
**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): December 5, 2006

QUANEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other Jurisdiction of Incorporation)	1-5725 (Commission File Number)	38-1872178 (IRS Employer Identification No.)
1900 West Loop South, Suite 1500, Houston, Texas (Address of Principal Executive Offices)		77027 (Zip Code)

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

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- 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))
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Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

On December 5, 2006, Mr. Michael R. Bayles informed Quanex Corporation (the "Company"), of his intention to retire, effective January 9, 2007, for personal health reasons. Mr. Bayles is Senior Vice President of the Company and President of the Company's Building Products division. In consideration of his contributions during his time of service and as permitted under the terms of our equity incentive plans, the Compensation and Management Development Committee of the Board accelerated the vesting of a restricted stock award granted to Mr. Bayles on December 1, 2004, such that it vests on January 8, 2007 rather than December 1, 2007. This acceleration was effected by means of an amendment to the Restricted Stock Award Agreement between Mr. Bayles and the Company, dated December 1, 2004.

The foregoing is qualified by reference to (i) the Press Release announcing Mr. Bayles' retirement, which is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference, and (ii) the Amendment to Restricted Stock Award Agreement, dated December 6, 2006, between the Company and Mr. Bayles, which is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of businesses acquired.

Not applicable

- (b) Pro forma financial information.

Not applicable

- (c) Exhibits.

Exhibit 99.1 Press release dated December 11, 2006.

Exhibit 99.2 Amendment to Restricted Stock Award Agreement dated December 6, 2006.

SIGNATURE

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.

December 11, 2006

(Date)

QUANEX CORPORATION

(Registrant)

/s/ KEVIN P. DELANEY

Kevin P. Delaney

Senior Vice President – General Counsel and Secretary

Exhibit Index

Exhibit 99.1 Press release dated December 11, 2006.

Exhibit 99.2 Amendment to Restricted Stock Award Agreement dated December 6, 2006.



News Release

Quanex Announces Retirement of Michael R. Bayles

Houston, Texas, December 11, 2006 — Quanex Corporation (NYSE:NX) announced today that Michael R. Bayles, age 54, has announced his early retirement, effective January 9, 2007, due to personal health reasons. Mr. Bayles is currently a Quanex Senior Vice President and President of Building Products.

“Michael has been a tremendous asset for Quanex over the last five years as the Company refocused and adopted a market-driven strategy. His strategic thinking and operational capabilities will be missed. We wish him the very best in his retirement,” said Raymond A. Jean, the Company’s chairman and chief executive officer.

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.

Contacts: Jeff Galow 713-877-5327 Valerie Calvert 713-877-5305

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 press 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, 2005, under the Securities Exchange Act of 1934, in particular, the sections titled “Private Securities Litigation Reform Act” contained therein.

**AMENDMENT TO
RESTRICTED STOCK AWARD AGREEMENT**

THIS AMENDMENT, dated December 6, 2006, between Quanex Corporation, a Delaware corporation (the "Company") and Michael R. Bayles (the "Employee"), serves to amend that certain Restricted Stock Award Agreement dated December 1, 2004, between the Company and the Employee (the "2004 Agreement").

WITNESSETH:

WHEREAS, the Company wishes to amend the 2004 Agreement to accelerate the lapse of forfeiture restrictions to which the equity securities specified therein (the "Shares") are subject; and

WHEREAS, the Employee desires to have the opportunity to continue to hold Shares subject to the terms and conditions of the 2004 Agreement, as amended by this Amendment;

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained in the 2004 Agreement and herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Paragraph 4 of the 2004 Agreement shall be amended and restated in its entirety, such that it reads as follows:

"4. Vesting. The Shares that are granted hereby shall be subject to Forfeiture Restrictions. The Forfeiture Restrictions shall lapse as to the Shares that are granted hereby in accordance with the following schedule provided that the Employee's employment with the Company has not terminated prior to the lapse date:

Lapse Date	Percentage of Restricted Shares as to Which Forfeiture Restrictions Lapse
First Anniversary of the Grant Date	0
Second Anniversary of the Grant Date	0
January 8, 2007	100

However, in the event the Employee's employment relationship with the Company is terminated due to the death, Disability or Retirement of the Employee prior to the third anniversary of the Grant Date, for purposes of determining the percentage of Restricted Shares as to which the Forfeiture Restrictions lapse, the Employee's employment shall be deemed to have terminated on the anniversary of the Grant Date that coincides with or immediately follows the date on which the Employee's employment relationship actually terminates. If the Employee's employment relationship with the Company

terminates before January 8, 2007, except as specified in the preceding sentence, the Forfeiture Restrictions then applicable to the Restricted Shares shall not lapse and the number of Restricted Shares then subject to the Forfeiture Restrictions shall be forfeited to the Company. Upon the lapse of the Forfeiture Restrictions with respect to Shares granted hereby the Company shall cause to be delivered to the Employee a stock certificate representing such Shares, and such Shares shall be transferable by the Employee (except to the extent that any proposed transfer would, in the opinion of counsel satisfactory to the Company, constitute a violation of applicable securities law). Notwithstanding any other provision of this Agreement, in no event will the Forfeiture Restrictions expire prior to the satisfaction by the Employee of any liability arising under Section 6 of this Agreement.”

2. The remainder of the 2004 Agreement shall remain unchanged, and in full force and effect according to its terms.

In **WITNESS WHEREOF**, the Company has caused this Amendment to be duly executed by an officer thereunto duly authorized, and the Employee has executed this Amendment, all as of the date first above written.

QUANEX CORPORATION

By:

Raymond A. Jean
Chairman, President & CEO

EMPLOYEE:

Michael R. Bayles