

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, 1993

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:

Quanex Corporation Employee Savings Plan

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
Phone: (713) 961-4600

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.

DATE -----

Deloitte & Touche

Suite 2300
333 Clay Street
Houston, Texas 77002-4196

Telephone: (713) 756-2000
Facsimile: (713) 756-2001

INDEPENDENT AUDITORS' REPORT

The Benefits Committee
Quanex Corporation
Houston, Texas

RE: Quanex Corporation Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Quanex Corporation Employee Savings Plan (the "Plan") as of December 31, 1993 and 1992, 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, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1993 and 1992, 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 information by fund and supplemental schedules of (1) investments as of December 31, 1993 and (2) 5% reportable transactions for the year ended December 31, 1993 are presented for the purpose of additional analysis of the basic financial statements rather than to present information regarding the net assets available for benefits and changes in net assets available for benefits of the individual funds. This information and these schedules are not a required part of the basic financial statements. The schedules 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. This supplemental information and these schedules are the responsibility of the Plan's management. Such supplemental information and schedules have been subjected to the auditing procedures applied in our audit of the basic 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

April 26, 1994

QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS

	December 31,	
	----- 1993 -----	----- 1992 -----
Assets:		
Investments, at fair value:		
Mutual fund assets	\$20,540,650	\$17,570,623
Quanex common stock	919,891	609,487
	-----	-----
	21,460,541	18,180,110
	-----	-----
Deposits with insurance company, at contract value	1,631,963	2,143,329
	-----	-----
Total	23,092,504	20,323,439
	-----	-----
Contributions receivable:		
Employer	93,572	88,453
Employee	333,161	286,411
	-----	-----
Total	426,733	374,864
	-----	-----
Net assets available for benefits	\$23,519,237	\$20,698,303
	=====	=====

See notes to financial statements.

QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31,	
	1993	1992
Investment income:		
Interest and dividends	\$ 1,494,799	\$ 1,424,362
Net appreciation (depreciation) in fair value of investments	872,527	(429,098)
Total	2,367,326	995,264
Contributions:		
Employer	815,869	864,885
Less forfeitures	13,061	34,913
	802,808	829,972
Employee	2,873,550	2,909,438
Total	3,676,358	3,739,410
Total additions	6,043,684	4,734,674
Benefit payments	2,741,106	2,623,867
Transfer of Bellville assets	481,644	
Total deductions	3,222,750	2,623,867
Increase in net assets available for benefits	2,820,934	2,110,807
Net assets available for benefits:		
Beginning of year	20,698,303	18,587,496
End of year	\$23,519,237	\$20,698,303

See notes to financial statements.

QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1993 AND 1992

A. THE PLAN

The following brief description of the Quanex Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

- (1) GENERAL. The Plan became effective April 1, 1986 and is sponsored by Quanex Corporation (the "Company"). The Plan is a defined contribution plan which is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is a voluntary savings plan in which employees of the Company and its subsidiaries, who are not covered by a collective bargaining agreement, are eligible to participate after completing three months of active service. The assets of the Plan are held in trust by Fidelity Management Trust Company (the "Trustee"). The Benefits Committee (the "Committee"), appointed by the Board of Directors of the Company, serves as the Plan administrator.
- (2) CONTRIBUTIONS. Participants may elect to contribute up to 15% of their pre-tax annual compensation or up to 10% of their after-tax annual compensation limited to 15% of considered compensation as defined by the Plan agreement. The Company matches 50% of the employee's contribution up to, but not in excess of, 2.5% of the employee's annual compensation.
- (3) PARTICIPANT ACCOUNTS. Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of investment income, which is based on the participant's account balance as of the end of the period in which the income was earned.
- (4) INVESTMENT OPTIONS. The Plan has seven investment funds managed by the Trustee, as follows:

Government Money Market Fund--composed of short-term government obligations.

Short-Intermediate Government Fund--invested and reinvested in securities issued by the U.S. government.

Puritan Fund--invested and reinvested in common and preferred stock and bonds.

Magellan Fund--invested and reinvested in equity and debt securities of foreign and domestic companies.

Growth and Income Fund--invested and reinvested in equity and debt securities of foreign and domestic companies.

Overseas Fund--invested and reinvested in foreign securities.

Quanex Common Stock Fund--invested and reinvested in common stock of Quanex Corporation.

Additionally, the Plan has investments in a series of guaranteed investment contracts. Refer to Note C for further discussion.

The Short-Intermediate Government Fund replaced the Intermediate Bond Fund during January 1993.

- (5) VESTING. Participants are immediately vested in their voluntary contributions and the related earnings. Vesting in employer's matching contributions for employees is 0% for less than one year of service graduating to 100% for five or more years. Upon death, retirement, or total permanent disability, the participant or beneficiary becomes immediately 100% vested in the employer's contribution. In the event of termination, nonvested portions of employer's contributions are immediately forfeited by participants and utilized to reduce future employer matching contributions.
- (6) PAYMENT OF BENEFITS. Upon termination of service, the participant may elect to receive a lump-sum amount equal to the amount of vested benefits in his or her account. Benefits payable as of December 31, 1993 and 1992 were \$131,106 and \$239,816, respectively. See further discussion of benefits payable in Note H.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) ACCOUNTING BASIS. The financial statements are prepared on the accrual basis of accounting.
- (2) ADMINISTRATIVE EXPENSES. From inception of the Plan through 1988, the Company reimbursed the Plan for all administrative expenses. During 1989, the Plan began paying its own recordkeeping expenses. All other administrative expenses were paid by the Company. Effective April 1, 1991, with the appointment of the Trustee, the Company began paying the recordkeeping fees.
- (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 for mutual funds is determined using a quoted net asset value. Fair value for Quanex common stock, which is listed on the New York Stock Exchange, is determined using the last recorded sales price.

C. DEPOSITS WITH INSURANCE COMPANY

On December 1, 1988, the Plan entered into a series of guaranteed investment contracts with Metropolitan Life Insurance Company ("Metropolitan") for the Fixed Income Fund. The contracts provide a guaranteed rate of return on principal invested which is credited to the Plan for the length of the contracts. The contracts are charged for Plan withdrawals. The contract is included in the financial statements at the December 31, 1993 and 1992 contract values as reported to the Plan by Metropolitan. The remaining contracts mature between January 1, 1994 and January 1, 1995 and provide an interest rate of 8.3%

D. TRANSFER OF BELLVILLE BALANCES

In April 1993, the Company sold its Bellville Tube Division. Effective November 15, 1993, Bellville Tube employees' plan balances were transferred from the Plan into the Bellville Tube Corporation's 401(k) Plan, which was implemented by the purchasing company. At the time of transfer, participants became fully vested in the employer's contributions.

E. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, 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.

F. FEDERAL INCOME TAX STATUS

The Plan is subject to specific rules and regulations related to employee benefit plans under the Department of Labor and the Internal Revenue Service ("IRS"). The Plan is intended to be qualified under Section 401(a) of the Internal Revenue Code (the "Code") and is intended to be exempt from taxation under Section 501(a) of the Code. The Plan received a favorable determination letter from the IRS dated February 25, 1991. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, it believes that the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

G. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1993 and 1992, the Plan purchased shares of Quanex common stock, as shown below:

1993		1992	
Shares	Cost	Shares	Cost
36,374	\$603,737	31,054	\$670,995

During the years ended December 31, 1993 and 1992, the Plan sold 15,299 and 2,358 shares of Quanex common stock for \$272,777 (cost \$262,551) and \$49,714 (cost \$55,484), respectively.

During the years ended December 31, 1993 and 1992, the Plan purchased shares of Fidelity, the Trustee, mutual fund assets, as shown below:

1993		1992	
Shares	Cost	Shares	Cost
2,689,355	\$11,188,872	4,620,633	\$10,045,549

During the years ended December 31, 1993 and 1992, the Plan sold 4,275,504 and 4,342,930 shares of Fidelity mutual fund assets for \$9,111,570 (cost \$8,961,201) and \$5,713,179 (cost \$5,702,006), respectively.

H. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

Benefits payable are not reported as a liability on the statement of net assets available for benefits in the financial statements prepared in conformity with generally accepted accounting principles. Such amounts are reported as a liability on Form 5500. See reconciliation of the financial statements to Form 5500 below:

	December 31,	
	1993	1992
Net assets available for benefits per financial statements	\$23,519,237	\$20,698,303
Less: Benefits payable	131,106	239,816
Net assets available for benefits per Form 5500	\$23,388,131	\$20,458,487

For the year ended December 31, 1993, benefit payments recorded in the financial statements totalled \$2,741,106. Benefit payments recorded in Form 5500 totalled \$2,632,396.

I. SUBSEQUENT EVENTS

Effective March 1994, the Plan added the Fidelity Balanced Fund and the Fidelity Contrafund as investment options. The Fidelity Balanced Fund invests in common and preferred stocks and bonds. The Fidelity Contrafund invests in equities of foreign and domestic companies.

J. ALLOCATION OF NET ASSETS AVAILABLE FOR PLAN BENEFITS TO INVESTMENT PROGRAMS
 The following tables provide supplemental information regarding the net assets available for benefits by investment fund.

December 31, 1993										
TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT	
Assets:										
Investments, at fair value:										
Mutual fund assets	\$20,540,650	\$7,465,156	\$1,866,521	\$ 0	\$3,755,717	\$779,550	\$5,673,694	\$1,000,012		
Quanex common stock	919,891								\$919,891	
	21,460,541	7,465,156	1,866,521	0	3,755,717	779,550	5,673,694	1,000,012	919,891	
Deposits with insurance company, at contract value										
	1,631,963									\$1,631,963
Total	23,092,504	7,465,156	1,866,521	0	3,755,717	779,550	5,673,694	1,000,012	919,891	1,631,963
Contributions receivable:										
Employer	93,572	27,460	9,505	0	16,758	4,056	26,378	5,634	3,781	0
Employee	333,161	89,670	33,481	0	64,132	15,352	99,732	19,211	11,583	0
Total	426,733	117,130	42,986	0	80,890	19,408	126,110	24,845	15,364	0
Net assets available for benefits										
	\$23,519,237	\$7,582,286	\$1,909,507	\$ 0	\$3,836,607	\$798,958	\$5,799,804	\$1,024,857	\$935,255	\$1,631,963

December 31, 1992										
TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT	
Assets:										
Investments, at fair value:										
Mutual fund assets	\$17,570,623	\$9,200,742	\$ 0	\$2,035,486	\$2,243,448	\$ 0	\$3,591,873	\$ 499,074		
Quanex common stock	609,487								\$609,487	
	18,180,110	9,200,742	0	2,035,486	2,243,448	0	3,591,873	499,074	609,487	
Deposits with insurance company, at contract value										
	2,143,329									\$2,143,329
Total	20,323,439	9,200,742	0	2,035,486	2,243,448	0	3,591,873	499,074	609,487	2,143,329
Contributions receivable:										
Employer	88,453	33,808	24	14,027	13,756	193	20,482	4,185	1,978	0
Employee	286,411	107,334	98	46,675	44,442	762	68,484	12,872	5,744	0
Total	374,864	141,142	122	60,702	58,198	955	88,966	17,057	7,722	0
Net assets available for benefits										
	\$20,698,303	\$9,341,884	\$ 122	\$2,096,188	\$2,301,646	\$ 955	\$3,680,839	\$ 516,131	\$617,209	\$2,143,329

K. ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
TO INVESTMENT PROGRAMS

The following tables provide supplemental information regarding the
change in net assets available for benefits by investment fund.

December 31, 1993

	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Investment income:										
Interest and dividends	\$ 1,494,799	\$ 242,417	\$ 113,265	\$ 11,105	\$ 420,772	\$ 34,859	\$ 498,628	\$ 14,892	\$25,455	\$ 133,406
Net appreciation (depreciation) in fair value of investments	872,527	0	(15,455)	24,539	153,277	38,296	482,545	209,881	(20,556)	0
Total	2,367,326	242,417	97,810	35,644	574,049	73,155	981,173	224,773	4,899	133,406
Contributions:										
Employer	815,869	277,867	100,865	0	137,965	22,842	208,675	40,308	27,332	15
Less forfeitures	13,061	5,234	1,655	308	1,947	0	2,691	481	335	410
	802,808	272,633	99,210	(308)	136,018	22,842	205,984	39,827	26,997	(395)
Employee	2,873,550	895,669	409,868	0	495,052	103,595	751,804	134,342	83,156	64
	3,676,358	1,168,302	509,078	(308)	631,070	126,437	957,788	174,169	110,153	(331)
Total	6,043,684	1,410,719	606,888	35,336	1,205,119	199,592	1,938,961	398,942	115,052	133,075
Benefit payments	2,741,106	1,352,528	229,747	20,412	335,033	70,208	410,331	63,707	69,176	189,964
Transfer of Bellville assets	481,644	193,575	43,764	0	56,990	0	110,231	18,530	31,258	27,296
Fund transfers	0	(1,622,860)	1,576,009	(2,111,405)	721,080	688,619	700,438	192,020	303,281	(427,182)
Increase in net assets available for benefits	2,820,934	(1,758,244)	1,909,386	(2,096,481)	1,534,176	798,003	2,118,837	508,725	317,899	(511,367)
Net assets available for benefits:										
Beginning of year	20,698,303	9,340,532	122	2,096,481	2,302,432	953	3,680,969	516,132	617,210	2,143,472
End of year	\$23,519,237	\$7,582,286	\$1,909,508	\$ 0	\$3,836,608	\$798,956	\$5,799,806	\$1,024,857	\$935,109	\$1,632,105

K. ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
TO INVESTMENT PROGRAMS

(Continued)

December 31, 1993

	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Investment income:										
Interest and dividends	\$ 1,424,362	\$ 346,876	\$ 0	\$ 130,412	\$ 189,841	\$ 0	\$ 464,441	\$ 54,267	\$ 8,013	\$ 230,512
Net appreciation (depreciation) in fair value of investments	(429,098)	0	0	(30,263)	47,914	0	(243,956)	(117,635)	(85,158)	0
Total	995,264	346,876	0	100,149	237,755	0	220,485	(63,368)	(77,145)	230,512
Contributions:										
Employer	864,885	349,474	24	127,676	130,610	192	193,005	47,210	16,694	
Less forfeitures	34,913	23,835	0	2,508	2,247	0	1,746	838	489	3,250
	829,972	325,639	24	125,168	128,363	192	191,259	46,372	16,205	(3,250)
Employee	2,909,438	1,135,444	98	447,767	441,284	761	679,205	153,163	51,716	0
	3,739,410	1,461,083	122	572,935	569,647	953	870,464	199,535	67,921	(3,250)
Total	4,734,674	1,807,959	122	673,084	807,402	953	1,090,949	136,167	(9,224)	227,262
Benefit payments	2,623,867	1,694,874	0	164,511	200,059	0	135,047	33,659	12,391	383,326
Fund transfers	0	(49,740)	0	411,508	573,978	0	819,243	(52,223)	561,167	(2,263,933)
Increase in net assets available for benefits	2,110,807	63,345	122	920,081	1,181,321	953	1,775,145	50,285	539,552	(2,419,997)
Net assets available for benefits:										
Beginning of year	18,587,496	9,277,187	0	1,176,400	1,121,111	0	1,905,824	465,847	77,658	4,563,469
End of year	\$20,698,303	\$9,340,532	\$ 122	\$2,096,481	\$2,302,432	\$ 953	\$3,680,969	\$516,132	\$617,210	\$2,143,472

Item 27a - Schedule of Assets Held for Investment Purposes
 EIN: 38-1872178; PN: 012
 QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 DECEMBER 31, 1993

	Shares/ Par Value -----	Cost of Acquisition -----	Current Value -----
Mutual fund assets:			

Fidelity Investments Government Money Market Fund*	7,465,156	\$ 7,465,156	\$ 7,465,156
Fidelity Investments Short-Intermediate Government Fund*	188,919	1,881,922	1,866,521
Fidelity Investments Puritan Fund*	238,458	3,595,443	3,755,717
Fidelity Investments Growth and Income Fund*	35,083	750,110	779,550
Fidelity Investments Magellan Fund*	80,080	5,411,605	5,673,694
Fidelity Investments Overseas Fund*	36,457	901,909	1,000,012
		-----	-----
Total mutual fund assets		20,006,145	20,540,650
		-----	-----
Common stock:			

Quanex Corporation*	52,943	1,015,602	919,891
		-----	-----
Deposits with insurance company:			

Metropolitan Life Guaranteed Investment Contract	N/A	1,631,963	1,631,963
		-----	-----
Total investments		\$22,653,710	\$23,092,504
		=====	=====

* Party-in-Interest

Item 27d - Schedule of Reportable (5%) Transactions
 EIN: 38-1872178; PN: 012
 QUANEX CORPORATION EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1993

Single Transactions

Description of Assets -----	Purchase Price -----	Selling Price -----	Cost of Asset -----	Current Value of Asset on Transaction Date -----	Net Gain or (Loss) -----
Mutual Fund Assets:					
Fidelity Investments*:					
Short-Intermediate Government Fund	\$1,986,796			\$1,986,796	
Intermediate Bond Fund		\$1,980,290	\$1,942,721	1,980,290	\$37,569

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 of Asset on Transaction Date -----	Net Gain or (Loss) -----
Mutual Fund Assets:							
Fidelity Investments							
Government Money Market Fund	181	\$2,154,423	240	\$3,889,653	\$3,889,653	\$2,154,423	--
Short-intermediate Government Fund	133	3,001,606	124	1,119,629	1,119,683	3,001,606	
Intermediate Bond Fund	11	72,853	12	2,132,878	2,093,751	72,853	\$ (54)
Puritan Fund	116	2,032,041	84	673,050	613,307	2,132,878	39,127
Growth and Income Fund	90	904,864	19	163,610	154,754	904,864	59,743
Magellan Fund	120	2,535,981	94	936,703	891,528	163,610	8,856
						2,535,981	45,175
						936,703	

*Party-in-Interest

EXHIBIT
NUMBER

23.1 Independent Auditor's Consent

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-38702 of Quanex Corporation on Form S-8 of our report dated April 26, 1994, appearing in this Annual Report on Form 11-K of Quanex Corporation Employee Savings Plan for the year ended December 31, 1993.

/s/ Deloitte & Touche

DELOITTE & TOUCHE

Houston, Texas
June 27, 1994