UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to ___________.

Commission File Number 1-5725

QUANEX CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	38-1872178
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1900 West Loop South, Suite 1500, Houston, Texas 77027
(Address of principal executive offices and zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2000
Common Stock, par value $0.50 per share	13,683,014

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

QUANEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

	April 30, 2000 (Unaudited)	October 31, 1999 (Audited)
ASSETS		
Current assets:		
Cash and equivalents	$ 23,340	$ 25,874
Accounts and notes receivable, net	115,504	87,204
Inventories	104,199	78,463
Deferred income taxes	11,742	19,146
Prepaid expenses	2,224	1,700
Total current assets	257,009	212,387
Property, plant and equipment	786,424	753,811
Less accumulated depreciation and amortization	(370,440)	(346,970)
Property, plant and equipment, net	415,984	406,841
Goodwill, net	57,895	48,990
Other assets	25,443	22,228
	$ 756,331	$ 690,446
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 85,085	$ 70,187
Accrued expenses	51,948	54,305
Current maturities of long-term debt	9,131	10,545
Income taxes payable	3,783	1,103
Total current liabilities	149,947	136,140
Long-term debt	236,874	179,121
Deferred pension credits	7,217	6,691
Deferred postretirement welfare benefits	7,598	7,490
Deferred income taxes	43,540	43,910
Other liabilities	14,583	16,033
Total liabilities	459,759	389,385
Stockholders' equity:		
Preferred stock, no par value	--	--
Common stock, $.50 par value	7,097	7,135
Common stock held by rabbi trust	(3,337)	(2,322)
Additional paid-in capital	110,689	110,317
Retained earnings	193,423	186,867
Unearned compensation	(171)	(171)
Accumulated other comprehensive income	(710)	(765)
	306,991	301,061
Less: Treasury Stock, at cost	(10,419)	--
Total stockholders' equity	296,572	301,061
	$ 756,331	$ 690,446

QUANEX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Net sales	$ 243,271	$ 202,879	$ 442,565	$ 385,982
Cost and expenses:				
Cost of sales	200,655	160,147	366,298	308,882
Selling, general and administrative expense	12,856	13,187	26,138	27,489
Depreciation and amortization	12,909	11,405	25,071	22,977
Operating income	16,851	18,140	25,058	26,634
Other income (expense):				
Interest expense	(4,020)	(3,605)	(7,350)	(7,286)
Capitalized interest	647	475	1,191	821
Other, net	307	31	1,309	825
Income before income taxes and extraordinary gain	13,785	15,041	20,208	20,994
Income tax expense	(4,756)	(5,264)	(7,004)	(7,348)
Income before extraordinary gain	9,029	9,777	13,204	13,646
Extraordinary gain - early extinguishment of debt	358	415	358	415
Net income	$ 9,387	$ 10,192	$ 13,562	$ 14,061
Earnings per common share:				
Basic:				
Income before extraordinary gain	$ 0.66	$ 0.69	$ 0.95	$ 0.96
Extraordinary gain	0.02	0.03	0.02	0.03
Total basic net earnings	$ 0.68	$ 0.72	$ 0.97	$ 0.99
Diluted:				
Income before extraordinary gain	$ 0.61	$ 0.64	$ 0.91	$ 0.93
Extraordinary gain	0.02	0.02	0.02	0.02
Total diluted net earnings	$ 0.63	$ 0.66	$ 0.93	$ 0.95
Weighted average shares outstanding:				
Basic	13,774	14,249	13,975	14,236
Diluted	16,118	16,818	16,406	16,846
Common stock dividends per share	$ 0.16	$ 0.16	$ 0.32	$ 0.32

QUANEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands)

	Six Months Ended April 30, 2000	Six Months Ended April 30, 1999
	(Unaudited)	
Operating activities:		
Net income	$ 13,562	$ 14,061
Adjustments to reconcile net income to cash provided by operating activities:		
Extraordinary gain on early extinguishment of debt	(551)	(638)
Depreciation and amortization	25,340	23,254
Deferred income taxes	159	(589)
Deferred pension and postretirement benefits	636	(79)
Changes in assets and liabilities net of effects from acquisitions and dispositions:		
Decrease (increase) in accounts and notes receivable	(21,989)	4,969
Decrease (increase) in inventory	(11,004)	6,294
Increase (decrease) in accounts payable	9,634	(6,729)
Increase (decrease) in accrued expenses	(6,330)	168
Other, net (including income tax refund)	8,060	(1,638)
Cash provided by continuing operations	17,517	39,073
Investment activities:		
Acquisition of Golden Aluminum, net of cash acquired	(20,148)	--
Acquisition of Imperial Products, Inc., net of cash acquired	(15,303)	--
Capital expenditures, net of retirements	(24,770)	(30,338)
Other, net	(1,727)	(753)
Cash used by investment activities	(61,948)	(31,091)
Cash used by operating and investment activities	(44,431)	7,982
Financing activities:		
Bank borrowings, net	69,473	11,108
Purchase of subordinated debentures	(9,586)	(8,799)
Purchase of Quanex common stock	(14,204)	--
Common dividends paid	(4,521)	(4,560)
Issuance of common stock, net	619	1,283
Other, net	(51)	(29)
Cash provided by financing activities	41,730	(997)
Effect of exchange rate changes on cash and equivalents	167	(41)
Decrease in cash and equivalents	(2,534)	6,944
Cash and equivalents at beginning of period	25,874	26,279
Cash and equivalents at end of period	$ 23,340	$ 33,223
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 6,440	$ 6,963
Cash paid (received) during the period for income taxes	$ (2,753)	$ 7,174

QUANEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Accounting Policies

The interim consolidated financial statements of Quanex Corporation and subsidiaries ("Quanex" or the "Company") are unaudited, but include all adjustments which the Company deems necessary for a fair presentation of its financial position and results of operations. All such adjustments are of a normal recurring nature. Results of operations for interim periods are not necessarily indicative of results to be expected for the full year. All significant accounting policies conform to those previously set forth in the Company's fiscal 1999 Annual Report on Form 10-K which is incorporated by reference. Certain amounts for prior periods have been reclassified in the accompanying consolidated financial statements to conform to 2000 classifications.

2. Inventories

Inventories consist of the following:	April 30, 2000	October 31, 1999
	(In thousands)	
Raw materials	$ 30,105	$ 24,617
Finished goods and work in process	67,437	46,958
	97,542	71,575
Other	6,657	6,888
	$ 104,199	$ 78,463

The values of inventories in the consolidated balance sheets are based on the following accounting methods:

	April 30, 2000	October 31, 1999
LIFO	$ 63,708	$ 58,968
FIFO	40,491	19,495
	$ 104,199	$ 78,463

With respect to inventories valued using the LIFO method, replacement cost exceeded the LIFO value by approximately $13 million and $11 million at April 30, 2000 and October 31, 1999, respectively.

3. Acquisition

On January 25, 2000, the Company announced that it had completed the purchase from Alcoa, Inc. of the Golden Aluminum production facility based in Fort Lupton, Colorado. Quanex acquired the assets of the facility for $9 million plus working capital valued at approximately $13 million.

The newly acquired facility has become part of Quanex's flat-rolled aluminum sheet business - Nichols Aluminum (the Aluminum Mill Sheet Products segment). It has been renamed Nichols Aluminum - Golden, Inc., ("Nichols Aluminum - Golden") a wholly owned subsidiary of Quanex.

Operations at Nichols Aluminum-Golden include melting and casting aluminum into sheet made from a blend of primary P1020 ingot and selected grades of recycled scrap metal, cold rolling it to specific gauge, annealing, leveling, custom coating and slitting to width. Nichols Aluminum-Golden can produce more than 50 million pounds annually of high quality metal for engineered applications in niche markets, such as end and tab stock for food packaging, metal components for computer disks, and home accessory products.

On April 3, 2000, the Company acquired the stock of Imperial Products, Inc., a leading manufacturer of value-added exterior door components based in Richmond, Indiana, for approximately $15 million. Imperial Products, Inc., now doing business as Imperial Fabricated Products ("Imperial"), operates as a wholly owned subsidiary of Quanex. This acquisition expands the specialized design and manufacturing operations of Quanex's Fabricated Products Division, which is part of the Company's Engineered Products Group. Based on preliminary purchase accounting, goodwill associated with Imperial is approximately $10 million.

4. Earnings Per Share
The computational components of basic and diluted earnings per share are as follows (shares and dollars in thousands except per share amounts):

	For the Three Months Ended April 30, 2000			For the Three Months Ended April 30, 1999		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
BASIC EPS						
Income before extra. gain	$ 9,029	13,774	$ 0.66	$ 9,777	14,249	$ 0.69
Extra. Gain - early debt ext.	358		.02	415		.03
Total basic net earnings	$ 9,387		$ 0.68	$ 10,192		$ 0.72
EFFECT OF DILUTIVE SECURITIES						
Effect of common stock equiv. arising from stock options	--	6		--	5	
Effect of common stock held by rabbi trust	--	147		--	--	
Effect of conversion of subordinated debentures	813	2,191		950	2,564	
DILUTED EPS						
Income before extra. gain	$ 9,842	16,118	$ 0.61	$ 10,727	16,818	$ 0.64
Extra. Gain - early debt ext.	358		.02	415		.02
Total basic net earnings	$ 10,200		$ 0.63	$ 11,142		$ 0.66

	For the Six Months Ended April 30, 2000			For the Six Months Ended April 30, 1999		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
BASIC EPS						
Income before extra. gain	$ 13,204	13,975	$ 0.95	$ 13,646	14,236	$ 0.96
Extra. Gain - early debt ext.	358		.02	415		.03
Total basic net earnings	$ 13,562		$ 0.97	$ 14,061		$ 0.99
EFFECT OF DILUTIVE SECURITIES						
Effect of common stock equiv. arising from stock options	--	29		--	8	
Effect of common stock held by rabbi trust	--	136		--	--	
Effect of conversion of subordinated debentures	1,680	2,266		1,928	2,602	
DILUTED EPS						
Income before extra. gain	$ 14,884	16,406	$ 0.91	$ 15,574	16,846	$ 0.93
Extra. Gain - early debt ext.	358		.02	415		.02
Total basic net earnings	$ 15,242		$ 0.93	$ 15,989		$ 0.95

5. Comprehensive Income

Total comprehensive income for the three and six months ended April 30, 2000 is $9,579 and $13,617, respectively. Total comprehensive income for the three and six months ended April 30, 1999 is $9,086 and $12,314, respectively. Included in comprehensive income is net income, the change in the cumulative foreign currency translation adjustment balance and the change in the adjustment for minimum pension liability balance.

6. Long-term Debt

Long-term debt consists of the following:

(In thousands)	April 30, 2000	October 31, 1999
Bank Agreement Revolver	$ 145,000	$ 75,000
Convertible subordinated debentures	63,337	73,720
Piper Impact Europe Credit Facility	19,180	22,703
Industrial Revenue and Economic Development Bonds	3,275	3,275
State of Alabama Industrial Development Bonds	4,755	4,755
Scott County, Iowa Industrial Waste Recycling Revenue Bonds	3,000	3,000
Other	7,458	7,213
	$ 246,005	$ 189,666
Less maturities due within one year included in current liabilities	9,131	10,545
	$ 236,874	$ 179,121

7. Industry Segment Information

Three Months Ended April 30, 2000	Engineered Steel Bars	Aluminum Mill Sheet Products(3)	Engineered Products(4)	Corporate and Other(1)	Consolidated
		(In thousands)			
Net Sales:					
To unaffiliated companies	$ 87,514	$ 106,642	$ 49,115	$ --	$ 243,271
Intersegment(2)	691	5,206	--	(5,897)	--
Total	$ 88,205	$ 111,848	$ 49,115	$ (5,897)	$ 243,271
Operating income (loss)	$ 15,902	$ 6,582	$ (1,325)	$ (4,308)	$ 16,851

Three Months Ended April 30, 2000	Engineered Steel Bars	Aluminum Mill Sheet Products	Engineered Products	Corporate and Other(1)	Consolidated
		(In thousands)			
Net Sales:					
To unaffiliated companies	$ 72,951	$ 72,005	$ 57,923	$ --	$ 202,879
Intersegment(2)	1,908	4,862	0	(6,770)	--
Total	$ 74,859	$ 76,867	$ 57,923	$ (6,770)	$ 202,879
Operating income (loss)	$ 14,314	$ 3,034	$ 3,059	$ (2,267)	$ 18,140

Six Months Ended April 30, 2000	Engineered Steel Bars	Aluminum Mill Sheet Products(3)	Engineered Products(4)	Corporate and Other(1)	Consolidated
		(In thousands)			
Net Sales:					
To unaffiliated companies	$ 165,829	$ 182,404	$ 94,332	$ --	$ 442,565
Intersegment(2)	2,118	9,164	--	(11,282)	--
Total	$ 167,947	$ 191,568	$ 94,332	$ (11,282)	$ 442,565
Operating income (loss)	$ 27,737	$ 8,785	$ (2,951)	$ (8,513)	$ 25,058

Six Months Ended April 30, 1999	Engineered Steel Bars	Aluminum Mill Sheet Products	Engineered Products	Corporate and Other(1)	Consolidated
		(In thousands)			
Net Sales:					
To unaffiliated companies	$ 136,947	$ 138,449	$ 110,586	$ --	$ 385,982
Intersegment(2)	3,009	9,838	1	(12,848)	--
Total	$ 139,956	$ 148,287	$ 110,587	$ (12,848)	$ 385,982
Operating income (loss)	$ 25,617	$ 5,199	$ 2,837	$ (7,019)	$ 26,634

(1) Included in "Corporate and Other" are intersegment eliminations and corporate expenses.

(2) Intersegment sales are conducted on an arm's length basis.

(3) Fiscal 2000 results include Nichols Aluminum - Golden operations acquired January 25, 2000. (See Note 3 to the financial statements)

(4) Fiscal 2000 results include Imperial Fabricated Products operations acquired April 3, 2000. (See Note 3 to the financial statements)

8. Stock Repurchase Program

In December 1999, Quanex announced that its Board of Directors approved a program to repurchase up to 2 million shares of the Company's common stock in the open market or in privately negotiated transactions. During the six months ended April 30, 2000, the Company repurchased 668,500 shares at a cost of $14.2 million. The Company retired 156,700 of these shares purchased at a cost of approximately $3.8 million.

For shares purchased by the Company and retired: 1) common stock is charged for the par value of the shares, 2) additional paid in capital is charged for the pro-rata portion associated with those shares and 3) retained earning is charged for the remainder of the cost of the retired shares. For the shares purchased and retired in the six months ended April 30, 2000, the equity was reduced as shown below:

Repurchase Cost	Common Stock	Additional Paid in Capital	Retained Earnings
	(In thousands)		
$3,785	$78	$1,222	$2,485

The remaining shares purchased are being held as treasury stock by the Company and the cost of such shares of $10.4 million at April 30, 2000 is reflected as a reduction of stockholders' equity in the balance sheet.

9. Extraordinary Item

During the first six months of fiscal 2000, the Company accepted unsolicited block offers to buy back $10.4 million principal amount of the 6.88% Convertible Subordinated Debentures for $9.6 million in cash. An after tax extraordinary gain of $358 thousand was recorded on this transaction. The principal amount of bonds outstanding as of April 30, 2000 was $63,337,300.

Item 2 - Management's Discussion and Analysis of Results of Operations and Financial Condition

GENERAL

The discussion and analysis of Quanex Corporation and its subsidiaries' (the "Company"'s) financial condition and results of operations should be read in conjunction with the April 30, 2000 and October 31, 1999 Consolidated Financial Statements of the Company and the accompanying notes.

PRIVATE SECURITIES LITIGATION REFORM ACT

Certain forward-looking information contained herein is being provided in accordance with the provisions of the Private Securities Litigation Reform Act. Such information is subject to certain assumptions and beliefs based on current information known to the Company and is subject to factors that could produce actual results materially different from those anticipated in the forward-looking statements contained in this report. Such factors include domestic and international economic activity, prevailing prices of steel and aluminum scrap and other raw material costs, interest rates, construction delays, market conditions for the Company's customers, any material changes in purchases by the Company's principal customers, environmental regulations changes in estimates of costs for known environmental remediation projects and situations, world-wide political stability and economic growth, the Company's successful implementation of its internal operating plans, performance issues with key customers, suppliers and subcontractors, and regulatory changes and legal proceedings. Accordingly, there can be no assurance that the forward-looking statements contained herein will occur or that objectives will be achieved.

RESULTS OF OPERATIONS

Overview

Summary Information as % of Sales: (Dollars in millions)

	THREE MONTHS ENDED APRIL 30, 2000		THREE MONTHS ENDED APRIL 30, 1999		SIX MONTHS ENDED APRIL 30, 2000		SIX MONTHS ENDED APRIL 30, 1999	
	Dollar Amount	% of Sales	Dollar Amount	% of Sales	Dollar Amount	% of Sales	Dollar Amount	% of Sales
Net Sales	$ 243.3	100%	$ 202.9	100%	$ 442.6	100%	$ 386.0	100%
Cost of Sales	200.6	83	160.2	79	366.3	83	308.9	80
Sell., gen. and admin	12.9	5	13.2	6	26.1	6	27.5	7
Deprec. and amort.	12.9	5	11.4	6	25.1	5	23.0	6
Operating Income	16.9	7%	18.1	9%	25.1	6%	26.6	7%
Interest Expense	(4.0)	(2)	(3.6)	(2)	(7.4)	(2)	(7.3)	(2)
Capitalized Interest	.6	0	.5	0	1.2	0	.8	0
Other, net	.3	0	0	0	1.3	0	.8	0
Income tax expense	(4.8)	(2)	(5.2)	(2)	(7.0)	(1)	(7.3)	(1)
Income from continuing operations	$ 9.0	3%	$ 9.8	5%	$ 13.2	3%	$ 13.6	4%

The Company achieved record second quarter sales. However, the income from continuing operations for the second quarter and the six-month period ending April 30, 2000 was slightly lower than the same periods of fiscal 1999. The Company's aluminum mill sheet products business posted record second quarter sales and operating income. Also, the engineered steel bar business earned higher operating income on significantly higher sales compared with the same periods last year. These increases in earnings were offset by losses experienced at Piper Impact in the engineered products business.

Business Segments

Pursuant to SFAS 131, the Company has three reportable segments: engineered steel bars, aluminum mill sheet products, and engineered products. The engineered steel bar segment consists of engineered steel bars manufacturing, steel bar and tube heat treating services and steel bar and tube wear and corrosion resistant finishing services. The aluminum mill sheet segment manufactures mill finished and coated aluminum sheet. The engineered products segment manufactures impact-extruded and machined aluminum and steel parts, aluminum window and patio door screens, window frames and other roll formed products and stamped shapes.

The following table sets forth selected operating data for the Company's three business segments:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2000	1999	2000	1999
	(In thousands)		(In thousands)	
Engineered Steel Bars:				
Net sales	$ 88,205	$ 74,859	$ 167,947	$ 139,956
Operating income	15,902	14,314	27,737	25,617
Deprec. and amort.	4,924	4,056	9,850	8,112
Identifiable assets	$ 262,832	$ 224,556	$ 262,832	$ 224,556
Aluminum Mill Sheet Products:(1)				
Net sales	$ 111,848	$ 76,867	$ 191,568	$ 148,287
Operating income	6,582	3,034	8,785	5,199
Deprec. and amort.	3,454	3,128	6,795	6,258
Identifiable assets	$ 244,768	$ 194,393	$ 244,768	$ 194,393
Engineered Products:(2)				
Net sales	$ 49,115	$ 57,923	$ 94,332	$ 110,587
Operating income (loss)	(1,325)	3,059	(2,951)	2,837
Deprec. and amort.	4,455	4,187	8,299	8,541
Identifiable assets	$ 219,045	$ 213,273	$ 219,045	$ 213,273

(1) Fiscal 2000 results include Nichols Aluminum - Golden operations acquired January 25, 2000. (See Note 3 to the financial statements)

(2) Fiscal 2000 results include Imperial Fabricated Products operations acquired April 3, 2000. (See Note 3 to the financial statements)

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During the second quarter, the engineered steel bar business earned higher operating income on significantly higher sales compared with the same period during the prior year. Demand for MACSTEEL products is high and the backlog for orders looks strong. However, pricing pressures resulting from global sourcing continue, contributing to reduced spreads from a year ago. Sales of MACPLUS, a premium value-added cold-finished steel bar, are at record levels. Increased volumes are being realized from the Phase IV expansion projects, completed late last fiscal year, which boosted cold-finishing capacity at both of MACSTEEL's engineered bar mills. Additionally, benefits amounting to $2.0 million were recorded in the first quarter of fiscal 1999 resulting from a business interruption insurance recovery and an electrode settlement.

The aluminum mill sheet business posted the best-ever second quarter operating income with the record-setting volume and sales achieved during the three month and six month periods ended April 30, 2000. The second quarter results benefited from the acquisition of Nichols Aluminum - Golden completed on January 25, 2000. With strong markets, especially markets for painted aluminum sheet, solid backlogs and apparently successful integration of Nichols Aluminum - - Golden, we believe this division is well positioned for future growth and another record year.

The Engineered Products Group posted another quarter of loss. Lower sales for aluminum air bag components and the higher costs associated with new products development as well as cellular manufacturing implementation at Piper Impact reversed the gains achieved from the Fabricated Products Division's solid performance. While Piper Impact is aggressively developing new products that it hopes will replace the declining aluminum air bag components business, the progress is slow. In view of the losses experienced at Piper Impact, management will continue to monitor its operations and evaluate various alternatives to determine their impact on the financial results for the remainder of fiscal year 2000.

Outlook

The Company currently expects that the overall business levels for the remainder of fiscal 2000 should be similar to those experienced during 1999, except for its engineered products business which is experiencing lower sales and continuing losses at Piper Impact. Domestic and global market factors will continue to impact the Company and any slowdown in the U.S. economy could affect demand and pricing for many of the Company's products. Continuing global pricing pressures in the Engineered Steel Bar business and reduced demand for aluminum airbag components in the Engineered Products business offer significant challenges to our operations in maintaining spreads. Improved financial results will be dependent upon, among other things, whether the strength of the economy can be sustained, improvements in the markets which the Company serves, successful new product development efforts at the engineered products business and whether the fiscal 1999 improvement in the price spreads of aluminum mill sheet products can be sustained.

Fiscal Quarter and Six months ended April 30, 2000 vs. 1999

Net Sales - Consolidated net sales for the three and six months ended April 30, 2000, were $243.3 and $442.6 million, respectively, representing an increase of $40.4 million, or 20%, and $56.6 million or 15%, when compared to consolidated net sales for the same periods in 1999. Increased net sales in the engineered steel bar and aluminum mill sheet businesses were partially offset by lower net sales in the Company's engineered products business.

Net sales from the Company's engineered steel bar business for the three and six months ended April 30, 2000, were $88.2 million and $167.9 million, respectively, representing an increase of $13.3 million, or 18%, and $28.0 million or 20%, when compared to the same periods last year. This increase was principally due to higher sales volume from strong markets in the transportation industry as well as increased sales of MACPLUS, a premium value-added cold-finished steel bar, as compared to the same prior year periods. The impact on net sales from the higher fiscal 2000 volume and more value-added mix was partially offset, however, by continuing competitive pricing pressures resulting from global sourcing.

Net sales from the Company's aluminum mill sheet products business for the three and six months ended April 30, 2000, were $111.8 and $191.6 million, respectively, representing an increase of $35.0 million, or 46%, and $43.3 million, or 29%, when compared to the same periods last year. This increase was due to increased volume from the seasonally strong construction market, increased selling price resulting from sales of more value-added painted product and the acquisition of Nichols Aluminum - Golden in January 2000.

Net sales from the Company's engineered products business for the three and six months ended April 30, 2000, were $49.1 and $94.3 million, respectively, representing a decrease of $8.8 million, or 15%, and $16.3 million, or 15%, when compared to the same periods last year. The decrease was largely due to the reduced demand for aluminum automotive air bag components at the Piper Impact facilities, partially offset by increased sales of value-added products at the Fabricated Products division, including the contribution from Imperial, which was acquired in April 2000.

Operating income - Consolidated operating income for the three and six months ended April 30, 2000, was $16.9 and $25.1 million, respectively, representing a decrease of $1.3 million, or 7%, and $1.6 million, or 6%, when compared to the same periods last year. Although the aluminum mill sheet products and the engineered steel bar businesses had higher operating income, the losses experienced at the engineered products business, primarily resulting from lower sales and higher costs associated with development and tooling of new products at Piper Impact, contributed to these decreases in operating income.

Operating income from the Company's engineered steel bar business for the three and six months ended April 30, 2000, was $15.9 and $27.7 million, respectively, representing an increase of $1.6 million, or 11%, and $2.1 million, or 8%, when compared to the same periods last year. These increases were due to higher net sales from increased volume and more value-added product sales; however these sales were at a lower spread than the same prior year periods due largely to pricing pressures. Depreciation expense for the three and six months ended April 30, 2000 was also higher than the same prior year periods due to the recent completion of certain capital products.

Operating income from the Company's aluminum mill sheet products business for the three and six months ended April 30, 2000, was $6.6 and $8.8 million, respectively, representing an increase of $3.5 million, or 117%, and $3.6 million, or 69%, when compared to the same periods last year. These increases were largely due to significantly higher sales attributable to increased volume and sale of more value-added products, stable spreads and contribution from Nichols Aluminum - Golden, which was acquired in January 2000.

Operating losses from the Company's engineered products business for the three and six months ended April 30, 2000, were $1.3 and $3.0 million, respectively, compared to an operating income of $3.1 and $2.8 million for the same prior year periods. The declining results were largely due to the losses from significantly lower net sales realized at the Piper Impact facilities, partially offset by increased operating earnings at the Fabricated Products division. Fabricated Products division achieved increased operating income for the three and six months ended April 30, 2000 as compared to the same prior year periods as a result of selling a larger proportion of value-added, higher margin products as well as some benefit realized from the acquisition of Imperial.

In addition to the three operating segments mentioned above, operating expenses for corporate and other, for the three and six months ended April 30, 2000, were $4.3 and $8.5 million, respectively, compared to $2.3 and $7.0 million, respectively, for the same periods last year. Included in corporate and other are the corporate office expenses, impact of LIFO valuation method of inventory accounting and intersegment eliminations. (See Note 2 to the financial statements regarding LIFO valuation method of inventory accounting)

Selling, general and administrative expenses declined by $0.3 million, or 3%, and $1.4 million or 5%, respectively, for the three and six months ended April 30, 2000, as compared to the same periods of last year. These declines were largely due to the fact that the first quarter of the prior year included items such as relocation expenses and consulting expenses for system implementations which did not recur in the first fiscal quarter of fiscal 2000. In addition, in the second quarter of fiscal 2000, the Company recorded an adjustment to allowance for doubtful accounts to recognize changes in the credit exposure of certain customers.

Depreciation and amortization increased by $1.5 million, or 13% and $2.1 million, or 9%, respectively, for the three and six months ended April 30, 2000, as compared to the same periods of last year. The increase is principally due to increased depreciation at the engineered steel bar and aluminum mill sheet products businesses for recently completed projects.

Interest expense increased by $0.4 million or 12% for the three months ended April 30, 2000 as compared to the same fiscal period of 1999. The increase was primarily due to the additional borrowings made during the period to finance the acquisitions. (See Note 3 to the financial statements)

Capitalized interest increased by $172 and $370 thousand for the three and six months ended April 30, 2000, as compared to the same periods of 1999 due to the Phase V expansion project at MACSTEEL which is currently underway.

Other, net increased $276 and $484 thousand for the three and six months ended April 30, 2000, as compared to the same periods of 1999 primarily as a result of increased investment income.

Net income was $9.4 and $13.6 million for the three and six months ended April 30, 2000, compared to $10.2 and $14.1 million for the same periods of 1999. The decrease was due largely to lower operating income and increased interest expense offset partially by higher capitalized interest and increased investment income.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds are cash on hand, cash flow from operations, and borrowings under its $250 million unsecured Revolving Credit and Term Loan Agreement ("Bank Agreement"). At April 30, 2000, the Company had $145 million borrowed under the Bank Agreement. This represents a $70 million increase over October 31, 1999 borrowing levels. The borrowings were primarily used to finance the acquisitions of Nichols Aluminum-Golden and Imperial (see Note 3 to the financial statements) and to repurchase 668,500 shares of the Company's common stock in connection with the Stock Repurchase Program announced in December 1999 (see Note 8 to the financial statements). There have been no significant changes to the terms of the Company's debt structure during the six month period ended April 30, 2000. (See Note 6 to the financial statements for detail regarding the outstanding borrowings under the Company's various facilities)

At April 30, 2000, the Company had commitments of approximately $5.3 million for the purchase or construction of capital assets. The Company plans to fund these capital expenditures through cash flow from operations and, if necessary, additional borrowings.

During the first six months of fiscal 2000, the Company accepted unsolicited block offers to buy back $10.4 million principal amount of the 6.88% Convertible Subordinated Debentures for $9.6 million in cash.

The Company believes that it has sufficient funds and adequate financial sources available to meet its anticipated liquidity needs. The Company also believes that cash flow from operations, cash balances and available borrowings will be sufficient for the foreseeable future to finance anticipated working capital requirements, capital expenditures, debt service requirements, environmental expenditures and dividends.

Operating Activities

Cash provided by operating activities during the six months ended April 30, 2000 decreased by $21.6 million compared to the same six month period of 1999. The decrease was primarily a result of higher working capital requirements at the engineered steel bar business and the aluminum mill sheet products business due to significant increase in sales.

The above decrease was partially offset by the $7.0 million of tax refund, received during the first quarter of fiscal 2000, resulting from overpayment of estimated taxes in fiscal 1999.

Investment Activities

Net cash used by investment activities during the six months ended April 30, 2000 was $61.9 million compared to $31.1 million for the same period of 1999. Fiscal 2000 cash used by investment activities included cash paid for the acquisitions of Nichols Aluminum - Golden and Imperial Products, Inc. totaling $35.5 million, net of cash acquired. Capital expenditures and other investment activities decreased $4.6 million in the six month period ended April 30, 2000 as compared to the same period of 1999. This decrease was primarily caused by a decrease in capital expenditures at the Company's aluminum mill sheet products business. The Company estimates that fiscal 2000 capital expenditures will total approximately $55 to $60 million.

Financing Activities

Net cash provided by financing activities for the six months ended April 30, 2000 was $41.7 million, compared to cash used of $1.0 million for the same prior year period. The Company borrowed $69.5 million during the first six months of fiscal 2000, compared to $11.1 million during the same period last year. During the six months ended April 30, 2000, the Company paid $14.2 million to repurchase 668,500 shares of it's own common stock.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", which is effective for the Company's year ending October 31, 2000. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133" which defers the effective date of SFAS No. 133 until the Company's year ending October 31, 2001. The Company will be analyzing SFAS No. 133 to determine what, if any, impact or additional disclosure requirements this pronouncement will have.

EUROPEAN MONETARY UNION

Within Europe, the European Economic and Monetary Union (the "EMU") introduced a new currency, the Euro, on January 1, 1999. The participating countries adopted the Euro as their local currency, initially available for currency trading on currency exchanges and non-cash (banking) transactions. The existing local currencies, or legacy currencies, will remain legal tender through January 1, 2002. Beginning on January 1, 2002, Euro-denominated bills and coins will be issued for cash transactions. For a period of six months from this date, both legacy currencies and the Euro will be legal tender. On or before July 1, 2002, the participating countries will withdraw all legacy currency and use exclusively the Euro.

At the current time, the Company does not believe that the conversion to the Euro will have a material impact on its business or its financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company holds certain floating-rate obligations. The exposure of these obligations to increases in short-term interest rates is limited by interest rate swap agreements entered into by the Company. These swap agreements effectively fix the interest rate on all of the Company's variable rate debt, thus limiting the potential impact that increasing interest rates would have on earnings. At October 31, 1999 the unrealized losses related to the interest rate swap agreements were $2.0 million. As of April 30, 2000, there was an unrealized gain related to the interest rate swap agreements amounting to $0.6 million. It should be noted that any change in value of these contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged item.

In addition, the Company utilizes a range forward zero-cost agreement to protect its initial equity investment in its Netherlands subsidiary, Piper Impact Europe. This agreement, which was entered into with a major financial institution, has a notional value of 30 million guilders. By establishing minimum and maximum exchange rates, this agreement limits the potential devaluation of the Company's initial investment in its subsidiary while also limiting any potential appreciation. If, at the expiration date of the agreement, the Dutch guilder/US dollar exchange rate is within the range of 1.80 to 2.05, this agreement will expire at no cost to either party. At October 31, 1999, the Company booked a gain to stockholder's equity of $378 thousand. As of April 30, 2000, the Company had booked an additional $1.9 million gain to stockholder's equity for a total gain of $2.3 million. A hypothetical 10% increase in the April 30, 2000 exchange rate would result in a positive adjustment to stockholders' equity of approximately $1.1 million. In contrast, a hypothetical 10% decrease would result in a negative adjustment to stockholder's equity of approximately $1.4 million. However, it should be noted that any change in the value of this agreement, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged position.

The Company uses futures contracts to hedge a portion of its exposure to price fluctuations of aluminum. The exposure is related to the Company's backlog of aluminum sales orders with committed prices as well as future aluminum sales for which a sales price increase would lag a raw material cost increase. Firm price commitments associated with these futures contracts do not extend beyond November 2001. Hedging gains and losses are included in "Cost of sales" in the income statement concurrently with the hedged sales. Unrealized gains and losses related to open contracts are not reflected in the consolidated statements of income. At October 31, 1999, the Company had open futures contracts at fair values of $5.3 million and an unrealized loss of $117 thousand on such contracts. As of April 30, 2000, the Company had open futures contracts at fair values of $23.4 million and an unrealized loss of $801 thousand on such contracts. At October 31, 1999 and April 30, 2000, these contracts covered a notional volume of 7,716,170 and 34,722,772 pounds of aluminum, respectively.

Other than the items mentioned above, there were no other material quantitative or qualitative changes during the first six months of fiscal 2000 in the Company's market risk sensitive instruments.

PART II. OTHER INFORMATION

Item 4 - Submission of Matters to a Vote of Security Holders

On February 23, 2000, the Company held its Annual Meeting of Stockholders (the "Annual Meeting").

At the Annual Meeting, Vernon E. Oechsle and Donald G. Barger, Jr. were elected as directors for a three-year term. The following sets forth the number of shares that voted for and for which votes were withheld of each of such persons:

	For	Withheld
Vernon E. Oechsle	12,819,058	321,451
Donald G. Barger	12,821,603	318,906

In addition, at the Annual Meeting, the stockholders of the Company approved a proposal to amend the Company's 1996 Employee Stock Option and Restricted Stock Plan to increase the number of shares of the Company's Common Stock, with respect to which option and restricted stock awards may be granted under the plan, by 600,000 to allow for the grant of additional options and restricted stock awards under the plan. The proposal was approved with 10,943,951 votes cast for approval, 2,118,562 votes cast against, and 77,973 abstentions.

Item 6 - Exhibits and Reports on Form 8-K.

Exhibit 10.1	First Amendment to Nichols 401(k) Savings Plan, dated February 23, 2000.
Exhibit 10.2	Second Amendment to Nichols 401(k) Savings Plan, dated April 16, 2000.
Exhibit 10.3	Second [sic] Amendment to the Quanex Corporation Hourly Bargaining Unit Employee Savings Plan, dated January 25, 2000.
Exhibit 27	Financial Data Schedule - April 30, 2000.

No reports on Form 8-K were filed by the Company during the quarter for which this report is being filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUANEX CORPORATION

/s/ VIREN M. PARIKH

Viren M. Parikh
Controller (Chief Accounting Officer)

Date June 5, 2000

Index to Exhibits

Exhibit Number	Description of Exhibits
Exhibit 10.1	First Amendment to Nichols 401(k) Savings Plan, dated February 23, 2000.
Exhibit 10.2	Second Amendment to Nichols 401(k) Savings Plan, dated April 16, 2000.
Exhibit 10.3	Second [sic] Amendment to the Quanex Corporation Hourly Bargaining Unit Employee Savings Plan, dated January 25, 2000.
Exhibit 27	Financial Data Schedule - April 30, 2000.

EXHIBIT 10.1

FIRST AMENDMENT TO
NICHOLS 401(k) SAVINGS PLAN

THIS AGREEMENT by Quanex Corporation (the "Sponsor"),

WITNESSETH:

WHEREAS, on June 24, 1999, the Sponsor executed the amendment and restatement of the Plan known as "Nichols 401(k) Savings Plan" (the "Plan"); and

WHEREAS, the Sponsor retained the right in Section 11.01 of the Plan to amend the Plan from time to time;

NOW, THEREFORE, the Sponsor agrees that the Plan is hereby amended, effective as of February 14, 2000, as follows:

(1) Section 2.12 shall be added to the Plan to read as follows:

2.12 CREDIT FOR SERVICE WITH ALCOA, INC. AND GOLDEN ALUMINUM COMPANY. For purposes of determining an Employee's Active Service for eligibility to participate and vesting, his service with Alcoa, Inc., a Pennsylvania corporation, and Golden Aluminum Company, while owned by ACX Technologies, Inc. or Crown, Cork & Seal Company, Inc., will be counted as Active Service under the Plan.

(2) Section 3.01 of the Plan is amended in its entirety to read as follows:

3.01 ELIGIBILITY REQUIREMENTS. Each Employee who is employed by (a) the Sponsor, at its plant in Lincolnshire, Illinois, one of its Nichols Aluminum divisions or at its Fabricated Products division, or (b) any other Employer shall be eligible to participate in the Plan beginning on the Entry Date that occurs with or next follows the date on which the Employee completes one year of Active Service. However, except with respect to those employed at the Sponsor's plant in Lincolnshire, Illinois, all Employees who are included in a unit of Employees covered by a collective bargaining agreement between the Employees' representative and the Employer shall be excluded, even if they have met the requirements for eligibility, if there has been good faith bargaining between the Employer and the Employees' representative pertaining to retirement benefits and the agreement does not require the Employer to include such Employees in the Plan. In addition, a Leased Employee shall not be eligible to participate in the Plan unless the Plan's qualified status is dependent upon coverage of the Leased Employee. An Employee who is a nonresident alien (within the meaning of section 7701(b) of the Code) and receives no earned income (within the meaning of section 911(d)(2) of the Code) from any Affiliated Employer that constitutes income from sources within the United States (within the meaning of section 861(a)(3) of the Code) is not eligible to participate in the Plan. An Employee who is a nonresident alien (within the meaning of section 7701(b) of the Code) and who does receive earned income (within the meaning of section 911(d)(2) of the Code) from any Affiliated Employer that constitutes income from sources within the United States (within the meaning of section 861(a)(3) of the Code) all of which is exempt from United States income tax under an applicable tax convention is not eligible to participate in the Plan. An Employee who is expatriated to the United States from another country is not eligible to participate in the Plan for so long as he continues to accrue deferred compensation or retirement benefits under any agreement or program to which an Affiliated Employer other than an Employer is a party. Finally, an Employee who is employed outside the United States is not eligible to participate in the Plan unless the Committee elects to permit him to participate in the Plan. Notwithstanding any other provision of the Plan to the contrary, an Employee of Nichols Aluminum-Golden, Inc. who was employed by Nichols Aluminum-Golden, Inc. on January 25, 2000 shall be eligible to participate in the Plan commencing with the first full payroll period that starts on or after February 14, 2000 for purposes of Salary Deferral Contributions, and such an Employee's Supplemental Contributions, if any, shall be based on his Considered Compensation paid by the Employer commencing with the first full payroll period that starts on or after February 28, 2000.

IN WITNESS WHEREOF, the Sponsor has executed this Agreement this 23rd day of February, 2000.

QUANEX CORPORATION

/s/ PAUL GIDDENS

Paul Giddens, Vice President
Human Resources

EXHIBIT 10.2

SECOND AMENDMENT TO
NICHOLS 401(k) SAVINGS PLAN

THIS AGREEMENT by Quanex Corporation (the "Sponsor"),

WITNESSETH:

WHEREAS, on June 24, 1999, the Sponsor executed the amendment and restatement of the Plan known as "Nichols 401(k) Savings Plan" (the "Plan"); and

WHEREAS, the Sponsor retained the right in Section 11.01 of the Plan to amend the Plan from time to time;

NOW, THEREFORE, the Sponsor agrees that the Plan is hereby amended, effective as of June 1, 2000, as follows:

(1) Section 2.13 shall be added to the Plan to read as follows:

2.13 CREDIT FOR SERVICE WITH IMPERIAL PRODUCTS, INC. For purposes of determining an Employee's Active Service for eligibility to participate and vesting, his service with Imperial Products, Inc., a Delaware corporation, will be counted as Active Service under the Plan.

(2) Section 3.01 of the Plan is amended in its entirety to read as follows:

3.01 ELIGIBILITY REQUIREMENTS. Each Employee who is employed by (a) the Sponsor, at its plant in Lincolnshire, Illinois, one of its Nichols Aluminum divisions or at its Fabricated Products division, or (b) any other Employer shall be eligible to participate in the Plan beginning on the Entry Date that occurs with or next follows the date on which the Employee completes one year of Active Service. However, except with respect to those employed at the Sponsor's plant in Lincolnshire, Illinois, all Employees who are included in a unit of Employees covered by a collective bargaining agreement between the Employees' representative and the Employer shall be excluded, even if they have met the requirements for eligibility, if there has been good faith bargaining between the Employer and the Employees' representative pertaining to retirement benefits and the agreement does not require the Employer to include such Employees in the Plan. In addition, a Leased Employee shall not be eligible to participate in the Plan unless the Plan's qualified status is dependent upon coverage of the Leased Employee. An Employee who is a nonresident alien (within the meaning of section 7701(b) of the Code) and receives no earned income (within the meaning of section 911(d)(2) of the Code) from any Affiliated Employer that constitutes income from sources within the United

States (within the meaning of section 861(a)(3) of the Code) is not eligible to participate in the Plan. An Employee who is a nonresident alien (within the meaning of section 7701(b) of the Code) and who does receive earned income (within the meaning of section 911(d)(2) of the Code) from any Affiliated Employer that constitutes income from sources within the United States (within the meaning of section 861(a)(3) of the Code) all of which is exempt from United States income tax under an applicable tax convention is not eligible to participate in the Plan. An Employee who is expatriated to the United States from another country is not eligible to participate in the Plan for so long as he continues to accrue deferred compensation or retirement benefits under any agreement or program to which an Affiliated Employer other than an Employer is a party. Finally, an Employee who is employed outside the United States is not eligible to participate in the Plan unless the Committee elects to permit him to participate in the Plan. Notwithstanding any other provision of the Plan to the contrary, (1) an Employee of Nichols Aluminum- Golden, Inc. who was employed by Nichols Aluminum-Golden, Inc. on January 25, 2000 shall be eligible to participate in the Plan on February 14, 2000 for purposes of Salary Deferral Contributions, and such an Employee's Supplemental Contributions, if any, shall be based on his Considered Compensation paid by the Employer on or after February 28, 2000, and (2) an Employee of Imperial Products, Inc. who was employed by Imperial Products, Inc. on April 1, 2000, shall be eligible to participate in the Plan on June 1, 2000.

IN WITNESS WHEREOF, the Sponsor has executed this Agreement this 16th day of April, 2000.

QUANEX CORPORATION

/s/ PAUL GIDDENS

Paul Giddens, Vice President
Human Resources

EXHIBIT 10.3

SECOND AMENDMENT TO THE
QUANEX CORPORATION HOURLY BARGAINING
UNIT EMPLOYEES SAVINGS PLAN

THIS AGREEMENT by Quanex Corporation (the "Sponsor"),

WITNESSETH:

WHEREAS, the Sponsor maintains a qualified plan entitled "Quanex Corporation Hourly Bargaining Unit Employees Savings Plan" (the "Plan"); and

WHEREAS, the Sponsor retained the right in Section 10.1 of the Plan to amend the Plan from time to time;

NOW, THEREFORE, the Sponsor agrees that the Plan is hereby amended, effective as of February 1, 2000, to provide as follows:

(1) Section 1.16 of the Plan is hereby completely amended and restated to provide as follows:

> 1.16 "EMPLOYEE" means all persons who are (1) compensated on an hourly rated basis for services rendered as common law employees of the Sponsor at its MacSteel-Michigan Division or MacSteel-Arkansas Division or common law employees of any other Employer and (2) are included in a unit of employees covered by a collective bargaining agreement with an Employer.

(2) Section 3.1 of the Plan is hereby completely amended and restated to provide as follows:

> 3.1 ELIGIBILITY REQUIREMENTS. Each Employee shall be eligible to participate in the Plan beginning on the later of (a) the effective date of the adoption of the Plan by the Employer or (b) the Entry Date which occurs with or next follows the date on which the Employee completes three months of Active Service. Notwithstanding any other provision of this Section to the contrary, all employees of the Sponsor who are compensated on an hourly rated basis for services rendered at its MacSteel-Arkansas Division and who otherwise satisfy the eligibility requirements of this Section shall be eligible to participate in the Plan as of February 1, 2000.

IN WITNESS WHEREOF, the Sponsor has executed this Agreement this 25th day of January, 2000.

QUANEX CORPORATION

By /s/ PAUL GIDDENS

Title Vice President - Human Resources

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AS OF APRIL 30, 2000 AND THE INCOME STATEMENT FOR THE SIX MONTHS ENDED APRIL 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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