

QUANEX CORP  
Form 4  
February 24, 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 \*  
FLAUM RUSSELL M

(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)  
02/23/2006

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)

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 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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**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<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8)   |        | Date<br>Exercisable | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of Shares |
|--|------------------------------------|------------------|--|--------|---------------------|--------------------|-----------------|-------------------------------------|
|  |                                    |                  | Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | Code V |                     |                    |                 |                                     |
| Phantom<br>Stock<br>Units <sup>(1)</sup> | \$ 0 <sup>(2)</sup>                | 02/23/2006       | A  | 18.117 | <sup>(3)</sup>      | <sup>(3)</sup>     | Common<br>Stock | 18.117                              |
| Phantom<br>Stock<br>Units <sup>(4)</sup> | \$ 0 <sup>(2)</sup>                | 02/23/2006       | A  | 90.586 | <sup>(3)</sup>      | <sup>(3)</sup>     | Common<br>Stock | 90.586                              |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 12.1667                         |                  |  |        | 12/02/1999          | 12/01/2008         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 13.2083                         |                  |  |        | 10/31/2000          | 10/31/2010         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 14.4583                         |                  |  |        | 05/01/2000          | 10/31/2009         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 17.3333                         |                  |  |        | 10/31/2001          | 10/31/2011         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 23.6933                         |                  |  |        | 10/31/2002          | 10/31/2012         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 26.7                            |                  |  |        | 10/31/2003          | 10/31/2013         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 33.8                            |                  |  |        | 10/31/2004          | 10/31/2014         | Common<br>Stock | 3,000                               |
| Stock<br>Options<br>(Right to<br>buy)    | \$ 57.91                           |                  |  |        | 10/31/2005          | 10/31/2015         | Common<br>Stock | 2,028                               |

# Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| FLAUM RUSSELL M<br>1900 WEST LOOP SOUTH<br>SUITE 1500<br>HOUSTON, TX 77027 | X             |           |         |       |

# Signatures

|                                       |            |
|---------------------------------------|------------|
| John J. Mannion, Power of<br>Attorney | 02/24/2006 |
| **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.  
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.
- (4) Represents units credited to a participant's account under the Deferred Compensation Plan as a result of the Company's 20% matching award of the participant's deferral of income or fees, as the case may be.
- (1) Units that are credited to the participants account under the Quanex Corporation Deferred Compensation Plan as a result of the participant's deferral of income or fees, as the case may be.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.