

MURPHY TERRY M  
Form 4  
January 18, 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 \*  
MURPHY TERRY M

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  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
01/17/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Senior VP-Finance and CFO

HOUSTON, TX 77027  
(City) (State) (Zip)

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

**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)
			Code	V	Amount	(D)	Price
Common Stock	01/17/2006		M		15,000	A	\$ 12.125
Common Stock	01/17/2006		M		15,000	A	\$ 17.3333
Common Stock	01/17/2006		S		6,100	D	\$ 59.61
Common Stock	01/17/2006		S		2,400	D	\$ 59.63
Common Stock	01/17/2006		S		1,000	D	\$ 59.64

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Common Stock	01/17/2006	S	2,800	D	\$ 59.65	33,618.8675	D
Common Stock	01/17/2006	S	1,100	D	\$ 59.66	32,518.8675	D
Common Stock	01/17/2006	S	4,900	D	\$ 59.67	27,618.8675	D
Common Stock	01/17/2006	S	1,000	D	\$ 59.68	26,618.8675	D
Common Stock	01/17/2006	S	2,600	D	\$ 59.69	24,018.8675	D
Common Stock	01/17/2006	S	200	D	\$ 59.7	23,818.8675	D
Common Stock	01/17/2006	S	600	D	\$ 59.71	23,218.8675	D
Common Stock	01/17/2006	S	800	D	\$ 59.72	22,418.8675	D
Common Stock	01/17/2006	S	1,000	D	\$ 59.73	21,418.8675	D
Common Stock	01/17/2006	S	1,000	D	\$ 59.74	20,418.8675	D
Common Stock	01/17/2006	S	100	D	\$ 59.75	20,318.8675	D
Common Stock	01/17/2006	S	700	D	\$ 59.77	19,618.8675	D
Common Stock	01/17/2006	S	100	D	\$ 59.78	19,518.8675	D
Common Stock	01/17/2006	S	300	D	\$ 59.81	19,218.8675	D
Common Stock	01/17/2006	S	100	D	\$ 59.82	19,118.8675	D
Common Stock	01/17/2006	S	100	D	\$ 60.02	19,018.8675	D
Common Stock	01/17/2006	S	600	D	\$ 60.05	18,418.8675	D
Common Stock	01/17/2006	S	500	D	\$ 60.08	17,918.8675	D
Common Stock	01/17/2006	S	100	D	\$ 60.17	17,818.8675	D
Common Stock	01/17/2006	S	200	D	\$ 60.18	17,618.8675	D
	01/17/2006	S	1,700	D	\$ 62	15,918.8675	D

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Common  
Stock

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 (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	\$ 0					(1) (1)		Common Stock	26,504.
Stock Options (Right to buy)	\$ 21.3333					12/04/2003	12/04/2012	Common Stock	17,50
Stock Options (Right to buy)	\$ 26.4					12/03/2004	12/03/2013	Common Stock	6,750
Stock Options (Right to buy)	\$ 39.4667					12/01/2005	12/01/2014	Common Stock	14,10
Stock Options (Right to buy)	\$ 12.125	01/17/2006		M <sup>(2)</sup>	15,000	10/26/2001	10/26/2010	Common Stock	15,00
Stock Options (Right to buy)	\$ 17.3333	01/17/2006		M <sup>(2)</sup>	15,000	10/23/2002	10/23/2011	Common Stock	15,00

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MURPHY TERRY M 1900 WEST LOOP SOUTH SUITE 1500 HOUSTON, TX 77027			Senior VP-Finance and CFO	

## Signatures

John J. Mannion, Power of  
Attorney

01/18/2006

\_\_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).

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

(1) 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) Options exercised under the Quanex Corporation 1996 Employee Stock Option Plan.

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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