

CITIGROUP INC
Form 424B2
April 01, 2019

The information in this preliminary pricing supplement is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This preliminary pricing supplement and the accompanying product supplement, prospectus supplement and prospectus are not an offer to sell these securities, nor are they soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 1, 2019
April ---, 2019

Medium-Term Senior Notes, Series N

Citigroup Global Markets Holdings Inc.

Pricing Supplement No. 2019-USNCH2229

Filed Pursuant to Rule 424(b)(2)

Registration Statement Nos. 333-224495 and 333-224495-03

Autocallable Contingent Coupon Equity Linked Securities Linked to the Worst Performing of Amazon.com, Inc. and Apple Inc. Due April 27, 2020

The securities offered by this pricing supplement are unsecured debt securities issued by Citigroup Global Markets Holdings Inc. and guaranteed by Citigroup Inc. The securities offer the potential for periodic contingent coupon payments at an annualized rate that, if all are paid, would produce a yield that is generally higher than the yield on our conventional debt securities of the same maturity. In exchange for this higher potential yield, you must be willing to accept the risks that (i) your actual yield may be lower than the yield on our conventional debt securities of the same maturity because you may not receive one or more, or any, contingent coupon payments, (ii) your actual yield may be negative because the value of what you receive at maturity may be significantly less than the stated principal amount of your securities, and may be zero, and (iii) the securities may be automatically called for redemption prior to maturity beginning on the first potential autocall date specified below. Each of these risks will depend solely on the performance of the **worst performing** of the underlyings specified below.

You will be subject to risks associated with each of the underlyings and will be negatively affected by adverse movements in any one of the underlyings. Although you will have downside exposure to the worst performing underlying, you will not receive dividends with respect to any underlying or participate in any appreciation of any underlying.

Investors in the securities must be willing to accept (i) an investment that may have limited or no liquidity and (ii) the risk of not receiving any payments due under the securities if we and Citigroup Inc. default on our obligations. **All payments on the securities are subject to the credit risk of Citigroup Global Markets Holdings Inc. and Citigroup Inc.**

KEY TERMS

Issuer: Citigroup Global Markets Holdings Inc., a wholly owned subsidiary of Citigroup Inc.

Guarantee: All payments due on the securities are fully and unconditionally guaranteed by Citigroup Inc.

Underlyings:

Underlying	Initial underlying value*	Coupon barrier value**	Final barrier value**	Equity ratio***
Amazon.com, Inc. \$		\$	\$	
Apple Inc. \$		\$	\$	

* For each underlying, its closing value on the pricing date

** For each underlying, 70% of its initial underlying value

*** For each underlying, the stated principal amount divided by its initial underlying value

Stated

principal amount: \$5,000 per security

Pricing date: April 22, 2019

Issue date: April 25, 2019

Valuation dates: July 22, 2019, October 22, 2019, January 22, 2020 and April 22, 2020 (the “final valuation date”), each subject to postponement if such date is not a scheduled trading day or certain market disruption events occur

Maturity date: Unless earlier redeemed, April 27, 2020

Contingent coupon payment dates:

The fifth business day after each valuation date, except that the contingent coupon payment date following the final valuation date will be the maturity date

Contingent coupon:

On each contingent coupon payment date, unless previously redeemed, the securities will pay a contingent coupon equal to 2% to 2.25% of the stated principal amount of the securities (equivalent to a contingent coupon rate of 8% to 9% per annum) (to be determined on the pricing date) **if and only if** the closing value of the worst performing underlying on the immediately preceding valuation date is greater than or equal to its coupon barrier value. **If the closing value of the worst performing underlying on any valuation date is less than its coupon barrier value, you will not receive any contingent coupon payment on the immediately following contingent coupon payment date. If the closing value of the worst performing underlying on one or more valuation dates is less than its coupon barrier value and, on a subsequent valuation date, the closing value of the worst performing underlying on that subsequent valuation date is greater than or equal to its coupon barrier value, your contingent coupon payment for that subsequent valuation date will include all previously unpaid contingent coupon payments (without interest on amounts previously unpaid). However, if the closing value of the worst performing underlying on a valuation date is less than its coupon barrier value and the closing value of the worst performing underlying on each subsequent valuation date up to and including the final valuation date is less than its coupon barrier value, you will not receive the unpaid contingent coupon payments in respect of those valuation dates**

Payment at maturity:

If the securities are not automatically redeemed prior to maturity, you will receive at maturity for each security you then hold:

If the final underlying value of the worst performing underlying on the final valuation date is **greater than or equal to** its final barrier value:

\$5,000 *plus* the contingent coupon payment due at maturity (including any previously unpaid contingent coupon payments)

If the final underlying value of the worst performing underlying on the final valuation date is **less than** its final barrier value:

a fixed number of underlying shares of the worst performing underlying on the final valuation date equal to its equity ratio (or, if we elect, the cash value of those shares based on its final underlying value)

If the securities are not automatically redeemed prior to maturity and the final underlying value of the worst performing underlying on the final valuation date is less than its final barrier value, you will receive underlying shares (or, in our sole discretion, cash) expected to be worth significantly less than the stated principal amount of your securities, and possibly nothing, at maturity, and you will not receive any contingent coupon payment at maturity (including any previously unpaid contingent coupon payments).

Listing: The securities will not be listed on any securities exchange

CUSIP / ISIN: 17324XJB7 / US17324XJB73

Underwriter: Citigroup Global Markets Inc. (“CGMI”), an affiliate of the issuer, acting as principal

Underwriting fee and issue price: **Issue price**⁽¹⁾⁽²⁾ **Underwriting fee**⁽³⁾ **Proceeds to issuer**

Per security: \$5,000 \$50 \$4,950

Total: \$ \$ \$

(Key Terms continued on next page)

(1) Citigroup Global Markets Holdings Inc. currently expects that the estimated value of the securities on the pricing date will be at least \$4,677.50 per security, which will be less than the issue price. The estimated value of the securities is based on CGMI’s proprietary pricing models and our internal funding rate. It is not an indication of actual profit to CGMI or other of our affiliates, nor is it an indication of the price, if any, at which CGMI or any other person may be willing to buy the securities from you at any time after issuance. See “Valuation of the Securities” in this pricing supplement.

(2) The issue price for investors purchasing the securities in fee-based advisory accounts will be \$4,950 per security, assuming no custodial fee is charged by a selected dealer, and up to \$4,975 per security, assuming the maximum custodial fee is charged by a selected dealer. See “Supplemental Plan of Distribution” in this pricing supplement.

(3) CGMI will receive an underwriting fee of \$50 for each security sold in this offering. From this underwriting fee, CGMI will pay selected dealers a fixed selling concession of \$50 for each security they sell. In addition, CGMI will pay selected dealers not affiliated with CGMI a structuring fee of up to \$37.50 for each security they sell. We may also engage other firms to provide marketing or promotional services in connection with the distribution of the securities. CGMI will pay these service providers a fee of up to \$25 per security in consideration for providing marketing, education, structuring or referral services with respect to financial advisors or selected dealers. For more information on the distribution of the securities, see “Supplemental Plan of Distribution” in this pricing supplement. In addition to the underwriting fee, CGMI and its affiliates may profit from expected hedging activity related to this offering, even if the value of the securities declines. See “Use of Proceeds and Hedging” in the accompanying prospectus.

Investing in the securities involves risks not associated with an investment in conventional debt securities. See “Summary Risk Factors” beginning on page PS-5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or determined that this pricing supplement and the accompanying product supplement, prospectus supplement and prospectus are truthful or complete. Any representation to the contrary is a criminal offense. *You should read this pricing supplement together with the accompanying product supplement, prospectus supplement and prospectus, which can be accessed via the hyperlinks below:*

[Product Supplement No. EA-04-08 dated February 15, 2019](#)

[Prospectus Supplement and Prospectus each dated May 14, 2018](#)

The securities are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Citigroup Global Markets Holdings Inc.

KEY TERMS (continued)

Automatic early redemption:	If, on any potential autocall date, the closing value of the worst performing underlying on that potential autocall date is greater than or equal to its initial underlying value, each security you then hold will be automatically called on that potential autocall date for redemption on the immediately following contingent coupon payment date for an amount in cash equal to \$5,000 <i>plus</i> the related contingent coupon payment. The automatic early redemption feature may significantly limit your potential return on the securities. If the worst performing underlying performs in a way that would otherwise be favorable, the securities are likely to be automatically called for redemption prior to maturity, cutting short your opportunity to receive contingent coupon payments. The securities may be automatically called for redemption as early as the first potential autocall date specified below.
Potential autocall dates:	Each valuation date beginning in July 2019 and ending in January 2020
Final underlying value:	For each underlying, its closing value on the final valuation date
Underlying return:	For each underlying on any valuation date, (i) its closing value on that valuation date <i>minus</i> its initial underlying value, <i>divided by</i> (ii) its initial underlying value
Worst performing underlying:	For any valuation date, the underlying with the lowest underlying return determined as of that valuation date

Additional Information

General. The terms of the securities are set forth in the accompanying product supplement, prospectus supplement and prospectus, as supplemented by this pricing supplement. The accompanying product supplement, prospectus supplement and prospectus contain important disclosures that are not repeated in this pricing supplement. For example, the accompanying product supplement contains important information about how the closing value of each underlying will be determined and about adjustments that may be made to the terms of the securities upon the occurrence of market disruption events and other specified events with respect to each underlying. It is important that you read the accompanying product supplement, prospectus supplement and prospectus together with this pricing supplement in deciding whether to invest in the securities. Certain terms used but not defined in this pricing supplement are defined in the accompanying product supplement.

Closing Value. The “closing value” of each underlying on any date is the closing price of its underlying shares on such date, as provided in the accompanying product supplement. The “underlying shares” of the underlyings are their respective shares of common stock. Please see the accompanying product supplement for more information.

Citigroup Global Markets Holdings Inc.

Hypothetical Examples

The examples in the first section below illustrate how to determine whether a contingent coupon will be paid (and whether any previously unpaid contingent coupon payments will be paid) and whether the securities will be automatically called for redemption following a valuation date that is also a potential autocall date. The examples in the second section below illustrate how to determine the payment at maturity on the securities, assuming the securities are not automatically redeemed prior to maturity. The examples are solely for illustrative purposes, do not show all possible outcomes and are not a prediction of any payment that may be made on the securities.

The examples below are based on the following hypothetical values and do not reflect the actual initial underlying values, coupon barrier values, final barrier values or equity ratios of the underlyings. For the actual initial underlying value, coupon barrier value, final barrier value and equity ratio of each underlying, see the cover page of this pricing supplement. We have used these hypothetical values, rather than the actual values, to simplify the calculations and aid understanding of how the securities work. However, you should understand that the actual payments on the securities will be calculated based on the actual initial underlying value, coupon barrier value, final barrier value and equity ratio of each underlying, and not the hypothetical values indicated below. The examples below assume that the contingent coupon rate is set at the lowest value indicated on the cover page of this pricing supplement. The actual contingent coupon rate will be determined on the pricing date.

Underlying	Hypothetical initial underlying value	Hypothetical coupon barrier value	Hypothetical final barrier value	Hypothetical equity ratio
Amazon.com, Inc.	\$100	\$70 (70% of its hypothetical initial underlying value)	\$70 (70% of its hypothetical initial underlying value)	50.00000
Apple Inc.	\$100	\$70 (70% of its hypothetical initial underlying value)	\$70 (70% of its hypothetical initial underlying value)	50.00000

Hypothetical Examples of Contingent Coupon Payments and any Payment upon Automatic Early Redemption Following a Valuation Date that is also a Potential Autocall Date

The hypothetical examples below illustrate how to determine whether a contingent coupon will be paid and whether the securities will be automatically redeemed following a hypothetical valuation date that is also a potential autocall date, assuming that the closing values of the underlyings on the hypothetical valuation date are as indicated below.

Example 1	Hypothetical closing value of Amazon.com, Inc. on hypothetical valuation date	Hypothetical closing value of Apple Inc. on hypothetical valuation date	Hypothetical payment per \$5,000 security on related contingent coupon payment date
	\$120	\$85	

Hypothetical Valuation Date #1	(underlying return = $(\$120 - \$100) / \$100 = 20\%$)	(underlying return = $(\$85 - \$100) / \$100 = -15\%$)	\$100 (contingent coupon is paid; securities not redeemed)
Example 2	\$45	\$130	\$0 (no contingent coupon; securities not redeemed)
Hypothetical Valuation Date #2	(underlying return = $(\$45 - \$100) / \$100 = -55\%$)	(underlying return = $(\$130 - \$100) / \$100 = 30\%$)	
Example 3	\$105	\$120	\$5,200 (contingent coupon <i>plus</i> the previously unpaid contingent coupon is paid; securities redeemed)
Hypothetical Valuation Date #3	(underlying return = $(\$105 - \$100) / \$100 = 5\%$)	(underlying return = $(\$120 - \$100) / \$100 = 20\%$)	

Example 1: On hypothetical valuation date #1, Apple Inc. has the lowest underlying return and, therefore, is the worst performing underlying on hypothetical valuation date #1. In this scenario, the closing value of the worst performing underlying on hypothetical valuation date #1 is **greater than** its coupon barrier value but **less than** its initial underlying value. As a result, investors in the securities would receive the contingent coupon payment on the related contingent coupon payment date and the securities would not be automatically redeemed.

Example 2: On hypothetical valuation date #2, Amazon.com, Inc. has the lowest underlying return and, therefore, is the worst performing underlying on hypothetical valuation date #2. In this scenario, the closing value of the worst performing underlying on hypothetical valuation date #2 is **less than** its coupon barrier value. As a result, investors would not receive any payment on the related contingent coupon payment date and the securities would not be automatically redeemed.

Investors in the securities will not receive a contingent coupon on the contingent coupon payment date following a valuation date if the closing value of the worst performing underlying on that valuation date is less than its coupon barrier value. Whether a contingent coupon is paid following a valuation date depends solely on the closing value of the worst performing underlying on that valuation date.

Example 3: On hypothetical valuation date #3, Amazon.com, Inc. has the lowest underlying return and, therefore, is the worst performing underlying on hypothetical valuation date #3. In this scenario, the closing value of the worst performing underlying on

Citigroup Global Markets Holdings Inc.

hypothetical valuation date #3 is **greater than** both its coupon barrier value and its initial underlying value. As a result, the securities would be automatically redeemed on the related contingent coupon payment date for an amount in cash equal to \$5,000 *plus* the related contingent coupon payment *plus* any previously unpaid contingent coupon payments. Because no contingent coupon payment was received in connection with hypothetical valuation date #2, investors in the securities would also receive the previously unpaid contingent coupon payment on the related contingent coupon payment date.

If the valuation date were not also a potential autocall date, the securities would not be automatically redeemed on the related contingent coupon payment date.

Hypothetical Examples of the Payment at Maturity on the Securities

The next hypothetical examples illustrate the calculation of the payment at maturity on the securities, assuming that the securities have not been earlier automatically redeemed and that the final underlying values of the underlyings are as indicated below.

	Hypothetical final underlying value of Amazon.com, Inc.	Hypothetical final underlying value of Apple Inc.	Hypothetical payment at maturity per \$5,000 security
	\$130	\$110	
Example 4	(underlying return = (\$130 – \$100) / \$100 = 30%) \$30	(underlying return = (\$110 – \$100) / \$100 = 10%) \$130	\$5,100 <i>plus</i> any previously unpaid contingent coupon payments
Example 5	(underlying return = (\$30 – \$100) / \$100 = -70%) \$70	(underlying return = (\$130 – \$100) / \$100 = 30%) \$0	A number of underlying shares of the worst performing underlying on the final valuation date (or, in our sole discretion, cash) worth \$1,500 based on its final underlying value
Example 6	(underlying return = (\$70 – \$100) / \$100 = -30%)	(underlying return = (\$0 – \$100) / \$100 = -100%)	A number of underlying shares of the worst performing underlying on the final valuation date (or, in our sole discretion, cash) worth \$0 based on its final underlying value

Example 4: On the final valuation date, Apple Inc. has the lowest underlying return and, therefore, is the worst performing underlying on the final valuation date. In this scenario, the final underlying value of the worst performing underlying on the final valuation date is **greater than** its final barrier value. Accordingly, at maturity, you would receive the stated principal amount of the securities *plus* the contingent coupon payment due at maturity (assuming no

previously unpaid contingent coupon payments), but you would not participate in the appreciation of any of the underlyings.

Example 5: On the final valuation date, Amazon.com, Inc. has the lowest underlying return and, therefore, is the worst performing underlying on the final valuation date. In this scenario, the final underlying value of the worst performing underlying on the final valuation date is **less than** its final barrier value. Accordingly, at maturity, you would receive for each security you then hold a fixed number of underlying shares of the worst performing underlying on the final valuation date equal to its equity ratio (or, at our option, the cash value thereof).

In this scenario, the value of a number of underlying shares of the worst performing underlying on the final valuation date equal to its equity ratio, based on its final underlying value, would be \$1,500. Therefore, the value of the underlying shares of the worst performing underlying on the final valuation date (or, in our discretion, cash) you receive at maturity would be significantly less than the stated principal amount of your securities. You would incur a loss based on the performance of the worst performing underlying on the final valuation date. In addition, because the final underlying value of the worst performing underlying on the final valuation date is below its coupon barrier value, you would not receive any contingent coupon payment (including any previously unpaid contingent coupon payments) at maturity.

If the final underlying value of the worst performing underlying on the final valuation date is less than its final barrier value, we will have the option to deliver to you on the maturity date either a number of underlying shares of the worst performing underlying on the final valuation date equal to its equity ratio or the cash value of those underlying shares based on their final underlying value. The value of those underlying shares on the maturity date may be different than their final underlying value.

Example 6: On the final valuation date, Apple Inc. has the lowest underlying return and, therefore, is the worst performing underlying on the final valuation date. In this scenario, the underlying shares of the worst performing underlying on the final valuation date are worthless and you would lose your entire investment in the securities at maturity. In addition, because the final underlying value of the worst performing underlying on the final valuation date is below its coupon barrier value, you would not receive any contingent coupon payment at maturity.

It is possible that the closing value of the worst performing underlying will be less than its coupon barrier value on each valuation date and less than its final barrier value on the final valuation date, such that you will not receive any contingent coupon payments over the term of the securities (including any previously unpaid contingent coupon payments) and will receive significantly less than the stated principal amount of your securities, and possibly nothing, at maturity.

Citigroup Global Markets Holdings Inc.

Summary Risk Factors

An investment in the securities is significantly riskier than an investment in conventional debt securities. The securities are subject to all of the risks associated with an investment in our conventional debt securities (guaranteed by Citigroup Inc.), including the risk that we and Citigroup Inc. may default on our obligations under the securities, and are also subject to risks associated with each underlying. Accordingly, the securities are suitable only for investors who are capable of understanding the complexities and risks of the securities. You should consult your own financial, tax and legal advisors as to the risks of an investment in the securities and the suitability of the securities in light of your particular circumstances.

The following is a summary of certain key risk factors for investors in the securities. You should read this summary together with the more detailed description of risks relating to an investment in the securities contained in the section “Risk Factors Relating to the Securities” beginning on page EA-7 in the accompanying product supplement. You should also carefully read the risk factors included in the accompanying prospectus supplement and in the documents incorporated by reference in the accompanying prospectus, including Citigroup Inc.’s most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, which describe risks relating to the business of Citigroup Inc. more generally. Citigroup Inc. will release quarterly earnings on April 15, 2019, which is during the marketing period and prior to the pricing date of these securities.

You may lose a significant portion or all of your investment. Unlike conventional debt securities, the securities do not provide for the repayment of the stated principal amount at maturity in all circumstances. If the securities are not automatically redeemed prior to maturity, your payment at maturity will depend on the final underlying value of the worst performing underlying on the final valuation date. If the final underlying value of the worst performing underlying on the final valuation date is less than its final barrier value, you will not receive the stated principal amount of your securities at maturity and, instead, will receive underlying shares of the worst performing underlying on the final valuation date (or, in our sole discretion, cash based on its final underlying value) expected to be worth significantly less than the stated principal amount, and possibly nothing. There is no minimum payment at maturity on the securities, and you may lose up to all of your investment.

We may elect, in our sole discretion, to pay you cash at maturity in lieu of delivering any underlying shares. If we elect to pay you cash at maturity in lieu of delivering any underlying shares, the amount of that cash may be less than the market value of the underlying shares on the maturity date because the market value will likely fluctuate between the final valuation date and the maturity date. Conversely, if we do not exercise our cash election right and instead deliver underlying shares to you on the maturity date, the market value of such underlying shares may be less than the cash amount you would have received if we had exercised our cash election right. We will have no obligation to take your interests into account when deciding whether to exercise our cash election right.

You will not receive any contingent coupon on the contingent coupon payment date following any valuation date on which the closing value of the worst performing underlying on that valuation date is less than its

coupon barrier value. A contingent coupon payment will be made on a contingent coupon payment date if and only if the closing value of the worst performing underlying on the immediately preceding valuation date is greater than or equal to its coupon barrier value. If the closing value of the worst performing underlying on any valuation date is less than its coupon barrier value, you will not receive any contingent coupon payment on the immediately following contingent coupon payment date. You will only receive a contingent coupon payment that has not been paid on a subsequent contingent coupon payment date if and only if the closing value of the worst performing underlying on the related valuation date is greater than or equal to its coupon barrier value. If the closing value of the worst performing underlying on each valuation date is below its coupon barrier value, you will not receive any contingent coupon payments over the term of the securities.

Higher contingent coupon rates are associated with greater risk. The securities offer contingent coupon payments at an annualized rate that, if all are paid, would produce a yield that is generally higher than the yield on our conventional debt securities of the same maturity. This higher potential yield is associated with greater levels of expected risk as of the pricing date for the securities, including the risk that you may not receive a contingent coupon payment on one or more, or any, contingent coupon payment dates and the risk that the value of what you receive at maturity may be significantly less than the stated principal amount of your securities and may be zero. The volatility of and the correlation between the underlyings are important factors affecting these risks. Greater expected volatility of and lower expected correlation between the underlyings as of the pricing date may result in a higher contingent coupon rate, but would also represent a greater expected likelihood as of the pricing date that the closing value of the worst performing underlying on one or more valuation dates will be less than its coupon barrier value, such that you will not receive one or more, or any, contingent coupon payments during the term of the securities, and that the final underlying value of the worst performing underlying on the final valuation date will be less than its final barrier value, such that you will not be repaid the stated principal amount of your securities at maturity.

The securities are subject to heightened risk because they have multiple underlyings. The securities are more risky than similar investments that may be available with only one underlying. With multiple underlyings, there is a greater chance that any one underlying will perform poorly, adversely affecting your return on the securities.

The securities are subject to the risks of each of the underlyings and will be negatively affected if any one underlying performs poorly. You are subject to risks associated with each of the underlyings. If any one underlying performs poorly, you will be negatively affected. The securities are not linked to a basket composed of the underlyings, where the blended performance of the underlyings would be better than the performance of the worst performing underlying alone. Instead, you are subject to the full risks of whichever of the underlyings is the worst performing underlying.

Citigroup Global Markets Holdings Inc.

You will not benefit in any way from the performance of any better performing underlying. The return on the securities depends solely on the performance of the worst performing underlying, and you will not benefit in any way from the performance of any better performing underlying.

You will be subject to risks relating to the relationship between the underlyings. It is preferable from your perspective for the underlyings to be correlated with each other, in the sense that their closing values tend to increase or decrease at similar times and by similar magnitudes. By investing in the securities, you assume the risk that the underlyings will not exhibit this relationship. The less correlated the underlyings, the more likely it is that any one of the underlyings will perform poorly over the term of the securities. All that is necessary for the securities to perform poorly is for one of the underlyings to perform poorly. It is impossible to predict what the relationship between the underlyings will be over the term of the securities. The underlyings differ in significant ways and, therefore, may not be correlated with each other.

You may not be adequately compensated for assuming the downside risk of the worst performing underlying. The potential contingent coupon payments on the securities are the compensation you receive for assuming the downside risk of the worst performing underlying, as well as all the other risks of the securities. That compensation is effectively “at risk” and may, therefore, be less than you currently anticipate. First, the actual yield you realize on the securities could be lower than you anticipate because the coupon is “contingent” and you may not receive a contingent coupon payment on one or more, or any, of the contingent coupon payment dates. Second, the contingent coupon payments are the compensation you receive not only for the downside risk of the worst performing underlying, but also for all of the other risks of the securities, including the risk that the securities may be automatically redeemed prior to maturity, interest rate risk and our and Citigroup Inc.’s credit risk. If those other risks increase or are otherwise greater than you currently anticipate, the contingent coupon payments may turn out to be inadequate to compensate you for all the risks of the securities, including the downside risk of the worst performing underlying.

The securities may be automatically redeemed prior to maturity, limiting your opportunity to receive contingent coupon payments. On any potential autocall date, the securities will be automatically called for redemption if the closing value of the worst performing underlying on that potential autocall date is greater than or equal to its initial underlying value. As a result, if the worst performing underlying performs in a way that would otherwise be favorable, the securities are likely to be automatically redeemed, cutting short your opportunity to receive contingent coupon payments. If the securities are automatically redeemed prior to maturity, you may not be able to reinvest your funds in another investment that provides a similar yield with a similar level of risk.

The securities offer downside exposure to the worst performing underlying, but no upside exposure to any underlying. You will not participate in any appreciation in the value of any underlying over the term of the securities. Consequently, your return on the securities will be limited to the contingent coupon payments you receive, if any, and may be significantly less than the return on any underlying over the term of the securities. In addition, as an investor in the securities, you will not receive any dividends or other distributions or have any other rights with respect to any of the underlyings.

The performance of the securities will depend on the closing values of the underlyings solely on the valuation dates, which makes the securities particularly sensitive to volatility in the closing values of the underlyings on

or near the valuation dates. Whether the contingent coupon will be paid on any given contingent coupon payment date (and whether any previously unpaid contingent coupon payments will be paid) and whether the securities will be automatically redeemed prior to maturity will depend on the closing values of the underlyings solely on the applicable valuation dates, regardless of the closing values of the underlyings on other days during the term of the securities. If the securities are not automatically redeemed prior to maturity, what you receive at maturity will depend solely on the final underlying value of the worst performing underlying on the final valuation date, and not on any other day during the term of the securities. Because the performance of the securities depends on the closing values of the underlyings on a limited number of dates, the securities will be particularly sensitive to volatility in the closing values of the underlyings on or near the valuation dates. You should understand that the closing value of each underlying has historically been highly volatile.

The securities are subject to the credit risk of Citigroup Global Markets Holdings Inc. and Citigroup Inc. If we default on our obligations under the securities and Citigroup Inc. defaults on its guarantee obligations, you may not receive anything owed to you under the securities.

The securities will not be listed on any securities exchange and you may not be able to sell them prior to maturity. The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. CGMI currently intends to make a secondary market in relation to the securities and to provide an indicative bid price for the securities on a daily basis. Any indicative bid price for the securities provided by CGMI will be determined in CGMI's sole discretion, taking into account prevailing market conditions and other relevant factors, and will not be a representation by CGMI that the securities can be sold at that price, or at all. CGMI may suspend or terminate making a market and providing indicative bid prices without notice, at any time and for any reason. If CGMI suspends or terminates making a market, there may be no secondary market at all for the securities because it is likely that CGMI will be the only broker-dealer that is willing to buy your securities prior to maturity. Accordingly, an investor must be prepared to hold the securities until maturity.

The estimated value of the securities on the pricing date, based on CGMI's proprietary pricing models and our internal funding rate, is less than the issue price. The difference is attributable to certain costs associated with selling, structuring and hedging the securities that are included in the issue price. These costs include (i) any selling concessions or other fees paid in connection with the offering of the securities, (ii) hedging and other costs incurred by us and our affiliates in connection with the offering of the securities and (iii) the expected profit (which may be more or less than actual profit) to CGMI or other of our affiliates

Citigroup Global Markets Holdings Inc.

in connection with hedging our obligations under the securities. These costs adversely affect the economic terms of the securities because, if they were lower, the economic terms of the securities would be more favorable to you. The economic terms of the securities are also likely to be adversely affected by the use of our internal funding rate, rather than our secondary market rate, to price the securities. See “The estimated value of the securities would be lower if it were calculated based on our secondary market rate” below.

The estimated value of the securities was determined for us by our affiliate using proprietary pricing models.

CGMI derived the estimated value disclosed on the cover page of this pricing supplement from its proprietary pricing models. In doing so, it may have made discretionary judgments about the inputs to its models, such as the volatility of and correlation between the underlyings, dividend yields on the underlyings and interest rates. CGMI’s views on these inputs may differ from your or others’ views, and as an underwriter in this offering, CGMI’s interests may conflict with yours. Both the models and the inputs to the models may prove to be wrong and therefore not an accurate reflection of the value of the securities. Moreover, the estimated value of the securities set forth on the cover page of this pricing supplement may differ from the value that we or our affiliates may determine for the securities for other purposes, including for accounting purposes. You should not invest in the securities because of the estimated value of the securities. Instead, you should be willing to hold the securities to maturity irrespective of the initial estimated value.

The estimated value of the securities would be lower if it were calculated based on our secondary market rate.

The estimated value of the securities included in this pricing supplement is calculated based on our internal funding rate, which is the rate at which we are willing to borrow funds through the issuance of the securities. Our internal funding rate is generally lower than our secondary market rate, which is the rate that CGMI will use in determining the value of the securities for purposes of any purchases of the securities from you in the secondary market. If the estimated value included in this pricing supplement were based on our secondary market rate, rather than our internal funding rate, it would likely be lower. We determine our internal funding rate based on factors such as the costs associated with the securities, which are generally higher than the costs associated with conventional debt securities, and our liquidity needs and preferences. Our internal funding rate is not an interest rate that is payable on the securities.

Because there is not an active market for traded instruments referencing our outstanding debt obligations, CGMI determines our secondary market rate based on the market price of traded instruments referencing the debt obligations of Citigroup Inc., our parent company and the guarantor of all payments due on the securities, but subject to adjustments that CGMI makes in its sole discretion. As a result, our secondary market rate is not a market-determined measure of our creditworthiness, but rather reflects the market’s perception of our parent company’s creditworthiness as adjusted for discretionary factors such as CGMI’s preferences with respect to purchasing the securities prior to maturity.

The estimated value of the securities is not an indication of the price, if any, at which CGMI or any other person may be willing to buy the securities from you in the secondary market. Any such secondary market price will fluctuate over the term of the securities based on the market and other factors described in the next risk factor. Moreover, unlike the estimated value included in this pricing supplement, any value of the securities determined for purposes of a secondary market transaction will be based on our secondary market rate, which will likely result in a lower value for the securities than if our internal funding rate were used. In addition, any secondary market price for

the securities will be reduced by a bid-ask spread, which may vary depending on the aggregate stated principal amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding related hedging transactions. As a result, it is likely that any secondary market price for the securities will be less than the issue price.

The value of the securities prior to maturity will fluctuate based on many unpredictable factors. The value of your securities prior to maturity will fluctuate based on the closing values of the underlyings, the volatility of the closing values of the underlyings, the correlation between the underlyings, dividend yields on the underlyings, interest rates generally, the time remaining to maturity and our and Citigroup Inc.'s creditworthiness, as reflected in our secondary market rate, among other factors described under "Risk Factors Relating to the Securities—Risk Factors Relating to All Securities—The value of your securities prior to maturity will fluctuate based on many unpredictable factors" in the accompanying product supplement. Changes in the closing values of the underlyings may not result in a comparable change in the value of your securities. You should understand that the value of your securities at any time prior to maturity may be significantly less than the issue price.

Immediately following issuance, any secondary market bid price provided by CGMI, and the value that will be indicated on any brokerage account statements prepared by CGMI or its affiliates, will reflect a temporary upward adjustment. The amount of this temporary upward adjustment will steadily decline to zero over the temporary adjustment period. See "Valuation of the Securities" in this pricing supplement.

Our offering of the securities is not a recommendation of any underlying. The fact that we are offering the securities does not mean that we believe that investing in an instrument linked to the underlyings is likely to achieve favorable returns. In fact, as we are part of a global financial institution, our affiliates may have positions (including short positions) in the underlyings or in instruments related to the underlyings, and may publish research or express opinions, that in each case are inconsistent with an investment linked to the underlyings. These and other activities of our affiliates may affect the closing values of the underlyings in a way that negatively affects the value of and your return on the securities.

The closing value of an underlying may be adversely affected by our or our affiliates' hedging and other trading activities. We expect to hedge our obligations under the securities through CGMI or other of our affiliates, who may take positions in the

PS-7

Citigroup Global Markets Holdings Inc.

underlyings or in financial instruments related to the underlyings and may adjust such positions during the term of the securities. Our affiliates also take positions in the underlyings or in financial instruments related to the underlyings on a regular basis (taking long or short positions or both), for their accounts, for other accounts under their management or to facilitate transactions on behalf of customers. These activities could affect the closing value of the underlyings in a way that negatively affects the value of and your return on the securities. They could also result in substantial returns for us or our affiliates while the value of the securities declines.

We and our affiliates may have economic interests that are adverse to yours as a result of our affiliates' business activities. Our affiliates engage in business activities with a wide range of companies. These activities include extending loans, making and facilitating investments, underwriting securities offerings and providing advisory services. These activities could involve or affect the underlyings in a way that negatively affects the value of and your return on the securities. They could also result in substantial returns for us or our affiliates while the value of the securities declines. In addition, in the course of this business, we or our affiliates may acquire non-public information, which will not be disclosed to you.

The calculation agent, which is an affiliate of ours, will make important determinations with respect to the securities. If certain events occur during the term of the securities, such as market disruption events and other events with respect to an underlying, CGMI, as calculation agent, will be required to make discretionary judgments that could significantly affect your return on the securities. In making these judgments, the calculation agent's interests as an affiliate of ours could be adverse to your interests as a holder of the securities. See "Risk Factors Relating to the Securities—Risk Factors Relating to All Securities—The calculation agent, which is an affiliate of ours, will make important determinations with respect to the securities" in the accompanying product supplement.

Even if an underlying pays a dividend that it identifies as special or extraordinary, no adjustment will be required under the securities for that dividend unless it meets the criteria specified in the accompanying product supplement. In general, an adjustment will not be made under the terms of the securities for any cash dividend paid by an underlying unless the amount of the dividend per share, together with any other dividends paid in the same quarter, exceeds the dividend paid per share in the most recent quarter by an amount equal to at least 10% of the closing value of that underlying on the date of declaration of the dividend. Any dividend will reduce that closing value of the underlying by the amount of the dividend per share. If an underlying pays any dividend for which an adjustment is not made under the terms of the securities, holders of the securities will be adversely affected. See "Description of the Securities—Certain Additional Terms for Securities Linked to an Underlying Company or an Underlying ETF—Dilution and Reorganization Adjustments—Certain Extraordinary Cash Dividends" in the accompanying product supplement.

The securities will not be adjusted for all events that may have a dilutive effect on or otherwise adversely affect the closing value of an underlying. For example, we will not make any adjustment for ordinary dividends or extraordinary dividends that do not meet the criteria described above, partial tender offers or additional underlying share issuances. Moreover, the adjustments we do make may not fully offset the dilutive or adverse effect of the particular event. Investors in the securities may be adversely affected by such an event in a circumstance in which a direct holder of the underlying shares of an underlying would not.

The securities may become linked to an underlying other than an original underlying upon the occurrence of a reorganization event or upon the delisting of the underlying shares of that original underlying. For example, if an underlying enters into a merger agreement that provides for holders of its underlying shares to receive shares of another entity and such shares are marketable securities, the closing value of that underlying following consummation of the merger will be based on the value of such other shares. Additionally, if the underlying shares of an underlying are delisted, the calculation agent may select a successor underlying. See “Description of the Securities—Certain Additional Terms for Securities Linked to an Underlying Company or an Underlying ETF” in the accompanying product supplement.

If the underlying shares of an underlying are delisted, we may call the securities prior to maturity for an amount that may be less than the stated principal amount. If we exercise this call right, you will receive the amount described under “Description of the Securities—Certain Additional Terms for Securities Linked to an Underlying Company or an Underlying ETF—Delisting of an Underlying Company” in the accompanying product supplement. This amount may be less, and possibly significantly less, than the stated principal amount of the securities.

You will have no rights with respect to an underlying unless and until you receive underlying shares of that underlying at maturity. If any change to the underlying shares of an underlying is proposed, such as an amendment to an underlying’s organizational documents, you will not have the right to vote on such change, but you will be subject to such change in the event you receive its underlying shares at maturity. Any such change may adversely affect the market value of the underlying shares of that underlying.

The U.S. federal tax consequences of an investment in the securities are unclear. There is no direct legal authority regarding the proper U.S. federal tax treatment of the securities, and we do not plan to request a ruling from the Internal Revenue Service (the “IRS”). Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities as described in “United States Federal Tax Considerations” below. If the IRS were successful in asserting an alternative treatment, the tax consequences of ownership and disposition of the securities might be materially and adversely affected. Moreover, as described in the accompanying product supplement under “United States Federal Tax Considerations,” in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. While it is not clear whether the securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that

Citigroup Global Markets Holdings Inc.

any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, including the character and timing of income or loss recognized by U.S. investors, possibly with retroactive effect. You should read carefully the discussion under “United States Federal Tax Considerations” and “Risk Factors Relating to the Securities” in the accompanying product supplement and “United States Federal Tax Considerations” in this pricing supplement. You should also consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Non-U.S. investors should note that persons having withholding responsibility in respect of the securities may withhold on any coupon payment paid to a non-U.S. investor, generally at a rate of 30%. To the extent that we have withholding responsibility in respect of the securities, we intend to so withhold.

In addition, Section 871(m) of the Internal Revenue Code of 1986, as amended (the “Code”), imposes a withholding tax of up to 30% on “dividend equivalents” paid or deemed paid to non-U.S. investors in respect of certain financial instruments linked to U.S. equities. In light of Treasury regulations, as modified by an IRS notice, that provide a general exemption for financial instruments issued prior to January 1, 2021 that do not have a “delta” of one, as of the date of this preliminary pricing supplement the securities should not be subject to withholding under Section 871(m). However, information about the application of Section 871(m) to the securities will be updated in the final pricing supplement. Moreover, the IRS could challenge a conclusion that the securities should not be subject to withholding under Section 871(m).

We will not be required to pay any additional amounts with respect to amounts withheld.

PS-9

Citigroup Global Markets Holdings Inc.

Information About Amazon.com, Inc.

Amazon.com, Inc. is a web-based business that serves consumers, sellers, developers, enterprises and content creators. The underlying shares of Amazon.com, Inc. are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information provided to or filed with the SEC by Amazon.com, Inc. pursuant to the Exchange Act can be located by reference to the SEC file number 000-22513 through the SEC's website at <http://www.sec.gov>. In addition, information regarding Amazon.com, Inc. may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. The underlying shares of Amazon.com, Inc. trade on the Nasdaq Global Select Market under the ticker symbol "AMZN."

We have derived all information regarding Amazon.com, Inc. from publicly available information and have not independently verified any information regarding Amazon.com, Inc. This pricing supplement relates only to the securities and not to Amazon.com, Inc. We make no representation as to the performance of Amazon.com, Inc. over the term of the securities.

The securities represent obligations of Citigroup Global Markets Holdings Inc. (guaranteed by Citigroup Inc.) only. Amazon.com, Inc. is not involved in any way in this offering and has no obligation relating to the securities or to holders of the securities.

Historical Information

The closing value of Amazon.com, Inc. on March 29, 2019 was \$1,780.75.

The graph below shows the closing value of Amazon.com, Inc. for each day such value was available from January 2, 2014 to March 29, 2019. We obtained the closing values from Bloomberg L.P., without independent verification. If certain corporate transactions occurred during the historical period shown below, including, but not limited to, spin-offs or mergers, then the closing values shown below for the period prior to the occurrence of any such transaction have been adjusted by Bloomberg L.P. as if any such transaction had occurred prior to the first day in the period shown below. You should not take the historical closing values as an indication of future performance.

Amazon.com, Inc. – Historical Closing Values

January 2, 2014 to March 29, 2019

PS-10

Citigroup Global Markets Holdings Inc.

Information About Apple Inc.

Apple Inc. designs, manufactures and markets mobile communication and media devices and personal computers, and sells related software, services, accessories, networking solutions and third-party digital content and applications. The underlying shares of Apple Inc. are registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Information provided to or filed with the SEC by Apple Inc. pursuant to the Exchange Act can be located by reference to the SEC file number 001-36743 through the SEC’s website at <http://www.sec.gov>. In addition, information regarding Apple Inc. may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. The underlying shares of Apple Inc. trade on the Nasdaq Stock Market under the ticker symbol “AAPL.”

We have derived all information regarding Apple Inc. from publicly available information and have not independently verified any information regarding Apple Inc. This pricing supplement relates only to the securities and not to Apple Inc. We make no representation as to the performance of Apple Inc. over the term of the securities.

The securities represent obligations of Citigroup Global Markets Holdings Inc. (guaranteed by Citigroup Inc.) only. Apple Inc. is not involved in any way in this offering and has no obligation relating to the securities or to holders of the securities.

Historical Information

The closing value of Apple Inc. on March 29, 2019 was \$189.95.

The graph below shows the closing value of Apple Inc. for each day such value was available from January 2, 2014 to March 29, 2019. We obtained the closing values from Bloomberg L.P., without independent verification. If certain corporate transactions occurred during the historical period shown below, including, but not limited to, spin-offs or mergers, then the closing values shown below for the period prior to the occurrence of any such transaction have been adjusted by Bloomberg L.P. as if any such transaction had occurred prior to the first day in the period shown below. You should not take the historical closing values as an indication of future performance.

Apple Inc. – Historical Closing Values

January 2, 2014 to March 29, 2019

PS-11

Citigroup Global Markets Holdings Inc.

United States Federal Tax Considerations

You should read carefully the discussion under “United States Federal Tax Considerations” and “Risk Factors Relating to the Securities” in the accompanying product supplement and “Summary Risk Factors” in this pricing supplement.

Due to the lack of any controlling legal authority, there is substantial uncertainty regarding the U.S. federal tax consequences of an investment in the securities. In connection with any information reporting requirements we may have in respect of the securities under applicable law, we intend (in the absence of an administrative determination or judicial ruling to the contrary) to treat the securities for U.S. federal income tax purposes as prepaid forward contracts with associated coupon payments that will be treated as gross income to you at the time received or accrued in accordance with your regular method of tax accounting. In the opinion of our counsel, Davis Polk & Wardwell LLP, which is based on current market conditions, this treatment of the securities is reasonable under current law; however, our counsel has advised us that it is unable to conclude affirmatively that this treatment is more l-0px">Actuant Corp. Eagle Materials Inc.* Louisiana-Pacific Corp.*

Albany International Corp.

Encore Wire Corp. NCI Building Systems Inc.*

American Woodmark Corp.*

EnPro Industries Inc. Nordson Corp.

Apogee Enterprises Inc.*

Freightcar America Inc. Olympic Steel Inc.

Astec Industries Inc.

Gibraltar Industries Inc.* Simpson Manufacturing Inc.*

Builders Firstsource Inc.*

Griffon Corporation* Superior Industries International Castle (A M) & Co.

Global Industries Ltd. Texas Industries Inc.

CLARCOR Inc.

Graco Inc. Titan International Inc.

Compass Minerals International Inc.

Greenbrier Companies Inc. Trex Company, Inc.*

Drew Industries Inc.*

H&E Equipment Services Inc. Wabash National Corp.

Headwaters Inc. Watts Water Technologies Inc.

* The eleven companies in the Reference Group identified by the asterisk are those we consider more

traditional peers
(i.e., Industry
Reference
Group). These
companies are
used by the
Compensation
Committee to
evaluate
Company
performance as
they tend to best
reflect the
operational and
financial
performance of
our industry.

The compensation consultant uses the Reference Group pay information, along with manufacturing and general industry survey data, to develop the appropriate range of compensation for each executive position. The compensation consultant prepares an independent analysis of our key performance indicators such as profitability, growth, capital efficiency, balance sheet strength, and total return to stockholders compared to those companies in our Reference Group identified as Industry Peers. These results are then reported to the Compensation Committee so it has a thorough picture of the competitiveness of pay in the context of our performance compared with that of our peers. We believe that this analysis is essential to understanding the market for executive compensation. While the Compensation Committee uses this analysis to help frame its decisions on compensation, it uses its collective judgment in determining executive pay. The Compensation Committee exercises discretion in making compensation decisions based on the following inputs: its understanding of market conditions, its understanding of competitive pay analysis, recommendations from the CEO regarding his direct reports, the Committee's overall evaluation of the executive's performance, and our overall compensation strategy. The Compensation Committee is not bound by the competitive analysis alone but uses its judgment in interpreting the above factors.

Effect of Recent Economic Volatility on Executive Pay

The recent economic volatility has influenced our executive compensation programs. In light of this, we reviewed the continued appropriateness of the performance measures in our incentive plans that reflected the Company's focus on profitability and cash flow for fiscal year 2009. While those performance measures directly supported the focus of our management efforts in fiscal year 2009, we returned to return on invested capital with a growth modifier for fiscal 2010. At our December 2008 Compensation Committee meeting, we deferred decisions on salary increases for officers. In June 2009, the Compensation and Management Development Committee approved market salary adjustments for the Senior Vice President - General Counsel and Secretary and Vice President - Controller in June 2009. Because of the challenging market environment, in December 2009, our CEO again waived his right to receive a \$25,000 base salary increase per his employment offer letter.

We also considered the changes in stock price and its effect on the Company's long-term incentive grants. The impact of a lower share price generally results in more options and restricted shares being granted to plan participants. We reviewed the resulting number of shares required to meet our long-term incentive target values and determined that number was within a reasonable range and therefore made no changes to our target award values. We expect this to balance out over time.

Table of Contents***Program Overview***

Our executive compensation program includes base salary, annual cash incentive compensation, long-term incentives and executive benefits. Our long-term incentive program consists of stock option grants, restricted stock grants and performance unit awards. By design, the majority of compensation value available to our executives is considered at-risk. That is, the opportunity to earn value is largely dependent on the executive and the Company meeting certain performance goals and creating shareholder value. The amount of pay that is at-risk for an executive is directly related to the level of responsibility held by the position. Our highest ranked executive has the most at-risk pay as a percentage of total compensation. We set realistic but challenging goals in our annual incentive and performance unit plans. In both cases, if we fail to meet the pre-determined standards, no plan-based compensation is earned by executives.

Under the terms of our AIA and Performance Units, the Compensation Committee may, in its discretion, adjust payouts to executives downward. Because the plans are intended to comply with Internal Revenue Code Section 162(m), no upward discretion in determining payouts is permitted.

We evaluate the various components of compensation annually relative to the competitive market for prevalence and value. By setting each of the elements against the competitive market within the parameters of our compensation strategy, the relative weighting of each element of our total pay mix varies by individual. We do not set fixed percentages for each element of compensation. The mix may also change over time as the competitive market moves or other market conditions which affect us change.

We do not have and do not anticipate establishing any policies for allocating between long-term and currently paid compensation, or between cash and non cash compensation. We have a process of assessing the appropriate allocation between these elements of compensation on a periodic basis and adjusting our position based on market conditions and our business strategy.

We implemented a policy to enable the Board, in its judgment and to the extent permitted by governing law, to require reimbursement of any cash bonus paid to executives where (a) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, and (b) a lower payment would have been made to the executive(s) based on the restated financial results. In each such instance, the Company may seek to recover that portion of the affected executive(s) annual and/or long term incentive bonus payments that is higher than the payment would have originally been. No reimbursement will be required if such material restatement was caused by or resulted from any change in accounting policy or rules.

Base Salary

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

Competitive Positioning: We have set the market median reported to us by our compensation consultant as our strategic target for base salary. This helps keep us competitive without contributing to excessive increases in this foundational element of compensation. We review each executive's salary and performance every year to determine whether his/her base salary should be adjusted. Along with individual performance, we also consider movement of salary in the market, as well as our financial results from the prior year to determine appropriate salary adjustments.

While the Compensation Committee applies general compensation concepts when determining competitiveness of our executives' salaries, the Compensation Committee considers base salaries as being generally competitive when they are within approximately 10% of the stated market target (in this case, the market 50th percentile). In the most recent analysis using our new reference group plus general industry data, the salaries for our executives ranged from 91% to 102% of the market 50th percentile.

Table of Contents

Changes for Fiscal 2010: The Compensation Committee at its December 2009 meeting approved base salary increases of 2.5% to 5% for the officers. In light of the current market environment, the CEO again waived his right to receive a \$25,000 base salary increase per his employment offer.

Set forth below are the current annual base salaries currently in effect for (i) our Chief Executive Officer, (ii) our Chief Financial Officer and (iii) the three most highly compensated executive officers:

Name and Principal Position	Annual Base Salary (\$)
David D. Petratis Chairman, President and CEO	700,000
Brent L. Korb Senior Vice President Finance and CFO	341,250
Kevin P. Delaney Senior Vice President General Counsel and Secretary	287,922
Jairaj T. Chetnani Vice President Treasurer	205,000
Deborah M. Gadin Vice President Controller	185,606

Annual Incentive Awards

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

Competitive Positioning: The Company's stated strategy is to target the market median for annual incentives for performance that meets expected levels. We have established the range of possible payouts under the plan so that our competitive position could be above or below our stated strategy based on performance outcomes. When reviewing the competitiveness of total cash compensation (salary plus bonus), the range is significantly wider since practices in the market vary considerably. We set our AIA opportunities so that when superior performance is achieved, the executive has the opportunity to earn compensation near the market's upper quartile. This opportunity is only realized when our performance significantly exceeds the performance goals we have set. Our most recent analysis showed all but one of our executives to be in a range of 75% to 96% of the market median on total cash compensation.

Plan Mechanics and Measures: The Omnibus Plan serves as the governing plan document for our AIA. The AIA is a goal attainment incentive plan design which rewards executives based on the achievement of pre-set, objective performance measures. Performance against these measures is used to determine the amount of annual incentive compensation to be awarded to each executive officer. We believe this design is appropriate for the Company.

Fiscal 2009: In establishing the goals for fiscal 2009, we considered the key performance measures for the business given the current market environment. Specifically, we believed that maintaining focus on earnings and cash flow would be essential to success in 2009. For this reason, the Compensation Committee adopted performance measures for the AIA consisting of Earnings Before Interest, Taxes, Depreciation, and Amortization (or EBITDA), weighted 67%, and Modified Free Cash Flow, weighted 33%. The Company set the goals for each performance measure based on the forecasted results of the operating divisions, and the projected market for building products.

The targets (in thousands) are shown in the table below:

Goal	Threshold	Target	Maximum	Actual Results
EBITDA	\$ 57,328	\$ 71,478	\$ 104,932	\$ 47,178
Modified Free Cash Flow	\$ 30,339	\$ 44,489	\$ 77,943	\$ 67,039

Table of Contents

We set the target performance goals at a level that represents a reasonable chance of achievement based on the forecasted performance of the divisions. The target performance level is driven from our business budgeting process, which uses a number of assumptions about the state of our markets and material commodity prices to determine our relative financial performance (including expected sales, expected expenses and other factors). We recognize the volatility in the market through establishing a range of outcomes around the target. For AIA purposes, Modified Free Cash Flow is defined as EBITDA plus change in conversion capital (accounts receivable, inventory and accounts payable) less capital expenditures. The intent of the Modified Free Cash Flow measure is to focus attention on those cash flow related items that are most directly impacted by management decisions. In light of the uncertainty from the financial meltdown in the fall of 2008 it was determined at the start of the 2009 fiscal year that increasing our cash balance throughout the year would be imperative. The target Modified Free Cash Flow performance goals were set at a level that would require working capital reductions below historical lows. Our performance against these pre-established goals determines the potential payout to executives within a range from threshold to maximum as described below.

Target Award Levels: Based on competitive market practices for annual incentives, and our compensation strategy, we set a target award opportunity for each of our executives. This is the amount of incentive compensation the executive can earn when performance meets expected results, or target. The target award is expressed as a percentage of base salary for each participant.

The table below reflects the payout percentage of an executive's base salary at the threshold, target and maximum levels of performance.

**Potential AIA Payout
Expressed as a % of Salary**

Participant	Threshold	Target	Maximum
CEO	25.00%	100.00%	200.00%
SVPs	18.75%	75.00%	150.00%
VPs	10.00%	40.00%	80.00%

Target Performance Levels: The threshold, target and maximum performance goals were established at the December 2008 Compensation and Management Development Committee meeting to correspond with the threshold, target, and maximum award levels. The goals are derived by the annual operating plan process which focuses on changes in revenue and operating income. This process used assumptions about the broad market for building products and the Company's relative results. Scenarios were developed based on a range of assumptions used to build the budget. We did not perform specific analysis on the probability of achievement given that the market is difficult to predict. Rather we relied on our experience in setting these goals and our objective of setting a reasonably attainable and motivationally meaningful goal.

The target performance levels require achievement of all objectives. The maximum performance levels are set such that all objectives must be meaningfully exceeded. The amount of an executive's AIA payout in a particular year is calculated by comparing the actual performance against the threshold, target and maximum payout levels established at the start of the year. Actual performance below the threshold level results in no payout, whereas actual performance above the maximum level results in maximum payout. Actual performance between the threshold and maximum levels results in a pro rata payout between either the threshold and target payout or the target and maximum payout based on where the actual results fall.

Fiscal 2009 Payouts: The Company's performance relative to EBITDA was below the threshold, resulting in no payout for that element, while the Company's performance relative to Modified Free Cash Flow was between target and maximum, resulting in a payout of 167.4% of target for that performance goal. The calculated weighted payout for both performance goals resulted in a total payout of 55.8% of target.

Table of Contents

Based on the Company's results against pre-established goals, the Compensation and Management Development Committee approved the following bonuses for named executives:

Fiscal 2009 AIA Payouts

Name	2009 Eligible Earnings	AIA Target	2009 AIA %	2009 AIA Payout
David D. Petratis	\$ 700,000	100%	55.8%	\$ 390,613
Brent L. Korb	\$ 325,000	75%	41.9%	\$ 136,017
Kevin P. Delaney	\$ 271,625	75%	41.9%	\$ 113,679
Jairaj T. Chetnani	\$ 183,333	40%	22.3%	\$ 40,921
Deborah M. Gadin	\$ 174,250	40%	22.3%	\$ 38,894

In reaching its decision to award bonuses to executive participants in the AIA program, the Compensation and Management Development Committee considered performance against pre-established goals. In addition to the formulaic outcomes, the Committee took into account the Company's significant performance with respect to other financial and strategic accomplishments during fiscal 2009, including: (1) improved accounts receivable and inventory management, (2) increase in cash on hand from \$67 million to \$124 million, (3) gain in market share by the Engineered Products Group as measured by our change in sales versus the change in market demand for housing starts and repair and remodeling spend, (4) significant improvements in margins over the course of the year, (5) important marketing and product development initiatives, and (6) one-year total shareholder return above the 70th percentile of our industry peer group.

Fiscal 2010: In establishing the goals for fiscal 2010, we considered the key performance measures for the business given the evolving market environment. Specifically, we believe that focusing on return on invested capital (ROIC), a profit efficiency ratio, will be essential to success in 2010. Motivating executives to achieve goals related to return on invested capital benefits stockholders, as it motivates members of management to profitably and efficiently employ the capital entrusted to them. For this reason, the Compensation Committee adopted performance measures for the AIA consisting of ROIC with a growth modifier based on relative market share gain. Depending on the relative change in the Engineered Products Group revenue vs. the change in market New Housing Starts and Repair and Remodeling expenditures, the bonus payments could be adjusted within a range of +/- 25% depending on the level of outperformance/underperformance to the underlying market. The growth modifier is intended to balance growth and returns, and reward for market share expansion. The growth modifier will not increase AIA awards above a participant's existing maximum award opportunity. The Company set the goals for each performance measure based on the forecasted results of the operating divisions and the projected market for building products.

Long-Term Incentive Compensation

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

Competitive Positioning: For long-term incentives, we target the opportunity to earn the market's 75th percentile when performance warrants. When reviewing the position versus the market, we found that the executives' competitive positioning ranges from 45% to 107% of the market's 75th percentile. We believe the wide range of competitiveness in our executive group is due to widely varying practices among reference group companies.

Participation: Participation in the program includes the corporate executives and the key contributors in our divisions and is determined based on competitive practices as well as our assessment of which positions contribute to long-term value creation. Participation in the stock option and restricted stock award program extends through the organization to include key divisional employees and corporate staff.

Table of Contents

Target Award Levels: The CEO's total long-term incentive value was established based on our compensation goal of providing the opportunity to earn 75th percentile long-term incentive compensation value when performance warrants. It represents more than 50% of the CEO's total direct compensation. When establishing appropriate targets for other named executive officers, we also targeted approximately the 75th percentile of the competitive market. The long-term incentive award values for the other named executive officers represent relatively less as a percentage of total direct compensation, reflecting the officers' responsibilities and ability to influence shareholder returns. From year to year, the CEO may recommend adjustments to the value of long-term incentives awarded to the other executive officers, based on his assessment of their individual contribution.

The following table sets forth the target award levels for long-term incentives of each of our named executive officers:

**Long-Term Incentive
Target Award Levels**

Title	Current Long-Term Incentive Target Multiple of Base Salary
Chairman, President and CEO	300%
Senior Vice President – Finance and CFO	200%
Senior Vice President – General Counsel and Secretary	200%
Vice Presidents	70%

Vehicles and Goals: The Company's program consists of a combination of stock options, performance units and restricted stock. The allocation between the long-term incentive vehicles is determined by the Compensation Committee based on the market information provided by its compensation consultant and input from senior management as to the key business drivers that allow us to maintain a results-oriented culture. The Omnibus Plan does not provide for any specific subjective individual performance component in determining the ultimate value of the award. Following is a description of each vehicle type and related performance goals.

Stock Options

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

The Compensation Committee's decisions related to executive stock option grants are made each December. In order to determine the number of stock options to be awarded to an executive, the Compensation Committee takes approximately half of the executive's total long-term incentive target award value and divides it by the Black-Scholes value of an option to purchase our common stock. This strategy allows for an appropriate balance between our growth strategy and risk profile, and also provides an appropriate balance for accounting purposes and stock ownership dilution. Our stock options are granted at the fair market value closing price on the date of grant, have a term of ten years, and generally ratably vest over a three-year period.

Table of Contents***Performance Units***

Beginning in fiscal 2009, we awarded performance units to our executives. Performance units are payable in cash and are intended to motivate executives to achieve preset goals that are in line with critical business drivers. These awards also provide incentive for executives to outperform peer companies as measured by relative shareholder return. Performance unit awards are granted in December and comprise approximately 25% of our executives' total long-term incentive grant value. Setting this percentage of long-term value on performance units helps bridge the line of sight for executives between annual accomplishments and long-term value creation. The performance measures are chosen to provide incentive for executives to focus on those things which we believe are closely linked to the creation of stockholder value over time. We set target award values each year. These target values are used to calculate the number of units granted to each executive. The final value of each unit is not determined until the end of a three-year performance cycle. That final unit value is dependent on our performance against preset goals. If the threshold level of performance is not met, no cash payout will occur. However, if maximum performance goals are met or exceeded, then the value of each unit could reach 200% of the target value.

Measures used for the performance units include Earnings Per Share Growth (or EPS Growth) and Relative Total Stockholder Return (or Relative TSR). Each goal is weighted 50% of the total performance unit award.

We use the above approach to accomplish three things: (1) to provide line of sight to performance measures that influence stock price performance, (2) to mitigate the short-term effects of stock price volatility and (3) to measure our performance relative to our peer group, which provides meaningful context to judge our performance in the market.

Restricted Stock

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

Fiscal 2009 Long-Term Incentive Grants

The number of long-term incentive awards granted was determined by: (1) taking 50% of the participant's target award value and dividing it by the calculated Black-Scholes value of a Quanex Building Products stock option to determine the number of options, (2) taking 25% of the participant's target award value and dividing it by the 10-day average closing stock price between November 3, 2008, and November 14, 2008, to determine the number of restricted stock awards and (3) taking 25% of the participant's target award value and dividing it by \$100 (target unit value), to determine the number of performance units. Both equity grant calculations apply an average stock price based on the first 10 trading days in November 2008. For more information related to long-term incentive awards granted during fiscal 2009, please see the table entitled "Grants of Plan Based Awards", located on page 32.

Fiscal 2010 Long-Term Incentive Grants

At the Compensation Committee's December 2009 meeting, executives were granted a combination of stock options, performance units and restricted stock awards based on the allocations discussed above.

Table of Contents

The performance unit measures and goals include EPS Growth and Relative TSR, each weighted 50%. EPS Growth is measured as the cumulative value of EPS over the three-year performance period, and Relative TSR is expressed as the stock price appreciation plus dividends reinvested relative to appreciation of our peer group. Relative TSR is determined by calculating the change in the value of our stock plus the value of dividends and comparing that value with that of our peer group. This measure is considered by the Compensation Committee to be a meaningful way to assess our performance in terms of generating investment returns for stockholders. We use this measure relative to our peers over a three-year period as it gives a good indication of management's ability to generate these returns compared to other companies in a similar market condition. Stock price performance is not captured in our audited financial statements. Our performance against these pre-established goals determines the potential payout to executives within a range from threshold to maximum, as set forth below.

Milestones	Relative Total Shareholder Return Percentile	3-Yr. Cumulative		Performance Unit Value		
		EPS Growth Percent	Performance Unit Value			
			R-TSR	EPS	Total	
Maximum	75%	100%	\$ 100.00	\$ 100.00	\$ 200.00	
Target	60%	75%	\$ 50.00	\$ 50.00	\$ 100.00	
Threshold	40%	50%	\$ 37.50	\$ 37.50	\$ 75.00	

The reader is cautioned that the foregoing goals are not intended to and do not reflect guidance by or expectations of the Company as to actual results. These goals are part of an overall compensation program designed, among other things, to align executive compensation with the market's reasonable expectations of performance and shareholder returns. Because of the low base year upon which the growth rates are established, the Company agreed to use growth targets of 50%, 75%, and 100%, which are higher than historical target levels. These goals are consistent with the Company's planning process. The Company expects to revisit these goals annually as earnings normalize.

Executive Benefits

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

Competitive Positioning: Our strategy with respect to executive benefits is to provide a meaningful benefit to executives at a cost that is efficient and our desired competitive positioning is the middle of the market. In 2009, Cogent, in conjunction with Mercer, our outside actuary, conducted a total remuneration study which revealed that our indirect benefits were generally in the upper quartile of the reference group, though total remuneration was not materially affected and still within our stated strategy. We provide executives with health and welfare benefits that are consistent with our program for exempt personnel generally. Supplemental retirement and supplemental life benefits are also provided to our officers.

Program Elements:

Retirement benefits. Our executives participate in the Company's defined benefit pension plan, 401(k) defined contribution retirement plan, and supplemental executive retirement plan. Executives also receive company contributions under our 401(k) plan, a 20% match under our deferred compensation plan, a 15% match under our employee stock purchase program (ESPP) and dividends on unvested restricted stock. The Company match for the 401(k), ESPP and deferred compensation plans was temporarily suspended, effective April 1, 2009; however, in January 2010, the Company's board approved reinstatement of the ESPP and 401(k) matches, effective February 1, 2010.

Life insurance benefits. Our executives participate in Company provided life insurance, the amount of which is based on a multiplier of their age and/or income. Our executives also have the opportunity to purchase supplemental life insurance.

Perquisites. We provide our executives with certain perquisites which help us compete for executive talent, and in some cases, allow our executives to devote more attention to the business of the Company. These perquisites include financial and tax planning, company provided automobiles, club memberships and gross-up payments equal to taxes payable on certain perquisites. The Compensation Committee eliminated the tax gross-up payments on perquisites, effective December 31, 2009.

Table of Contents***Post-Employment Compensation***

Severance and change of control benefits also are provided under the employment agreements of our executives, as well as under our incentive plans. These benefits are discussed at greater length in the section entitled Employment Agreements and Potential Payouts upon Termination or Change in Control.

Deferred Compensation Plan

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

The deferred compensation program is administered by the Compensation Committee. Before they can participate, eligible employees must first receive recommendation by our senior managers and then final approval by the Compensation Committee. Participants in the program may choose to defer up to 100% of their annual and long-term incentive bonuses. Participants may choose from a variety of investment choices in which to invest their deferrals over the defined deferral period. Until April 1, 2009 when the Company match was temporarily suspended, the plan provided that we match 20% of the annual incentive deferrals invested in a Quanex Building Products common stock denominated account.

Executive Stock Ownership Guidelines

We encourage our executives to own our common stock because we believe such ownership provides strong alignment of interests between executives and stockholders. Our executive stock ownership guidelines provide that different levels of executives are expected to own a specific value of our common stock, expressed as a percentage of salary, within the later of three years of adopting the program or the date the executive assumes his/her role. The chart below shows the guidelines by executive level.

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

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally disallows a deduction to public companies to the extent that over \$1 million is paid to certain officers annually, except for qualified performance-based compensation. Our 2009 annual cash bonus program and 2009 performance unit program are intended to qualify as performance-based compensation that is not subject to this 162(m) limitation.

Employment Agreements and Potential Payments Upon Termination or Change in Control

The Company has entered into change in control agreements with its named executive officers. On December 1, 2008, the Company entered into a change in control agreement with Mr. Chetnani. We believe that the change in control agreements help us attract and retain our named executive officers by reducing the personal uncertainty and anxiety that arises from the possibility of a future business combination. During a potential change in control, we do not want executives leaving to pursue other employment out of concern for the security of their jobs or being unable to concentrate on their work. To enable executives to focus on the best interest of our stockholders, we offer change in control agreements that generally provide benefits to executives whose employment terminates in connection with a change in control.

In addition, to attract certain of our named executive officers to accept employment with us, we agreed to provide those officers who previously were employed by Quanex Corporation with severance agreements that will provide them certain of the protections they would have been entitled to if they had remained with Quanex Corporation following the spin-off of Quanex Building Products Corporation from Quanex Corporation in April 2008. The Company also entered into a letter severance arrangement with the new President and CEO, effective July 1, 2008. The Company entered into these arrangements because executives at this level generally require a longer timeframe to find comparable jobs as fewer jobs at this level exist in the market. In addition, executives often have a large percentage of their personal wealth dependent on the status of their employer, given the requirement to hold a multiple of their salary in stock and the fact that a large part of their compensation is stock-based. The amount and type of

benefits were based on competitive market practices for executives at this level.

Table of Contents

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

Severance Agreements of Certain Executives

This section describes the severance agreements entered into by Quanex Building Products with the SVP Finance and CFO and the SVP General Counsel and Secretary. As described above, benefits are payable under the severance agreements following a termination of employment that meets certain requirements. A termination of employment that triggers benefits under the severance agreements includes involuntary termination by the Company without cause.

Cause exists if the executive commits gross negligence or willful misconduct in connection with his employment; an act of fraud, embezzlement or theft in connection with his employment; intentional wrongful damage to our property; intentional wrongful disclosure of our secret processes or confidential information; or an act leading to a conviction of a felony or a misdemeanor involving moral turpitude.

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

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

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

Lump sum severance equal to 18 months of the executive's base salary for the fiscal year in which the termination occurs;

Continued participation in health and welfare plans and payment of benefit premiums for 18 months; and

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

President and CEO Severance Letter Agreement

This section describes the severance letter agreement entered into by Quanex Building Products and David D. Petratis, upon his hire as President and CEO. In the event that employment is terminated by the Board of Directors for any reason other than Cause, as defined in the change in control agreement, or a material violation of the Company's Code of Business Conduct and Ethics, the following benefits would be payable:

Base salary continuation for two years (at the rate in effect immediately preceding the date of termination), paid semi-monthly for 24 months;

Pro-rated AIA bonus for the year of termination, as determined by the Board of Directors; and

Continued participation in health and welfare plans and payment of benefit premiums (i.e., medical, dental, vision, life, disability and any other welfare plans he currently participates in) for 18 months.

Table of Contents

Change in Control Agreements

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

Any person or entity acquiring or becoming beneficial owner as defined in SEC regulations of 20% or more of (i) the then outstanding shares of common stock of the Company or (ii) the combined voting power of the then outstanding voting securities of the Company;

Generally, our current directors ceasing to constitute a majority of our directors;

Consummation of a merger, consolidation, or recapitalization (unless the directors continue to represent a majority of the directors on the board, more than 80% of the pre-spin-off ownership survives, and, in the event of a recapitalization, no person owns 20% or more of (i) the then outstanding shares of our common stock or (ii) the combined voting power of our then outstanding voting securities);

The stockholders approve a complete liquidation or dissolution of the Company; or

The sale, lease or disposal of substantially all of our assets.

Terminations of employment that meet the termination requirement under the change in control agreements will be similar to but broader than those required under the severance agreements. Good reason under the change in control agreements will include (but will not be limited to):

the executive is assigned any duties inconsistent with his position; there is a change in his position, authority, duties or responsibilities; he is removed from, or not re-elected or reappointed to, any duties or position he previously held or was assigned or there is a material diminution in such position, authority, duties or responsibilities;

the executive's annual base salary is reduced;

the executive's annual bonus is reduced below a certain amount;

the executive's principal office is relocated outside of the portion of the metropolitan area of the City of Houston, Texas that is located within the highway known as Beltway 8 ;

the executive's benefits are reduced or terminated;

any other non-contractual benefits that were provided to the executive or any material fringe benefit is reduced;

the executive's number of paid vacation days is reduced;

the executive's office space, related facilities and support personnel (including, but not limited to, administrative and secretarial assistance) are reduced or moved;

the executive is required to perform a majority of his duties outside our principal executive offices for a period of more than 21 consecutive days or for more than 90 days in any calendar year; or

any provision of any employment agreement with the executive is breached.

Table of Contents

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

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

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

Lump sum severance equal to three times (for the Chief Executive Officer and Senior Vice Presidents) or two times (for Vice Presidents) the sum of (i) base salary for the year of termination and (ii) the greater of the executive officer's (x) target performance bonus for the year of the termination of employment and (y) performance bonus for the year immediately preceding the year of the termination of employment;

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

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

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

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

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

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

Table of Contents**Post-Employment Compensation Table**

The following table quantifies the potential payments to named executive officers under the contracts and plans discussed above for various termination scenarios. In each case, the termination is assumed to take place on October 31, 2009. The table shows only the value of the amounts payable for enhanced compensation and benefits in connection with each termination scenario.

	Severance Payment (\$)	Pro-rated Bonus (\$)	Options (Unvested) ⁽¹⁾ (\$)	Restricted Stock (Unvested) ⁽¹⁾ (\$)	Performance Units (\$)	Health & Welfare Benefits ⁽²⁾ (\$)	NQ Deferred Comp. (Unvested) (\$)	Retirement (SERP) ⁽³⁾ (\$)	Tax Gross-Up (\$)	Total Benefit (\$)
David D. ...										
Enhanced Termination ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Death/Disability		390,613	1,405,184	555,107	176,667 ⁽⁵⁾		204,455	5,465,824 ⁽⁶⁾	n/a	8,197,...
Voluntary w/o Notice ⁽⁷⁾	1,400,000	390,613 ⁽⁸⁾				23,367			n/a	1,813,...
Change in Control ⁽⁹⁾	4,200,000	700,000	1,405,184	1,659,001	176,667	87,022	204,455	729,437	2,292,742	11,454,...
Robert L. Korb										
Enhanced Termination ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Death/Disability		136,017	435,072	263,056	53,333 ⁽⁵⁾			1,193,817 ⁽⁶⁾	n/a	2,081,...
Voluntary w/o Notice ⁽⁷⁾	487,500	243,750				17,496			n/a	748,...
Change in Control ⁽⁹⁾	1,706,250	243,750	435,072	698,890	53,333	39,825		684,346	1,126,390	4,987,...
Robert P. ...										
Enhanced Termination ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Death/Disability		113,679	354,816	288,546	43,333 ⁽⁵⁾			1,233,260 ⁽⁶⁾	n/a	2,033,...
Voluntary w/o Notice ⁽⁷⁾	421,350	210,675				24,083			n/a	656,...
Change in Control ⁽⁹⁾	1,474,725	210,675	354,816	649,774	43,333	68,826		992,839		3,794,...
Robert T. ...										
Enhanced Termination ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Death/Disability		40,921	255,070	38,068	13,333 ⁽⁵⁾			n/a	n/a	347,...
Voluntary w/o Notice ⁽⁷⁾	560,000	80,000	255,070	124,759	13,333	49,626		n/a	253,567	1,336,...

mination										
Change in Control ⁽⁹⁾										
borah M. in ⁽¹⁰⁾										
anced										
ement ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
h/Disability		38,894	79,552	67,298	10,000 ⁽⁵⁾		2,952	n/a	n/a	198,
untary w/o										
se									n/a	
mination										
Change in Control ⁽⁹⁾	504,560	72,080	79,552	162,083	10,000	58,402	2,952	n/a	232,965	1,122,

(1) Unvested stock options and restricted shares granted under the Quanex Building Products 2008 Omnibus Incentive Plan are forfeited except upon death, disability or termination after a Change in Control.

Table of Contents

- (2) Health & Welfare Benefits paid upon involuntary termination without Cause include company paid COBRA premiums.
Health & Welfare Benefits paid upon termination after Change in Control includes continuation of all health & welfare benefits.
- (3) See Narrative to Pension Benefit Table for further description of SERP.
- (4) Messrs. Petratis, Korb, Delaney, Chetnani and Ms. Gadin have not reached the minimum retirement requirement of 55 years of age and five years of service with the Company as of October 31, 2009.
- (5) Executives are entitled to a pro rata portion of their performance units based on actual performance

upon their termination due to death or disability. For purposes of these calculations, it was assumed that actual performance was at the target level.

- (6) These amounts represent the present value of the Retirement Benefit as of October 31, 2009. Retirement Benefit amounts for Messrs. Petratis, Korb and Delaney under the SERP are in the event of disability only.
- (7) These benefits would be provided upon termination by the Company without Cause.
- (8) Mr. Petratis pro rata bonus paid upon involuntary termination without Cause absent a Change in Control is determined by the Board of Directors pursuant to his Offer Letter. We assumed the Board of

Directors would award

Mr. Petratis with his actual 2009 bonus if he was terminated on the last day of the fiscal year.

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

- (10) Ms. Gadin and Mr. Chetnani do not have Severance Agreements. However, they could be entitled to severance benefits under the Quanex Severance Allowance Policy which is generally available to all employees.

Table of Contents**Summary Compensation Table**

The following table provides information about the compensation of Quanex Building Products Corporation's Chief Executive Officer, its Chief Financial Officer, and the three other most highly compensated individuals who were officers during the fiscal year ending October 31, 2009.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Deferred Compensation Earnings (5)	Nonqualified Other Compensation (6)	All Other Compensation (6)	Total (7)
David D. Petratis	2009	700,000		467,091	366,712	390,613	243,256	64,938		2,232,610
Chairman of the Board,	2008	QBP 233,333	750,000	113,344	61,785	500,000	47,114	225,093		1,930,669
President and Chief Executive Officer	2007	Pred								
Brent L. Korb	2009	325,000		193,504	236,669	136,017	104,726	27,753		1,023,669
Senior Vice President -	2008	QBP 109,686		38,576	45,327	41,941	22,832	28,604		286,966
Finance & Chief Financial Officer	2007	Pred 82,568		153,566	324,839	116,509		5,438		682,920
Kevin P. Delaney	2009	271,625		182,385	229,222	113,679	194,388	36,243		1,027,542
Senior Vice President -	2008	QBP 138,447		78,660	96,107	52,939		24,186		390,339
General Counsel & Secretary	2007	Pred 116,932		228,283	1,404,394	359,937		8,809		2,118,355
Jairaj T. Chetnani	2009	243,333		115,790	167,839	340,302	22,000	33,175		922,439
Vice President -	2008	QBP 183,333		19,542	31,601	40,921	6,245	152,708		434,350
Treasurer	2007	Pred								
Deborah M. Gadin	2009	174,250		49,775	115,126	38,894	20,165	16,876		415,086
Vice President -	2008	QBP 88,496	60,000	16,026	42,574	18,047		6,809		231,952
Controller	2007	Pred 62,045			38,916	29,726		1,912		132,599
	2008	130,000			14,387	51,136	4,171	8,765		208,459

- (1) Quanex
Building
Products
Corporation
spun off from
Quanex
Corporation on
April 23, 2008.
Compensation
for the named
executive
officers for the
period from
November 1,
2007 to
April 22, 2008
relates to
Quanex
Corporation, the
Company's
predecessor, and
is denoted as
2008 Pred .
Compensation
in 2008 from
Quanex
Corporation
reflects items
specifically
resulting from
the spin-off
transaction.
Compensation
for the named
executive
officers for the
period from
April 23, 2008
to October 31,
2008 relates to
Quanex
Building
Products
Corporation and
is denoted as
2008 QBP .
Compensation
for 2009 relates
to Quanex
Building
Products

Corporation while compensation for 2007 relates to Quanex Corporation.

- (2) As an inducement to join the Company, Mr. Petratis was provided with certain sign-on incentives as of his hire date, July 1, 2008. One of said items was a Make Whole cash compensation of \$750,000 for forfeited equity awards at his previous employer. Ms. Gadin received a retention bonus of \$60,000 in 2008 as an incentive to retain her services during the strategic review process that resulted in the Company's spin-off from Quanex Corporation.

Table of Contents

(3) These columns show respectively, the expense dollar amounts for restricted stock and stock options recognized for financial statement reporting purposes with respect to fiscal years 2009, 2008 and 2007 in accordance with FAS 123(R). The stock-based compensation expense prior to the spin-off on April 23, 2008 was driven by stock awards issued by the Company's predecessor, Quanex Corporation, and includes amounts for restricted stock and stock option grants in and prior to fiscal 2007. All predecessor unvested stock options and restricted shares vested as set forth in the various agreements that effected the spin-off and

merger transactions that closed on April 23, 2008. Accordingly, these predecessor stock awards were effectively modified for financial reporting purposes pursuant to FAS 123(R) resulting in incremental fair value and expense. The following incremental compensation expense from this modification is reported in the rows denoted as 2008 Pred as it relates to the Company's predecessor:

Name	Stock Awards (\$)	Option Awards (\$)
Petratis		
Korb	129,795	307,675
Delaney	186,067	1,345,209
Chetnani		
Gadin		32,550

As all predecessor restricted stock and option awards vested or were settled, respectively, prior to the spin-off, compensation expense for the periods beginning after April 23, 2008 (2008 QBP and 2009) reflects expense solely from awards issued by Quanex Building Products Corporation subsequent to April 23, 2008. A discussion of the assumptions used in calculating these values may be found in Note 14 to Quanex Building Products Corporation's audited financial statements on Form 10-K for the year ended October 31, 2009. Expense is recognized over the course of the requisite service period unless the individual is eligible to retire prior to the end of the vesting period and the terms of the award allows vesting upon retirement. None of the named executive officers are retirement eligible. These amounts reflect the Company's accounting expense for these awards and do not necessarily correspond to the actual value that may be recognized by named executive officers. For information regarding the restricted stock and option awards granted in fiscal 2009, please see the Grants of Plan-Based Awards table located on page 32.

(4) 2009 amounts represent payments made in December 2009 for performance from November 1, 2008 to October 31, 2009 for Annual Incentive Awards (AIA). 2008 QBP amounts represent payments made in December 2008 for performance from April 23, 2008 to October 31, 2008 for AIA. 2008 Pred amounts consist of (a) AIA payments made in April 2008 for goals from November 1, 2008 to April 23, 2008, and (b) amounts paid out in April 2008 with respect to Performance Units granted in December 2005 and December 2006. These Performance Units were paid out in cash at target level pursuant to the Quanex Corporation / Quanex Building Products

separation
related
agreements.
Fiscal year 2007
amounts consist
of (a) AIA
payments for
fiscal 2007
performance
made in
December 2007,
and (b) amounts
paid out in
December 2007
with respect to
Performance
Units granted in
December 2004.
These
Performance
Units were paid
out in cash based
on Quanex
Corporation's
performance
over the
three-year period
ended
October 31,
2007.

The AIA and
Performance
Unit payouts
also include the
dollar value of
the portion of the
amounts
deferred under
the Quanex
Building
Products
Corporation or
Quanex
Corporation
Deferred
Compensation
(DC) Plan, as
applicable.
Under the terms
of each DC Plan,

participants may elect to defer a portion of their incentive bonus to a mix of cash, or notional common stock units or investment accounts.

Table of Contents

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

Name	Year	Annual Incentive Awards		Performance Unit Payout	
		Total (\$)	Deferred (\$)	Total (\$)	Deferred (\$)
Petratis	2009	390,613			
	2008 QBP	500,000	500,000		
	2008 Pred				
Korb	2007				
	2009	136,017			
	2008 QBP	41,941			
Delaney	2008 Pred	66,509		50,000	
	2007	61,662	15,416		
	2009	113,679			
Chetnani	2008 QBP	52,939			
	2008 Pred	176,604		183,333	
	2007	164,202		176,100	
Gadin	2009	40,921	40,921		
	2008 QBP				
	2008 Pred				
	2007				
	2009	38,894			
	2008 QBP	18,047	7,219		
	2008 Pred	29,726			
	2007	51,136	20,454		

Amounts reflected above as 2009 and 2008 QBP were deferred under the Quanex Building Products Corporation DC Plan, while the amounts reflected as 2008 Pred or 2007 were deferred under the Quanex Corporation DC Plan. Please see the Compensation Discussion and Analysis for a detailed discussion of the performance measures and related outcomes for payments of the awards.

- (5) The amounts in this column represent the change in actuarial present value of each individual's accumulated benefit under all defined benefit pension plans. The change in pension value reflects the difference in the present value of accumulated benefits

determined as of the end of the current reporting period compared to the end of the previous reporting period. For instance the change for fiscal 2009 would represent the difference between the value at October 31, 2009 and October 31, 2008. The key assumptions used to calculate the change in value are shown with the Pension Benefits Table . Negative changes in pension value for a fiscal year can not be included in the Summary Compensation Table. Changes in pension value for certain individuals were negative for fiscal 2008; these negative amounts are follows:

Name	Year	Change in Pension Value and Nonqualified Deferred Compensation Earnings
		(\$)
Delaney	2008 QBP	(2,714)
	2008 Pred	(2,487)

Gadin	2008 QBP	(792)
	2008 Pred	(726)

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

Table of Contents

(6) The named executives receive various perquisites provided by or paid for by the Company. These perquisites can include life insurance, financial planning, personal use of automobiles, memberships in social and professional clubs, relocation reimbursement and gross-up payments equal to taxes payable on certain perquisites. Also included are the Company's contributions under its 401(k) plan, a 20% match under its DC plan, a 15% match under its Employee Stock Purchase Program (ESPP), and dividends on unvested restricted stock. The Company temporarily suspended its matching contributions on its 401(k) plan, DC plan and

under its ESPP effective April 1, 2009; however, the Board reinstated matching contributions on the 401(k) plan and ESPP effective February 1, 2010. In 2009, the Compensation Committee eliminated the tax gross-up payments on perquisites, effective December 31, 2009. The amounts reported in Other Annual Compensation for the named executives are:

All Other Compensation

		Life Insurance > \$50,000		Relocation	Settlement of Unused Vacation	Deferred Compensation Plan	ESPP 15% Match	Restricted Stock	Dividends	Total		
Year	Life Insurance > \$50,000 (\$)	Financial Planning (\$)	Auto-mobile (\$)	Annual Club Member-Ship (\$)	& Financial Planning Gross-Up (\$)	Relocation (\$)	Gross-Up (\$)	401K Match (\$)	Match (\$)	Match (\$)	Dividends (\$)	Total (\$)
2009	12,319	10,000		10,820	12,801	135	81	4,375		270	14,137	64,937
2008	5,727	650		1,800	3,658	69,230	41,538		100,000	540	1,950	225,097
QBP												
2008												
Pred												
2007												
2009	1,884	600	11,607	4,567	1,425			2,031			5,639	27,753
2008	1,547	600	9,755	1,132	1,231			11,877	1,494	68	900	28,607
QBP												

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	2008								4,256	90	1,092	5,43	
	Pred												
	2007	507		10,601		266			5,481	3,083	540	2,184	22,66
elaney	2009	4,573	2,895	12,642	4,950	4,283			1,656			5,244	36,24
	2008	3,218	1,699	11,357	3,298	2,820						1,794	24,18
	QBP												
	2008				1,295				5,750			1,764	8,80
	Pred												
	2007	3,218	357	12,205	3,924	2,050			5,625			5,796	33,17
netnani	2009	506	2,000	9,929	1,692	1,325	88,074	46,924	1,250			1,008	152,70
	2008												
	QBP												
	2008												
	Pred												
	2007												
adin	2009	388		10,712	3,112	204			1,062		90	1,308	16,87
	2008	507				152			3,997	1,444	240	469	6,80
	QBP												
	2008	99							1,753		60		1,91
	Pred												
	2007	297							4,017	4,091	360		8,76

(1) The Compensation Committee eliminated the tax gross-up payments on perquisites, effective December 31, 2009.

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

The following table discloses the estimated range of payouts that were possible for the fiscal year 2009 Annual Incentive Awards along with potential estimated range of payouts that will be possible with respect to Performance Units granted in December 2008. The table also shows the actual number of stock options and restricted stock awards granted during fiscal 2009 and their respective grant date fair value.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares or Units ⁽²⁾	All Other Option Awards: Number of Underlying Options ⁽²⁾	Exercise or Base Price of Option Awards ⁽²⁾	Grant Date Fair Value of Stock Awards ⁽³⁾	Grant Date Fair Value of Option Awards ⁽³⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	(#)	(#)	(\$/Sh)	(\$)	(\$)
Petratis	2009 12/3/2008	572,500	1,230,000	2,460,000	54,900	199,600	\$ 7.83	429,867	604,069
Korb	2009 12/3/2008	180,938	403,750	807,500	17,000	61,800	\$ 7.83	133,110	187,032
Delaney	2009 12/3/2008	148,430	333,719	667,438	13,800	50,400	\$ 7.83	108,054	152,531
Chetnani	2009 12/3/2008 12/1/2008	48,333	113,333	226,666	3,700 4,690	13,300 21,875	\$ 7.83 \$ 7.49	28,971 35,128	40,251 63,582
Gadin	2009 12/3/2008	39,925	99,700	199,400	3,100	11,300	\$ 7.83	24,273	34,198

(1) The amounts shown reflect possible Annual Incentive Award (AIA) payments under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan for fiscal year 2009, under which the named executive officers were eligible to

receive a cash bonus based on a target percentage of base salary. Additionally, these amounts reflect possible Performance Unit payments under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan for Performance Units granted in December 2008 under which the named executive officers are eligible to receive a cash payment three years from the grant date or in December 2011. The amounts actually paid to the named executive officers for 2009 pursuant to this program are reflected in the Summary Compensation Table herein.

The following table shows the range of Earnings Before Interest, Taxes, Depreciation, and Amortization (or EBITDA), weighted 67%, and Modified Free Cash Flow,

weighted 33%,
goals set for
determining AIA
to our executives
for fiscal 2009.

We set the target
performance
goals at a level
that represents a
reasonable
chance of
achievement
based on the
forecasted
performance of
the divisions.

The target
performance
level is driven
from our
business
budgeting
process, which
uses a number of
assumptions
about the state of
our markets and
material
commodity
prices to
determine our
relative financial
performance
(including
expected sales,
expected
expenses and
other factors).

We recognize
the volatility in
the market
through
establishing a
range of
outcomes around
the target.

Modified Free
Cash Flow is
defined for AIA
purposes as
EBITDA plus

change in
conversion
capital (accounts
receivable,
inventory and
accounts
payable) less
capital
expenditures.

Goal	Threshold	Target	Maximum	Actual Results
		(All Amounts in Thousands)		
EBITDA	\$ 57,328	\$ 71,478	\$ 104,932	\$ 47,178
Modified Free Cash Flow	\$ 30,339	\$ 44,489	\$ 77,943	\$ 67,039

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

Table of Contents

(2) The amounts shown reflect grants of restricted stock awards and stock options made under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan. The stock options are granted at fair market value based on the closing share price as of the grant date.

(3) The fair value shown in this column was calculated in accordance with FAS 123(R). A discussion of the assumptions used in calculating these values may be found in Note 14 to Quanex Building Products Corporation's audited financial statements on Form 10-K for the year ended October 31, 2009.

Outstanding Equity Awards

The following table provides information about the outstanding equity awards held by the named executive officers as of October 31, 2009:

Outstanding Equity Awards at October 31, 2009

Name	Option Awards				Stock Awards	
	Number of Securities	Number of Securities			Market Value	
	Underlying	Underlying			Number of Shares or Units of Stock That Have Not Vested	of Shares or Units of Stock That Have Not Vested
	Unexercised Options (#) Exercisable	Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	(#)	(13) (\$)
Petratis	33,333	199,600 ⁽¹⁾ 66,667 ⁽²⁾	7.83 15.55	12/3/2018 7/1/2018	54,900 ⁽⁷⁾ 56,667 ⁽⁸⁾	816,363 842,638
Korb	33,333	61,800 ⁽¹⁾ 66,667 ⁽³⁾	7.83 15.32	12/3/2018 8/1/2018	17,000 ⁽⁷⁾ 30,000 ⁽⁹⁾	252,790 446,100
Delaney	34,936	50,400 ⁽¹⁾ 69,873 ⁽⁴⁾	7.83 15.02	12/3/2018 4/23/2018	13,800 ⁽⁷⁾ 29,897 ⁽¹⁰⁾	205,206 444,568

(1) Ms. Gadin and Messrs. Petratis, Korb, Delaney and Chetnani's stock options vest annually in equal installments over a three-year period. One-third of the stock options vested on December 3, 2009 with the remaining two-thirds vesting in equal installments on December 3, 2010 and December 3, 2011.

(2) Mr. Petratis stock options

vest annually in equal installments over a three-year period.

One-third of the stock options vested on July 1, 2009 with the remaining two-thirds vesting in equal installments on July 1, 2010 and July 1, 2011.

- (3) Mr. Korb's stock options vest annually in equal installments over a three-year period.

One-third of the stock options vested on August 1, 2009 with the remaining two-thirds vesting in equal installments on August 1, 2010 and August 1, 2011.

- (4) Ms. Gadin and Mr. Delaney's stock options vest annually in equal installments over a three-year period.

One-third of the stock options vested on April 23, 2009 with the remaining two-thirds vesting in equal

installments on
April 23, 2010
and April 23,
2011.

Table of Contents

- (5) Mr. Chetnani's stock options vest annually in equal installments over a three-year period. One-third of the stock options vested on December 1, 2009 with the remaining two-thirds vesting in equal installments on December 1, 2010 and December 1, 2011.
- (6) Ms. Gadin's stock options vest annually in equal installments over a three-year period. One-third of the stock options vested on June 16, 2009 with the remaining two-thirds vesting in equal installments on June 16, 2010 and June 16, 2011.
- (7) Ms. Gadin and Messrs. Petratis, Korb, Delaney and Chetnani's restricted stock awards fully vest on December 3,

2011, three years from the date of grant.

- (8) 40,000 of these restricted stock awards fully vest on July 1, 2011, three years from the date of grant. The remaining 16,667 restricted stock awards vest annually in equal installments over the next two years; accordingly one-half of the restricted shares will vest on July 1, 2010 and the remaining will vest on July 1, 2011.
- (9) Mr. Korb's restricted stock awards fully vest on August 1, 2011, three years from the date of grant.
- (10) Mr. Delaney's restricted stock awards fully vest on April 23, 2011, three years from the date of grant.
- (11) Mr. Chetnani's restricted stock awards fully vest on December 1, 2011, three years from the date of grant.

(12) Ms. Gadin's restricted stock awards fully vest on June 16, 2011, three years from the date of grant.

(13) This column shows the total market value of the unvested stock awards as of October 31, 2009, based on the closing price per share of Quanex Building Products Corporation's stock of \$14.87 on October 31, 2009.

Option Exercises and Stock Vested in Fiscal 2009

The following table provides information regarding the value realized by the named executive officers upon the vesting of restricted stock awards during the fiscal year ended October 31, 2009. None of the named executive officers exercised stock options during fiscal 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ⁽¹⁾ (\$)
Petratis Korb Delaney Chetnani Gadin			8,333	99,829

(1) The value realized upon vesting represents the number of shares of stock vesting times closing market

price of a share
of Quanex
Building
Products
Corporation
stock on the
vesting date.

Pension Benefits

Our named executive officers are eligible to participate in our Salaried and Nonunion Employee Pension Plan, described below, that is generally available to all our employees. The named executive officers are also eligible to participate in certain plans, also described below, that are only available to a select group of management and highly compensated employees.

Table of Contents***Salaried and Nonunion Employee Pension Plan***

We have established the Quanex Building Products Salaried and Nonunion Employee Pension Plan (the Pension Plan), a noncontributory defined benefit pension plan intended to be a tax-qualified plan under Section 401(a) of the Internal Revenue Code, for the benefit of substantially all of our employees. With some exceptions, an employee is eligible to participate in the Pension Plan once that employee has completed one hour of service for us.

Under the Pension Plan, two main types of benefits are available to participants, depending upon when they began participating in the Quanex Corporation Salaried Employees Pension Plan. The employees who participated in that plan on or before December 31, 2006 are generally referred to as Traditional Participants, while employees who began participating in that plan after such date are generally referred to as Cash Balance Participants. Any employees who did not participate in that plan, but who began participating in the Pension Plan after its adoption, are considered Cash Balance Participants.

Under the Pension Plan, a Traditional Participant will receive a monthly single life annuity, payable following termination of employment at or after age 65, equal to the sum of (i) and (ii), less (iii), where:

(i) is the greater of (x) 1.5% of the Traditional Participant's average monthly compensation for the five consecutive calendar years that lead to the highest monthly average multiplied by his whole and fractional years of benefit service earned with Quanex Corporation prior to November 1, 1985, or (y) the product of \$9.00 and his years of benefit service earned with Quanex Corporation prior to November 1, 1985;

(ii) is the greater of (x) the sum of 1% of the Traditional Member's average monthly compensation for the five consecutive calendar years that lead to the highest monthly average up to but not in excess of 1/12 of the Traditional Member's Social Security covered compensation and 1.5% of the Traditional Member's average monthly compensation for the five consecutive calendar years that lead to the highest monthly average in excess of 1/12 of the Traditional Member's Social Security covered compensation, the total of which is then multiplied by his whole and fractional years of benefit service earned with Quanex Corporation and us from and after November 1, 1985 or (y) the product of \$9.00 and the Traditional Member's whole and fractional years of benefit service earned with Quanex Corporation and the Company from and after November 1, 1985; and

(iii) is the Traditional Participant's monthly accrued benefit under any qualified defined benefit plan that was maintained at any time by Quanex Corporation to the extent that the Traditional Participant's service taken into account for benefit accrual purposes under such other plan is taken into account as benefit service under the Pension Plan.

Traditional Participants are eligible for early retirement benefits when they attain age 55 with five years of service. The early retirement benefit is calculated (x) minus (y), where (x) is the sum of items (i) and (ii) immediately above, reduced by 5/9 of 1% for each of the first 60 months that the early retirement benefit payment commencement date precedes the Traditional Participant's normal retirement date and further reduced by 5/18 of 1% for each of the months in excess of 60 that the payment commencement date precedes the Traditional Participant's normal retirement date, and (y) is item (iii) immediately above, but determined as if the Traditional Participant's benefit under such Quanex Corporation qualified defined benefit plan commences to be paid at the same time as the Pension Plan benefit, using the reduction factors used in connection with such Quanex Corporation qualified defined benefit plan. No current executive officers are presently eligible for retirement benefits under the Pension Plan.

Under the Pension Plan, a Cash Balance Participant receives upon termination of employment with us following at least three years of vesting:

The sum of the notional company contributions accrued under the Pension Plan through the date on which the Cash Balance Participant terminates employment with us, where such contribution generally equals 4% of the Cash Balance Participant's compensation for the applicable year; plus

The sum of the interest credits on those notional company contributions accrued under the Pension Plan through the date on which the Cash Balance Participant terminates employment with us, where such contribution generally equals the interest rate on the 30-year Treasury security for the fifth month prior to the first day of the applicable year.

Table of Contents

For purposes of both Traditional Participants' benefits and Cash Balance Participants' benefits, the compensation taken into account under the Pension Plan is generally comprised of salary and bonus compensation for the applicable year. In addition, for purposes of both Traditional Participants' benefits and Cash Balance Participants' benefits, actuarial equivalence is determined using (i) the mortality table prescribed by IRS Revenue Ruling 2007-67 and (ii) (x) for lump sum payments, an interest rate equal to the August phase in segment rate as prescribed by the Pension Protection Act of 2006 and (y) for all payment options other than lump sum payments, an interest rate equal to 6% per annum.

Supplemental Employee Retirement Plan

We provide additional retirement benefits to certain of our named executive officers under the Supplemental Employee Retirement Plan (the "SERP"). Eligibility to participate in the SERP is determined by the Board of Directors. Currently, the CEO, the SVP - Finance and CFO, and the SVP - General Counsel and Secretary are the only participants in the SERP.

Under the SERP, an eligible participant receives a monthly single life annuity (or actuarially equivalent optional form of payment) payable at age 65 equal to:

2.75% of the highest consecutive 36-month average of salary and bonus compensation from the last 60 months of employment,

multiplied by the named executive officer's years of service (but not in excess of 20 years), and

reduced by (i) any benefits payable under the Pension Plan and (ii) 50% of the named executive officer's Social Security benefits adjusted pro rata for years of service not in excess of 20 years.

The named executive officer is required to remain employed until he or she has accumulated five years of service in order to receive a benefit under the SERP. SERP participants are eligible for early retirement benefits when they attain age 55 with five years of service. The early retirement benefit is calculated based on average compensation and service at early retirement, and reduced by 5% for each year benefit commencement precedes age 65. No current executive officers are presently eligible for retirement benefits under the SERP.

Upon a named executive officer's termination of employment after a change in control, he or she will be eligible to receive a lump sum payment in lieu of any other benefit payable from the SERP. The lump sum is equal to the present value of the SERP life annuity, which is payable immediately without reduction for early payment, based on the named executive officer's years of service and compensation at date of termination. The SERP is administered in a manner that is intended to comply with Section 409A of the Internal Revenue Code.

Restoration Plan

We provide additional retirement benefits to our executive officers who do not participate in the SERP under the Restoration Plan (the "Restoration Plan"). Eligibility to participate in the Restoration Plan is determined by a committee appointed by the Company's Board of Directors.

Under the Restoration Plan, an eligible participant will receive a lump sum actuarial equivalent of a monthly benefit for life payable at age 65 equal to:

the benefit payable to the named executive officer under the Pension Plan if the compensation taken into account under that plan were not capped at the amount required under Section 401(a)(17) of the Internal Revenue Code,

reduced by the benefit payable to the named executive officer under the Pension Plan taking into account only the amount of compensation allowed under Section 401(a)(17) of the Internal Revenue Code.

Table of Contents

The specific elements of a named executive officer's compensation taken into account for purposes of the Restoration Plan are the same as those items of compensation taken into account for purposes of the Pension Plan, described above.

The named executive officer must remain employed until he or she has accumulated five years of service in order to receive a benefit under the Restoration Plan. Restoration Plan participants are eligible for early retirement benefits when they attain age 55 with five years of service. The early retirement benefit is the actuarial equivalent of his lump sum benefit under the Restoration Plan, determined as of his or her early retirement date. No current executive officers are presently participants in the Restoration Plan. The Restoration Plan is administered in a manner that is intended to comply with Section 409A of the Internal Revenue Code.

Historical Benefits Tables

The following table discloses the years of credited service of, present single-sum value of the accrued benefits as of October 31, 2009 for, and payments during fiscal year 2009 for the named executive officers under the SERP, the Pension Plan, and the Restoration Plan. Currently, none of the executives are participants in the Restoration Plan.

Name	Plan Name	Number of Years	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year
		Credited Service (#)		(\$)
David D. Petratis	SERP ⁽¹⁾	1.33	278,435	
	Pension Plan ⁽²⁾	1.33	11,935	
Brent L. Korb	SERP ⁽¹⁾	5.94	104,925	
	Pension Plan ⁽²⁾	5.94	39,168	
Kevin P. Delaney	SERP ⁽¹⁾	6.28	293,318	
	Pension Plan ⁽²⁾	6.28	77,980	
	Restoration Plan ⁽³⁾	0.92		
Jairaj T. Chetnani	Pension Plan ⁽²⁾	0.92	6,245	
Deborah M. Gadin	Restoration Plan ⁽³⁾	4.22		
	Pension Plan ⁽²⁾	4.22	27,685	

(1) The SERP provides retirement benefits for certain designated officers in addition to those provided under the Pension Plan. The purpose of the SERP is to

supplement those retirement benefits that a Participant may be entitled to receive as a salaried employee of the Company. The SERP pays a retirement benefit to eligible employees following retirement or termination of employment. As noted above, the benefit formula under the SERP equals: 2.75 percent of Final Average Earnings (defined as the highest 36 months of compensation during the last 60 months preceding retirement or termination) multiplied by Years of Service (not in excess of 20 years), less the sum of (1) the Participant's Pension Plan Benefit, and (2) one-half of the Participant's Social Security Benefit multiplied by a fraction (which shall not exceed one) the

numerator of which is the Participant's number of years of Service and the denominator of which is 20. The definition of compensation under the SERP includes W-2 wages modified by excluding reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, welfare benefits, BeneFlex dollars under the Company's Medical Reimbursement Plan, and restricted stock awards and stock options; and modified further by including elective contributions under a cafeteria plan maintained by the Company that is governed by section 125 of the Code and elective contributions to any plan maintained by the Company that contains a qualified cash or

deferred
arrangement
under section
401(k) of the
Code.

Vesting in the
SERP is based
on 5 Years of
Service. Early
Retirement
under the SERP
requires a
Participant to
attain age 55
with 5 Years of
Service. If the
Participant
retires prior to
age 55, the
accrued benefit
is reduced 5%
for each year
(and fractional
year) that the
Participant's
benefit
commencement
precedes age 65.

Table of Contents

Benefits under the SERP are paid under the following options:

Single Life Annuity

50%, 75%, or 100% Joint & Survivor Annuity

10 Year Certain and Life

Single Lump Sum

The SERP also pays a death benefit to the designated beneficiary if the Participant has retired or terminated employment, but has not commenced payment. In addition, the SERP pays a Disability Benefit. Should a Participant with six months of service terminate due to disability prior to early retirement, the SERP will pay a Disability Benefit until age 65 equal to 50 percent of the sum of his monthly Earnings in effect at the date of his Disability and the monthly equivalent of the average of his Incentive Awards for the prior three Plan Years, less the

sum of (1) the Participant's Qualified Plan Benefit; (2) the Participant's Social Security Benefit; (3) the Participant's benefit under the Company's group long-term disability insurance plan; (4) the Participant's benefit under an individual disability policy provided by the Company; and (5) the Participant's benefit under the Company's wage continuation policy plan. Benefits payable from the Plan are equal to the actuarial equivalent of the accrued benefit at date of distribution employing the Actuarial Equivalent definition from the Pension Plan. The Company has no policy for granting additional service under this plan.

- (2) The Pension Plan was established to

provide retirement income to the Company's non-union employees. It is an ERISA qualified pension plan. The Pension Plan pays a retirement benefit to eligible Participants equal to 1.5% of the Traditional Member's Average Monthly Compensation (high 5 consecutive years of Earnings out of the 10 years preceding termination or retirement) times years and fractional years of Benefit Service earned prior to November 1, 1985 plus the sum of 1% of Average Monthly Compensation up to Social Security Covered Compensation and 1.5% of the Traditional Member's Average Monthly Compensation in excess of

Social Security Covered Compensation, the total of which is multiplied by years and fractional years of Benefit Service from, on and after November 1, 1985. Compensation is defined as earned income excluding deferred compensation. Compensation is limited by the compensation limits imposed under the Internal Revenue Code. For Cash Balance Participants, the Pension Plan pays the Account Balance with interest at date of termination. The contribution equals a certain percentage based on location, credited with interest. The Pension Plan pays a Death Benefit prior to retirement to the spouse, or to the estate, if no spouse. The Pension Plan does not provide

for a Disability Retirement. The Pension Plan requires 5 Years of Vesting Service for Traditional Plan Participants and 3 Years of Service for Cash Balance Participants. Early Retirement under the Plan requires a Participant to have attained age 55 with 5 Years of Service. None of the named executive officers is currently eligible for an early retirement benefit under this plan. Benefits commencing prior to age 65 are reduced $\frac{5}{9}$ ths of 1% for each of the first 60 months, and an additional $\frac{5}{18}$ ths of 1% for each month in excess of 60 that benefits commence prior to age 65. The Company has no policy for granting additional service under this plan.

(3)

The Restoration Plan was established to provide a retirement pay supplement for a select group of management or highly compensated employees so as to retain their loyalty and to offer a further incentive to them to maintain and increase their standard of performance. The Restoration Plan pays a retirement benefit in the form of a lump sum to eligible employees following retirement or termination of employment. If a Participant terminates employment, an Actuarial Equivalent lump sum of the Participant's Pension Plan Benefit that would be payable if the applicable limitation under section 401(a)(17) of the Code for each fiscal year of the Pension Plan commencing on

or after November 1, 1994, was not limited (indexed for increases in the cost of living), less the Participant's Pension Plan Benefit. Early Retirement under the Restoration Plan requires a Participant to have attained age 55 with 5 Years of Service. None of the named executive officers is currently eligible for an early retirement benefit under this plan. The Restoration Plan requires 5 Years of Service for vesting purposes for Traditional Plan Participants, and three years of Service requirement for Cash Balance Participants. In addition, the Plan also pays a death benefit to the designated beneficiary if the Participant has retired or terminated employment, but has not commenced payment. The

Restoration Plan does not provide a Disability Benefit. The Company has no policy for granting additional service under this plan. Currently, none of the executives are participants in the Restoration Plan.

The following table discloses contributions, earnings and balances to the named executive officers under the Quanex Building Products Corporation Deferred Compensation Plan (the "DC Plan") for the fiscal year ending October 31, 2009.

Name	Executive Contributions FY 2009 ⁽¹⁾ (\$)	Registrant Contributions in FY 2009 ⁽¹⁾ (\$)	Aggregate Earnings in FY 2009 ⁽²⁾ (\$)	Aggregate Withdrawals/Distributions ⁽³⁾ (\$)	Aggregate Balance at 10/31/2009 ⁽⁴⁾ (\$)
David D. Petratis	500,000	100,000	626,732		1,226,732
Brent L. Korb			(2,502)	(66,935)	
Kevin P. Delaney					
Jairaj T. Chetnani					
Deborah M. Gadin	7,219	1,444	23,324		71,260

Table of Contents

- (1) Executive contributions are incentive compensation earned for performance from April 23, 2008 to October 31, 2008 and deferred in December 2008, when they would have otherwise been paid, during fiscal 2009. The registrant contributions are the associated match by Quanex Building Products Corporation for these executive contributions. The Company temporarily suspended its matching contributions on the DC Plan effective April 1, 2009. The full amount shown in the executive contributions and registrant contributions columns for each executive was reported in the Summary Compensation Table.
- (2) Aggregate earnings are not

included as compensation in the current Summary Compensation Table, and were not included in 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 Quanex Building Products Corporation's proxy statements for fiscal 2008. This item primarily reflects the change in market value of the deemed common stock held in each participant's deferred compensation account.

- (3) Distribution reported was made in connection with Mr. Korb's temporary departure from the Company on June 13, 2008.
- (4) The aggregate balance is as of 10/31/2009, and includes current and previous

years executive and registrant contributions and the earnings on those contributions, less any withdrawals. The amounts reported in the aggregate balance at October 31, 2009 are reported in the Summary Compensation Table or were previously reported as compensation to the named executive officer in the Summary Compensation Table if such individual was included as a named executive officer in the respective previous years.

Qualified Defined Contribution Plans

Salaried and Nonunion Employee 401(k) Plan

The Salaried and Nonunion Employee 401(k) Plan (the "401(k) Plan") is a defined contribution plan intended to be a tax-qualified plan under Section 401(a) of the Internal Revenue Code, for the benefit of substantially all of our employees. An employee is eligible to participate in the 401(k) Plan on the later of (i) the date we or our affiliate that employs the employee adopt the 401(k) Plan or (ii) the date the employee completes one hour of service for us.

Participants in the 401(k) Plan may contribute from 1% of compensation per payroll period up to a maximum percentage per payroll period to be determined by the Benefits Committee. In addition, any new participants who do not affirmatively elect otherwise have 3% of their compensation per payroll period automatically contributed to the 401(k) Plan. To the extent permitted by the committee, participants may also make after-tax contributions to the 401(k) Plan.

We have made matching contributions to each participant's account equal to 50% of the pre-tax contributions the participant makes to the 401(k) Plan up to 5% of the participant's eligible compensation. The Company temporarily suspended its matching contributions to the 401(k) Plan effective April 1, 2009, and reinstated the matching contributions effective February 1, 2010. We may, at our discretion, make profit-sharing contributions to the participants' accounts.

Participants will always be 100% vested in their pre-tax and after-tax contributions to the 401(k) Plan. Company matching and profit-sharing contributions vest 20% per year and are 100% vested after five years. In addition, a participant will be 100% vested in all amounts under the 401(k) Plan in the event of (i) disability prior to termination

of employment, (ii) retirement or (iii) death prior to termination of employment.
All distributions from the 401(k) Plan will be made in a single lump sum payment.

Table of Contents

Stock Purchase Plans

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "Stock Purchase Plan") 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 us, thereby encouraging employees to share in our success and to remain in our service. The Stock Purchase Plan is not intended to meet the requirements of Section 423 of the Internal Revenue Code.

The Stock Purchase Plan is administered by Wells Fargo Shareowner Services (the "Bank"), who may be removed at our election.

Regular full time employees of the Company (or any of our subsidiaries with our consent) will be eligible to participate in the Stock Purchase Plan. Participation in the Stock Purchase Plan will be voluntary.

Contributions to the Stock Purchase Plan

Contributions to the Stock Purchase Plan consist of employees' payroll deductions and an amount from us equal to 15% of those deductions. The Company temporarily suspended its 15% contribution effective April 1, 2008, and reinstated the contribution effective February 1, 2010. The Bank establishes an account under the Stock Purchase Plan as agent for each eligible employee electing to participate in the Stock Purchase Plan and credits 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 us on all shares in such employee's Stock Purchase Plan account at the time a dividend is paid; and

cash resulting from the sale of any (i) rights to purchase additional shares of our stock or other securities of ours, or (ii) securities of any other issuer.

Participants generally may not add shares of common stock held in their name to their accounts. All shares are held in the name of the Bank or its nominee as Plan Shares subject to the terms and conditions of the Stock Purchase Plan.

Purchase of Plan Shares

The Bank applies cash credited to each participant's account to the purchase of full and fractional Plan Shares and credits 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 Stock Purchase Plan during the calendar month. The Bank purchases Plan Shares in negotiated transactions or on any securities exchange where our common stock is traded. The purchases are on terms as to price, delivery and other matters, and are executed through those brokers or dealers, as the Bank may determine.

Stock Certificates

The Bank holds 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 are 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 Participants." Certificates are not issued for less than 10 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.

Table of Contents

Assignment or Sale

Except as otherwise described herein, participants cannot 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 may request that the Bank sell:

all or part of such participant's Plan Shares at any time, if the participant is employed by us or in connection with a division or subsidiary of ours immediately before we sell or otherwise dispose of that division or subsidiary and after such sale or other disposition the participant is no longer employed by us or our subsidiary; and

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 one year.

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

Termination and Withdrawal by a Participant

Participants may terminate their participation in the Stock Purchase Plan 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 and 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 is subject to the restrictions below under Restrictions on Resale. If a participant elects to terminate his or her participation in the Stock Purchase Plan, he or she may not rejoin the Stock Purchase Plan for a period of six months from the date of termination.

Restrictions on Resale

Our officers, directors and affiliates (as defined by the relevant securities laws) are 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 Stock Purchase Plan and (ii) the participant, after he or she withdraws from the Stock Purchase Plan, of shares of common stock issued to the participant upon his or her withdrawal from the Stock Purchase Plan.

Nonqualified Defined Benefit and Other Nonqualified Deferred Compensation Plans

Our directors, executive officers, key management and highly compensated employees are eligible to participate in certain non-tax qualified plans described below.

2008 Omnibus Incentive Plan

We recognize the importance of aligning the interests of our directors, officers, and employees with those of our stockholders. This alignment of interests is reflected in the Quanex Building Products Corporation 2008 Omnibus Incentive Plan (the Omnibus Plan), which provides those persons who have substantial responsibility for the management and growth of the Company and its affiliates with additional performance incentives and an opportunity to obtain or increase their proprietary interest in the Company, thereby encouraging them to continue in their employment or affiliation with us and our affiliates.

The Omnibus Plan provides for the granting of stock options, stock appreciation rights (SARs), restricted stock, restricted stock units, performance stock awards, performance unit awards, annual incentive awards, other stock-based awards and cash-based awards. Certain awards under the Omnibus Plan may be paid in cash or in our common stock. Eligibility will be determined by the Compensation Committee, which has exclusive authority to select the officer and employee participants to whom awards may be granted, and may determine the type, size and terms of each award. The Compensation Committee will also make all determinations that it decides are necessary or desirable in the interpretation and administration of the Omnibus Plan.

Table of Contents

Deferred Compensation Plan

We maintain a Deferred Compensation Plan that allows certain highly compensated management personnel and directors to defer all or a portion of their directors' fees, compensation under the Omnibus Plan and compensation under the Management Incentive Plan (the "MIP").

Eligibility and Participation

The individuals who are eligible to participate in the Deferred Compensation Plan are all participants in the Omnibus Plan or the MIP, and all of our directors, subject to additional eligibility requirements for participation in the Deferred Compensation Plan as the Compensation Committee may determine from time to time.

Deferral Elections

A participant may elect, during the designated election periods, (1) the percentage of his bonus awarded to him under the MIP (an "Incentive Bonus") earned during the applicable year to be deferred under the Deferred Compensation Plan; (2) the percentage of his compensation earned under the Omnibus Plan during the applicable year ("Omnibus Compensation") to be deferred under the Deferred Compensation Plan; (3) the percentage of his director fees earned during the applicable year to be deferred under the Deferred Compensation Plan; (4) the percentage to be deferred in the form of deemed shares of common stock or other investment funds provided under the Deferred Compensation Plan; (5) the length of the period for deferral; and (6) the form of payment at the end of the period for deferral (either a lump sum, or quarterly or annual installment payments over a period of time of not less than three nor more than 20 years). All elections made are irrevocable once they are made for a given plan year, except for the election as to how the distribution is to be made or as otherwise permitted under applicable Internal Revenue Service guidance. That election can be changed if the change is made at least 12 months prior to the end of the deferral period, is not effective for at least 12 months and the scheduled payment is no earlier than five years after the date on which the payment would have otherwise have been made or commenced. If the election of the form of distribution is changed and an event causing distribution occurs within one year, the change in election will be ineffective and the original election will remain in effect.

The deferrals in the form of deemed shares of common stock elected by all participants in any plan year will not be allowed to exceed 3% of the shares of common stock outstanding on the first day of the plan year.

Company Match

If a participant elects to defer a portion of his Incentive Bonus, Omnibus Compensation or director fees under the Deferred Compensation Plan in the form of deemed shares of our common stock for a period of three full years or more, we provide a matching award of additional deemed shares of common stock equal to 20% of the amount deferred, excluding deferrals of long-term incentives, in the form of deemed shares of our common stock; however, the Company temporarily suspended its matching award effective April 1, 2008.

The Participant's Account

Under the Deferred Compensation Plan, the committee will establish an account for each participant, which we will maintain. The account will reflect the amount of our obligation to the participant at any given time (comprised of the amount of compensation deferred for the participant under the Deferred Compensation Plan, the Company match, and the amount of income credited on each of these amounts). If the participant elects his deferral to be in the form of deemed shares of our common stock, the number of shares credited to his account as common stock will be the number of shares of our common stock that could have been purchased with the dollar amount deferred, without taking into account any brokerage fees, taxes or other expenses that might be incurred in such a transaction, based upon the closing quotation on the NYSE on the date the amount would have been paid had it not been deferred. In addition to the option to hold the account as deemed shares of common stock, the participant may choose from a variety of investment choices.

Table of Contents

Dividends And Distributions On Our Common Stock.

When dividends or other distributions are declared and paid on our common stock, those dividends and other distributions will be accrued in a participant's account based upon the shares of common stock deemed credited to the participant's account. Such amounts credited to a participant's account will vest at the same time the underlying deemed shares of common stock vest and will be subject to the same forfeiture restrictions. The dividends or other distributions, whether stock, property, cash or other rights, will be credited to the account as additional deemed shares of our common stock. For this purpose, all dividends and distributions not in the form of deemed shares of our common stock or cash will be valued at the fair market value as determined by the Compensation Committee.

Common Stock Conversion Election

At any time during a period commencing three years prior to the earliest time a participant could retire under the Pension Plan and ending on the participant's normal retirement date as established under the Pension Plan, the participant will be allowed to elect a retirement date under the Pension Plan and may elect to have all deemed shares of common stock in his account converted to cash and deemed to be invested in the participant's selected investment options. At any time which is at least three years after deemed common stock is credited to a participant's account, the participant will be allowed to elect to have such deemed common stock converted to cash and deemed to be invested in the participant's selected investment options.

Vesting

All deferrals of the Incentive Bonus, Omnibus Compensation and director fees will be 100% vested at all times, except in event of forfeiture as described below. Company matching contributions and dividends will be 100% vested after the earliest of (i) three years after the applicable deemed share of common stock is credited to the participant's account, (ii) the participant's death, (iii) the participant's termination of employment due to disability or (iv) the participant's retirement.

If the Compensation Committee finds that the participant was discharged by us for fraud, embezzlement, theft, commission of a felony, proven dishonesty in the course of his employment by us that damaged us, for disclosing our trade secrets, or for competing directly or indirectly with us at any time during the first two years following his termination of employment, the entire amount credited to his account, exclusive of the total deferrals of the participant, will be forfeited. Notwithstanding the foregoing, such forfeitures will not apply to a participant discharged during the plan year in which a change of control occurs.

Distributions under the Deferred Compensation Plan

Upon a distribution or withdrawal, the balance of all amounts deemed invested in investment funds and the number of deemed shares of common stock credited to the participant and required to be distributed will be distributed in cash, whether the distribution or withdrawal is in a lump sum or in installments. The value per deemed share of common stock will be calculated based on the closing quotation for our common stock on the NYSE. Distributions will be made with respect to a participant's interest in the Deferred Compensation Plan upon the expiration of the term of deferral as was previously elected by the participant or upon the participant's earlier death or disability. A withdrawal may be made by the participant prior to an event causing distribution, in an amount needed to satisfy an emergency, in certain unforeseeable events of hardship beyond the control of the participant, as approved by the Compensation Committee.

The Deferred Compensation Plan will be administered in a manner that is intended to comply with Section 409A of the Internal Revenue Code.

Table of Contents**COMMON STOCK OWNERSHIP**

The following table sets forth, as of January 8, 2010, the number and percentage of beneficial ownership of shares of Common Stock, Restricted Stock Units, shares of Common Stock credited under the Deferred Compensation Plan, and the amount of shares obtainable upon conversion of options exercisable (or exercisable within 60 days) for each current director and nominee for director of the Company, the executive officers named in the compensation table on page 28 of this Proxy Statement, and all officers and directors as a group. Each of the directors and executive officers has sole voting and investment with respect to the securities listed by their name below.

	Common Stock Owned of Record	Restricted Stock Units	Common Stock Credited Under DC Plan	Common Stock Underlying Exercisable Options ⁽¹⁾	Total	Percent
David D. Petratis	152,776		82,643	99,866	335,285	*
Brent L. Korb	68,440			53,933	122,373	*
Kevin P. Delaney	66,361			51,736	118,097	*
Deborah M. Gadin	13,230		3,115	21,932	38,277	*
Jairaj T. Chetnani	10,690		2,603	11,724	25,017	*
Donald G. Barger	4,189	6,573	50,945	25,910	87,617	*
Susan F. Davis	25,182	4,300	11,288	25,910	66,680	*
William C. Griffiths		1,571		5,489	7,060	*
Joseph J. Ross	36,273	6,573	64,727	25,910	133,483	*
Joseph D. Rupp		4,300		25,910	30,210	*
Richard L. Wellek	4,980	4,300	10,909	25,910	46,099	*
All Officers and Directors as a group	382,121	27,617	226,230	374,230	1,010,198	2.68

* Less than 1.0%

(1) Includes options exercisable within 60 days.

Section 16(a) Beneficial Ownership Reporting Compliance

Under SEC rules, the Company's directors, executive officers and beneficial owners of more than 10% of the Company's equity securities are required to file periodic reports of their ownership, and changes in that ownership, with the SEC. Based solely on its review of copies of these reports and representations of such reporting persons, the Company believes that all such SEC filing requirements were satisfied during the fiscal year ended October 31, 2009.

Table of Contents

CORPORATE GOVERNANCE

The Company's business is managed under the direction of the Board of Directors. The following corporate governance guidelines have been adopted by the Board of Directors as the framework within which directors and management can effectively pursue the Company's objectives of adding to shareholder value. These guidelines reflect the practices and principles by which the Company operates. The Board periodically reviews and may update these guidelines and other corporate governance matters.

Corporate Governance Guidelines

The Board

1. The business of Quanex Building Products Corporation (the Company) shall be managed by a Board of Directors (the Board) who shall exercise all the powers of the Company not reserved to the shareholders by statute, the Certification of Incorporation or the By-Laws of the Company.
2. The Chief Executive Officer shall be a member of the Board.
3. The size of the Board, the classification of directors, the term of office, and the process for filling vacancies shall be in accordance with the Company's Certificate of Incorporation and By-Laws.

Board Committees

4. The Board shall at all times maintain an Audit Committee, a Nominating & Corporate Governance Committee, and a Compensation & Management Development Committee, which shall operate in accordance with applicable laws, their respective Charters as adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange.
5. The membership of the Audit Committee, the Compensation & Management Development Committee, or the Nominating & Corporate Governance Committee shall meet the independence requirements of applicable laws, the New York Stock Exchange, and if deemed appropriate from time to time, meet the definition of non-employee director under Rule 16b-3 under the Securities Exchange Act of 1934, and outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986.
6. The Board may establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's By-Laws as the Board sees fit.

Board Procedure

7. At each regular meeting of the Board, the Board shall meet in executive session, where non-management directors meet without management participation.
8. The Board, in executive session, shall conduct an annual review of the performance of the Chief Executive Officer, taking into account the views and recommendations of the Chairman of the Compensation & Management Development Committee as set forth in the Committee's Charter.
9. The Board shall review policies and procedures developed by the Company and reviewed and approved by the Compensation & Management Development Committee, regarding succession to the position of Chief Executive Officer and positions of other corporate officers and key executives in the event of emergency or retirement.
10. The Board shall conduct an annual Self-Assessment to determine whether it and its committees are functioning effectively. The full Board shall discuss the evaluation to determine what, if any, action could improve Board and Board committee performance.

Table of Contents

Board Resources

11. The Board shall establish methods by which interested parties may communicate directly with the Chairpersons of each Committee or with non-employee directors of the Board as a group and cause such methods to be published.
12. The Company shall provide each director with complete access to the management of the Company, subject to reasonable notice to the Company and reasonable efforts to avoid disruption to the Company's management, business and operations.
13. The Board and Board committees, to the extent set forth in the applicable committee Charter, have the right to consult and retain independent legal and other advisors at the expense of the Company.
14. The Board or the Company shall establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly-appointed directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a director.
15. The Board or the Company shall encourage directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly-traded companies.

Director Qualifications

16. A majority of the members of the Board must qualify as independent directors in accordance with the applicable rules of the New York Stock Exchange.
17. A director shall not stand for re-election after reaching 70 years of age.
18. Directors shall promptly report changes in their business or professional affiliations or responsibilities, including retirement, to the Chairman of the Board and the Chairman of the Nominating & Corporate Governance Committee.
19. A director shall offer to resign from the Board if the Nominating & Corporate Governance Committee concludes that the director (a) no longer meets the Company's requirements for service on the Board, or (b) has experienced a substantial reduction in responsibilities in full time employment for reasons other than retirement.
20. No director shall serve as a director, officer or employee of a competitor of the Company.
21. Non-employee directors shall not serve in a paid consulting role for the Company.
22. Directors shall advise the Chairman of the Board and the Chairman of the Nominating & Corporate Governance Committee promptly upon accepting any other public company directorship or any assignment to the Audit Committee or Compensation Committee of the board of directors of any public company of which such director is a member.
23. Non-employee directors shall serve on the board of no more than three other public companies.
24. A director who is also an officer of the Company shall not continue serving on the Board upon separation of employment with the Company, except in special instances to facilitate a transition of management.
25. The Nominating & Corporate Governance Committee shall be responsible for establishing additional qualifications for directors, taking into account the composition and skills of the entire Board.

Director Responsibilities

26. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company in a manner consistent with their fiduciary duties.
27. Directors are expected to attend all Board meetings and meetings of committees to which they are assigned, and at a minimum, 75 percent of such meetings each year.
28. Directors are expected to prepare for all meetings of the Board or committees to which they are assigned by reviewing the materials that are sent to all directors in advance of meetings.
29. Non-employee directors are expected to own, beneficially or otherwise, common shares or common share equivalents of the Company's Common Stock valued at no less than \$100,000, which shares or share equivalents may be accumulated over the first three years of service.

Table of Contents

Director Compensation

30. The Nominating & Corporate Governance Committee shall review and recommend for Board approval the form and amount of non-employee director compensation, including cash, equity-based awards and other director compensation.
31. In determining non-employee director compensation, the Nominating & Corporate Governance Committee, may consult with appropriate advisers to determine levels of director compensation similar to the compensation of directors of similar companies.
32. Non-employee directors shall be paid in equity and cash for their services, with a deferral option for fees paid in cash.
33. Unless and until a recommendation is made by the Nominating & Corporate Governance Committee and approval of the Board, the amount of cash compensation for non-employee directors is as follows: Retainer \$40,000/year paid quarterly; Board meeting fee \$1,250/meeting for telephonic meetings and \$1,500/meeting for in-person meetings; Committee meeting fee \$1,250/meeting; Committee chair fees \$10,000/year for Audit and Compensation Committees, and \$15,000/year for Governance Committee; and reimbursement for all travel and living expenses associated with meeting attendance.
34. Unless and until a recommendation is made by the Nominating & Corporate Governance Committee and approval of the Board, new non-employee directors shall receive a one-time non-incentive stock option grant of 5,000 shares on his or her first anniversary of service on the Board.
35. Unless and until a recommendation is made by the Nominating & Corporate Governance Committee and approval of the Board, on the last business day of each fiscal year, non-employee directors shall receive an annual non-incentive stock option grant of \$50,000 in equivalent value.
36. Unless and until a recommendation is made by the Nominating & Corporate Governance Committee and approval of the Board, on the last business day of each fiscal year, non-employee directors shall receive an annual restricted stock unit award of \$25,000 in equivalent value.
37. Unless and until a recommendation is made by the Nominating & Corporate Governance Committee and approval of the Board, non-employee directors shall not receive any remuneration from the Company other than as set forth in this Director Compensation section of the Corporate Governance Guidelines.

Role of Lead Director

38. The Chairman of the Nominating & Corporate Governance Committee shall serve as the Lead Director and shall preside at each executive session.
39. The Lead Director shall be a member of the Executive Committee and shall have the following responsibilities:
 - a. Chairing the Board in the absence of the Chairman;
 - b. Acting as liaison between the Board and the Chairman, as requested by the Board;
 - c. In concert with the Chairman, setting the agenda for board meetings, based on input from directors and the annual meeting plans;
 - d. Ensuring that independent directors have adequate opportunity to meet in executive session without management present, and setting the agenda for, and moderating, all such sessions;
 - e.

Communicating to the Chief Executive Officer, as appropriate, the results of executive sessions among independent directors;

Table of Contents

- f. Ensuring that the Board has adequate resources, including full, timely and relevant information, to support its decision making requirements;
- g. Organizing the Board's evaluation of the Chairman and providing the Chairman with feedback related thereto;
- h. Working with the Chairman to ensure proper committee structure and membership, including the assignment of members and committee chairs, and appropriate succession planning related to members and committee chairs;
- i. Notifying the Chairman of the retention of outside advisors and consultants who report directly to the Board;
- j. Participating in one-on-one discussions with individual directors, as requested by the Nominating & Corporate Governance Committee;
- k. Leading the Board self-assessment process, in conjunction with the Nominating & Corporate Governance Committee;
- l. Working with the Chairman to form Special Committees of the Board, as necessary;
- m. Carrying out other duties as requested by the Board or the Nominating & Corporate Governance Committee.

Officer Responsibilities

- 40. The Chief Executive Officer shall serve on the board of no more than one other public company.
- 41. Other executive officers shall serve on the board of no more than one other public company.
- 42. The Chief Executive Officer is expected to own, beneficially or otherwise, common shares or common share equivalents of the Company's Common Stock of at least 400% of the value of his/her base salary within three years of serving in said role. Senior officers are expected to own, beneficially or otherwise, common shares or common share equivalents of the Company's Common Stock of at least 200% of their base salary and officers 100% of their base salary under the same terms.

Amendment and Waiver

- 43. The Quanex Corporate Governance Guidelines may be amended, modified, or waived by the Board and waivers of these Guidelines may also be granted by the Nominating & Corporate Governance Committee, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange.

Communications with the Company

Quanex invites inquiries to the Company and its Board of Directors. Interested persons may contact the appropriate individual or department by choosing one of the options below.

General

Investor Information:

For Investor Relations matters or to obtain a printed copy of the Company Code of Ethics, Corporate Governance Guidelines or charters for the Audit, Compensation and Management Development, and Nominating and Corporate Governance Committees of the Board of Directors, send a request to the Company's principal address below or inquiry@quanex.com. This material may also be obtained from the Company website at www.quanex.com by following the Corporate Governance link.

Table of Contents

The Company's required Securities Exchange Act filings such as annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge through the Company's website, as soon as reasonably practicable after they have been filed with or furnished to the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the 1934 Act). Forms 3, 4 and 5 filed with respect to equity securities under Section 16(a) of the 1934 Act are also available on the Company's website. All of these materials are located at the Financial Information link found on the Company's website at www.quanex.com. They can also be obtained free of charge upon request to the Company's principal address below or inquiry@quanex.com.

Communications with the Company's Board of Directors:

Persons wishing to communicate to the Company's Board of Directors or a specified individual director may do so by sending them in care of the Chairman of the Board of Directors, at the Company's principal address below or hotline@quanex.com.

As noted in the Corporate Governance Guidelines, the Chairman of the Nominating and Corporate Governance Committee shall preside at each executive session of non-management directors. Any stockholder wishing to send communications to such presiding director, or non-management directors as a group, may do so by sending them in the care of Chairman, Nominating and Corporate Governance Committee, Quanex Building Products Corporation Board of Directors, at the Company's principal executive offices.

Hotline

Accounting Issues:

Persons who have concerns or complaints regarding questionable accounting, internal accounting controls or auditing matters may submit them to the Senior Vice President Finance and Chief Financial Officer at the Company's principal address or via email at hotline@quanex.com.

Such communications will be kept confidential to the fullest extent possible. If the individual is not satisfied with the response, they may contact the Audit Committee of the Board of Directors of the Company. If concerns or complaints require confidentiality, then this confidentiality will be protected, subject to applicable laws.

Table of Contents

Reporting Illegal or Unethical Behavior:

Employees, officers and directors who suspect or know of violations of the Company Code of Business Conduct and Ethics, or illegal or unethical business or workplace conduct by employees, officers or directors have an obligation to report it. If the individuals to whom such information is conveyed are not responsive, or if there is reason to believe that reporting to such individuals is inappropriate in particular cases, then the employee, officer or director may contact the Chief Compliance Officer, Chief Financial Officer, Director of Internal Audit, or any corporate officer in person, by telephone, letter to the Company's principal address or e-mail below. Quanex also encourages persons who are not affiliated with the Company to report any suspected illegal or unethical behavior.

1) ***By Letter***

Quanex Building Products Corporation
1900 West Loop South, Suite 1500
Houston, Texas 77027

2) ***By Telephone***

Direct Telephone (713) 877-5349
Toll Free (800) 231-8176
Telephone (888) 704-8222
Toll Free
HOTLINE

3) ***By Electronic Mail HOTLINE***

hotline@quanex.com

Such communications will be kept confidential to the fullest extent possible. If the individual is not satisfied with the response, he or she may contact the Nominating and Corporate Governance Committee of the Board of Directors of the Company. If concerns or complaints require confidentiality, then this confidentiality will be protected, subject to applicable laws.

Table of Contents

COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to the Company's Bylaws, the Board of Directors has established several committees, currently consisting of an Audit Committee, a Compensation and Management Development Committee, an Executive Committee and a Nominating and Corporate Governance Committee. During fiscal 2009, the Board of Directors met six times, and five times in executive session, while the Audit Committee met four times, the Compensation and Management Development Committee met five times, and the Nominating and Corporate Governance Committee met three times. The Executive Committee did not meet. All directors attended more than 75% of the combined number of Board meetings and meetings of committees of which they are members. The Company's Board of Directors holds a meeting immediately following each year's annual meeting of stockholders. Therefore, members of the Company's Board of Directors generally attend the Company's annual meetings of stockholders. All the current members of the Board attended the 2009 stockholders' meeting.

Audit Committee

The members of the Audit Committee are Messrs. Ross, Wellek and Barger (Chairman), each of whom satisfies the independence requirements of the New York Stock Exchange and meets the definitions of non-employee director under Rule 16b-3 of the Securities and Exchange Act of 1934 and outside director under Section 162(m) of the Internal Revenue Code of 1986. In addition, Messrs. Ross, Wellek and Barger have each been designated audit committee financial experts within the meaning of Item 401(h) of Regulation S-K.

The Audit Committee's responsibilities to the Board are detailed in the written Audit Committee Charter adopted by the Company's Board of Directors, which is posted on the Company's website at www.quanex.com and incorporated in this Proxy Statement by reference. Interested Stockholders may also obtain a copy of the Audit Committee Charter, free of charge, by contacting the Company at the address or phone number listed in the section entitled

Communications with the Company.

Report to Stockholders

We have reviewed and discussed the Company's audited financial statements for the year ended October 31, 2009, with senior management and with Deloitte & Touche LLP, certified public accountants, the independent auditors and accountants for the Company. In addition, we have reviewed and discussed with senior management the design and effectiveness of the Company's internal controls over financial reporting and have further reviewed and discussed the opinion and audit of Deloitte & Touche LLP regarding those controls.

We discussed with Deloitte & Touche LLP the matters required to be discussed by Statement of Auditing Standards No. 114 with respect to those statements. We have received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, and have discussed with Deloitte & Touche LLP its independence in connection with its audit of the Company's most recent financial statements. We have also reviewed and approved limited non-audit services rendered by Deloitte & Touche LLP and approved all fees paid for audit and non-audit services.

Based on these reviews and discussions, the Audit Committee recommended to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009. The Committee also evaluated and selected Deloitte & Touche LLP as independent auditors for fiscal year 2010.

Table of Contents

The information in the foregoing three paragraphs shall not be deemed to be soliciting material, or be filed with the SEC or subject to Regulation 14A or 14C or to liabilities of Section 18 of the Securities Act, nor shall they be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate these paragraphs by reference.

Dated December 21, 2009

Audit Committee

Donald G. Barger, Jr., Chairman

Joseph J. Ross

Richard L. Wellek

Audit and Related Fees

The following table reflects fees for professional audit services rendered by Deloitte & Touche LLP for (i) the audit of our financial statements for the year ended October 31, 2009; (ii) the audit of our financial statements and our predecessor company's annual financial statements for the year October 31, 2008; and (iii) fees billed for other services rendered by Deloitte & Touche LLP during these periods.

	FY 2009	FY 2008
Audit Fees ⁽¹⁾	\$ 1,232,000	\$ 1,892,000
Audit Related Fees ⁽²⁾	23,000	209,000
Tax Fees ⁽³⁾	42,000	43,000
Transaction Related Fees ⁽⁴⁾	2,000	800,000
All Other Fees		
 Total	 \$ 1,299,000	 \$ 2,944,000

(1) Audit Fees consist of professional services and related expenses rendered by Deloitte & Touche LLP for the audit of our annual financial statements, audit of internal controls and review of financial statements included in Forms 10-Q and Form 10-K.

(2) Audit Related Fees include employee benefit audits as well as assurance and related

services by Deloitte & Touche LLP that are reasonably related to the performance of the audit or review of our financial statements and are not included in Audit Fees.

- (3) Tax Fees include professional services rendered by Deloitte & Touche LLP for tax return reviews and miscellaneous consulting.
- (4) Transaction Related Fees include fees related to the Company's Registration Statement on Form 10, transaction stock basis analysis, and transaction-related due diligence services provided by Deloitte & Touche LLP, as a result of the spin-off and merger that occurred in April 2008.

Procedures for Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services

Pursuant to its charter, the Audit Committee of our Board of Directors is responsible for reviewing and approving, in advance, any audit and any permissible non-audit engagement between the Company and its independent auditors. Deloitte & Touche LLP's engagement to conduct the audit of Quanex Building Products Corporation for fiscal 2009 was approved by the Audit Committee on December 3, 2008. Additionally, each permissible audit and non-audit engagement or relationship between the Company and Deloitte & Touche LLP entered into during fiscal 2008 and fiscal 2009 was reviewed and approved by the Audit Committee, as provided in its charter.

We have been advised by Deloitte & Touche LLP that substantially all of the work done in conjunction with its 2009 audit of the Company's financial statements for the most recently completed fiscal year was performed by full-time employees and partners of Deloitte & Touche LLP. The Audit Committee has determined that the provisions of services rendered for all other fees, as described above, is compatible with maintaining independence of Deloitte &

Touche LLP.

Table of Contents

Compensation and Management Development Committee

The current members of the Compensation and Management Development Committee are Messrs. Griffiths and Wellek and Ms. Davis (Chairwoman). The Compensation and Management Development Committee's responsibilities to the Board are detailed in the Compensation and Management Development Committee Charter, which is available on the Company's website at www.quanex.com and incorporated in this Proxy Statement by reference. Interested Stockholders may also obtain a copy of the Compensation and Management Development Committee Charter, free of charge, by contacting the Company at the address and phone number listed in the section entitled "Communications with the Company".

During the fiscal year ended October 31, 2009, each of Ms. Davis and Messrs. Griffiths and Wellek satisfied the independence requirements of the New York Stock Exchange and met the definitions of "non-employee director" under Rule 16b-3 under the Securities and Exchange Act of 1934 and "outside director" under Section 162(m) of the Internal Revenue Code of 1986.

Compensation Committee Report

The Compensation and Management Development Committee (the "Compensation Committee") of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis contained elsewhere in this Proxy Statement. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included herein and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended October 31, 2009.

Dated December 2, 2009

Compensation and Management Development Committee

Susan F. Davis, Chairwoman

William C. Griffiths

Richard L. Wellek

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Messrs. Rupp, Wellek and Ross (Chairman) each of whom satisfies the independence requirements of the New York Stock Exchange and the Securities and Exchange Commission.

The Nominating and Corporate Governance Committee's responsibilities to the Board are detailed in the Nominating and Corporate Governance Committee Charter available on the Company's website at www.quanex.com and incorporated herein by reference. Interested Stockholders may also obtain a copy of the Nominating and Corporate Governance Committee Charter, free of charge, by contacting the Company at the address or phone number listed in the section entitled "Communications with the Company".

The Nominating and Corporate Governance Committee develops and maintains qualification criteria and procedures for the identification and recruitment of candidates for election to serve as directors of the Company. The Nominating and Corporate Governance Committee relies on the knowledge and relationships of the Company and its officers and directors, as well as third parties when it deems necessary, to identify and evaluate nominees for director, including nominees recommended by stockholders.

The Company's Corporate Governance Guidelines set forth age limitations for directors and require that a majority of our directors be independent in accordance with the requirements of the New York Stock Exchange and Securities and Exchange Commission. In addition, the Corporate Governance Guidelines set forth the minimum qualifications for a director and provide that the Nominating and Corporate Governance Committee will be responsible for establishing additional qualifications for directors, taking into account the composition and skills of the entire Board. In general, persons considered for Board positions must have demonstrated leadership capabilities, be of sound mind and high moral character, have no personal or financial interest that would conflict with the interests of the Company, and be willing and able to commit the necessary time for Board and committee service.

Table of Contents

The Nominating and Corporate Governance Committee will consider nominees for director recommended by stockholders of the Company, provided such recommendations are addressed to the Chairman of such committee at the Company's principal executive office and received by the Chairman of such committee not later than the close of business on the 90th day nor earlier than 150 days prior to the first anniversary date of the immediately preceding Annual Meeting. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by the committee or by a stockholder.

Nomination of Directors

The Company's Amended and Restated Bylaws provide that, subject to certain limitations discussed below, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as director at the meeting. The Company's Bylaws also provide that a stockholder must give written notice of such stockholder's intent to make such nomination or nominations, either by personal delivery or by United States mail, postage prepaid, which must be delivered to or mailed and received at the Company's principal executive offices not later than the close of business on the 90th day nor earlier than 150 days prior to the first anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the date of the Annual Meeting is more than 60 days later than the anniversary date of the immediately preceding Annual Meeting, the notice must be received not later than the close of business on the tenth day following the earlier of the date on which a written statement setting forth the date of the Annual Meeting was mailed to stockholders or the date on which it is first disclosed to the public. Notwithstanding the foregoing, if an existing director is not standing for re-election to a directorship which is the subject of an election at such meeting or if a vacancy exists as to a directorship which is the subject of an election, whether as a result of resignation, death, an increase in the number of directors, or otherwise, then a stockholder may make a nomination with respect to such directorship at any time not later than the close of business on the tenth day following the date on which a written statement setting forth the fact that such directorship is to be elected and the name of the nominee proposed by the Board of Directors is first mailed to stockholders. If the stockholder proposes to nominate a person for election as a director, the notice must set forth (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (or any subsequent provisions replacing such Act, rules or regulations), (B) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (C) a completed and signed questionnaire, representation and agreement as required by the Company's Amended and Restated Bylaws. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures. Subject to the exceptions discussed above, written notice of a stockholder's intent to nominate a person for director at the 2011 Annual Meeting must be given on or before November 27, 2010, and must be given after September 28, 2010.

Dated December 2, 2009

Nominating and Corporate Governance Committee

Joseph J. Ross, Chairman

Joseph D. Rupp

Richard L. Wellek

Executive Committee

The current members of the Executive Committee are Messrs. Ross, Barger and Petratis, who is Chairman. When necessary, this committee acts on behalf of the Board between regularly scheduled meetings of the Board of Directors.

Table of Contents**FURTHER INFORMATION****Principal Stockholders**

The following table contains information, as of September 30, 2009, regarding the beneficial ownership of each person or entity who is known by the Company to be the beneficial owner of more than 5% of the Company's outstanding Common Stock. Such information is based upon information provided to the Company by such owners or their required SEC filings.

Name and Address	Amount and Nature of Beneficial Ownership	Percent (%)
Artisan Partners Limited Partnership, 875 East Wisconsin Avenue, Suite 80, Milwaukee, WI 53202	3,433,608 ⁽¹⁾	9.1
Lord, Abnett & Co. LLC, 90 Hudson Street, Jersey City, NJ 07302	3,598,177 ⁽²⁾	9.5
BlackRock Institutional Trust Company N.A., 400 Howard Street, San Francisco, CA 94105	2,753,178 ⁽³⁾	7.3
Keeley Asset Management Corp., 401 South LaSalle Street, Suite 1201, Chicago, IL 60605	2,000,000 ⁽⁴⁾	5.3

(1) Artisan Partners Limited Partnership, a subsidiary of Artisan Partners Holding LP, possesses shared investment discretion with respect to all shares and shared voting authority on 3,138,308 shares.

(2) Lord, Abnett & Co. LLC possesses sole investment discretion and sole voting authority on all shares.

(3) BlackRock Institutional

Trust Company
N.A. (formerly
Barclays Global
Investors, a
subsidiary of
Barclays PLC),
is an asset
management
subsidiary of
BlackRock Inc.,
and possesses
shared
investment
discretion with
respect to all
shares and sole
voting authority
with respect to
2,339,423
shares.

- (4) Keeley Asset
Management
Corp. possesses
sole investment
discretion and
sole voting
authority on all
shares.

Other Matters and Stockholder Proposals

The Audit Committee has appointed the firm of Deloitte & Touche LLP as independent auditors for the year ending October 31, 2010. Representatives of Deloitte & Touche are expected to attend the meeting, will be afforded an opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

At the date of this Proxy Statement, management is not aware of any matters to be presented for action at the meeting other than those described above. However, if any other matters should come before the meeting, it is the intention of the persons named as proxies in the accompanying proxy card to vote in accordance with their judgment on such matters.

Any proposals of stockholders to be presented at the Annual Meeting to be held in 2011, to be eligible for inclusion in the Company's Proxy Statement for the meeting under applicable rules of the Securities and Exchange Commission, must be received by the Company no later than October 28, 2010.

The Company's Amended and Restated Bylaws provide that, for business to be properly brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company, not less than 90 days (which for the 2011 meeting would be November 27, 2010) nor more than 150 days (which for the 2011 meeting would be September 28, 2010) prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, that in the event that the date of the Annual Meeting is more than 60 days (which for the 2011 meeting would be April 26, 2011) later than the anniversary date of the immediately preceding Annual Meeting, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the earlier of the date on which a written statement setting forth the date of the Annual Meeting was mailed to stockholders or the date on which it is first disclosed to the public.

Table of Contents

To be in proper form, a stockholder's notice must set forth the following items:

- (i) If the stockholder proposes to nominate a person for election as a director, the notice must set forth (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (or any subsequent provisions replacing such Act, rules or regulations), (B) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (C) a completed and signed questionnaire, representation and agreement as required by the Company's Amended and Restated Bylaws.
- (ii) If the stockholder proposes to bring any other matter before the Annual Meeting, the notice must set forth (A) a brief description of the business desired to be brought before the Annual Meeting, (B) the reasons for conducting such business at the Annual Meeting, (C) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the by-laws of the Company, the language of the proposed amendment), (D) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and (E) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and
- (iii) In either case, the notice must also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, (A) the name and address, as they appear on the Company's books, of such stockholder proposing such proposal, and of such beneficial owner, if any, (B)(1) the class and number of shares of the Company which are directly or indirectly owned beneficially or of record by such stockholder and by such beneficial owner, (2) the existence and material terms of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or beneficial owner, if any, has a right to vote any shares of any security of the Company (including, if applicable, any contract, arrangement, understanding or relationship pursuant to which any economic interest in the capital stock to be voted is beneficially owned by a person or persons other than the stockholder of record as of the record date), (3) any short interest in any security of the Company (as such term is defined in Section 3.4 of the Company's Amended and Restated Bylaws), in each case with respect to the information required to be included in the notice pursuant to (1) through (3) above, as of the date of such notice and including, without limitation, any such interests held by members of such stockholder's or such beneficial owner's immediate family sharing the same household, (C) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations), (D) a representation that the person is a holder of record or otherwise has the right to vote shares of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (E) if the person does not own any stock of record, a representation as to who owns the shares of stock the person intends to vote of record and the basis upon which the person has the right to vote the shares of stock, and (F) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (1) to deliver a proxy statement or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the proposal or elect the nominees or (2) otherwise to solicit proxies from stockholders in support of such proposal or nomination.

The Financial and Other Information required by Item 13 of Regulation 14A of the Securities and Exchange Act of 1934 is included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009, and is incorporated herein by reference. Copies of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009 (including the financial statements, the financial statement schedules, and any exhibits), as filed with the Securities and Exchange Commission, are available at no charge to stockholders of record upon written request to the address set forth above in the section entitled "Communications with the Company."

Houston, Texas
January 22, 2010

Table of Contents

COMPANY #

**Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

INTERNET www.eproxy.com/nx
Use the Internet to vote your proxy until 12:00 p.m. (CT) on February 24, 2010.

PHONE 1-800-560-1965
Use a touch-tone telephone to vote your proxy until 12:00 p.m. (CT) on February 24, 2010.

MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

YOUR VOTE IS IMPORTANT

***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,
SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

ò Please detach here ò

The Board of Directors Recommends a Vote FOR Items 1 and 2.

- 1. To elect one director to serve until the Annual Meeting of Stockholders in 2013

01 William C. Griffiths	<input type="radio"/> Vote FOR the nominee	<input type="radio"/> Vote WITHHELD from the nominee
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- 2. To ratify the appointment of Deloitte & Touche LLP as the Company's external auditors; and

<input type="radio"/> For	<input type="radio"/> Against	<input type="radio"/> Abstain
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- 3. 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.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR PROPOSAL 1 AND PROPOSAL 2.

Address Change? Mark box, sign, and indicate changes below:

Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

Table of Contents

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Quanex Building Products Corporation, a Delaware corporation (the Company), will be held at the principal executive offices of the Company, 1900 West Loop South, Suite 1500, Houston, Texas, on February 25, 2010, at 8:00 a.m., C.S.T.

Notice of Internet Availability of Proxy Materials: You can access and review the Annual Report and Proxy Statement on the Internet by going to the following Quanex Building Products Corporation website:

http://www.quanex.com/ir_annual_reports.html

**Quanex Building Products Corporation
1900 West Loop South, Suite 1500
Houston, TX 77027**

proxy

This proxy is solicited by the Board of Directors for use at the Annual Meeting on February 25, 2010.

The Board of Directors has fixed the close of business on January 5, 2010, 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, 2009, accompanies this Notice.

See reverse for voting instructions.