

QUANEX CORP  
Form 4  
October 02, 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 \*  
Hammonds Paul A

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

HOUSTON, TX 77027

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
09/29/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
Vice Pres.-Corp. Development

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

**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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	09/29/2006	10/02/2006	J <sup>(1)</sup>	2.337 A	\$ 30.6736	2,140.6445 D	

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock Units <sup>(2)</sup>	\$ 0 <sup>(3)</sup>	09/29/2006		A	10.191	<u>(4)</u>	<u>(4)</u>	Common Stock	10.191
Stock Options (Right to buy)	\$ 13.3555					03/10/2004	03/10/2013	Common Stock	3,001.5
Stock Options (Right to buy)	\$ 17.6					12/03/2004	12/03/2013	Common Stock	4,500
Stock Options (Right to buy)	\$ 26.3111					12/01/2005	12/01/2014	Common Stock	11,250
Stock Options (Right to buy)	\$ 40.9467					12/01/2006	12/01/2015	Common Stock	3,750

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hammonds Paul A 1900 WEST LOOP SOUTH SUITE 1500 HOUSTON, TX 77027			Vice Pres.-Corp. Development	

**Signatures**

John J. Mannion, Power of Attorney  
10/02/2006

        \*\*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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