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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1995.

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____.

Commission file number 1-5725

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

Nichols-Homeshield 401(k) Savings Plan -- Davenport

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

Quanex Corporation
1900 West Loop South, Suite 1500
Houston, Texas 77027
(713) 961-4600

INDEPENDENT AUDITORS' REPORT

The Benefits Committee
Quanex Corporation
Houston, Texas

Re: Nichols-Homeshield
401(k) Savings Plan - Davenport

We have audited the accompanying statements of net assets available for benefits of the Nichols-Homeshield 401(k) Savings Plan - Davenport (the "Plan") as of December 31, 1995 and 1994, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1995 and 1994, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of (1) investments as of December 31, 1995 and (2) 5% reportable transactions for the year ended December 31, 1995 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1995 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

May 3, 1996

QUANEX CORPORATION
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN - DAVENPORT

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	----- 1995 -----	----- 1994 -----
Assets:		
Investments at fair value -		
Mutual fund assets:		
Fidelity Puritan Fund	\$ 51,298	\$ 16,831
Fidelity Magellan Fund	1,434,825	931,561
Fidelity Contrafund	711,513	440,914
Fidelity Growth and Income Fund	1,755,359	1,191,953
Fidelity Overseas Fund	88,561	120,696
Fidelity Balanced Fund	614,803	435,903
Fidelity Government Money Market Fund	2,820,968	2,445,663
Quanex Corporation common stock	103,640	59,346
Common/commingled trust	20,374	11,024
	-----	-----
	7,601,341	5,653,891
Participant loans	490,166	360,335
	-----	-----
Total	8,091,507	6,014,226
	-----	-----
Employee contributions receivable	60,444	65,704
Employer contributions receivable	45,130	56,361
	-----	-----
Total	105,574	122,065
	-----	-----
Net assets available for benefits	\$8,197,081	\$6,136,291
	=====	=====

See notes to financial statements.

QUANEX CORPORATION
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN - DAVENPORT

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE
FOR BENEFITS

	December 31,	
	1995	1994
Investment income:		
Interest and dividends	\$ 397,598	\$ 233,942
Net appreciation (depreciation) in fair value of investments	763,389	(187,861)
Total	1,160,987	46,081
Contributions:		
Employer	519,252	547,881
Less forfeitures	10,999	3,144
	508,253	544,737
Employee	554,454	594,047
Total	1,062,707	1,138,784
Interest on participant loans	33,277	25,430
Total additions	2,256,971	1,210,295
Benefit payments	194,297	357,557
Administrative fees	1,884	1,259
Total deductions	196,181	358,816
Increase in net assets available for benefits	2,060,790	851,479
Net assets available for benefits:		
Beginning of year	6,136,291	5,284,812
End of year	\$8,197,081	\$6,136,291

See notes to financial statements.

QUANEX CORPORATION
NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN - DAVENPORT

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

A. DESCRIPTION OF THE PLAN

The following description of the Nichols-Homeshield 401(k) Savings Plan - Davenport (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

1. General. The Plan, sponsored by Quanex Corporation (the "Company"), was established on October 1, 1987 and was amended and restated in its entirety in January 1993. The Plan is a defined contribution plan, which covers substantially all union hourly employees of the Davenport, Iowa facility. The Plan permits eligible employees to elect a deferral of compensation under Section 401(k) of the Internal Revenue Code ("IRC"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The assets of the Plan are held in trust by Fidelity Management Trust Company ("Fidelity" or the "Trustee"). The Benefits Committee (the "Committee"), appointed by the Company's Board of Directors, serves as the Plan administrator.
2. Contributions. Participants may contribute to the Plan by electing salary deferrals between 1% and 15% of compensation as defined by the Plan agreement. Participants may also contribute in half percentages. Company contributions are made based on a percentage of the employee's compensation for each individual with at least 1,000 hours of employment service.
3. Participant Accounts. Each participant's account is credited with the participant's contribution, the employer's contribution, and the participant's pro rata share of investment earnings. Investment earnings allocations are based upon individual participant account balances as of the end of the period in which the income was earned.
4. Investment Options. Participants may direct allocations of their contributions to the following funds:
 - Government Money Market Fund - composed of short-term government obligations.
 - Balanced Fund - invested and reinvested in common and preferred stocks and bonds.
 - Growth and Income Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.
 - Magellan Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.
 - Contrafund - invested and reinvested in equities of foreign and domestic companies.
 - Overseas Fund - invested and reinvested in foreign securities.
 - Common/Commingled Trust - invested and reinvested in investment contracts issued by insurance companies, banks and other financial institutions.
 - Puritan Fund - invested and reinvested in common and preferred stocks and bonds.
 - Quanex Corporation Common Stock - invested and reinvested exclusively in the common stock of Quanex Corporation.

5. Vesting. Participants are immediately vested in their contributions and earnings thereon. Vesting in the employer contribution is based on years of credited service. A participant is 20% vested for each year of credited service and fully vested after five years. If a participant terminates employment prior to becoming fully vested, the nonvested portion of the employer contributions are immediately forfeited by the participant and utilized to reduce future employer contributions.
6. Payment of Benefits. The Plan is intended for long-term savings but provides for early withdrawals and loan arrangements under certain conditions. In accordance with the IRC, upon termination of service, a participant may elect to receive a lump-sum distribution equal to the total amount of vested benefits in his or her account.
7. Loans. Loans may be granted to a participant of the Plan at the Committee's discretion. Any loan authorized by the Committee shall be subject to a term not to exceed five years. The Committee may agree to a longer term (up to seven years) only if the proceeds of the loan are to be used for the purchase of a dwelling. The loans bear a reasonable rate of interest established by the Committee. Interest on the loan is allocated to the borrower's participant account.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Basis. The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.
2. Administrative Expenses. Administrative expenses of the Plan are paid by the Company. Loan set up fees and carrying fees are paid by the participant.
3. Investment Valuation. The Plan recognizes net appreciation or depreciation in the fair value of its investments. Investments are reflected at fair value in the financial statements. Fair value of mutual fund assets is determined using a quoted net asset value. Fair value for Quanex Corporation common stock, which is listed on the New York Stock Exchange, is determined using the last recorded sales price.
4. Payment of Benefits. Benefit payments are recorded when paid. As of December 31, 1995 and 1994, net assets available for benefits included benefits of \$5,270 and \$0, respectively, due to participants who have withdrawn from participation in the Plan.

C. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions set forth in ERISA. In the event of plan termination, the assets held by the Trustee under the Plan will be valued and fully vested, and each participant will be entitled to distributions respecting his or her account.

D. FEDERAL INCOME TAX STATUS

Management of the Company, the plan administrator, and the Plan's legal counsel are of the opinion that the Plan is qualified under Sections 401(a) and 401(k) and exempt from federal income tax under Section 501(a) of the Internal Revenue Code. The Plan received a favorable letter of tax determination from the Internal Revenue Service dated June 18, 1993 as to the tax-exempt status of the Plan.

RELATED PARTY TRANSACTIONS

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Quanex Corporation common stock, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
6,171	\$130,522	2,594	\$58,983

During the year ended December 31, 1995, the Plan sold 3,416 shares of Quanex Corporation common stock valued at \$75,227 (cost \$73,665).

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity mutual fund assets, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
1,229,689	\$2,945,250	1,454,728	\$2,668,351

During the years ended December 31, 1995 and 1994, the Plan sold 828,604 and 589,033 shares of Fidelity mutual fund assets valued at \$1,825,834 and \$1,824,022 (cost \$1,761,256 and \$1,771,152), respectively.

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity Common/Commingled Trust, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
9,350	\$9,350	11,024	\$11,024

F. SUPPLEMENTAL FUND INFORMATION

Contributions, benefit payments and investment income by fund were as follows for the years ended December 31:

	1995 -----	1994 -----
Employee Contributions:		
Fidelity Puritan Fund	\$ 8,238	\$ 1,750
Fidelity Magellan Fund	88,077	115,775
Fidelity Contrafund	44,752	81,248
Fidelity Growth and Income Fund	127,054	135,098
Fidelity Overseas Fund	20,838	14,284
Fidelity Balanced Fund	61,072	64,857
Fidelity Government Money Market Fund	182,325	151,552
Fidelity Short-Intermediate Government Fund	-	23,518
Quanex Corporation common stock	14,350	5,190
Common/commingled trust	7,748	775
	-----	-----
	\$ 554,454	\$ 594,047
	=====	=====
	1995	1994
	-----	-----
Employer Contributions:		
Fidelity Puritan Fund	\$ 3,814	\$ 1,249
Fidelity Magellan Fund	85,071	91,005
Fidelity Contrafund	52,740	57,904
Fidelity Growth and Income Fund	111,238	115,970
Fidelity Overseas Fund	11,723	10,355
Fidelity Balanced Fund	57,963	62,531
Fidelity Government Money Market Fund	179,518	180,248
Fidelity Short-Intermediate Government Fund	-	23,150
Quanex Corporation common stock	5,457	1,950
Common/commingled trust	729	375
	-----	-----
	\$ 508,253	\$ 544,737
	=====	=====

	1995	1994
	-----	-----
Benefit payments:		
Fidelity Puritan Fund	\$ 0	\$ 57
Fidelity Magellan Fund	28,971	22,884
Fidelity Contrafund	16,482	11,336
Fidelity Growth and Income Fund	9,760	25,282
Fidelity Overseas Fund	13,092	408
Fidelity Balanced Fund	7,498	12,142
Fidelity Government Money Market Fund	118,494	271,384
Fidelity Short-Intermediate Government Fund	0	13,826
Quanex Corporation common stock	0	201
Common/commingled trust	0	37
	-----	-----
	\$ 194,297	\$ 357,557
	=====	=====

	1995	1994
	-----	-----
Investment income:		
Fidelity Puritan Fund	\$ 6,041	\$ (23)
Fidelity Magellan Fund	321,280	(15,704)
Fidelity Contrafund	161,934	(4,936)
Fidelity Growth and Income Fund	441,618	23,575
Fidelity Overseas Fund	12,960	(73)
Fidelity Balanced Fund	72,510	(22,803)
Fidelity Government Money Market Fund	0 152,296	80,180
Fidelity Short-Intermediate Government Fund	0	(14,823)
Quanex Corporation common stock	(8,540)	408
Common/commingled trust	888	280
	-----	-----
	\$1,160,987	\$ 46,081
	=====	=====

Item 27a - Schedule of Assets Held for Investment Purposes
 EIN: 38-1872178; PN 016

QUANEX CORPORATION
 NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN - DAVENPORT

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 DECEMBER 31, 1995

	Shares/ Par Value	Cost	Current Value
	-----	-----	-----
Mutual Fund Assets - Fidelity Investments:			
Contrafund*	18,714	\$ 611,013	\$ 711,513
Government Money Market Fund*	2,820,968	2,820,968	2,820,968
Puritan Fund*	3,016	48,384	51,298
Growth and Income Fund*	64,893	1,434,276	1,755,359
Magellan*	16,688	1,221,174	1,434,825
Overseas Fund*	3,046	84,812	88,561
Balanced Fund*	45,474	592,589	614,803
		-----	-----
Total Mutual Fund Assets		6,813,216	7,477,327
Quanex Corporation Common Stock*	5,349	115,840	103,640
Common/Commingled Trust*	20,374	20,374	20,374
Participant loans (bearing interest rates from 7.85% to 11%)		490,166	490,166
		-----	-----
Total investments		\$7,439,596	\$ 8,091,507
		=====	=====

* Party-in-Interest

NICHOLS-HOMESHIELD 401(k) SAVINGS PLAN - DAVENPORT

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1995
 Series of Transactions

Description	Total Number of Purchases During Plan Year	Purchase Price	Total Number of Sales During Plan Year	Selling Price	Cost of Asset	Current Value on Transaction Date	Net Gain (Loss)
Magellan Fund	53	\$505,906					
Contrafund	49	314,396	35	\$250,440	\$235,441	\$250,440	\$14,999
Growth & Income Fund	54	468,985	31	150,182	135,051	150,182	15,131
Overseas Fund	31	195,006	36	262,424	234,292	262,424	28,132
Balanced Fund	50	263,895	14	238,067	230,726	238,067	7,341
Government Money Market Fund	67	1,166,388	29	133,587	134,615	133,587	(1,028)
			50	791,084	791,084	791,084	0

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Nichols-Homeshield 401(k) Savings Plan - Davenport

Date June 24, 1996

/s/ JOSEPH K. PEERY

Joseph K. Peery, Benefits Committee

23.1 Independent Auditor's Consent

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-54081 of Quanex Corporation on Form S-8 of our report dated May 3, 1996 appearing in the Annual Report of Form 11-K of the Nichols - Homeshield 401(k) Savings Plan-Davenport for the year ended December 31, 1995.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Houston, Texas
June 24, 1996