

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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SCHEDULE 13G  
(RULE 13D - 102)

INFORMATION TO BE INCLUDED IN STATEMENTS  
PURSUANT TO RULES 13D-1(B), (C) AND (D) AND  
AMENDMENTS THERETO FILED PURSUANT TO RULE 13D-2(B)

(AMENDMENT NO. 1) (1)

QUANEX CORPORATION

-----  
(Name of Issuer)

COMMON

-----  
(Title of Class of Securities)

747620102

-----  
(CUSIP Number)

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this  
Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

(1)The remainder of this cover page shall be filled out for a reporting  
person's initial filing on this form with respect to the subject class of  
securities, and for any subsequent amendment containing information which would  
alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be  
deemed to be "filed" for the purpose of Section 18 of the Securities Exchange  
Act of 1934 or otherwise subject to the liabilities of that section of the Act  
but shall be subject to all other provisions of the Act (however, see the  
Notes).

1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Forest Investment Management LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5. SOLE VOTING POWER  
801,999

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

6. SHARED VOTING POWER  
zero

7. SOLE DISPOSITIVE POWER  
801,999

8. SHARED DISPOSITIVE POWER  
zero

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
801,999

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES\* [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.6%

12. TYPE OF REPORTING PERSON\*

IA

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1. NAMES OF REPORTING PERSONS  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Founders Financial Group L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
 (b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	801,999
	6. SHARED VOTING POWER	zero
	7. SOLE DISPOSITIVE POWER	801,999
	8. SHARED DISPOSITIVE POWER	zero

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 801,999

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
 CERTAIN SHARES\* [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
 5.6%

12. TYPE OF REPORTING PERSON\*  
 PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1. NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Michael A. Boyd, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Connecticut

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER
	801,999
	6. SHARED VOTING POWER
	zero
	7. SOLE DISPOSITIVE POWER
	801,999
	8. SHARED DISPOSITIVE POWER
	zero

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

801,999

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES\* [ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.6%

12. TYPE OF REPORTING PERSON\*

CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

-----  
 1. NAMES OF REPORTING PERSONS  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
  
 Michael A. Boyd

-----  
 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
 (b) [ ]

-----  
 3. SEC USE ONLY

-----  
 4. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
 United States

	5. SOLE VOTING POWER	
	801,999	
NUMBER OF	-----	
SHARES	6. SHARED VOTING POWER	
BENEFICIALLY	zero	
OWNED BY	-----	
EACH	7. SOLE DISPOSITIVE POWER	
REPORTING	801,999	
PERSON WITH	-----	
	8. SHARED DISPOSITIVE POWER	
	zero	

-----  
 9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 801,999

-----  
 10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
 CERTAIN SHARES\* [ ]

-----  
 11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
  
 5.6%

-----  
 12. TYPE OF REPORTING PERSON\*  
  
 IN

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 \*SEE INSTRUCTIONS BEFORE FILLING OUT!

## ITEM 1.

## (A) NAME OF ISSUER.

Quanex Corporation (the "Issuer").

## (B) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES.

The Issuer's principal executive offices are located at 1900 West Loop South, Suite 1500, Houston, Texas 77027.

## ITEM 2.

## (A) NAMES OF PERSONS FILING.

This statement is filed by the following persons: (a) Forest Investment Management LLC, an Investment Advisor registered under the Investment Advisors Act of 1940, as amended ("Forest"), (b) Founders Financial Group L.P. ("Founders"), in its capacity as the owner of a controlling interest in Forest, (c) Michael A. Boyd, Inc. ("MAB, Inc."), in its capacity as the general partner of Founders and (d) Michael A. Boyd ("Mr. Boyd"), in his capacity as the sole director and shareholder of MAB, Inc., (collectively, the "Filing Parties").

## (B) ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE.

The principal business office of each of the Filing Parties is 53 Forest Avenue, Old Greenwich, Connecticut 06870.

## (C) CITIZENSHIP.

Forest is a Delaware Limited Liability Company. Founders is a Delaware limited partnership. MAB, Inc. is a Connecticut corporation. Mr. Boyd is a United States citizen.

## (D) TITLE OF CLASS OF SECURITIES.

This statement relates to shares of Common Stock, par value \$.50 per share (the "Common Stock"), of the Issuer.

(E) CUSIP NUMBER.

747620102

ITEM 3. THIS STATEMENT IS BEING FILED PURSUANT TO RULE 13D-1(B), OR 13D-2(B) OR (C), CHECK WHETHER THE PERSON FILING IS A:

- (a)  Broker or dealer registered under Section 15 of the Act,
- (b)  Bank as defined in Section 3(a)(6) of the Act,
- (c)  Insurance Company as defined in Section 3(a)(19) of the Act,
- (d)  Investment Company registered under Section 8 of the Investment Company Act,
- (e)  Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940,
- (f)  Employee Benefit Plan, Pension Fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see 13d-1(b)(1)(ii)(F),
- (g)  Parent Holding Company, in accordance with Rule 13d-1(b)(ii)(G); SEE Item 7,
- (h)  Group, in accordance with Rule 13d-1(b)(1)(ii)(H).

ITEM 4. OWNERSHIP.

(A) AMOUNT BENEFICIALLY OWNED.

Each of Forest, Founders, MAB, Inc. and Mr. Boyd beneficially owns 801,999 shares of Issuer's Common Stock.

(B) PERCENT OF CLASS.

Each of Forest, Founders, MAB, Inc. and Mr. Boyd owns 5.6% of the Issuer's Common Stock.

(C) POWER TO VOTE OR DIRECT THE VOTE AND DISPOSE OR DIRECT THE DISPOSITION OF SECURITIES.

Each of Forest, Founders, MAB, Inc. and Mr. Boyd has sole power to vote or dispose or to direct the vote or disposition of the shares of Common Stock.

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ]

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Not applicable.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

Not applicable.

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

Not applicable.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not applicable.

ITEM 10. CERTIFICATION.

Not applicable.

[SIGNATURES ON NEXT PAGE]



SIGNATURE

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certify that the information set forth in this statement is true, complete and correct.

FOREST INVESTMENT MANAGEMENT LLC

Dated: February 10, 1999

By: /S/ MICHAEL A. BOYD

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Michael A. Boyd, Chairman

FOUNDERS FINANCIAL GROUP, L.P.

Dated: February 10, 1999

By: /S/ MICHAEL A. BOYD

-----  
Michael A. Boyd, Chairman

MICHAEL A. BOYD, INC.

Dated: February 10, 1999

By: /S/ MICHAEL A. BOYD

-----  
Name: Michael A. Boyd  
Title: President

MICHAEL A. BOYD

Dated: February 10, 1999

By: /S/ MICHAEL A. BOYD

-----  
Name: Michael A. Boyd