

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

[X] Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2001

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:

Piper Impact 401 (k) Plan

B. Name of the 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, TX 77027

INDEPENDENT AUDITORS' REPORT

The Benefits Committee  
Quanex Corporation  
Houston, Texas

Re: Piper Impact 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of the Piper Impact 401(k) Plan ("the Plan") as of December 31, 2001 and 2000, 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of investments as of December 31, 2001 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is 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. The supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in our audits 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, LLP  
-----  
DELOITTE & TOUCHE, LLP

Houston, Texas  
June 19, 2002

QUANEX CORPORATION  
PIPER IMPACT 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,  
-----  
-----

2001 2000 --  
-----

-----  
Assets:  
Investments  
at fair  
value (see  
Note C)  
\$7,050,373  
\$6,913,217  
Participant  
loans  
424,617  
365,313  
Employee  
contributions  
receivable  
64,502  
83,617  
Employer  
contributions  
receivable  
40,373  
46,464 -----  
-----  
---- 104,875  
130,081 -----  
-----  
----- Net  
assets  
available  
for benefits  
\$7,579,865  
\$7,408,611  
=====  
=====

See notes to financial statements.

QUANEX CORPORATION  
 PIPER IMPACT 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE  
 FOR BENEFITS

DECEMBER 31,

-----

-- 2001 2000

-----

Investment  
 income:

Interest and  
 dividends \$

138,081 \$

539,795 Net  
 appreciation

(depreciation)

in fair value

of

investments

(see Note C)

(800,919)

(862,632) ---

-----

(662,838)

(322,837) ---

-----

-----

Contributions:

Employer (net

of

forfeitures)

503,960

463,148

Employee

969,125

958,451 -----

-----

1,473,085

1,421,599 ---

-----

-----

Interest on

participant

loans 33,672

24,362 -----

-----

----- Total

additions

843,919

1,123,124 ---

-----

-----

Benefit

payments

666,657

1,586,931

Administrative

fees (see

Note D) 6,008

5,643 -----

-----

----- Total

deductions

672,665

1,592,574 ---

-----

-----

Increase

(decrease) in

net assets

available for

benefits  
171,254  
(469,450) Net  
assets  
available for  
benefits:  
Beginning of  
year  
7,408,611  
7,878,061 ---  
-----  
----- End  
of year \$  
7,579,865 \$  
7,408,611  
=====  
=====

See notes to financial statements.

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR  
 EIN: 38-1872178; PN 001

QUANEX CORPORATION  
 PIPER IMPACT 401(k) PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
 December 31, 2001

Shares/ Par Value Value	Current Value	Cost
-----		
-----		
----- * Fidelity		
Puritan Fund		
38,450	\$ 718,739	
	\$ 679,418	*
Fidelity		
Magellan Fund		
1,698	206,398	
	176,970	*
Fidelity		
Contrafund		
23,642	1,191,856	
	1,011,186	*
Fidelity Growth		
& Income Fund		
1,418	58,886	
	52,989	*
Fidelity		
Independence		
Fund 30,800		
627,398	485,713	
		*
* Fidelity		
Overseas Fund		
717	25,580	
	19,649	*
Fidelity		
Balanced Fund		
4,130	63,861	
	61,530	*
Fidelity Blue		
Chip Fund 56,411		
	2,554,955	
	2,422,274	*
Fidelity Asset		
Manager Fund		
21,676	373,838	
	335,978	*
Fidelity Low-		
Priced Stock		
Fund 3,777		
96,915	103,560	*
		*
Fidelity		
Government Money		
Market Fund		
798,918	798,918	
	798,918	
Templeton		
Foreign Fund 938		
8,983	8,676	
Neuberger &		
Berman Partners		
Trust Fund 102		
1,775	1,635	----
-----		
-----		
- Total Mutual		
Fund Assets		
	6,728,102	
	6,158,496	*
Quanex		
Corporation		
unitized common		
stock 25,870		
257,338	342,520	
		*
* Fidelity		
Common/Commingled		
trust 549,357		

549,357 549,357  
Participant  
loans (bearing  
interest rates  
from 8.75% to  
10.50%, maturing  
within five to  
ten years)  
424,617 424,617

-----  
----- Total  
Investments  
\$7,959,414  
\$7,474,990  
=====  
=====

\* Party-in-Interest

QUANEX CORPORATION  
PIPER IMPACT 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

A. DESCRIPTION OF THE PLAN

The following description of the Piper Impact 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

- (1) General. The Plan is a defined contribution plan which covers substantially all full-time employees of Piper Impact, a division of Quanex Corporation (the "Company"). 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 Quanex Corporation's Board of Directors, serves as the Plan administrator.
- (2) Contributions. Beginning January 1, 2002, participants may contribute to the Plan by electing salary deferrals up to 50% of compensation (20% before January 1, 2002) as defined by the Plan document. The Company contributes 25% of the first 6% of base compensation that a participant contributes to the Plan. Contributions are subject to certain limitations. In addition, the Company makes a contribution on behalf of employees with at least three months of service, based on company profits and calculated based on a percentage of the employee's compensation.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.
- (4) Vesting. Participants are immediately vested in their contributions and earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 20% vested for each year of credited service beginning with his or her second year and is 100% vested after six years of credited service. Forfeited balances of terminated participants' non-vested accounts are used to reduce current or future Company contributions. Amounts forfeited during 2001 and 2000 were \$39,858 and \$58,072, respectively.
- (5) 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 Code, 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. Terminated participants with an account balance of less than \$5,000 will automatically receive a lump sum distribution.
- (6) Loans. Loans may be granted to a participant of the Plan at the Committee's discretion. Loan terms range up to five years or ten years if used for the purchase of a primary residence. 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) 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 by using the last recorded sales price. The recorded value of the common/commingled trust is at face value, which is fair value.
- (3) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.
- (4) Administrative Expense. The Company pays all administrative expenses, except for loan set up and carrying fees and redemption fees imposed on certain Fidelity funds.
- (5) Payments of Benefits. Benefit payments are recorded when paid.

C. INVESTMENTS

The following are investments that represent 5 percent or more of the Plan's net assets.

December 31, 2001	December 31, 2000	Shares	Amount
		Amount	-----
		-----	---
		-----	---
		-- Fidelity	
		Puritan Fund	
38,450	\$ 679,418		
28,833	\$ 542,932		
		Fidelity	
		Contrafund	
23,642	1,011,186		
22,437	1,103,233		
		Fidelity	
		Independence	
		Fund 30,800	
485,713	30,116		
662,856	Fidelity		
	Blue Chip Fund		
56,411	2,422,274		
52,140	2,686,750		
		Fidelity	
		Government Money	
		Market Fund	
798,918	798,918		
654,507	654,507		
		Fidelity	
		Common/Commingled	
		Trust 549,357	
549,357	414,834		
	414,834		

During the years ended December 31, 2001 and 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated / (depreciated) in value as follows:

2001	2000
-----	-----
-----	-----
Mutual	
funds \$	
(894,858)	
\$	
(841,485)	
Quanex	
unitized	

common  
stock  
93,939  
(21,147) -  
-----  
-----  
\$  
(800,919)  
\$  
(862,632)  
=====  
=====

D. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$6,008 and \$5,643 for the years ended December 31, 2001 and 2000, respectively. In addition, the Plan invests in shares of Quanex Corporation unitized common stock. Quanex Corporation is the Plan sponsor as defined by the Plan and, therefore, these transactions also qualify as party-in-interest transactions. As of December 31, 2001 and 2000, the value of Quanex Corporation unitized common stock held by the Plan was \$342,520 and \$217,783, respectively.

E. 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.

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. The Plan has received a favorable letter of tax determination dated September 30, 1998. As such, the Plan is a qualified trust under Sections 401(a) and 401(k) of the Internal Revenue Code (the "Code") and, as a result, is exempt from federal income tax under Section 501(a) of the Code. The Company believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. The Company believes the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

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.

Piper Impact 401 (k) Plan

Date: June 28, 2002

/s/ Viren M. Parikh

-----  
Viren M. Parikh, Benefits Committee

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
- - - - -	- - - - -
- 23.1	Independent Auditor's Consent

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-22977 of Quanex Corporation on Form S-8 of our report dated June 19, 2002, appearing in this Annual Report on Form 11-K of the Piper Impact 401 (k) Savings Plan for the year ended December 31, 2001.

/s/ DELOITTE & TOUCHE LLP

-----  
DELOITTE & TOUCHE LLP

Houston, Texas  
June 28, 2002