

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, 2000

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 401 (k) Savings 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 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Quanex Corporation 401(k) 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  
-----  
DELOITTE & TOUCHE, LLP

Houston, Texas  
June 19, 2002

QUANEX CORPORATION  
QUANEX CORPORATION 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,

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

-----  
Assets:  
Investments  
at fair  
value (see  
Note C) \$  
50,742,841 \$  
50,179,949  
Participant  
loans  
1,670,509  
1,745,996  
Employee  
contributions  
receivable  
261,698  
317,473  
Employer  
contributions  
receivable  
254,788  
206,740 ----  
-----

516,486  
524,213 ----  
-----

-----  
Net assets  
available  
for benefits  
\$ 52,929,836  
\$ 52,450,158  
=====  
=====

See notes to financial statements.

QUANEX CORPORATION  
 QUANEX CORPORATION 401(k) SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE  
 FOR BENEFITS

DECEMBER 31,

-----

-- 2001 2000

-----

Investment  
 income:

Interest and

dividends \$

1,126,935 \$

3,697,748 Net

appreciation

(depreciation)

in fair value

of

investments

(see Note C)

(4,009,823)

(4,605,444) -

-----

(2,882,888)

(907,696) ---

-----

Contributions:

Employer (net

of

forfeitures)

2,933,084

2,069,235

Employee

3,065,957

5,255,888 ---

-----

5,999,041

7,325,123 ---

-----

Interest on

participant

loans 150,458

126,481 -----

-----

----- Total

additions

3,266,611

6,543,908 ---

-----

Benefit

payments

2,924,878

4,335,196

Administrative

fees (see

Note D) 8,472

6,997 -----

-----

----- Total

deductions

2,933,350

4,342,193 ---

-----

-----

Transfers

between plans

(see Note G)

146,417

94,851 -----  
-----  
-----  
Increase in  
net assets  
available for  
benefits  
479,678  
2,296,566 Net  
assets  
available for  
benefits:  
Beginning of  
year  
52,450,158  
50,153,592 --  
-----  
-----  
End of year \$  
52,929,836 \$  
52,450,158  
=====  
=====

See notes to financial statements.

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR  
EIN: 38-1872178; PN 017

QUANEX CORPORATION  
QUANEX CORPORATION 401(k) SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2001

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

----- \*  
-----

Fidelity Puritan

Fund 41,486 \$

776,868 \$

733,061 \*

Fidelity

Magellan Fund

107,541

10,898,924

11,207,877 \*

Fidelity

Contrafund

132,259

6,188,904

5,656,719 \*

Fidelity Growth

& Income Fund

248,051

8,318,123

9,272,135 \*

Fidelity

Independence

Fund 161,278

3,697,162

2,543,358 \*

Fidelity

Overseas Fund

18,856 679,352

517,032 \*

Fidelity

Balanced Fund

227,559

3,365,875

3,390,623 \*

Fidelity Blue

Chip Fund 46,212

2,405,232

1,984,341 \*

Fidelity Asset

Manager Fund

15,146 259,546

234,764 \*

Fidelity Low-

Priced Stock

Fund 44,452

1,130,129

1,218,883 \*

Fidelity

Government Money

Market Fund

8,515,042

8,515,042

8,515,042

Templeton

Foreign Fund

44,768 454,086

414,102

Neuberger &

Berman Partners

Trust Fund 8,681

147,301 139,064

-----

----- Total

Mutual Fund

Assets

46,836,544
45,827,001 *
Quanex
Corporation
unitized common
stock 166,106
1,685,586
2,199,246 *
Fidelity
Common/Commingled
trust 2,716,594
2,716,594
2,716,594
Participant
loans (bearing
interest rates
from 7.85% to
10.50%, maturing
within five to
seven years)
1,670,509
1,670,509 -----
-----
--- Total
Investments \$
52,909,233 \$
52,413,350
=====
=====

\* Party-in-Interest

QUANEX CORPORATION  
401(k) 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 401(k) Savings Plan (the "Plan"), formerly the Nichols 401(k) Savings Plan, provides only general information. Participants should refer to the Plan document for more complete information.

- (1) General. The Plan, sponsored by Quanex Corporation (the "Company"), was established on October 1, 1987, and was amended and restated in its entirety effective January 1, 1998. The Plan is a defined contribution plan that is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). It covers substantially all salaried and non-union hourly employees at the Nichols Aluminum divisions and Engineered Products divisions, employees of Temroc Metals, Inc., and bargaining unit employees at the Lincolnshire, Illinois plant. 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 the Company's Board of Directors, serves as the Plan administrator.  
  
Effective February 14, 2000, the employees of Nichols Aluminum - Golden, Inc. became participants in the Plan. Effective June 1, 2000, the employees of Imperial Products, Inc. became participants in the Plan. Effective July 1, 2001, the employees of Temroc Metals, Inc. became participants in the Plan.
- (2) Contributions. Beginning January 1, 2002, participants may elect to contribute up to 50% of compensation (15% before January 1, 2002) as defined by the Plan agreement. The Bargaining unit employees at the Lincolnshire, Illinois plant are limited to a 15% contribution of compensation. The Company makes contributions on behalf of employees who have at least one year of service. The Company contribution is based on Company profits and is calculated based on a percentage of the employee's compensation.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution, the employer's contribution, and an allocation of investment income. Investment income allocations are 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 voluntary contributions and earnings thereon. Vesting in the employer contribution is based on years of credited service. A participant is 20% vested for each year of credited service and fully vested after five years. If a participant terminates employment prior to becoming fully vested, the nonvested portion of the employer contributions are immediately forfeited by the participant and utilized to reduce future employer contributions.
- (5) Payment of Benefits. The Plan is intended for long-term savings but provides for early withdrawals and loan arrangements under certain conditions. Upon termination of service, a participant may elect to receive a cash lump-sum distribution equal to the amount of vested benefits in his or her account. Terminated participants with account balances 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 seven 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 Expenses. The Company pays the administrative expenses of the Plan, except loan set up and carrying fees and 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	Shares
Amount	Amount
-----	-----
-----	-----
Fidelity Magellan Fund	
107,541 \$	
11,207,877	
90,729 \$	
10,823,981	
Fidelity Contrafund	
132,259	
5,656,719	
124,184	
6,106,141	
Fidelity Growth & Income Fund	
248,051	
9,272,135	
233,125	
9,814,545	
Fidelity Independence Fund	
161,278	
2,543,358	
141,445	
3,113,197	
Fidelity Balanced Fund	
227,559	
3,390,623	
191,699	
2,911,908	
Fidelity Government Money Market Fund	
8,515,042	
8,515,042	
7,954,206	

7,954,206  
 Fidelity  
 Common/Commingled  
 Trust 2,716,594  
 2,716,594  
 1,022,009  
 1,022,009 Quanex  
 unitized common  
 stock 166,106  
 2,199,246  
 474,485  
 4,564,544

During the years ended 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 \$		
(4,850,622)		
\$		
(4,757,756)		
Quanex		
unitized		
common		
stock		
840,799		
152,312	---	
-----		
-----		
\$		
(4,009,823)		
\$		
(4,605,444)		
=====		
=====		

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 \$8,472 and \$6,997 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 \$2,199,246 and \$4,564,544, 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 December 22, 1994. 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 \$(183,855) and \$94,851 were transferred between the Plan and the Quanex Corporation 401(k) Savings Plan for Hourly Employees in plan years 2001 and 2000, respectively.

The assets of the Temroc Metals, Inc. Nonbargaining unit Employees' 401(k) Plan, totaling \$330,272, were transferred to the Plan on July 2, 2001.

H. SUBSEQUENT EVENT

Effective June 1, 2002, the employees of Colonial Craft, Inc. became participants in the 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 401 (k) Savings 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. 33-54081 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 401 (k) Savings Plan for the year ended December 31, 2001.

/s/ DELOITTE & TOUCHE LLP

-----  
DELOITTE & TOUCHE LLP

Houston, Texas  
June 28, 2002