QUANEX CORP
Form S-3/A
September 24, 2004

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As filed with the Securities and Exchange Commission on September 24, 2004

Registration No. 333-117183

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-3

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 77027
(713) 961-4600
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Kevin P. Delaney
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Harva R. Dockery
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Houston, TX 77010
(713) 651-5151

Approximate Date of Commencement of Proposed Sale to the Public: From time to time after this registration statement becomes effective, subject to market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The Selling Security Holders may not sell these Securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these Securities and it is not soliciting an offer to buy these Securities in any state where the offer or sale is not permitted.qs

SUBJECT TO COMPLETION, DATED SEPTEMBER 24, 2004

PROSPECTUS

$125,000,000

2.50% Convertible Senior Debentures due May 15, 2034
and the Common Stock Issuable Upon Conversion of the Debentures

We issued the debentures in a private placement on May 5, 2004. The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus. See "Selling Security Holders" beginning on page 14. We will not receive any of the proceeds from the sale by the selling security holders of the securities offered by this prospectus.

The debentures are due May 15, 2034. We will pay interest on the debentures at an annual rate of 2.50% of the principal amount on May 15 and November 15 of each year, commencing November 15, 2004. Beginning on May 15, 2011, we will pay contingent interest on the debentures if the average trading price of the debentures is above a specified level, as described in this prospectus.

Holders may surrender their debentures for conversion into shares of our common stock at an initial conversion rate of 17.3919 shares of our common stock per $1,000 principal amount of debentures. This is equivalent to a conversion price of approximately $57.4980 per share of common stock, subject to adjustment in some events. Holders may surrender their debentures for conversion if any of the following conditions is satisfied:

- during the fiscal quarter after any fiscal quarter ending on or after April 30, 2004, if the closing sale price of our common stock for at least 20 trading days in the 30 trading-day period ending on the last trading day of the previous fiscal quarter is more than 120% of the conversion price per share of our common stock on such last trading day;

- if we have called the debentures for redemption; or

- upon the occurrence of specified corporate transactions described in this prospectus.

Upon conversion of the debentures we may, in our discretion, in lieu of delivering shares of common stock, deliver cash or a combination of cash and shares of common stock.

The debentures are our general unsecured senior obligations, ranking equally in right of payment with all of our existing and future unsecured senior indebtedness, and senior in right of payment to any of our existing and future subordinated indebtedness. The debentures are effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries, including trade creditors.

On or after May 15, 2011, we may redeem for cash all or part of the debentures that have not previously been converted or purchased at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest, contingent interest and additional interest, if any, up to but not including the date of redemption.

Holders may require us to purchase for cash all or part of their debentures on May 15 of 2011, 2014, 2019, 2024 and 2029 at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest including contingent interest and additional interest, if any, up to but not including the date of purchase. In addition, upon a fundamental change (as described in this prospectus), each holder may require us to purchase for cash all or a portion of such holder's debentures at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest including contingent interest and additional interest, if any, up to but not including the date of purchase.

The debentures will be treated as "contingent payment debt instruments" for United States federal income tax purposes and will be subject to special rules. You should read "Material U.S. Federal Income Tax Considerations".

Shares of our common stock are listed on the New York Stock Exchange under the symbol "NX". The closing price on the New York Stock Exchange on , 2004 was $ ..

Investing in the debentures involves risks. See "Risk Factors" beginning on page 6.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004

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You should rely only on the information contained in, or incorporated by reference into, this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission using a "shelf" registration process. This means the securities described in this prospectus may be offered and sold using this prospectus from time to time as described in the "Plan of Distribution". You should carefully read this prospectus and the information described under the heading "Where You Can Find More Information". Under no circumstances should the delivery to you of this prospectus or any offering or sales made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus.

SUMMARY

This summary highlights basic information contained in this prospectus. This summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and historical consolidated financial statements, including the notes to those financial statements, that are part of our reports filed with the SEC and incorporated by reference in this prospectus. You should carefully consider the information contained in and incorporated by reference in the entire prospectus, including the information set forth under the heading "Risk Factors". In this prospectus, the terms "we", "us", "our", "the Company", and "Quanex" refer to Quanex Corporation and its subsidiaries unless the context indicates otherwise.

Business Overview

We are a technological leader in the production of value-added engineered carbon and alloy steel bars, aluminum flat-rolled products, precision-formed metal, composite and wood products and flexible spacer and sealant systems for insulated glass, which primarily serve the vehicular products and building products markets. We use state-of-the-art manufacturing technologies, low-cost production processes, and engineering and metallurgical expertise to provide customers with specialized products for specific applications. Our net sales and operating income in the fiscal year ended October 31, 2003 were $1.0 billion and $63.8 million, respectively, and in the nine months ended July 31, 2004 were $1.1 billion and $66.2 million, respectively.

We operate 19 manufacturing facilities in 12 states in the United States. These facilities feature efficient plant design and flexible manufacturing processes, enabling us to produce a wide variety of custom engineered products and materials for the vehicular products and building products markets. We are able to maintain minimal levels of finished goods inventories at most locations because we typically manufacture products according to customer specifications upon receipt of customer orders.

Other Information

Quanex was founded in 1927 and has been incorporated in Delaware since 1968. Our executive offices are located at 1900 West Loop South, Suite 1500, Houston, Texas 77027. Our telephone number at that address is (713) 961-4600. Our website address is www.quanex.com. The information on our website is not part of this prospectus.

Offering Summary

This prospectus covers the resale of up to $125,000,000 aggregate principal amount of the debentures and the 2,173,989 shares of our common stock (and accompanying rights (see page 41)) issuable upon conversion of the debentures plus an indeterminate number of shares of our common stock issuable upon conversion of the debentures by means of adjustment of the conversion price pursuant to the terms of the debentures. We issued and sold a total of $125,000,000 aggregate principal amount of the debentures on May 5, 2004 in a private placement to Credit Suisse First Boston LLC, Bear, Stearns & Co. Inc., Robert W. Baird & Co. Incorporated and KeyBanc Capital Markets, A Division of McDonald Investments Inc. (the "initial purchasers"). The following summary contains basic information about the debentures and is not intended to be complete. It does not contain all the information that is important to holders of the debentures. For a more complete understanding of the debentures, please refer to the section of this document entitled "Description of the Debentures". For purposes of the description of the debentures included in this prospectus, references to "the Company", "Issuer", "us", "we" and "our" refer only to Quanex Corporation.

Issuer	Quanex Corporation, a Delaware corporation.
Securities Offered	$125,000,000 aggregate principal amount of 2.50% Convertible Senior Debentures due May 15, 2034, including shares of our common stock into which the debentures are convertible.
Selling Security Holders	The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus. See "Selling Security Holders".
Issue Price	The debentures were issued at 100% of their principal amount plus accrued interest, if any, from May 5, 2004.
Maturity Date	May 15, 2034, unless earlier converted, redeemed by us at our option or repurchased by us at the option of the holders.
Interest	2.50% per annum interest rate from May 5, 2004 on the principal amount, payable semiannually, in arrears, on each May 15 and November 15 beginning November 15, 2004 to the holders of record at the close of business on the preceding May 1 and November 1, respectively. Interest generally will be computed on the basis of a 360 day year comprised of twelve 30 day months.
Contingent Interest	We will pay contingent interest to the holders of debentures during any six month period from May 15 to November 14 and from November 15 to May 14, commencing with the six month period beginning May 15, 2011 if the average "debenture price", as that term is defined on page 19, of a debenture for the five trading days ending on the third trading day immediately preceding the first day of the relevant six month period equals 120% or more of the principal amount of such debenture. The amount of contingent interest payable per debenture in respect of any such six month period will be equal to 0.25% per annum of such average debenture price of such debenture.

Ranking	The debentures are our general unsecured senior obligations, ranking equally in right of payment with all of our existing and future unsecured senior indebtedness, and senior in right of payment to any of our existing and future subordinated indebtedness. The debentures are effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries, including trade creditors. As of July 31, 2004, we had approximately $60.0 million of senior secured indebtedness outstanding and our subsidiaries had approximately $96.2 million of liabilities, including approximately $5.5 million of indebtedness, outstanding. We and our subsidiaries are not prohibited from incurring senior indebtedness or other debt under the indenture. See "Description of the Debentures General".
Conversion Rights	The debentures are convertible into shares of our common stock at an initial conversion rate of 17.3919 shares of our common stock per $1,000 principal amount of debentures (which represents a conversion price of approximately $57.4980 per share of common stock) under the conditions and subject to such adjustments as are described under "Description of the Debentures Conversion Rights".
	Holders may surrender their debentures for conversion into shares of our common stock prior to the stated maturity under the following circumstances:
	during the fiscal quarter after any fiscal quarter ending on or after April 30, 2004, if the closing sale price of our common stock for at least 20 trading days in the 30 trading day period ending on the last trading day of the previous fiscal quarter is more than 120% of the conversion price per share of our common stock on such last trading day;
	if we have called the debentures for redemption; or
	upon the occurrence of specified corporate transactions.
	Upon conversion of the debentures, we may, in our discretion, in lieu of delivering shares of common stock, deliver cash or a combination of cash and shares of common stock. If we elect to pay cash in lieu of shares, the payment will be based on the volume weighted average price of our common stock over a 20 trading day measurement period beginning on the third trading day following the conversion date. See "Description of the Debentures Conversion Rights".

	On the first day the debentures become convertible under the above circumstances, we will notify holders in writing of our method for settling the principal portion of the debentures upon conversion ("principal conversion settlement election"). This notification is irrevocable and legally binding with regard to any conversion of the debentures. As such, the conversion settlement election made with respect to the principal amount on that date remains effective if the debentures cease to be convertible for any period but subsequently become convertible again.
	Until the debentures are surrendered for conversion, we will not be required to notify holders of our method for settling the excess amount of our conversion obligation relating to the amount of the conversion value above the principal amount, if any.
	Except as described in "Description of the Debentures Conversion Rights", upon any conversion, you will not receive any separate cash payment representing accrued and unpaid interest including contingent interest and additional interest, if any.
Optional Redemption	On or after May 15, 2011, we may redeem for cash all or part of the debentures that have not been previously converted or purchased at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest, including contingent interest and additional interest, if any, up to but not including the date of redemption. See "Description of the Debentures Optional Redemption".
Repurchase of the Debentures at the Option of Holders	Holders may require us to purchase for cash all or part of their debentures on May 15 of 2011, 2014, 2019, 2024 and 2029 at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest, including contingent interest and additional interest, if any, up to but not including the date of purchase. See "Description of the Debentures Repurchase of Debentures at the Option of Holders Optional put".
Fundamental Change	In the event of a fundamental change, as described in this prospectus, each holder may require us to purchase for cash all or a portion of such holder's debentures at a price equal to 100% of the principal amount of the debentures plus accrued and unpaid interest, including contingent interest and additional interest, if any, up to but not including the date of purchase. See "Description of the Debentures Repurchase of Debentures at the Option of Holders Repurchase of debentures at the option of holders upon a fundamental change".
Sinking Fund	None.

Use of Proceeds	We used the net proceeds from the initial offering of the debentures to repay a portion of the amounts outstanding under our revolving credit agreement and for general corporate purposes. We will not receive any proceeds from the sale by any selling security holder of the debentures or our common stock issuable upon conversion of the debentures.
Registration Rights Agreement	If we fail to comply with certain of our obligations under the registration rights agreement, additional interest will be payable on the debentures or, following conversion, additional amounts with respect to the shares of common stock issued upon conversion. See "Description of the Debentures Registration Rights".
DTC Eligibility	The debentures have been issued in book entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the debentures will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of the Debentures Book Entry, Delivery and Form".
Listing and Trading	The debentures issued in the private placement are eligible for trading in the PORTAL^{SM} Market of the NASD, Inc. The debentures sold using this prospectus, however, will no longer be eligible for trading in the PORTAL^{SM} Market. We do not intend to list the debentures on any other national securities exchange or automated quotation system. Our common stock is quoted on the New York Stock Exchange under the symbol "NX".
Risk Factors	An investment in the debentures and the common stock issuable upon conversion of the debentures involves risks. Prospective investors should carefully consider the information set forth under "Risk Factors".
U.S. Federal Income Tax Considerations	The debentures and the common stock issuable upon conversion of the debentures are subject to special and complex United States federal income tax rules. Prospective investors are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the debentures and common stock issuable upon conversion of the debentures. See "Risk Factors You should consider the U.S. federal income tax consequences of owning the debentures" and "Material U.S. Federal Income Tax Considerations".

RISK FACTORS

Before you buy the debentures and the common stock issuable upon conversion of the debentures, you should carefully consider the factors described below in addition to the remainder of this prospectus and the information incorporated by reference. If any of the risks actually occur, our business, financial condition or results of operations could be negatively affected.

Risks Relating to our Business

If our raw materials or energy were to become unavailable or to significantly increase in price, we might not be able to timely produce products for our customers or maintain our profit levels.

We require substantial amounts of raw materials, substantially all of which are purchased from outside sources. Furthermore, we do not have long-term contracts for the supply of most of our raw materials. The availability and prices of raw materials may be subject to curtailment or change due to new laws or regulations, suppliers' allocations to other purchasers or interruptions in production by suppliers. For example, we experienced a steep increase in costs for steel and aluminum scrap in the first half of fiscal 2004 due to a global rebound in manufacturing and demand for steel in addition to increased demand from China and other consumers for scrap metal. In addition, the operation of our facilities requires substantial amounts of electric power and natural gas. Any change in the supply of, or price for, these raw materials or energy could affect our ability to timely produce products for our customers. Although we have contractual arrangements with many of our customers that permit us to increase our prices in response to increased raw material costs, in times of rapidly rising raw material prices the adjustments will lag the current market price.

Portions of our business are generally cyclical in nature. Lowered vehicle production, fewer housing starts, reduced remodeling expenditures or weaknesses in the economy could significantly reduce our net earnings.

Demand for our products is cyclical in nature and sensitive to general economic conditions. Our business supports cyclical industries such as the automotive and construction industries.

The demand for our Vehicular Products Segment's products is largely dependent on the North American production level of vehicles. The markets for our products have historically been cyclical because new vehicle demand is dependent on, among other things, consumer spending and is tied closely to the overall strength of the economy. Declines in vehicle production could significantly reduce our net earnings. Our sales are also impacted by retail inventory levels and our customers' production schedules. If our OEM customers significantly reduce their inventory levels and reduce their orders from us, our performance would be impacted.

The primary drivers of our Building Products Segment are housing starts and remodeling expenditures. The building and construction industry is cyclical, and product demand is based on numerous factors such as interest rates, general economic conditions, consumer confidence and other factors beyond our control. Declines in housing starts and remodeling expenditures due to such factors could significantly reduce our net earnings.

Portions of our business are seasonal in nature, leading to fluctuations in our quarterly earnings that may affect our ability to pay interest on the debentures.

Portions of our business are seasonal in nature and follow activity levels in the building and construction industry. The primary markets for our Engineered Products and Nichols Aluminum divisions are in the Northeast and Midwest regions of the United States, where winter weather typically reduces homebuilding and home improvement activity. These divisions typically experience their lowest sales during the Company's first fiscal quarter. Furthermore, due to the number of holidays in the Company's first fiscal quarter, sales have historically been lower in this period as some customers reduce production schedules. Accordingly, our results for the first and second quarters of our fiscal year are not indicative of our annual profitability. If our earnings on a seasonally slow quarter fall too much, our ability to pay interest on the debentures may be impaired and the value of our common stock may decrease.

We are subject to various environmental requirements, and compliance with, or liabilities under, existing or future environmental laws and regulations could significantly increase our costs of doing business.

Our operations are subject to extensive federal, state and local laws and regulations concerning the discharge of materials into the environment and the remediation of chemical contamination. To satisfy such requirements, we must make capital and other expenditures on an ongoing basis. For example, environmental agencies continue to develop regulations implementing the Federal Clean Air Act. Depending on the nature of the regulations adopted, we may be required to incur additional capital and other expenditures in the next several years for air pollution control equipment, to maintain or obtain operating permits and approvals, and to address other air emission-related issues. Future expenditures relating to environmental matters will necessarily depend upon the application to Quanex and our facilities of future regulations and government decisions. It is likely that we will be subject to increasingly stringent environmental standards and the additional expenditures related to compliance with such standards. Furthermore, if we fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

Under applicable state and federal laws, we also may be responsible for, among other things, all or part of the costs required to remove or remediate wastes or hazardous substances at locations we have owned or operated at any time. We are currently involved in environmental investigations or remediation at several such locations. From time to time, we also have been alleged to be liable for all or part of the costs incurred to clean up third-party sites where we are alleged to have arranged for disposal of hazardous substances. While we have established reserves for such liabilities, such reserves may not be adequate to cover the ultimate cost of remedial measures required by environmental authorities. Total remediation reserves, at July 31, 2004, for our current plants, former operating locations, and disposal facilities were approximately $8.4 million. Of that current remediation reserve, approximately $2.0 million represents administrative costs; the balance represents estimated costs for investigation, studies, cleanup, and treatment. Approximately 60% of the total remediation reserve currently is allocated to cleanup and other corrective measures at Piper Impact. At present, the largest component is for remediation of soil and groundwater contamination from prior operators at the Piper Impact plant on Highway 15 in New Albany, Mississippi. We voluntarily implemented a state-approved remedial action plan there that includes natural attenuation together with a groundwater collection and treatment system, but we continue to investigate site conditions and evaluate performance of the remedy. The discovery of previously unknown contamination, inadequate performance of a remedy or the imposition of new clean-up requirements at any site for which we are responsible could require us to incur additional costs or become subject to significant new or increased liabilities.

We may not be able to successfully identify, manage or integrate future acquisitions, and if we are unable to do so, we are unlikely to sustain our historical growth rates and profitability.

Historically, we have grown through a combination of internal growth and external expansion through acquisitions, such as our December 2003 acquisitions of TruSeal Technologies and MACSTEEL Monroe. Although we are actively pursuing our growth strategy both in our domestic target markets and overseas and expect to continue doing so in the future, we cannot provide any assurance that we will be able to identify appropriate acquisition candidates or, if we do, that we will be able to successfully negotiate the terms of an acquisition, finance the acquisition or integrate the acquired business effectively and profitably into our existing operations. Integration of TruSeal Technologies, MACSTEEL Monroe or future acquired businesses could disrupt our business by diverting management's attention away from day-to-day operations. Further, failure to successfully integrate any acquisition may cause significant operating inefficiencies and could adversely affect our profitability. Consummating an acquisition could require us to raise additional funds through additional equity or debt financing. Additional equity financing could depress the market price of our common stock. Additional debt financing could require us to accept covenants that limit our financial or operating flexibility, including our ability to pay dividends.

We operate in competitive markets, and our business will suffer if we are unable to adequately address potential downward pricing pressures and other factors that may reduce our operating margins.

The principal markets that we serve are highly competitive. Competition is based primarily on the precision and range of achievable tolerances, quality, price and the ability to meet delivery schedules dictated by customers. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do and some of which have more established brand names in the markets we serve. Any of these competitors may foresee the course of market development more accurately than us, develop products that are superior to our products, have the ability to produce similar products at a lower cost than us, or adapt more quickly than us to new technologies or evolving customer requirements. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross profit and net income, particularly in lower-margin businesses such as Nichols Aluminum.

OEMs have significant pricing leverage over suppliers and may be able to achieve price reductions over time, which will reduce our profits.

Piper Impact and Temroc Metals sell directly to OEMs. Our Engineered Products division's products are sold primarily to OEMs, except for some residential building products, which are sold through distributors. MACSTEEL's and Nichols Aluminum's products are sold directly to OEMs and in smaller amounts through distributors. There is substantial and continuing pressure from OEMs in various industries, especially the automotive industry, to reduce the prices they pay to suppliers. We attempt to manage such downward pricing pressure, while trying to preserve our business relationships with our OEM customers, by seeking to reduce our production costs through various measures, including purchasing raw materials and components at lower prices and implementing cost-effective process improvements. However, our suppliers may resist pressure to lower their prices and may seek to impose price increases. If we are unable to offset OEM price reductions through these measures, our gross margins and profitability could be adversely affected. In addition, OEMs have substantial leverage in setting purchasing and payment terms, including the terms of accelerated payment programs under which payments are made prior to the account due date in return for an early payment discount.

We could lose customers and the related revenues due to the transfer of manufacturing capacity by our customers out of the United States to lower cost regions of the world.

Manufacturing activity in the United States has been on the decline over the past several years. One of the reasons for this decline is the migration by U.S. manufacturers to other regions of the world that offer lower cost labor forces. The combined effect is that U.S. manufacturers can reduce product costs by manufacturing and assembling in other regions of the world and then importing those products to the United States. Some of our customers have shifted production to other regions of the world and there can be no assurance that this trend will not continue. We will lose customers and revenues if our customers locate in areas that we choose not to serve or that we cannot economically serve.

If our relationship with our employees were to deteriorate, we may be faced with labor shortages, disruptions or stoppages, which could shut down certain of our operations, reducing our revenue and income.

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees and/or renegotiation of labor contracts could shut down certain of our operations. Approximately 42% of our employees are covered by collective bargaining agreements which expire between 2006 and 2009. It is possible that we could become subject to additional work rules imposed by agreements with labor unions, or that work stoppages or other labor disturbances could occur in the future, any of which could reduce our revenue due to lost sales and income. Similarly, any failure to negotiate a new labor agreement when required might result in a work stoppage that could reduce our operating margins and income.

In addition, many OEMs and their suppliers have unionized work forces. Work stoppages or slowdowns experienced by OEMs or their suppliers could result in slowdowns or closures of assembly plants where our products are included in assembled vehicles. In the event that one or more of our customers experiences a material work stoppage, such work stoppage could prevent the customers from purchasing our products.

Changes in regulatory requirements or new technologies may render our products obsolete or less competitive.

Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less competitive, preventing us from selling them at profitable prices, or at all. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely and cost-efficient basis will be a significant factor in our ability to remain competitive. Our business may, therefore, require significant ongoing and recurring additional capital expenditures and investments in research and development. We may not be able to achieve the technological advances necessary for us to remain competitive or certain of our products may become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly.

Equipment failures, delays in deliveries or catastrophic loss at any of our manufacturing facilities could lead to production curtailments or shutdowns that prevent us from producing our products.

An interruption in production capabilities at any of our facilities as a result of equipment failure or other reasons could result in our inability to produce our products, which would reduce our sales and earnings for the affected period. In addition, we generally manufacture our products only after receiving the order from the customer and thus do not hold large inventories. In the event of a stoppage in production at any of our manufacturing facilities, even if only temporary, or if we experience delays as a result of events that are beyond our control, delivery times could be severely affected. Any significant delay in deliveries to our customers could lead to increased returns or cancellations and cause us to lose future sales. Our manufacturing facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. We have in the past and may in the future experience plant shutdowns or periods of reduced production as a result of equipment failure, delays in deliveries or catastrophic loss, which could have a material adverse effect on our results of operations or financial condition. Although we have obtained property damage and business interruption insurance, we may not have adequate insurance to compensate us for all losses that result from any of these events.

Our business involves complex manufacturing processes that may result in costly accidents or other disruptions of our operations.

Our business involves complex manufacturing processes. Some of these processes involve high pressures, hot metal and other materials and equipment that present certain safety risks to workers employed at our manufacturing facilities. Although we employ safety procedures in the design and operation of our facilities, the potential exists for accidents involving death or serious injury. The potential liability resulting from any such accident, to the extent not covered by insurance, could cause us to incur unexpected cash expenditures, thereby reducing the cash available to us to operate our business and pay interest on the debentures. Such an accident could disrupt operations at any of our facilities, which could adversely affect our ability to deliver product to our customers on a timely basis and to retain our current business.

Flaws in the design or manufacture of our products could cause product liability or warranty claims for which we do not have adequate insurance or affect our reputation among customers.

Our products are essential components in vehicles, buildings and other applications where problems in the design or manufacture of our products could result in property damage, personal injury or death. While we believe that our liability insurance is adequate to protect us from product liability and warranty liabilities, our insurance may not cover all liabilities or be available in the future at a cost acceptable to us. In addition, if any of our products prove to be defective, we may be required to participate in a recall involving such products. A successful claim brought against us in excess of available insurance coverage, if any, or a requirement to participate in any product recall, could significantly reduce our profits or negatively affect our reputation with customers.

Risks Related to the Debentures and our Common Stock

The debentures are unsecured and future secured indebtedness, as well as all indebtedness of our subsidiaries, will rank effectively senior to the debentures.

The debentures are unsecured and rank equal in right of payment with our existing and future unsecured and senior indebtedness. The debentures are effectively subordinated to our secured debt to the extent of the value of the assets that secure that indebtedness. In the event of our bankruptcy, liquidation or reorganization or upon acceleration of the debentures, payment on the debentures could be less, ratably, than on any secured indebtedness. We may not have sufficient assets remaining to pay amounts due on any or all of the debentures then outstanding. As of July 31, 2004, we had approximately $60.0 million of senior secured indebtedness outstanding to which the debentures effectively would be subordinated.

The debentures are not guaranteed by any of our subsidiaries. Our right to receive any distribution of assets of any subsidiary upon that subsidiary's liquidation, reorganization or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent we are also recognized as a creditor of that subsidiary. As a result, the debentures are effectively subordinated to the claims of such creditors. As of July 31, 2004, our subsidiaries had approximately $5.5 million of aggregate indebtedness outstanding to which the debentures effectively are subordinated.

The indenture governing the debentures does not prohibit or limit us or our subsidiaries from incurring additional indebtedness, including additional secured indebtedness, and other liabilities, or from pledging assets to secure such indebtedness and liabilities. The incurrence of additional indebtedness and, in particular, the granting of a security interest to secure the indebtedness, could adversely affect our ability to pay our obligations on the debentures. As of July 31, 2004, we had $239.5 million available under our revolving credit agreement. Furthermore, our revolving credit agreement would have allowed us to incur approximately $50.0 million of additional indebtedness as of July 31, 2004 (although additional amounts could be incurred if the banks waived certain covenants contained in the revolving credit agreement).

We may not be able to repay or repurchase the principal amount of the debentures when required.

At maturity, the entire outstanding principal amount of the debentures will become due and payable by us. In addition, on May 15 of 2011, 2014, 2019, 2024 and 2029 or if certain designated events occur (as described in "Description of the Debentures Repurchase of Debentures at the Option of Holders"), holders of the debentures may require us to repurchase their debentures for cash.

If the holders require us to repurchase the debentures as described under "Description of the Debentures Repurchase of Debentures at the Option of Holders Optional put" or in the event a fundamental change occurs, we will be required to purchase all or any part of the holder's debentures at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest (including contingent interest and additional interest, if any) to, but not including, the date of purchase. It is possible that we will not have sufficient funds at the time of repurchase to make the required repurchases of the debentures or that restrictions in our other indebtedness may not allow these repurchases. Our failure to purchase the debentures would be a default under the indenture. We refer you to "Description of the Debentures Repurchase of Debentures at the Option of Holders".

You should consider the U.S. federal income tax consequences of owning the debentures.

Under the indenture governing the debentures, we agreed, and by acceptance of a beneficial interest in a debenture each holder of a debenture is deemed to have agreed, to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. For U.S. federal income tax purposes, interest income on the debentures will accrue at the rate of 5.86% per year, compounded semi-annually, which rate represents our determination of the yield at which we could have issued, as of the issue date, a comparable noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to the debentures. A United States Holder (as that term is defined in "Material U.S. Federal Income Tax Considerations") will be required to accrue interest income on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a United States Holder generally will recognize taxable income significantly in excess of regular interest payments received while the debentures are outstanding.

A United States Holder will also recognize gain or loss on the sale, conversion, exchange, redemption or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, conversion, exchange, redemption or retirement of a debenture, including the fair market value of our common stock received, and the United States Holder's adjusted tax basis in the debenture. Any gain recognized on the sale, conversion, exchange, redemption or retirement of a debenture generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. The material U.S. federal income tax consequences relevant to persons holding the debentures are summarized in this prospectus under the heading "Material U.S. Federal Income Tax Considerations".

If we increase the cash dividend on our common stock, an adjustment to the conversion rate may result, and you may be deemed to have received a taxable dividend subject to U.S. federal income tax without the receipt of any cash. If you are a Non-United States Holder (as defined in "Material U.S. Federal Income Tax Considerations"), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable treaty. See "Material U.S. Federal Income Tax Considerations".

We expect that the trading value of the debentures will be significantly affected by the price of our common stock and other factors which may affect the price you receive if you sell the debentures.

The market price of the debentures is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the debentures than would be expected for nonconvertible debt securities. In addition, the debentures have a number of features, including conditions to conversion, that could result in a holder receiving less than the value of our common stock into which a debenture would otherwise be convertible. These features could adversely affect the value and the trading price for the debentures.

Because there is no current market for the debentures, an active trading market may not develop.

There is no established trading market for the debentures. We do not intend to list the debentures for trading on a national securities exchange. Although the debentures issued in the private placement are currently traded on the PORTAL^{SM} Market, there may be no liquidity in any market for the debentures, the holders may not be able to sell their debentures, or the prices at which holders of the debentures would be able to sell their debentures may not be acceptable. The debentures could trade at prices higher or lower than their initial purchase prices depending on many factors. Accordingly, there can be no assurance that a market for the debentures will develop. Furthermore, if a market were to develop, the market price for the debentures may be adversely affected by changes in our financial performance, changes in the overall market for similar securities and changes in performance or prospects for companies in our industry.

If we experience a fundamental change, we may be unable to purchase your debentures as required under the indenture.

Upon a fundamental change, as described in this prospectus, you will have the right to require us to repurchase your debentures. If we experience a fundamental change and do not have sufficient funds to pay the repurchase price for all of the debentures you tendered, an event of default under the indenture governing the debentures would occur as a result of such failure. Such a fundamental change would also constitute a default under our revolving credit agreement, resulting in the acceleration of the amounts due thereunder and termination of the agreement. We may not have sufficient funds to repurchase the debentures and repay the revolving credit facility simultaneously. In addition, a fundamental change may be prohibited or limited by, or create an event of default under, other agreements relating to borrowings which we may enter into from time to time. Borrowings under the revolving credit agreement will be, and other borrowings are likely to be, senior indebtedness. Therefore, a fundamental change at a time when we cannot pay for your debentures that are tendered as a result of such fundamental change could result in your receiving substantially less than the principal amount of the debentures. See "Description of the Debentures Repurchase of Debentures at the Option of Holders Repurchase of debentures at the option of holders upon a fundamental change".

The debentures are not protected by restrictive covenants, so our operation of the business may reduce the value of the debentures and we may enter into major transactions without the consent of the holders of the debentures.

The indenture governing the debentures does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness or liens or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of the debentures in the event of a fundamental change involving us, except to the extent described under "Description of the Debentures Repurchase of Debentures at the Option of Holders Repurchase of debentures at the option of holders upon a fundamental change" and "Description of the Debentures Consolidation, Merger and Sale of Assets". We could enter into certain transactions, including recapitalizations, that would not constitute a fundamental change but would increase the amount of debt, including other senior indebtedness, outstanding or otherwise adversely affect the debentures.

The conditional conversion feature of the debentures could result in your receiving less than the value of the common stock into which a debenture is convertible.

The debentures are convertible into shares of our common stock only if specified conditions are met. If the specified conditions for conversion are not met, you will not be able to convert your debentures, and you will not be able to receive the value of the common stock into which the debentures would otherwise be convertible.

Upon conversion of the debentures, we may pay cash in lieu of issuing shares of our common stock or a combination of cash and shares of our common stock. Therefore, holders of the debentures may receive no shares of our common stock or fewer shares than the number into which their debentures are convertible.

We have the right to satisfy our conversion obligation to holders by issuing shares of common stock into which the debentures are convertible, the cash value of the common stock into which the debentures are convertible, or a combination thereof. Accordingly, upon conversion of a debenture, holders may not receive any shares of our common stock, or they might receive fewer shares of common stock relative to the conversion value of the debenture. Further, our liquidity may be reduced to the extent that we choose to deliver cash rather than shares of common stock upon conversion of debentures.

If we elect to settle upon conversion in cash or a combination of cash and common stock, your settlement will be delayed for an additional 22 trading days.

If we elect to settle upon conversion of debentures in cash or a combination of cash and our common stock, settlement will be delayed until the 25thtrading day following our receipt of the holder's conversion notice, unless the cash settlement averaging period is extended under certain circumstances or the holder submits its conversion notice within 30 trading days prior to maturity. See "Description of the Debentures Conversion Rights Payment Upon Conversion".

We have the ability to issue additional equity securities, which would lead to dilution of our issued and outstanding common stock.

The issuance of additional equity securities or securities convertible into equity securities, as well as the conversion of the debentures or any other securities convertible into equity securities, would result in dilution of existing stockholders' equity interests in us. We are authorized to issue, without stockholder approval, 1,000,000 shares of preferred stock, no par value per share, in one or more series, which may give other stockholders dividend, conversion, voting, and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. Our board of directors has the authority to issue, without vote or action of stockholders, shares of preferred stock in one or more series, and has the ability to fix the rights, preferences, privileges and restrictions of any such series. Any such series of preferred stock could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of our common stock. Our board of directors has no present intention of issuing any such preferred series, but reserves the right to do so in the future. In addition, we are authorized to issue, without stockholder approval, up to 50,000,000 shares of common stock, $.50 par value per share, of which 16,519,457 were outstanding as of August 31, 2004. We are also authorized to issue, without stockholder approval, securities convertible into either common stock or preferred stock.

Trading in the debentures may result in increased short selling of our common stock, and conversion of the debentures will dilute the existing owners of our common stock.

Certain purchasers of convertible debentures pursue trading strategies which entail selling short the equity securities issuable upon conversion of the debentures; should future purchasers of our debentures pursue such trading strategies any such short sales may have a downward effect on the trading price of our common stock. Upon any conversion of the debentures into our common stock, existing shareholders of the common stock will experience dilution to the extent of the common shares issued upon conversion, and our reported earnings per share may, under certain circumstances, be less than our reported earnings per share had the conversion not occurred.

Our reported earnings per share may be more volatile because of the contingent conversion provision of the debentures, potentially affecting the price of our common stock and the amount you receive upon sale or conversion of the debentures.

Holders of the debentures are entitled to convert the debentures into our common stock (or, at our election, cash or a combination of cash and common stock), among other circumstances, during the fiscal quarter after any fiscal quarter ending on or after April 30, 2004, if the closing sale price of our common stock for at least 20 trading days in the 30 trading-day period ending on the last trading day of the previous fiscal quarter is more than 120% of the conversion price per share of our common stock on such last trading day. Until this contingency or another conversion contingency is met, the shares underlying the debentures are not included in the calculation of our basic or diluted earnings per share. Should any of these contingencies be met, diluted earnings per share would be expected to decrease as a result of the inclusion of the underlying shares in our diluted earnings per share calculation. Volatility in our stock price could cause this common stock price condition to be met in one quarter and not in a subsequent quarter, increasing the volatility of our diluted earnings per share. This volatility in our diluted earnings per share and uncertainty regarding convertibility of the debentures each quarter could negatively impact the price of our common stock and the amount you receive upon sale or conversion of the debentures.

We may be subject to a new proposed accounting rule that, if adopted, would result in lower earnings per share, on a diluted basis.

At its July 2004 meeting, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB) reached a tentative conclusion on EITF Issue No. 04-8, "The Effect of Contingently Convertible Debt on Diluted Earnings Per Share", that would require the contingent shares issuable under the debentures to be included in our diluted earnings per share calculation retroactive to the date of issuance by applying the "if converted" method under FASB Statement No. 128, "Earnings Per Share" (FAS 128). We have followed the existing interpretation of FAS 128, which requires inclusion of the impact of the conversion of our debentures only when and if the conversion threshold, as described under "Description of the Debentures Conversion Rights," is reached. As the conversion threshold has not been reached, we do not include the impact of the conversion of the debentures in our computation for diluted earnings per share. If this proposed rule is adopted and we have not chosen to settle our entire convertible obligation in cash, our diluted earnings per share will be lower than previously reported. We estimate this proposed rule would increase our average shares outstanding used in our calculation of diluted earnings per share at July 31, 2004 by approximately 2.2 million shares and have an annualized earnings per share impact of approximately $0.30-$0.35 per common share.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this prospectus and in documents incorporated by reference herein are "forward-looking" statements as defined under the Private Securities Litigation Reform Act of 1995. Generally, the words "expect", "believe", "intend", "estimate", "anticipate", "project", "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements which address future operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to volume, sales, operating income and earnings per share, and statements expressing general optimism about future operating results, are forward-looking statements. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present projections or expectations. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors exist that could cause our actual results to differ materially from the expected results described in or underlying our company's forward-looking statements. Some of such factors are described in the "Risk Factors" section of this prospectus and include:

- worldwide political stability and domestic and international economic activity,
- availability of steel and aluminum scrap and other raw materials;
- prevailing prices of steel and aluminum scrap and other raw material costs,
- the rate of change in prices for steel and aluminum scrap,
- energy costs,
- interest rates,
- market conditions, particularly in the vehicular, home building and remodeling markets,
- any material changes in purchases by our principal customers,
- labor supply and relations,
- new environmental regulations,
- changes in estimates of costs for environmental cleanup or compliance,
- the successful implementation of our internal operating plans, and acquisition strategies and integration,
- performance issues with key customers, suppliers and subcontractors, and
- regulatory changes and legal proceedings.

Accordingly, there can be no assurance that the forward-looking statements contained herein will occur or that objectives will be achieved. All written forward-looking statements attributable to Quanex or persons acting on our behalf are expressly qualified in their entirety by such factors.

RATIO OF EARNINGS TO FIXED CHARGES

We have computed the ratio of earnings to fixed charges for each of the following periods on a consolidated basis.

	Fiscal years ended October 31,					Nine months ended July 31, 2004
	1999	2000	2001	2002	2003	
Ratio of earnings to fixed charges	5.6x	*	4.0x	7.3x	24.3x	12.5x

* For the fiscal year ended October 31, 2000, fixed charges exceeded earnings by approximately $14.9 million.

Ratio of earnings to fixed charges is computed by dividing income before taxes and fixed charges by fixed charges. Fixed charges consist of interest charges, capitalized interest and amortization of debt issuance costs. The computation is as follows:

	Fiscal years ended October 31,					Nine months ended July 31, 2004
	1999	2000	2001	2002	2003	
	(dollars in thousands, except per share data)					
Income (loss) before income taxes	$ 60,987	$ (14,856)	$ 45,622	$ 81,614	$ 65,823	$ 56,713
Add:						
Interest expense	14,402	15,255	16,555	14,812	2,517	4,491
Debt issuance amortization	540	502	367	121	312	438
Capitalized interest	(1,611)	(1,941)	(1,666)	(1,879)		
Earnings (loss) as defined	$ 74,318	$ (1,040)	$ 60,878	$ 94,668	$ 68,652	$ 61,642
Interest expense	$ 14,402	$ 15,255	$ 16,555	$ 14,812	$ 2,517	$ 4,491
Debt issuance amortization	540	502	367	121	312	438
Capitalized interest	(1,611)	(1,941)	(1,666)	(1,879)		
Fixed charges as defined	$ 13,331	$ 13,816	$ 15,256	$ 13,054	$ 2,829	$ 4,929
Ratio of earnings to fixed charges	5.6x	*	4.0x	7.3x	24.3x	12.5x

* For the fiscal year ended October 31, 2000, fixed charges exceeded earnings by approximately $14.9 million.

NO PROCEEDS

On May 5, 2004, the Company issued the debentures in a private placement to Credit Suisse First Boston, Bear, Stearns & Co. Inc., Robert W. Baird & Co., and KeyBanc Capital Markets as initial purchasers. The net proceeds from the private placement, totaling approximately $122 million, were used to repay a portion of the amounts outstanding under our revolving credit agreement.

The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any amendment to this prospectus. We will not receive any proceeds from the sale of the securities or conversion of the debentures. The shares of our common stock offered by this prospectus are issuable upon conversion of the debentures.

SELLING SECURITY HOLDERS

On May 5, 2004, we issued and sold a total of $125,000,000 aggregate principal amount of the debentures in a private placement to Credit Suisse First Boston LLC, Bear, Stearns & Co. Inc., Robert W. Baird & Co. Incorporated and KeyBanc Capital Markets, A Division of McDonald Investments Inc. (which we refer to as the initial purchasers in this prospectus). The debentures were resold in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A. The selling security holders, which term includes their transferees, distributees, pledgees or donees or their successors, may from time to time offer and sell pursuant to this prospectus any and all of the debentures and the shares of our common stock issuable upon conversion of the debentures.

The debentures and our shares of common stock to be issued upon conversion of the debentures are being registered pursuant to a registration rights agreement between us and the initial purchasers. In that agreement, we undertook to file a registration statement with regard to the debentures and our shares of common stock issuable upon conversion of the debentures and, subject to certain exceptions, to keep that registration statement effective for up to two years. The registration statement to which this prospectus relates is intended to satisfy our obligations under that agreement.

The selling security holders named below have advised us that they currently intend to sell the debentures and our shares of common stock set forth below pursuant to this prospectus. The selling security holders may offer all, some or none of the debentures or the common stock into which the debentures are convertible. Additional selling security holders may choose to sell debentures and our shares of common stock from time to time upon notice to us. To our knowledge, none of the selling security holders named below nor any of their affiliates, officers, directors or principal equity holders, has, during the three years prior to the date of this prospectus, held any position, office or other material relationship with us or any of our predecessors or affiliates, except as may be noted below in "Plan of Distribution".

Unless the securities were purchased pursuant to this registration statement, before a security holder not named below may use this prospectus in connection with an offering of securities, this prospectus will be amended to include the name and amount of debentures and common stock beneficially owned by the selling security holder and the amount of debentures and common stock to be offered. Any amended prospectus will also disclose whether any selling security holder selling in connection with that amended prospectus has held any position, office or other material relationship with us or any of our predecessors or affiliates during the three years prior to the date of the amended prospectus.

The following table is based solely on information provided by the selling security holders. This information represents the information provided to us by selling security holders on or prior to the last business day prior to the date of this prospectus.

Selling Security Holder	Amounts of Debentures Beneficially Owned($)	Percentage of Debentures Outstanding	Amount of Debentures to be Sold($)(1)	Number of Shares of Common Stock Beneficially Owned(2)(3)	Number of Shares of Common Stock That May Be Sold(1)(3)	Number of Shares of Common Stock upon Completion of Offering(1)
Alcon 401(K) Retirement Plan(16)	800,000	*	800,000	13,913.52	13,913.52	0
American Fidelity Assurance Co.(16)	150,000	*	150,000	2,608.79	2,608.79	0
American Founders Life Insurance Company(16)	300,000	*	300,000	5,217.57	5,217.57	0
BBT Fund, L.P.(4)(12)	16,000,000	12.80	16,000,000	278,270.40	278,270.40	0
BCS Life Insurance Co.(16)	200,000	*	200,000	3,478.38	3,478.38	0
Citadel Credit Trading Ltd.(8)(17)	975,000	*	975,000	16,957.11	16,957.11	0
Citadel Equity Fund Ltd.(8)(17)	5,525,000	4.42	5,525,000	96,090.25	96,090.25	0
Coda Capital Management, LLC(20)	900,000	*	900,000	15,652.71	15,652.71	0
Coda-KHPE Convertible Portfolio(4)	450,000	*	450,000	7,826.36	7,826.36	0
Concentrated Alpha Partners, L.P.(4)(12)	4,000,000	3.20	4,000,000	69,567.60	69,567.60	0
Credit Suisse First Boston LLC(4)(5)	4,475,000	3.58	4,475,000	77,828.76	77,828.76	0
DBAG London(8)(13)	1,000,000	*	1,000,000	17,391.90	17,391.90	0
Deutsche Bank Securities Inc.(4)(5)	300,000	*	300,000	5,217.57	5,217.57	0
DKR SoundShore Strategic Holding Fund Ltd.(18)	2,500,000	2.00	2,500,000	43,479.75	43,479.75	0
Educators Mutual Life Insurance Co.(16)	190,000	*	190,000	3,304.47	3,304.47	0
FrontPoint Convertible Arbitrage Fund, L.P.(6)	7,000,000	5.60				