

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:

Quanex Corporation Hourly Bargaining Unit Employees Saving 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: Quanex Corporation Hourly Bargaining Unit Employees Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Quanex Corporation Hourly Bargaining Unit Employees Savings 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  
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DELOITTE & TOUCHE, LLP

Houston, Texas  
June 19, 2002

QUANEX CORPORATION  
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

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

--- 2001  
2000 -----  
-----

-----  
Assets:  
Investments  
at fair  
value (see  
Note C) \$  
13,579,018 \$  
13,828,011  
Employee  
contributions  
receivable  
77,594  
103,096 ----  
-----

-----  
Net assets  
available  
for benefits  
\$ 13,656,612  
\$ 13,931,107  
=====  
=====

See notes to financial statements.

QUANEX CORPORATION  
 HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN  
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE  
 FOR BENEFITS

DECEMBER 31,

-----

-- 2001 2000

-----

Investment  
income:

Interest and  
dividends \$  
318,277 \$  
812,878 Net  
appreciation  
(depreciation)  
in fair value  
of  
investments  
(see Note C)  
(940,098)  
(937,078) ---

-----  
(621,821)  
(124,200)  
Employee  
contributions  
1,308,895  
1,423,908 ---

-----  
Total  
additions  
687,074  
1,299,708 ---

-----  
Benefit  
payments  
960,133  
491,247  
Administrative  
fee (see Note  
D) 74 12 ----

-----  
Total  
deductions  
960,207  
491,259 -----

-----  
Transfers  
between plans  
(see Note G)  
(1,362)  
6,134,964 ---

-----  
Increase  
(decrease) in  
net assets  
available for  
benefits  
(274,495)  
6,943,413 Net  
assets  
available for  
benefits:  
Beginning of  
year  
13,931,107

6,987,694 ---  
-----  
----- End  
of year \$  
13,656,612 \$  
13,931,107  
=====  
=====

See notes to financial statements.

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR  
 EIN: 38-1872178; PN 015

QUANEX CORPORATION  
 HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
 DECEMBER 31, 2001

Shares/ Current  
 Par Value Cost  
 Value -----  
 -----

----- \*

Fidelity Puritan

Fund 61,772 \$

1,127,610 \$

1,091,521 \*

Fidelity

Magellan Fund

38,578 4,240,191

4,020,657 \*

Fidelity

Contrafund

14,120 743,686

603,937 \*

Fidelity Growth

& Income Fund

28,614 1,191,731

1,069,597 \*

Fidelity

Independence

Fund 71,821

1,775,717

1,132,616 \*

Fidelity

Overseas Fund

8,118 291,328

222,603 \*

Fidelity

Balanced Fund

14,164 216,362

211,042 \*

Fidelity Blue

Chip Fund 13,046

648,841 560,219

\* Fidelity Asset

Manager Fund 847

13,987 13,127 \*

Fidelity Low-

Priced Stock

Fund 3,250

81,419 89,126 \*

Fidelity

Government Money

Market Fund

3,075,143

3,075,143

3,075,143

Templeton

Foreign Fund

14,344 143,667

132,682

Neuberger &

Berman Partners

Trust Fund 2,493

41,905 39,940 --

-----

----- Total

Mutual Fund

Assets

13,591,587

12,262,210 \*

Quanex

Corporation

unitized common

stock 64,739

642,793 857,146

\* Fidelity  
Common/Commingled  
trust 459,662  
459,662 459,662  
-----  
----- Total  
Investments \$  
14,694,042 \$  
13,579,018  
=====  
=====

\* Party-in-Interest

QUANEX CORPORATION  
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

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

A. DESCRIPTION OF THE PLAN

The following description of the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for more complete information.

- (1) General. The Plan became effective January 1, 1989 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 union hourly employees of the MACSTEEL divisions of the Company are eligible to participate after completing three months of active service. Fidelity Management Trust Company ("Fidelity" or the "Trustee") holds the assets of the Plan in trust. The Benefits Committee (the "Committee"), appointed by the Company's Board of Directors, serves as the Plan administrator.
- (2) Contributions. Participants may elect to contribute up to 15 percent of their before-tax or after-tax compensation as defined by the Plan agreement.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution and an allocation of investment income, which is based on individual participant account balances as of the end of the period in which the income is earned.
- (4) Vesting. Participants are immediately vested in their contributions and the related earnings.
- (5) Payment of Benefits. Upon termination of service, the 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.

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 unitized common stock, which is listed on the New York Stock Exchange, is determined 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 Expenses. The Company pays all administrative expenses, except redemption fees imposed on certain Fidelity funds.
- (5) Payment 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	Shares
-----	-----
-----	-----
-----	-----
Fidelity Puritan Fund	61,772
\$1,091,521	57,341
\$1,079,732	
Fidelity Magellan Fund	38,578
4,020,657	36,176
4,315,771	
Fidelity Growth & Income Fund	28,614
1,069,597	25,405
1,069,545	
Fidelity Independence Fund	71,821
1,132,616	62,121
1,367,275	
Fidelity Government Money Market Fund	
3,075,143	3,075,143
2,265,178	2,265,178
2,265,178	
Quanex unitized common stock	
64,739	857,146
191,488	
1,842,114	

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	\$	
(1,373,859)	\$	
	(1,435,579)	
Quanex unitized common stock		
433,761		

498,501 ---  
-----  
-----  
\$ (940,098)  
\$ (937,078)  
=====  
=====

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. 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 common stock held by the Plan was \$857,146 and \$1,842,114, 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 April 25, 1997. 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.

G. TRANSFER OF ASSETS

Account balances of the employees at MACSTEEL's Fort Smith, Arkansas facility who were covered by a collective bargaining agreement, which totaled \$6,134,964, were transferred from the Quanex Corporation Employee Savings Plan on June 30, 2000. During 2001, account balances of \$1,362 were transferred between the Plan and the Quanex Corporation Employee Saving Plan.

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.

Quanex Corporation Hourly Bargaining Unit Employees  
Savings Plan

Date: June 28, 2002

/s/ Viren M. Parikh

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Viren M. Parikh, Benefits Committee

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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23.1	Independent Auditor's Consent

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-46824 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 Quanex Corporation Hourly Bargaining Unit Employees Savings Plan for the year ended December 31, 2001.

/s/ DELOITTE & TOUCHE LLP

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DELOITTE & TOUCHE LLP

Houston, Texas  
June 28, 2002