

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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| OMB APPROVAL | |
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

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|---|--|--|--|--|--|--|--|--|
| 1. Name and Address of Reporting Person* BAYLES MICHAEL R (Last) (First) (Middle) 1900 WEST LOOP SOUTH SUITE 1500 (Street) HOUSTON TX 77027 (City) (State) (Zip) | | | 2. Issuer Name and Ticker or Trading Symbol QUANEX CORP [NX] | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) V Pres-Building Products Group | | |
| | | | 3. Date of Earliest Transaction (Month/Day/Year) 12/15/2004 | | | | | |
| | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|---------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 12/15/2004 | | M | | 18,334 | A | \$26 | 36,035.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 7,133 | D | \$66.9 | 28,902.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1 | D | \$67.7 | 28,901.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1,000 | D | \$66.91 | 27,901.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 300 | D | \$66.92 | 27,601.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 600 | D | \$66.93 | 27,001.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 400 | D | \$66.94 | 26,601.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1,700 | D | \$66.95 | 24,901.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1,000 | D | \$66.96 | 23,901.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 400 | D | \$66.97 | 23,501.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 800 | D | \$66.98 | 22,701.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 900 | D | \$66.99 | 21,801.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1,500 | D | \$67 | 20,301.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 1,200 | D | \$67.01 | 19,101.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 100 | D | \$67.02 | 19,001.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 700 | D | \$67.03 | 18,301.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 100 | D | \$67.04 | 18,201.2765 | D | |
| Common Stock | 12/15/2004 | | S | | 500 | D | \$67.05 | 17,701.2765 | D | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--------|--|-----------------|---|----------------------------|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Options (Right to buy) | \$26 | 12/15/2004 | | M ⁽¹⁾ | | | 18,334 | 10/24/2002 | 10/23/2011 | Common Stock | 18,334 | \$0 | 0 | D | |
| Stock Options (Right to buy) | \$32 | | | | | | | 12/05/2003 | 12/04/2012 | Common Stock | 25,000 | | 25,000 | D | |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Options (Right to buy) | \$39.6 | | | | | | | 12/04/2004 | 12/03/2013 | Common Stock | 13,800 | | 13,800 | D | |
| Stock Options (Right to buy) | \$59.2 | | | | | | | 12/01/2005 | 12/01/2014 | Common Stock | 14,500 | | 14,500 | D | |
| Phantom Stock Units | \$0 | | | | | | | 09/30/2004 | 08/08/1988 | Common Stock | 6,148.6977 | | 6,148.6977 | D | |

Explanation of Responses:

1. Options exercised under the Quanex Corporation 1996 Employee Stock Option Plan.

Terry M. Murphy, Power of Attorney.

12/17/2004

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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