

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1995.

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____.

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 Employee Savings Plan

B. Name of 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, Texas 77027
Phone: (713) 961-4600

INDEPENDENT AUDITORS' REPORT

The Benefits Committee
Quanex Corporation
Houston, Texas

Re: Quanex Corporation Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Quanex Corporation Employee Savings Plan (the "Plan") as of December 31, 1995 and 1994, 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 generally accepted auditing standards. 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, 1995 and 1994, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of (1) investments as of December 31, 1995 and (2) 5% reportable transactions for the year ended December 31, 1995 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1995 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

May 3, 1996

QUANEX CORPORATION EMPLOYEE SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	1995	1994
	-----	-----
Assets:		
Investments at fair value -		
Mutual fund assets:		
Fidelity Puritan Fund	\$ 6,212,219	\$ 4,833,853
Fidelity Magellan Fund	8,297,683	6,361,895
Fidelity Contrafund	1,126,654	283,117
Fidelity Growth and Income Fund	2,098,750	1,135,850
Fidelity Overseas Fund	1,573,296	1,573,029
Fidelity Balanced Fund	158,122	111,318
Fidelity Government Money Market Fund	10,910,320	8,981,007
Quanex Corporation common stock	1,519,737	1,418,636
Common/commingled trust	1,244,993	471,972
	-----	-----
	33,141,774	25,170,677
Deposits with insurance company, at contract value	-	896,472
	-----	-----
Total	33,141,774	26,067,149
	-----	-----
Employee contributions receivable	449,920	450,534
Employer contributions receivable	128,560	150,335
	-----	-----
Total	578,480	600,869
	-----	-----
Net assets available for benefits	\$33,720,254	\$26,668,018
	=====	=====

See notes to financial statements.

QUANEX CORPORATION EMPLOYEE SAVINGS PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE
 FOR BENEFITS

	December 31,	
	----- 1995 -----	----- 1994 -----
Investment income:		
Interest and dividends	\$1,708,988	\$1,203,950
Net appreciation (depreciation) in fair value of investments	2,926,558	(532,717)
Total	----- 4,635,546 -----	----- 671,233 -----
Contributions:		
Employer	969,303	892,899
Less forfeitures	8,913	9,282
	----- 960,390 -----	----- 883,617 -----
Employee	3,734,966	3,231,908
Total	----- 4,695,356 -----	----- 4,115,525 -----
Total additions	9,330,902	4,786,758
Benefit payments	2,278,666	1,637,977
Increase in net assets available for benefits	----- 7,052,236 -----	----- 3,148,781 -----
Net assets available for benefits:		
Beginning of year	26,668,018	23,519,237
End of year	----- \$33,720,254 =====	----- \$26,668,018 =====

See notes to financial statements.

QUANEX CORPORATION
EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

A. THE PLAN

The following brief description of the Quanex Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

1. General. The Plan became effective April 1, 1986, as amended and restated 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 employees of the Company and its subsidiaries, excluding its Nichols-Homeshield divisions and those Quanex employees who are covered by a collective bargaining agreement, are eligible to participate after completing three months of active service. 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 Board of Directors of the Company, serves as the Plan administrator.
2. Contributions. Participants may elect to contribute up to 15% of their pre-tax annual compensation or up to 15% of their after-tax annual compensation limited to 15% of considered compensation as defined by the Plan agreement. The Company matches 50% of the employee's contribution up to, but not in excess of, 2.5% of the employee's annual compensation.
3. Participants Account--Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of investment income, which is based on the participant's account balance as of the end of the period in which the income is earned.
4. Investment Options--The Plan offers the following investment funds, all managed by the Trustee, as follows:
 - Government Money Market Fund--composed of short-term government obligations.
 - Puritan Fund--invested and reinvested in common and preferred stocks and bonds.
 - Magellan Fund--invested and reinvested in equity and debt securities of foreign and domestic companies.
 - Growth and Income Fund--invested and reinvested in equity and debt securities of foreign and domestic companies.
 - Overseas Fund--invested and reinvested in foreign securities.
 - Quanex Corporation Common Stock--invested and reinvested exclusively in the common stock of Quanex Corporation.
 - Common/Commingled Trust--invested and reinvested in investment contracts issued by insurance companies, banks and other financial institutions.
 - Balanced Fund--invested and reinvested in common and preferred stocks and bonds.
 - Contrafund--invested and reinvested in equities of foreign and preferred stock.

Additionally, the Plan had investments in a series of guaranteed investment contracts, which matured January 1, 1995. Refer to Note C for further discussion.

5. Vesting. Participants are immediately vested in their voluntary contributions and the related earnings. Vesting in the employer's matching contributions for employees is 0% for less than one year of service graduating to 100% for five or more years. Upon death, retirement or total permanent disability, the participant or beneficiary becomes immediately 100% vested in the employer's contribution. In the event of termination, nonvested portions of employer's contributions are immediately forfeited by participants and utilized to reduce future employer matching contributions.
6. Payment of Benefits. Upon termination of service, the participant may elect to receive a lump-sum amount equal to the amount of vested benefits in his or her account. See further discussion of benefits payable in Note G.

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 standards.
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 using the last recorded sales price.
3. Administrative Expenses. The Company pays all administrative expenses.
4. Payment of Benefits. Benefit payments are recorded when paid.

C. DEPOSITS WITH INSURANCE COMPANY

On December 1, 1988, the Plan entered into a series of guaranteed investment contracts with Metropolitan Life Insurance Company ("Metropolitan"). The contracts provided a guaranteed rate of return on principal invested which was credited to the Plan for the length of the contracts. The contracts were reduced for Plan withdrawals. The contract was included in the financial statements at the December 31, 1994 contract values as reported to the Plan by Metropolitan. These contracts matured on January 1, 1995. The contracts provided an interest rate of 8.3% per annum.

D. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, 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.

E. 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 ("IRS"). 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 taxation under Sections 501(a) of the Code. The Plan received a favorable determination letter from the IRS dated December 22, 1994. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, it believes the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

F RELATED PARTY TRANSACTIONS

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Quanex Corporation common stock, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
31,540	\$656,408	29,219	\$632,545

During the years ended December 31, 1995 and 1994, the Plan sold 15,119 and 20,146 shares of Quanex Corporation common stock for \$368,385 (cost \$322,891) and \$574,779 (cost \$470,005), respectively.

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity mutual fund assets, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
5,924,023	\$13,115,404	5,226,865	\$12,369,613

During the years ended December 31, 1995 and 1994, the Plan sold 3,911,470 and 3,738,549 shares of Fidelity mutual fund assets for \$9,131,908 (cost \$8,630,838) and \$9,480,794 (cost \$9,567,946), respectively.

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity Common/Commingled Trust, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	----	-----	----
952,231	\$952,231	471,972	\$471,972

During the years ended December 31, 1995 and 1994, the Plan sold 179,211 and -0- shares of Fidelity Common/Commingled Trust for \$179,211 (cost \$179,211) and -0-, respectively.

G. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

As of December 31, 1995 and 1994, net assets available for benefits included benefits of \$221,024 and \$152,480, respectively, due to participants who have withdrawn from participation in the Plan. As of December 31, 1994, benefits payable of \$152,480 were reported as a liability on the ERISA Form 5500, resulting in a difference between net assets available for benefits presented within this report of \$26,668,018 and the net assets recorded on Form 5500 of \$26,515,538. During 1995, the Department of Labor clarified its definition of benefits payable, which resulted in no liability for benefits payable on Form 5500 as of December 31, 1995. The following is a reconciliation of benefit payments according to the financial statements to Form 5500 for the year ended December 31, 1995.

Benefit payments per the financial statements	\$2,278,666
Amounts allocated to withdrawing participants December 31, 1994	(152,480)

Benefit payments per Form 5500	\$2,126,186
	=====

H. SUPPLEMENTAL FUND INFORMATION

Contributions, benefit payments and investment income by fund are as follows for the years ended December 31:

	1995 -----	1994 -----
Employee Contributions:		
Fidelity Puritan Fund	\$ 667,357	\$ 618,173
Fidelity Magellan Fund	1,139,936	931,840
Fidelity Contrafund	126,372	22,885
Fidelity Growth and Income Fund	230,475	165,518
Fidelity Overseas Fund	230,121	233,420
Fidelity Balanced Fund	26,265	9,944
Fidelity Government Money Market Fund	1,109,768	933,609
Fidelity Short-Intermediate Government Fund	-	176,018
Quanex Corporation common stock	122,282	122,880
Common/commingled trust	82,390	17,621
	-----	-----
	\$3,734,966	\$ 3,231,908
	=====	=====

	1995 -----	1994 -----
Employer Contributions:		
Fidelity Puritan Fund	\$ 178,592	\$ 170,977
Fidelity Magellan Fund	256,350	246,621
Fidelity Contrafund	31,385	6,245
Fidelity Growth and Income Fund	56,557	39,756
Fidelity Overseas Fund	61,502	59,756
Fidelity Balanced Fund	7,216	2,406
Fidelity Government Money Market Fund	313,266	286,916
Fidelity Short-Intermediate Government Fund	-	31,863
Quanex Corporation common stock	37,418	34,713
Common/commingled trust	18,104	4,498
Guaranteed Investment Contract	-	(134)
	-----	-----
	\$ 960,390	\$ 883,617
	=====	=====

	1995	1994
	-----	-----
Benefit payments:		
Fidelity Puritan Fund	\$ 382,406	\$ 106,709
Fidelity Magellan Fund	441,687	303,081
Fidelity Contrafund	4,154	-
Fidelity Growth and Income Fund	78,206	12,479
Fidelity Overseas Fund	143,802	47,678
Fidelity Balanced Fund	1,628	-
Fidelity Government Money Market Fund	1,171,681	844,938
Fidelity Short-Intermediate Government Fund	-	160,139
Quanex Corporation common stock	42,219	107,585
Common/commingled trust	12,883	-
Guaranteed Investment Contract	-	55,368
	-----	-----
	\$2,278,666	\$1,637,977
	=====	=====

	1995	1994
	-----	-----
Investment income:		
Fidelity Puritan Fund	\$1,062,499	\$ 53,117
Fidelity Magellan Fund	2,263,096	(129,828)
Fidelity Contrafund	181,608	1,910
Fidelity Growth and Income Fund	489,667	15,101
Fidelity Overseas Fund	126,585	(2,135)
Fidelity Balanced Fund	14,721	(3,111)
Fidelity Government Money Market Fund	585,772	322,411
Fidelity Short-Intermediate Government Fund	-	(35,388)
Quanex Corporation common stock	(145,524)	368,683
Common/commingled trust	57,122	9,681
Guaranteed Investment Contract	-	70,792
	-----	-----
	\$4,635,546	\$ 671,233
	=====	=====

Item 27a - Schedule of Assets Held for
Investment Purposes EIN:
38-1872178; PN 012

QUANEX CORPORATION
EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
DECEMBER 31, 1995

	Shares/ Par Value -----	Cost -----	Current Value -----
Mutual Fund Assets - Fidelity Investments:			

Contrafund*	29,633	\$ 1,068,308	\$ 1,126,654
Government Money Market Fund*	10,910,320	10,910,320	10,910,320
Puritan Fund*	365,210	5,671,392	6,212,219
Growth and Income Fund*	77,588	1,764,716	2,098,750
Magellan*	96,507	6,991,300	8,297,683
Overseas Fund*	54,121	1,454,502	1,573,296
Balanced Fund*	11,695	151,359	158,122
		-----	-----
Total Mutual Fund Assets		28,011,897	30,377,044
Quanex Corporation Common stock*	78,438	1,616,434	1,519,737
Common/Commingled Trust*	1,244,993	1,244,993	1,244,993
		-----	-----
Total investments		\$ 30,873,324	\$ 33,141,774
		=====	=====

* Party-in-Interest

QUANEX CORPORATION SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1995

Series of Transactions

Description -----	Total Number of Purchases During Plan Year -----	Purchase Price -----	Total Number of Sales During Plan Year -----	Selling Price -----
FMTC Government Reserve	3	\$896,511	4	\$897,014
Puritan Fund	118	1,801,711	80	1,162,854
Magellan Fund	149	2,874,768	100	2,727,783
Growth & Income Fund	98	987,008	34	415,235
Contrafund	93	1,051,221	27	301,572
Government Money Market Fund	162	5,675,531	147	3,746,218

Description -----	Cost of Asset -----	Current Value On Transaction Date -----	Net Gain (Loss) -----
FMTC Government Reserve	\$897,014	\$897,014	\$ 0
Puritan Fund	1,124,553	1,162,854	38,301
Magellan Fund	2,348,589	2,737,783	379,194
Growth & Income Fund	388,671	415,235	26,564
Contrafund	262,639	301,572	38,933
Government Money Market Fund	3,746,218	3,746,218	0

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 Employee Savings Plan

Date: June 24, 1996

/s/ JOSEPH K. PEERY

Joseph K. Peery, Benefits Committee

23.1 -- Independent Auditor's Consent

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-38702 of Quanex Corporation on Form S-8 of our report dated May 3, 1996 appearing in the Annual Report of Form 11-K of the Quanex Corporation Employee Savings Plan for the year ended December 31, 1995.

/s/ DELOITTE & TOUCHE LLP

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DELOITTE & TOUCHE LLP

Houston, Texas
June 24, 1996