

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 \*  
BAYLES MICHAEL R

(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)  
Senior VP-Building Prod. Group

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 Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  |                                | (A) or (D)  | Code V Amount (D) Price   |  |   |

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

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(9-02)

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

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|

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| (Instr. 3)                         | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | Code | V | (A) | (D)        | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares |
|------------------------------------|------------------------------|------------------|------------|--|------|---|-----|------------|------------------|-----------------|--------------|----------------------------|
| Phantom Stock Units <sup>(1)</sup> | \$ 0 <sup>(2)</sup>          | 09/29/2006       | A          | 131.02   |      |   |     |            | <sup>(3)</sup>   | <sup>(3)</sup>  | Common Stock | 131.02                     |
| Stock Options (Right to buy)       | \$ 17.6                      |                  |            |  |      |   |     |            | <sup>(4)</sup>   | 12/03/2013      | Common Stock | 10,350                     |
| Stock Options (Right to buy)       | \$ 26.3111                   |                  |            |  |      |   |     |            | <sup>(4)</sup>   | 12/01/2014      | Common Stock | 21,750                     |
| Stock Options (Right to buy)       | \$ 40.9467                   |                  |            |  |      |   |     | 12/01/2006 | 12/01/2015       |                 | Common Stock | 22,350                     |

## Reporting Owners

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

## 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).
- (2) Conversion price is 1-for-1.  
 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 credited to a participant's account, any matching awards made by the Company with respect to such deferral will be forfeited.
- (3) 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.

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- (1) Units that are credited to the participant's account under the Quanex Corporation Deferred Compensation Plan as a result of Dividend Reinvestment.
- (4) The option becomes exercisable in one third increments annually beginning one year from date of grant.

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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