

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1995-01-11**
SEC Accession No. **0000950129-95-000009**

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FILER

QUANEX CORP

CIK: **276889** | IRS No.: **381872178** | State of Incorporation: **DE** | Fiscal Year End: **1031**
Type: **S-8** | Act: **33** | File No.: **033-57235** | Film No.: **95500991**
SIC: **3312** Steel works, blast furnaces & rolling mills (coke ovens)

Mailing Address
1900 WEST LOOP SOUTH
SUITE 1500
HOUSTON TX 77027

Business Address
1900 W LOOP SOUTH STE
1500
HOUSTON TX 77027
7139614600

As filed with the Securities and Exchange Commission on January 11, 1995

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

38-1872178
(I.R.S. Employer
Identification No.)

1900 WEST LOOP SOUTH, SUITE 1500
HOUSTON, TEXAS
(Address of Principal Executive Offices)

77027
(Zip Code)

QUANEX CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
(Full title of the plan)

WAYNE M. ROSE
QUANEX CORPORATION
1900 WEST LOOP SOUTH, SUITE 1500
HOUSTON, TEXAS 77027
(Name and address of agent for service)

(713) 961-4600
(Telephone number, including area code, of agent for service)

Copies to:
HARVA R. DOCKERY, ESQ.
FULBRIGHT & JAWORSKI L.L.P.
1301 MCKINNEY, SUITE 5100
HOUSTON, TEXAS 77010-3095

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price	Amount of registration fee
<S> Common Stock, \$.50 par value	<C> 200,000	<C> \$21.69	<C> \$4,338,000	<C> \$1,496
Rights to purchase Series A Junior Participating Preferred Stock	200,000			

(1) Pursuant to Rule 457(h), the proposed maximum offering price is estimated, solely for the purpose of determining the registration fee, on the basis of the average high and low prices of the Common Stock on the New York Stock Exchange Composite Tape on January 6, 1995.

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. Incorporation of Documents by Reference.

Quanex Corporation (the "Company" or "Registrant") incorporates by reference in this Registration Statement the following documents:

(a) The Registrant's annual report on Form 10-K for the year ended October 31, 1993.

(b) The Registrant's quarterly reports on Form 10-Q for the quarters ended January 31, 1994, April 30, 1994, and July 31, 1994.

(c) All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since October 31, 1993.

(d) The description of the Registrant's common stock, \$.50 par value (the "Common Stock"), which is contained in the Prospectus dated January 12, 1981, included in the Registrant's Registration Statement (Registration No. 2-70313) and filed with the Securities and Exchange Commission (the "Commission") pursuant to Rule 424(b) of the Securities Act of 1933, as amended (the "Securities Act").

(e) The description of the rights to purchase Series A Junior Participating Preferred Stock (the "Rights") is set forth in the Amended and Restated Certificate of Designation, Preferences and Rights, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form 8-A dated April 28, 1989.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, subsequent to the date of the filing hereof and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

ITEM 4. Description of Securities.

Not applicable.

ITEM 5. Interests of Named Experts and Counsel.

Not applicable.

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ITEM 6. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is, or is threatened to be made, a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

The Registrant's Restated Certificate of Incorporation, as

amended, eliminates the personal monetary liability of a director to the Registrant and its stockholders for breach of his fiduciary duty of care as a director to the extent currently allowed under the Delaware General Corporation Law. Article XVII of the Registrant's Restated Certificate of Incorporation provides that a director of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) based on the payment of an improper dividend or an improper repurchase of the Registrant's stock under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

The Bylaws of the Registrant provide that, under certain circumstances, the Registrant is required to indemnify any person who was, is, or is threatened to be made a party in any action, suit or proceeding because such person is or was a director or officer of the Registrant. The Registrant's Bylaws were amended in February 1987 to provide for indemnification by the Registrant of its officers and directors to the fullest extent authorized by the General Corporation Law of the State of Delaware. This right to indemnification under the Registrant's Bylaws is a contract right, and requires the Registrant to provide for the payment of expenses in advance of the final disposition of any suit or proceeding brought against the director or officer of the Registrant in his official capacity as such, provided that such director or officer delivers to the Registrant an undertaking to repay any amounts advanced if it is ultimately determined that such director or officer is not entitled to indemnification. The Registrant also maintains a directors' and officers' liability insurance policy.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

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ITEM 7. Exemption from Registration Claimed.

Not applicable.

ITEM 8. Exhibits.

- 4.1 Certificate of Incorporation of the Registrant, as amended, filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 1987, and incorporated herein by reference.
- 4.2 Amended and Restated Bylaws of the Registrant, as amended through October 21, 1992, filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 1992, and incorporated herein by reference.
- 4.3 Form of Registrant's Common Stock certificate, filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1987, and incorporated herein by reference.
- 4.4 Amended and Restated Rights Agreement between the Registrant and Manufacturers Hanover Trust Company, as Rights Agent, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form 8-A dated April 28, 1989, and incorporated herein by reference.
- 4.5 Amended and Restated Certificate of Designation, Preferences and Rights of the Registrant's Series A Junior Participating Preferred Stock, filed as Exhibit 1 to Amendment No. 1 to the Registrant's Form

8-A dated April 28, 1989, and incorporated herein by reference.

- 4.6 Certificate of Designations of the Registrant's 6.88% Cumulative Convertible Exchangeable Preferred Stock, liquidation preference \$250 per share, filed as Exhibit 19.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.
- 4.7 Form of Indenture relating to the Registrant's 6.88% Cumulative Subordinated Debentures due 2007 between the Registrant and Chemical Bank, as Trustee, filed as Exhibit 19.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.
- 4.8 Form of Certificate of 6.88% Cumulative Convertible Exchangeable Preferred Stock, liquidation preference \$250 per share, filed as Exhibit 19.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.

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- 4.9 Deposit Agreement, relating to Depositary Convertible Exchangeable Preferred Shares between the Registrant and Chemical Bank, filed as Exhibit 19.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.
- 4.10 Form of Depositary Receipt for Depositary Convertible Exchangeable Preferred Shares, filed as Exhibit 19.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.
- 4.11 Note Agreement dated July 25, 1990, among the Registrant and the Purchasers listed therein, regarding the sale of \$125,000,000 of the Registrant's 10.77% Senior Notes due August 23, 2000, filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1990, and incorporated herein by reference.
- 4.12 Revolving Credit and Letter of Credit Agreement dated as of December 4, 1990, among the Registrant and the Banks listed therein relating to a \$40,000,000 revolving credit, filed as Exhibit 4.7 to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1991, and incorporated herein by reference.
- 4.13 Second Amendment to the Revolving Credit and Letter of Credit Agreement dated as of April 15, 1992, filed as Exhibit 4.13 to the Registrant's Registration Statement on Form S-3 (Registration No. 33-47282), and incorporated herein by reference.
- 4.14 Third and Fourth Amendments to the Revolving Credit and Letter of Credit Agreement dated as of February 12, 1993, and April 1, 1993, respectively, filed as Exhibit 19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1993, and incorporated herein by reference.
- 4.15 Fifth Amendment to the Revolving Credit and Letter of Credit Agreement dated as of December 8, 1994.
- 4.16 Form of Quanex Corporation Employee Stock Purchase

Plan, as amended and restated on January 1, 1995.

23.1 Consent of Deloitte & Touche LLP.

24.1 Power of attorney (contained on page 7 hereof).

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ITEM 9.

Undertakings.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

Provided, however, that paragraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for the purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference into this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the

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foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert C. Snyder and Wayne M. Rose, and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or the substitute or substitutes of any or all of them, may lawfully do or cause to be done by virtue hereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on the 6th day of January, 1995.

QUANEX CORPORATION

By /s/ Robert C. Snyder

Robert C. Snyder
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature -----	Title -----	Date ----
<S> /s/ Robert C. Snyder ----- Robert C. Snyder	<C> President, Chief Executive Officer and Director (Principal Executive Officer)	January 3, 1995
 /s/ Wayne M. Rose ----- Wayne M. Rose	 Vice President and Chief Financial Officer (Principal Financial Officer)	January 3, 1995

/s/ Viren M. Parikh	Controller (Principal Accounting Officer)	January 3, 1995
Viren M. Parikh		

/s/ Carl E. Pfeiffer	Chairman of the Board	January 5, 1995
Carl E. Pfeiffer		

	Director	
Gerald B. Haeckel		

</TABLE> -8-

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<S>	<C> Director	<C>
-----	-----------------	-----

Donald J. Morfee		

/s/ John D. O'Connell	Director	January 5, 1995
John D. O'Connell		

/s/ Michael J. Sebastian	Director	January 6, 1995
Michael J. Sebastian		

/s/ Robert L. Walker	Director	January 5, 1995
Robert L. Walker		

	Director	
Fred J. Broad		

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EXHIBIT INDEX

Exhibit Number	Description	Page Number
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- 4.7 Form of Indenture relating to the Registrant's 6.88% Cumulative Subordinated Debentures due 2007 between the Registrant and Chemical Bank, as Trustee, filed as Exhibit 19.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference.

</TABLE>

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<TABLE>

- | | |
|------------------|--|
| <p><S></p> | <p><C></p> |
| 4.8 | Form of Certificate of 6.88% Cumulative Convertible Exchangeable Preferred Stock, liquidation preference \$250 per share, filed as Exhibit 19.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference. |
| 4.9 | Deposit Agreement, relating to Depositary Convertible Exchangeable Preferred Shares between the Registrant and Chemical Bank, filed as Exhibit 19.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1992, and incorporated herein by reference. |
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| 4.12 | Revolving Credit and Letter of Credit Agreement dated as of December 4, 1990, among the Registrant and the Banks listed therein relating to a \$40,000,000 revolving credit, filed as Exhibit 4.7 to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1991, and incorporated herein by reference. |
| 4.13 | Second Amendment to the Revolving Credit and Letter of Credit Agreement dated as of April 15, 1992, filed as Exhibit 4.13 to the Registrant's Registration Statement on Form S-3 (Registration No. 33-47282), and incorporated herein by reference. |
| 4.14 | Third and Fourth Amendments to the Revolving Credit and Letter of Credit Agreement dated as of February 12, 1993, and April 1, 1993, respectively, filed as Exhibit 19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1993, and incorporated herein by reference. |
| 4.15 | Fifth Amendment to the Revolving Credit and Letter of Credit Agreement dated as of December 8, 1994. |

4.16 Form of Quanex Corporation Employee Stock Purchase
Plan, as amended and restated on January 1, 1995.

</TABLE>

12

<TABLE>

<S> <C>
23.1 Consent of Deloitte & Touche LLP.

24.1 Power of attorney (contained on page 7 hereof).

</TABLE>

FIFTH AMENDMENT TO QUANEX CORPORATION
REVOLVING CREDIT AND
LETTER OF CREDIT AGREEMENT

This Fifth Amendment to Quanex Corporation Revolving Credit and Letter of Credit Agreement ("Fifth Amendment") made as of the 8th day of December, 1994 ("Amendment Effective Date"), among Comerica Bank (successor in interest by reason of merger to Manufacturers Bank, N.A., formerly known as Manufacturers National Bank of Detroit), First Interstate Bank of Texas, N.A., Harris Trust and Savings Bank and NationsBank of Texas, N.A. (individually, "Bank" and collectively, "Banks"), Comerica Bank, as agent for the Banks (in such capacity "Agent") and Quanex Corporation, a Delaware corporation ("Company").

WITNESSETH:

WHEREAS, the Banks, The Chase Manhattan Bank, N.A., the Agent and the Company have executed and delivered that certain Quanex Corporation Revolving Credit and Letter of Credit Agreement dated as of December 4, 1990 as amended by a First Amendment to Quanex Corporation Revolving Credit and Letter of Credit Agreement dated March 26, 1991, a Second Amendment to Quanex Corporation Revolving Credit and Letter of Credit Agreement dated April 15, 1992, a Third Amendment to Quanex Corporation Revolving Credit and Letter of Credit Agreement dated as of February 12, 1993, and a Fourth Amendment to Quanex Corporation Revolving Credit and Letter of Credit Agreement dated as of April 1, 1993 (the "Original Agreement");

WHEREAS, concurrently herewith The Chase Manhattan Bank, N.A. is executing and delivering to Agent an Acknowledgment of Termination of Interest in Loan Agreement, terminating its interest in the Original Agreement; and

WHEREAS, the Company and the Banks desire to amend the Original Agreement as set forth below and to terminate the rights and obligations of The Chase Manhattan Bank, N.A. under the Original Agreement;

NOW, THEREFORE, in consideration of the premises, the Banks, the Agent and the Company hereby agree as follows:

1. Section 1.9 of the Original Agreement is amended in its entirety to read as follows:

"'Banks' shall mean Comerica Bank, First Interstate Bank of Texas, N.A., Harris Trust and Savings Bank and NationsBank of Texas, N.A."

2. Section 1.45 of the Original Agreement is amended in its entirety to read as follows:

"1.45 'Majority Banks' shall mean at any time the Banks holding 60% of the aggregate principal amount of the Indebtedness then outstanding under the Notes and the undrawn amounts of outstanding Letters of Credit, or, if no Indebtedness or Letters of Credit are then outstanding, of the Percentages."

3. Section 1.70 of the Original Agreement is amended in its entirety to read as follows:

"'Revolving Credit Maturity Date' shall mean March 31, 1999, or such later date as is agreed to by the Company and the Banks pursuant to the provisions of Section 2.7."

4. Section 1.77 is added to the Original Agreement as follows:

"1.77 'Renewal Fee' shall mean the fee payable to Agent on behalf of the Banks in connection with any extension of the Revolving Credit Maturity Date pursuant to Section 2.7 of this Agreement."

5. The following paragraph is added to the end of Section 2.7 of the Original Agreement:

"Within five (5) days after receipt of written notice from Agent that the Revolving Credit Maturity Date has been extended pursuant to this Section 2.7, Company shall pay to Agent, on behalf of Banks, a Renewal Fee in the amount equal to the Revolving Credit Aggregate Commitment multiplied by one-eighth of one percent (1/8%). Whenever any payment of the Renewal Fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day. Upon receipt of such payment, Agent shall make prompt payment to each Bank of its share of the Renewal Fee based upon its respective Percentage. It is expressly understood that Renewal Fees are not refundable under any circumstances."

6. Exhibit "D" to the Original Agreement is deleted in its entirety and attached Exhibit D is substituted therefor.

7. The Original Agreement is amended to provide that on or before January 6, 1995, Company shall pay to Agent on behalf of the Banks, a nonrefundable amendment fee in the amount of \$96,000 in connection with the

Fifth Amendment. Upon receipt of such fee, Agent shall make prompt payment to each Bank of its share of such fee based upon its respective Percentage.

8. The Original Agreement is amended to provide that each disbursement made by each Bank, and each payment made by Agent to any Bank, pursuant to the Agreement based on each Bank's Percentage shall be rounded up to the nearest dollar (\$1.00) or cent (\$.01), as applicable. Company shall reimburse Agent and each Bank promptly upon demand for all costs incurred and payments made by Agent and each Bank in making any such rounded disbursement or payment.

9. Company hereby represents and warrants that, after giving effect to the amendments contained herein, (a) execution, delivery and performance of this Fifth Amendment and any other documents and instruments required by this Fifth Amendment or the Original Agreement are within Company's corporate powers, have been duly authorized, are not in contravention of law or the terms of Company's Certificate of Incorporation or Bylaws, and do not require the consent or approval of any governmental body, agency, or authority; and this Amendment and any other documents and instruments required under this Fifth Amendment or the Original Agreement, will be valid and binding in accordance with their terms; (b) the continuing representations and warranties of Company set forth in Sections 8.1 through 8.16 of the Original Agreement are true and correct on and as of the date hereof with the same force and effect as made on and as of the date hereof; (c) the continuing representations and warranties of Company set forth in section 8.17 of the Original Agreement are true and correct as of the date hereof with respect to the most recent financial statements furnished to the Banks by Company in accordance with Section 9.3 of the Original Agreement; and (d) no Event of Default, or condition or event which, with the giving of notice or the running of time, or both, would constitute an Event of Default under the Original Agreement, has occurred and is continuing as of the date hereof.

10. This Fifth Amendment shall be effective upon (a) execution of this Fifth Amendment by Company, Agent and the Banks, (b) delivery by Company to Agent of new Revolving Credit Notes for the Banks in the form of Exhibit "A" attached hereto completed to reflect the commitments of each Bank as modified hereby, and (c) receipt by Agent of an executed Acknowledgement of Termination of Interest in Loan Agreement from The Chase Manhattan Bank, N.A. Company agrees to deliver to Agent on or before December 30, 1994 an opinion of legal counsel to the Company and the Guarantors in form and substance satisfactory to the Agent and the Banks.

deemed to mean or refer to the Original Agreement as amended by this Fifth Amendment.

12. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Original Agreement.

13. This Fifth Amendment may be executed in counterparts, in accordance with Section 13.8 of the Original Agreement.

IN WITNESS WHEREOF, the Banks, the Agent and the Company have caused this Fifth Amendment to be executed by their respective, duly authorized officers, all as of the date set forth above.

COMPANY:

QUANEX CORPORATION

By: /s/ WAYNE M. ROSE

Wayne M. Rose

Title: Vice President-Finance

AGENT:

COMERICA BANK (successor in interest by reason of merger to Manufacturers Bank, N.A., formerly known as Manufacturers National Bank of Detroit), as Agent

By: /s/ BRADLEY TERRYN

Title: Vice President

BANKS:

COMERICA BANK (successor in interest
by reason of merger to Manufacturers
Bank, N.A., formerly known as
Manufacturers National Bank of
Detroit)

By: /s/ BRADLEY TERRY N

Title: Vice President

FIRST INTERSTATE BANK OF TEXAS,
N.A.

By: /s/ HEATHER WITTMAN

Name: Heather Wittman

Title: Banking Officer

HARRIS TRUST AND SAVINGS BANK

By: /s/ JAMES H. COLLEY

Name: James H. Colley

Title: Vice President

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NATIONSBANK OF TEXAS, N.A.

By: /s/ FOREST S. SINGHOFF

Title: Senior Vice President

The undersigned accept and agree to the Fifth Amendment to the Quanex Corporation Revolving Credit and Letter of Credit Agreement dated as of December 4, 1990, as amended, and ratify and confirm their respective obligations under the Guaranty Agreements executed and delivered to the Banks by the undersigned prior to the date of execution of such Fifth Amendment and agree that such Guaranty Agreements, as amended, continue to be in full force and effect.

LASALLE STEEL COMPANY

By: /s/ WAYNE M. ROSE

Its: Vice President

NICHOLS-HOMESHIELD, INC.

By: /s/ WAYNE M. ROSE

Its: Vice President

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EXHIBIT "A"

REVOLVING CREDIT NOTE

\$ _____

Detroit, Michigan
_____, 1994

On or before the Revolving Credit Maturity Date (initially March 31, 1999), FOR VALUE RECEIVED, Quanex Corporation, a Delaware corporation, ("Company") promises to pay to the order of _____, a _____ ("Bank") at Detroit, Michigan, care of Agent, in lawful money of the United States of America the Indebtedness to Bank or so much of the sum of _____ Million and no/100 Dollars (\$ _____) as may from time to time have been advanced and then be outstanding hereunder pursuant to the Quanex Corporation Revolving Credit and Letter of Credit Agreement ("Agreement") dated as of December 4, 1990, as amended, made by and between Company, certain banks including the Bank, and Comerica Bank (successor in

interest by reason of merger to Manufacturers Bank, N.A., formerly known as Manufacturers National Bank of Detroit) as agent for such banks, together with interest thereon as hereinafter set forth. Capitalized terms used herein, unless defined to the contrary, have the meanings given them in the Agreement.

Each of the Loans made hereunder shall bear interest at the Eurodollar-based Rate, or the Prime-based Rate as elected by Company or as otherwise determined under the Agreement. Provided, however, that: (a) in the event and so long as there shall exist a default hereunder or an Event of Default, Loans outstanding hereunder shall bear interest at the default rates of interest described in Section 4.1 of the Agreement; and (b) any Advances made hereunder pursuant to Sections 3.6 and 3.7 of the Agreement shall bear interest until paid at a per annum rate equal to the Prime-based Rate plus three percent (3%) whether or not any default hereunder or any Event of Default shall then exist.

Interest on the unpaid balance of all Loans shall be calculated and payable as set forth in the Agreement.

This Note is a note under which advances, repayments and readvances may be made from time to time, but only in accordance with the terms and conditions of the Agreement. This Note evidences borrowing under, is subject to, and may be accelerated or matured under, the terms of the Agreement, to which reference is hereby made.

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Company agrees that in the event of a default hereunder or any default or Event of Default under the Agreement, Bank shall be entitled to liquidate and collect all property or assets (including deposits and other credits) whether presently owned or hereafter acquired, of Company in possession or control of (or owning by) the Bank for any purpose, and to apply the proceeds of such liquidations and collections, and offset any amounts owing by Bank, against Company's obligations hereunder and under the Agreement.

THIS NOTE SHALL BE INTERPRETED AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE DETERMINED UNDER THE LAWS OF, AND ENFORCEABLE IN, THE STATE OF MICHIGAN.

This Note replaces the Revolving Credit Note dated _____, 1993 in the principal amount of \$ _____ by Company payable to Bank.

Company hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Note and agrees that no obligation hereunder shall be discharged by reason of any extension, indulgence, release, or forbearance granted by any holder of this Note to any party now or hereafter liable hereon or any present or subsequent owner of any property, real or personal, which is now or hereafter security for this Note. Any transferees of, or endorser, guarantor or surety paying this Note in full shall succeed to all

rights of Bank, and Bank shall be under no further responsibility for the exercise thereof or the loan evidenced hereby.

Nothing herein shall limit any right granted Bank by any other instrument or by law.

QUANEX CORPORATION

BY: _____

Its: _____

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EXHIBIT "D"

PERCENTAGES

BANK	PERCENTAGE	
Comerica Bank	37.50%	\$18,000,000
First Interstate Bank of Texas, N.A.	20.833333%	\$10,000,000
Harris Trust and Savings Bank	20.833333%	\$10,000,000
NationsBank of Texas, N.A.	20.833333%	\$10,000,000

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As amended and restated
January 1, 1995

QUANEX CORPORATION

EMPLOYEE STOCK PURCHASE PLAN

1. The Quanex Corporation Employee Stock Purchase Plan ("Plan") which is to be administered by Chemical Bank or any other transfer agent Quanex Corporation ("Quanex") may appoint ("Bank") is set out in this document.

To participate in the Plan, an individual:

- A. Must be a regular full time employee of Quanex or any of its subsidiaries;
- B. Must submit a Payroll Withholding Authorization ("Withholding Authorization") to the local Human Resources Department on or before the first day of the month in which the individual wishes to participate, authorizing Quanex to make the payroll deductions specified by the employee, subject to any minimum deduction set by Quanex; and
- C. Must submit to the Bank (through the local Human Resources Department) an Investment Authorization Card ("Investment Authorization"), authorizing the Bank to act as agent for the employee for purposes set out in Section 3.

3. The Bank will establish an account under the Plan ("Account") as agent for each individual who fulfills the conditions in Section 2 ("Participant") and will credit the following sources of cash to the Account for the purchase of full and fractional shares of Quanex Common Stock ("Plan Shares") for each Participant's Account:

- A. Employee payroll deductions received from Quanex;
- B. An amount from Quanex equal to 15 percent of each Participant's payroll deductions made on or after January 1, 1995 ("Quanex Contribution");
- C. Cash dividends received from Quanex on all Plan Shares in a Participant's Account at the time a dividend is paid; and

- D. Cash resulting from the sale of any Rights accruing to Plan Shares in the Participant's Account under Section 11.

The minimum contribution that an employee may make to his account is \$10.00 per pay period.

4. The Bank will apply the cash credited to the Participant's Account under Section 3 to the purchase of full and fractional Plan Shares and will credit them to the Participant's

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Account. In making these purchases the Bank may commingle the cash credited to all Participant's Accounts. The price at which the Bank is deemed to have acquired Plan Shares for a Participant's Account will be the average price, excluding brokerage and other costs of purchase, of all Plan Shares purchased by the Bank for all Participant's in the Plan during the calendar month.

5. Participants may elect to add to their Account any shares of Quanex Common Stock credited to their account under any plan that is similar to this Plan, whether offered to Quanex employees before or after the creation of this Plan. All shares will be held in the name of the Bank or its nominee as Plan Shares subject to the terms and conditions of this Plan.

6. The Bank will make reasonable efforts to apply the cash described in Section 3 that it receives as agent for the Participant to the purchase of Plan Shares on or promptly after the first day of the following month after receipt by the Bank, except as described in Section 7. Dividends received on Plan Shares and other amounts of cash credited to the Account will be aggregated with the employee payroll deductions and amounts contributed by Quanex received during the calendar month and applied to the purchase of Plan Shares.

7. The Bank will purchase Plan Shares in negotiated transactions or on any securities exchange where Quanex Common Stock is traded from time to time. The purchases will be on terms as to price, delivery and other matters, and will be executed through those brokers or dealers, as the Bank may determine. Under certain circumstances, observance of the rules and regulations of the Securities and Exchange Commission may require temporary suspension of purchases by the Bank or may require that a purchase be spread over a longer period than indicated in Section 6. In that event purchases will be made or resumed when permitted by the rules and regulations. In that event the Bank will not be accountable for its inability to make all purchases within the applicable period. If any Securities and Exchange Commission suspension of trading in Quanex Common Stock remains effective for 90 consecutive days, the Bank will remit to each Participant, promptly after the end of the period, all cash in the Participant's Account attributable to the Participant's payroll deductions, cash dividends

paid to all Quanex stockholders and any sale of Rights pursuant to Section 11.

8. As soon as practicable after the cash credited to the Participant's Account has been applied to the purchase of Plan Shares (but in no event later than 20 calendar days after the purchase) the Bank will mail a statement ("Statement") to the Participant summarizing the transactions in the Participant's Account since the last Statement. The Bank will hold the Plan Shares of all Participants in its name or in the name of its nominee evidenced by as many or as few certificates as the Bank determines. No certificate representing Plan Shares purchased for a Participant's Account will be issued to the Participant unless he or she makes a request in writing or until his or her Account is terminated and he or she makes the election described in Section 16. Certificates will not be issued for less than 10 shares unless the Account is terminated.

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9. Quanex will pay all service charges, brokerage, costs of mailing and other charges incurred because of the purchase of Plan Shares.
10. Each Participant is responsible for all taxes (whether local, state or federal) due because of the Quanex Contribution, because of the payment of a dividend or because of the sale of Plan Shares credited to him or her. The Bank will timely prepare and forward to the Internal Revenue Service, the appropriate state and local authorities and the Participants the information returns required by the Internal Revenue Code and Regulations and all state statutes, presently Forms 1099-Div and 1099-B. All Quanex Contributions will constitute taxable income to the Participant to whose Account it is credited.
11. Any stock dividends and any shares received as a result of a stock split on any Plan Shares accumulated in a Participant's Account will, when received by the Bank, be credited to the Participant's Account. If Quanex makes available to the holders of Plan Shares (a) rights to purchase additional shares of stock, convertible debentures or other securities of Quanex or (b) securities of any other issuer ((a) and (b) collectively "Rights"), the Bank will sell those Rights received on Plan Shares credited to Participant's Accounts as soon as practicable and apply the proceeds to the purchase of additional Plan Shares for the Participant's Accounts unless a Participant directs the Bank prior to the payment date for the Rights to transfer all whole Rights accruing to the Plan Shares to the Participant; provided that the Bank will not sell any such Rights until they have become separated from Plan Shares, if applicable, and their sale is permitted

under the terms of the rights and under applicable law. The price at which the Bank will be deemed to have sold any given set of Rights for a Participant's Account will be the average price, excluding commissions and other costs of the sale, of all of that given set of Rights sold by it for all Participants.

12. If a tender offer or exchange offer is commenced for Quanex Common Stock, the Bank, upon receipt of information with respect thereto as the holder of record of the Plan Shares, will either (i) forward, or arrange for the forwarding of, information provided by the offeror to holders of record of Quanex Common Stock to each Participant or (ii) provide to the offeror the name and mailing address of each Participant as reflected on the records of the Bank with instructions to mail such material to each Participant. The Bank will tender all or part of a Participant's Plan Shares in response to written instructions from the Participant in such form as the Bank may reasonably require and only if such instructions are received by the Bank at least five days (or such shorter period as may be required by law) prior to the termination of the offer. Unless the Bank has received instructions in accordance with the previous sentence, it will not tender a Participant's Plan Shares. Except to the extent disclosure is required to tender Plan Shares pursuant to proper written instructions, the Bank will maintain the confidentiality of a Participant's election to tender or not tender Plan Shares.
13. Participants may not add any shares of Quanex Common Stock held in their name to their Account except as permitted by Section 5.

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14. The Bank will vote the Participant's Plan Shares as instructed by the Participant on a form to be furnished by and returned to the Bank at least five days (or such shorter period as the law may require) before the meeting at which they are to be voted. The Bank will not vote Plan Shares for which no instructions are received.
15. A Participant may request that the Bank sell all or any part of his or her Plan Shares acquired before January 1, 1995, at any time, and all or any part of his or her Plan Shares acquired on or after January 1, 1995, at any time after they have been held in his or her Account for at least 180 days. A Participant who wishes to sell any part of his or her Plan Shares may do so by giving notice to the local Human Resources Department, who will then forward the notice to Quanex's corporate office. Quanex will inform the Bank of the Participant's election to sell Plan Shares within five business days of the receipt by Quanex's corporate office of a notice from the employee. Upon

receipt of the notice, the Bank, as the Participant's agent, will sell the number of Plan Shares specified in the Participant's notice within three business days of receipt by the Bank of instructions to sell the Plan Shares, and will deliver to the Participant the proceeds of the sale, less a handling charge, brokerage commissions, and other costs of sale. Whole and fractional shares may be aggregated and sold with those of other Participants, in which case the proceeds for each Participant will be based on the average sales price of all shares aggregated and sold. Any sale may, but need not, be made by purchase for other Accounts in which case the price will be the mean of the high and low selling price of Quanex Common Stock as reported on the principal stock exchange on which the stock is traded on the date of receipt by the Bank of the notice of the Participant's desire to sell Plan Shares or, if the stock is not traded on the date of receipt, the mean on the next prior date that it was so traded. Any fractional shares that are not sold will be paid for in cash at a price equal to the mean of the high and low selling prices of Quanex Common Stock as reported on the principal stock exchange on which Quanex Common Stock is traded on the date of receipt by the Bank of the notice of the Participant's desire to sell Plan Shares or, if the stock is not traded on the date of receipt, the mean on the next prior date that it was traded. If a Participant elects to sell all of his or her Plan Shares, that Participant will be deemed to have terminated participation in the Plan, and the provisions of Section 16 will apply.

16. Participation in the Plan may be terminated by Participants at any time by giving notice to the local Human Resources Department, who will then forward the notice to Quanex's corporate office. Quanex will inform the Bank of any Participant's election to terminate participation within five business days of the receipt by Quanex's corporate office of the notice from the employee. Upon receipt of the notice, unless a Participant makes a contrary election in written response to the Bank's notice of his Account, the Bank will send to him at no charge a certificate or certificates representing the full Plan Shares accumulated in his Account and a check for the net proceeds of any fractional share in his Account. If a Participant elects to terminate, he may not rejoin the Plan for a period of six months from the date of the termination. In any case of termination, the Bank will, if the Participant elects, sell, as the Participant's agent, all or part of his shares within three business days of receipt by the Bank of instructions to sell his Plan Shares, and will deliver to him the proceeds of the sale, less a handling charge, brokerage

commissions, and other costs of sale; provided that the Bank may not sell any Plan Shares acquired on or after January 1, 1995, if they have not yet been held in the Participant's Account for at least 180 days. Whole and fractional shares may be aggregated and sold with those of other Participants, in which case the proceeds for each Participant will be based on the average sales price of all shares aggregated and sold. Any sale may, but need not, be made by purchase for other Accounts in which case the price will be the mean of the high and low selling price of Quanex Common Stock as reported on the principal stock exchange on which the stock is traded on the date of receipt by the Bank of the notice of termination or, if the stock is not traded on the date of receipt, the mean on the next prior date that it was so traded. On termination, fractional shares accumulated in a Participant's Account which are not aggregated and sold will be paid for in cash at a price equal to the mean of the high and low selling prices of Quanex Common Stock as reported on the principal stock exchange on which Quanex Common Stock is traded on the date of receipt by the Bank of the notice of termination or, if the stock is not traded on the date of receipt, the mean on the next prior date that it was traded.

17. The Bank may, with the consent of Quanex, amend this Plan. Quanex may terminate this Plan by giving the Bank 30 days written notice of termination. The Bank may terminate this Plan by giving Quanex 90 days written notice of termination. In addition the Bank may, with the consent of Quanex, or shall, if requested to do so by Quanex, appoint a successor to serve as agent for the Participants under the Plan. In any case the Bank and Quanex will cause a notice of the action to be mailed to each Participant. No action will have a retroactive effect that would prejudice the interests of the Participants. The terms and conditions of this Plan as in effect on the effective date of the appointment of the successor will be binding upon the successor.
18. Any notice, instruction, request, election or direction which, by any provision of the Plan, is required or permitted to be given or made by a Participant to the Bank must be in writing and should be given to the Participant's local Human Resources Department, who will then forward the notice to Quanex's corporate office; Quanex will then provide the Bank with the notice, instruction, request, election or direction within five business days of its receipt by Quanex's corporate office. Any notice, instruction, request, election or direction intended for the Bank will be deemed to be given or made when received by the Bank. If a Participant wishes to contact the Bank directly, he may do so by prepaid postage mail addressed to Quanex Corporation Employee Stock Purchase Plan, Institutional Trust and Agency Division, c/o Chemical Bank, 450 West 33rd Street, New York, New York 10001. Any notice or certificate which, by any provision of the Plan, is required or permitted to be given by the Bank to a Participant, must be in writing and will be deemed to have

been given or made when received by the Participant, or five business days after it has been mailed to the Participant's address as it last appears on the Bank's records.

19. The Bank will not be liable for any action which is in compliance with the terms and conditions of this Plan taken or omitted in good faith, including without limitation, any claim of liability:

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- A. Arising out of failure to terminate a Participant's Account upon the Participant's death or otherwise prior to the receipt of written notice of the event causing termination, accompanied by documentation deemed satisfactory by the Bank;
- B. With respect to the prices at which Plan Shares are purchased or Plan Shares or Rights are sold for a Participant's Account and the timing and terms on which the purchase or sale is made; or
- C. For the market value, or any fluctuation in the market value, after purchase of the Plan Shares or sale of Plan Shares or Rights for a Participant's Account.

20. Except as is expressly provided in this Plan, no Participant can sell, pledge, hypothecate or otherwise assign or transfer his Account, any interest in his Account or any cash or stock credited to his Account. Any attempt to sell, pledge, hypothecate, assign or transfer his Account, any interest in his Account or any cash or stock credited to his Account will be void.

21. A Participant who receives a financial hardship distribution from a qualified cash or deferred arrangement described in Section 401(k) of the Internal Revenue Code of 1986, as amended, that is maintained by Quanex or any of its affiliates may not contribute to the Plan for a period of 12 months after receipt of the financial hardship distribution. The Participant must submit a new Withholding Authorization to the Human Resources Department in order to recommence contributions to the Plan after he has received the financial hardship distribution.

22. The Withholding Authorization, the Investment Authorization, and this Plan and its operation will be governed by and construed in accordance with the laws of the State of New York.

INDEPENDENT AUDITORS' CONSENT

Quanex Corporation:

We consent to the incorporation by reference in this Registration Statement of Quanex Corporation on Form S-8 of our report dated November 24, 1993, appearing in the Annual Report on Form 10-K of Quanex Corporation for the year ended October 31, 1993.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP
Houston, Texas

January 11, 1995