

BAYLES MICHAEL R
 Form 4
 January 03, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BAYLES MICHAEL R

2. Issuer Name and Ticker or Trading Symbol
QUANEX CORP [NX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1900 WEST LOOP SOUTH, SUITE 1500

3. Date of Earliest Transaction (Month/Day/Year)
12/30/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior VP-Building Prod. Group

(Street)
HOUSTON, TX 77027

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	12/30/2005	01/03/2006	J ⁽¹⁾	5.441	\$ 50.68	19,481.9981	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock Units ⁽²⁾	\$ 0 ⁽³⁾	12/30/2005		A	58.234	<u>(4)</u>	<u>(4)</u>			Common Stock	58.234
Stock Options (Right to buy)	\$ 21.3333							12/05/2003	12/04/2012	Common Stock	12,500
Stock Options (Right to buy)	\$ 26.4							12/04/2004	12/03/2013	Common Stock	13,800
Stock Options (Right to buy)	\$ 39.4667							12/01/2005	12/01/2014	Common Stock	21,750
Stock Options (Right to buy)	\$ 61.42							12/01/2006	12/01/2015	Common Stock	14,900

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAYLES MICHAEL R 1900 WEST LOOP SOUTH SUITE 1500 HOUSTON, TX 77027			Senior VP-Building Prod. Group	

Signatures

John J. Mannion, Power of Attorney

01/03/2006

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(3) Conversion price is 1-for-1.

(1) Acquired through Quanex Dividend Reinvestment Plan.

All units credited under the Deferred Compensation Plan are 100% vested at all times; provided, however, that if a participant receives a benefit from the Deferred Compensation Plan for any reason other than death, disability or retirement within three years after a deferral is

(4) credited to a participant's account, any matching awards made by the Company with respect to such deferral will be forfeited.

Distributions under the Deferred Compensation Plan are made beginning on a specified date selected by the participant or upon a participant's death, disability, or termination of employment.

(2) Units that are credited to the participant's account under the Quanex Corporation Deferred Compensation Plan as a result of Dividend Reinvestment.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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