

QUANEX CORP  
Form SC 13G/A  
February 13, 2006

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

**SCHEDULE 13G**

**(Rule 13d-102)**

**Information Statement Pursuant to Rules 13d-1 and 13d-2**  
**Under the Securities Exchange Act of 1934**  
**(Amendment No. 1)\***

Quanex Corporation  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

747620102  
(CUSIP Number)

December 31, 2005  
Date of Event Which Requires Filing of the Statement

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)  
 Rule 13d-1(c)

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[ ] Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Limited Partnership**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)	ý
(b)	o

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

<b>Illinois limited partnership</b>		5. SOLE VOTING POWER
NUMBER OF SHARES		<b>0</b>
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		6. SHARED VOTING POWER
		<b>1,570,903 shares</b>
		7. SOLE DISPOSITIVE POWER
		<b>0</b>
		8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**PN; HC**

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Investment Group, L.L.C.**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware limited liability company**

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER <b>0</b>
	6. SHARED VOTING POWER <b>1,570,903 shares</b>
	7. SOLE DISPOSITIVE POWER <b>0</b>
	8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**OO; HC**

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

**Kenneth Griffin**

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

**U.S. Citizen**

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

5. SOLE VOTING POWER  
**0**

6. SHARED VOTING POWER  
**1,570,903 shares**

7. SOLE DISPOSITIVE POWER  
**0**

8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**IN; HC**

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Wellington LLC**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware limited liability company**

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER <b>0</b>
	6. SHARED VOTING POWER <b>1,570,903 shares</b>
	7. SOLE DISPOSITIVE POWER <b>0</b>
	8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**OO; HC**

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Kensington Global Strategies Fund Ltd.**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
**Bermuda company**

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER <b>0</b>
	6. SHARED VOTING POWER <b>1,570,903 shares</b>
	7. SOLE DISPOSITIVE POWER <b>0</b>
	8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**CO; HC**

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Equity Fund Ltd.**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
**Cayman Islands company**

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER <b>0</b>
	6. SHARED VOTING POWER <b>1,570,903 shares</b>
	7. SOLE DISPOSITIVE POWER <b>0</b>
	8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**CO**



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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. **Citadel Derivatives Group LLC**  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)    
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware limited liability company**

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER <b>0</b>
	6. SHARED VOTING POWER <b>1,570,903 shares</b>
	7. SOLE DISPOSITIVE POWER <b>0</b>
	8. SHARED DISPOSITIVE POWER

**See Row 6 above.**

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**See Row 6 above.**

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES  
CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

**Approximately 5.8% as of December 31, 2005.**

12. TYPE OF REPORTING PERSON  
**OO; BD**

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Item 1(a) Name of Issuer: **QUANEX CORPORATION**

Item 1(b) Address of Issuer's Principal Executive Offices:

**1900 West Loop South, Suite 1500  
Houston, TX 77027**

Item 2(a) Name of Person Filing

Item 2(b) Address of Principal Business Office

Item 2(c) Citizenship

Citadel Limited Partnership  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Illinois limited partnership

Citadel Investment Group, L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Delaware limited liability company

Kenneth Griffin  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
U.S. Citizen

Citadel Wellington LLC  
c/o Citadel Investment Group, L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Delaware limited liability company

Citadel Kensington Global Strategies Fund Ltd.  
c/o Citadel Investment Group, L.L.C.  
131 S. Dearborn Street  
32nd Floor  
Chicago, Illinois 60603  
Bermuda company

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Citadel Equity Fund Ltd.  
 c/o Citadel Investment Group, L.L.C.  
 131 S. Dearborn Street  
 32nd Floor  
 Chicago, Illinois 60603  
 Cayman Islands company

Citadel Derivatives Group LLC  
 c/o Citadel Investment Group, L.L.C.  
 131 S. Dearborn Street  
 32nd Floor  
 Chicago, Illinois 60603  
 Delaware limited liability company

2(d) Title of Class of Securities:

**Common Stock, par value \$0.50 per share**

2(e) CUSIP Number:

**747620102**

Item 3 If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- |     |                          |   |
|-----|--------------------------|---|
| (a) | <input type="checkbox"/> | Broker or dealer registered under Section 15 of the Exchange Act;   |
| (b) | <input type="checkbox"/> | Bank as defined in Section 3(a)(6) of the Exchange Act;   |
| (c) | <input type="checkbox"/> | Insurance company as defined in Section 3(a)(19) of the Exchange Act;   |
| (d) | <input type="checkbox"/> | Investment company registered under Section 8 of the Investment Company Act;  |
| (e) | <input type="checkbox"/> | An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);   |
| (f) | <input type="checkbox"/> | An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);  |
| (g) | <input type="checkbox"/> | A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);  |
| (h) | <input type="checkbox"/> | A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;  |
| (i) | <input type="checkbox"/> | A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act; |

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(j)  Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

If this statement is filed pursuant to Rule 13d-1(c), check this box.

Item 4 Ownership:

**CITADEL LIMITED PARTNERSHIP**

**CITADEL INVESTMENT GROUP, L.L.C.**

**KENNETH GRIFFIN**

**CITADEL WELLINGTON LLC**

**CITADEL KENSINGTON GLOBAL STRATEGIES FUND LTD.**

**CITADEL EQUITY FUND LTD.**

**CITADEL DERIVATIVES GROUP LLC**

(a) Amount beneficially owned:

1,570,903 shares

(b) Percent of Class:

Approximately 5.8% as of December 31, 2005.

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote:

0

(ii) shared power to vote or to direct the vote:

See Item 4(a) above.

(iii) sole power to dispose or to direct the disposition of:

0

(iv) shared power to dispose or to direct the disposition of:

See Item 4(a) above.

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Item 5 Ownership of Five Percent or Less of a Class:

Not Applicable.

Item 6 Ownership of More than Five Percent on Behalf of Another Person:

Not Applicable.

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Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company:

See Item 2 above.

Item 8 Identification and Classification of Members of the Group:

Not Applicable.

Item 9 Notice of Dissolution of Group:

Not Applicable.

Item 10 Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

\* Mathew B. Hinerfeld is signing on behalf of Kenneth Griffin as attorney-in-fact pursuant to a power of attorney previously filed with the Securities and Exchange Commission on February 4, 2005, and hereby incorporated by reference herein. The power of attorney was filed as an attachment to a filing by Citadel Limited Partnership on Schedule 13G/A for Komag, Incorporated.

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After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 13th day of February, 2006

<b>CITADEL INVESTMENT GROUP, L.L.C.</b>			<b>KENNETH GRIFFIN</b>		
By:	/s/ Matthew B. Hinerfeld		By:	/s/ Matthew B. Hinerfeld	
	Matthew B. Hinerfeld, Managing			Matthew B. Hinerfeld, attorney-in-fact*	
	Director and Deputy General Counsel				
			<b>CITADEL EQUITY FUND LTD.</b>		
<b>CITADEL LIMITED PARTNERSHIP</b>					
By:	Citadel Investment Group, L.L.C.,		By:	Citadel Limited Partnership,	
	its General Partner			its Portfolio Manager	
By:	/s/ Matthew B. Hinerfeld		By:	Citadel Investment Group, L.L.C.,	
	Matthew B. Hinerfeld, Managing			its General Partner	
	Director and Deputy General Counsel		By:	/s/ Matthew B. Hinerfeld	
				Matthew B. Hinerfeld, Managing	
<b>CITADEL WELLINGTON LLC</b>			Director and Deputy General Counsel		
By:	Citadel Limited Partnership,		<b>CITADEL KENSINGTON GLOBAL</b>		
	its Managing Member		<b>STRATEGIES FUND LTD.</b>		
By:	Citadel Investment Group, L.L.C.,		By:	Citadel Limited Partnership,	
	its General Partner			its Portfolio Manager	
By:	/s/ Matthew B. Hinerfeld		By:	Citadel Investment Group, L.L.C.,	
	Matthew B. Hinerfeld, Managing			its General Partner	
	Director and Deputy General Counsel		By:	/s/ Matthew B. Hinerfeld	
<b>CITADEL DERIVATIVES GROUP LLC</b>			Matthew B. Hinerfeld, Managing		
			Director and Deputy General Counsel		
By:	Citadel Limited Partnership,				
	its Managing Member				
By:	Citadel Investment Group, L.L.C.,				
	its General Partner				
By:	/s/ Matthew B. Hinerfeld				
	Matthew B. Hinerfeld, Managing				
	Director and Deputy General Counsel				

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