of the certificate of incorporation if the proposed amendments to our certificate of incorporation regarding our supermajority thresholds for amendments is adopted by stockholders.

## **Vote Required**

The affirmative vote of four-fifths or eighty percent (80%) of the outstanding shares of stock of the Company entitled to vote in elections of directors is necessary to adopt the proposed amendments to our certificate of incorporation with respect to setting the supermajority thresholds for amendments at sixty-six and two thirds percent ( $66\frac{2}{3}\%$ ) of the voting power of our stock. Unless otherwise instructed, proxy holders will vote the proxies received by them **FOR** this proposal. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on this proposal and will have the effect of a vote **AGAINST** this proposal. Accordingly, we encourage you to vote promptly, even if you plan to attend the meeting. Like broker non-votes, abstentions will also count as a vote **AGAINST** this proposal.



**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 2016. 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, 2016. 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, 2016.



---

**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****Current Executive Officers:**

William C. Griffiths, 64	Chairman of the Board, President and Chief Executive Officer since 2013
Brent L. Korb, 43	Senior Vice President Finance and Chief Financial Officer since 2008
Kevin P. Delaney, 54	Senior Vice President General Counsel and Secretary since 2007
M. Dewayne Williams, 45	Vice President Controller since 2013

**Former Executive Officer:**

Martin P. Ketelaar, 50	Former Vice President Treasurer and Investor Relations
------------------------	--