

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) January 25, 2005

QUANEX CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-5725
(Commission
file Number)

38-1872178
(IRS Employer Identification
No.)

1900 West Loop South, Suite 1500, Houston, Texas 77027
(Address of principal executive offices)

Registrant's telephone number, including area code: **713-961-4600**

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

On January 25, 2005, Quanex Corporation (the "Company") and the trustee for the Company's 2.50% Convertible Senior Debentures due May 15, 2034 (the "Debentures") executed a supplemental indenture to the indenture governing the Debentures. The indenture previously allowed the Company, on the date the Debentures first become convertible, to make an election to settle the principal amount of its obligation with either common stock, cash or a combination of the two. The amendment effectuated by the supplemental indenture permits the Company to elect the method by which the principal amount of the obligation will be settled in advance of when the Debentures become convertible. The supplemental indenture is attached to this Form 8-K as Exhibit 99.1 and incorporated herein by reference.

On January 26, 2005, the Company issued a press release announcing that it has irrevocably elected to settle the principal amount of its Debentures in cash when they become convertible and are surrendered by the holders thereof. The press release dated January 26, 2005 is attached as Exhibit 99.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

- Exhibit 99.1 Supplemental Indenture dated as of January 25, 2005 by and between the Company and Union Bank of California, N.A., as trustee, to the indenture governing the Company's 2.50% Convertible Senior Debentures due May 15, 2034.
- Exhibit 99.2 Press release dated January 26, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Quanex Corporation

Date: January 26, 2005

/s/ TERRY M. MURPHY

Terry M. Murphy
Vice President - Finance & Chief Financial Officer
(Principal Financial Officer)

SUPPLEMENTAL INDENTURE

THIS SUPPLEMENTAL INDENTURE (this "Supplemental Indenture") is made as of the 25th day of January, 2005, between Quanex Corporation, a Delaware corporation (the "Company"), and Union Bank of California, N.A., as trustee (the "Trustee").

WHEREAS, the Company and the Trustee heretofore executed and delivered an indenture dated as of May 5, 2004 (the "Indenture");

WHEREAS, pursuant to the Indenture, the Company issued and the Trustee authenticated and delivered the Company's 2.50% Convertible Senior Debentures due May 15, 2034 (the "Securities"); and

WHEREAS, Section 12.1 of the Indenture provides that the Company and the Trustee may amend or supplement the Indenture or the Securities without notice to or consent of any Securityholder to cure any ambiguity, omission, defect or inconsistency or to make any other change that does not adversely affect the rights of any Securityholder; and

WHEREAS, the Company wishes to clarify the provisions of Section 6.13 of the Indenture regarding the Company's option to settle the Conversion Obligation in Common Stock, cash or a combination of cash and Common Stock; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Supplemental Indenture and to make this Supplemental Indenture valid and binding have been complied with or have been done or performed;

NOW, THEREFORE, in consideration of the foregoing and notwithstanding any provision of the Indenture which, absent this Supplemental Indenture, might operate to limit such action, the Company and the Trustee agree as follows for the equal and ratable benefit of the Holders of the Securities:

I. DEFINITIONS

For all purposes of the Indenture and this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the words "herein", "hereof" and "hereunder" and other words of similar import refer to the Indenture and this Supplemental Indenture as a whole and not to any particular Article, Section or subdivision; and

(b) capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

II. AMENDMENT

Section 6.13(a) of the Indenture shall be amended to add the words "or before" after the word "On" and before the phrase "the first date the Securities become convertible" so that Section 6.13(a) reads in its entirety as follows:

"On or before the first date the Securities become convertible under the circumstances described in Section 6.1, the Company shall make an election at its sole and absolute discretion (the "**Principal Conversion Settlement Election**") and shall publicly announce such information by press release no later than the end of the first Business Day thereafter and notify the Holders in writing through the Trustee whether a Holder who converts a Security shall be entitled to receive, in respect of the principal amount of such Security upon surrender thereof, all Common Stock (other than with respect to fractional shares), all cash or a combination of cash and Common Stock. If the Company elects to settle the Conversion Obligation relating to the principal amount of such Security in a combination of cash and Common Stock, the Company shall specify the percentage of the principal amount to be satisfied in cash. This notification is irrevocable and legally binding with regard to any conversion of the Securities under the circumstances described in Section 6.1."

III. MISCELLANEOUS

(a) **Effectiveness.** This Supplemental Indenture shall become effective upon its execution and delivery by the Company and the Trustee. Upon the execution and delivery of this Supplemental Indenture by the Company and the Trustee, the Indenture shall be supplemented in accordance herewith, and this Supplemental Indenture shall form a part of the Indenture for all purposes.

(b) **Indenture Remains in Full Force and Effect.** Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect. For greater certainty, the parties confirm that the amendments to the Indenture effected by this Supplemental Indenture are not intended by the parties to (i) discharge, rescind, cancel or extinguish all or any part of the indebtedness represented by the Securities; or (ii) effect a novation, reissuance or disposition of the indebtedness represented by the Securities or to create new indebtedness in respect of the indebtedness represented by the Securities.

(c) **Indenture and Supplemental Indenture Construed Together.** This Supplemental Indenture is an indenture supplemental to the Indenture, and the Indenture and this Supplemental Indenture shall henceforth be read and construed together.

(d) **Confirmation and Preservation of Indenture.** The Indenture as supplemented by this Supplemental Indenture is in all respects confirmed and preserved.

(e) **Trust Indenture Act Controls.** If any provision of this Supplemental Indenture limits, qualifies or conflicts with the duties imposed by any of Sections 310 to 317, inclusive, of the TIA through operation of Section 318(c) thereof, such imposed duties shall control.

(f) **Separability.** In case any provisions in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(g) **Headings.** The Article and Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

(h) **Benefits of Supplemental Indenture, etc.** Nothing in this Supplemental Indenture or the Securities, express or implied, shall give to any person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Securities, any benefit of any legal or equitable right, remedy or claim under the Indenture, this Supplemental Indenture or the Securities.

(i) **Successors.** All agreements of the Company in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successor.

(j) **Certain Duties and Responsibilities of the Trustee.** In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct of, affecting the liability of or affording protection to the Trustee, whether or not elsewhere herein so provided.

(k) **Governing Law** This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York

(l) **Counterpart Originals.** The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date and year first above written.

QUANEX CORPORATION, as Issuer

By _____
Name: Terry M. Murphy
Title: Vice President of Finance and
Chief Financial Officer

UNION BANK OF CALIFORNIA, N.A., as Trustee

By _____
Name: _____
Title: _____

Quanex Corporation Announces Cash Election Relating to Its Convertible Debentures

HOUSTON, Jan. 26, 2005 (PRIMEZONE) -- Quanex Corporation (NYSE:NX) announced today that it has irrevocably elected, pursuant to the indenture governing its 2.50% Convertible Senior Debentures due 2034 (the "Debentures"), to settle the principal amount of the Debentures in cash when they become convertible and are surrendered by the holders thereof. To the extent the Company's stock is trading above the Debentures conversion price of \$38.30, the difference is assumed to be converted to common stock for diluted earnings per share calculations. For the first quarter, the Company expects a \$0.02 impact on its diluted earnings per share resulting from this election.

Quanex Corporation is an industry-leading manufacturer of engineered materials and components for the Vehicular Products and Building Products markets. For further information, visit the Company website at www.quanex.com.

Statements that use the words "expect," "should," "may," "could," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The statements above are based on Quanex's current expectations. Actual results or events may differ materially from this release. Factors that could impact future results may include, without limitation, the effect of both domestic and global economic conditions, the impact of competitive products and pricing, and the availability and cost of raw materials. For a more complete discussion of factors that may affect the Company's future performance, please refer to the Company's most recent 10-K filing of December 21, 2004, under the Securities Exchange Act of 1934, in particular the sections titled, "Private Securities Litigation Reform Act" contained therein.

The Quanex Corporation logo is available at:

<http://www.primezone.com/newsroom/prs/?pkgid=1117>

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