
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 5
TO
SCHEDULE 14D-1

Tender Offer Statement
Pursuant to Section 14(d)(1) of the Securities Exchange Act of 1934

PROLER INTERNATIONAL CORP.
(Name of Subject Company)

PIC ACQUISITION CORPORATION

AND
SCHNITZER STEEL INDUSTRIES, INC.
(Bidders)

COMMON STOCK, \$1.00 PAR VALUE
(Including the associated rights)
(Title of Class of Securities)

743396-10-3
(CUSIP Number of Class of Securities)

ANTON U. PARDINI
SCHNITZER STEEL INDUSTRIES, INC.
3200 N.W. YEON AVENUE
PORTLAND, OREGON 97210
(503) 323-2807

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

COPY TO:
STUART W. CHESTLER
STOEL RIVES LLP
900 SW FIFTH AVENUE, SUITE 2300
PORTLAND, OREGON 97204-1268

14D-1

1.	Name of reporting person SS or I.R.S. Identification No. of above person PIC Acquisition Corporation, I.R.S. No.: 93-1219503	

2.	Check the appropriate box if a member of a group	(a) / /
		(b) / /

3.	SEC Use Only	

4.	Sources of Funds AF	

5.	Check box if disclosure of legal proceedings is required pursuant to Items 2(e) /X/ OR 2(f)	

6.	Citizenship or place of organization Delaware	

7.	Aggregate amount beneficially owned by each reporting person None (0)	

8.	Check box if the aggregate amount in row (7) excludes certain shares.	/ /

9.	Percent of class represented by amount in row (7) None (0)	

10.	Type of reporting person CO	

14D-1

1. Name of reporting person
SS or I.R.S. Identification No. of above person

Schnitzer Steel Industries, Inc., I.R.S. No.: 93-0341923

2. Check the appropriate box if a member of a group (a) / /
(b) / /

3. SEC Use Only

4. Sources of Funds

BK

5. Check box if disclosure of legal proceedings is required pursuant to Items 2(e) /X/
OR 2(f)

6. Citizenship or place of organization

Oregon

7. Aggregate amount beneficially owned by each reporting person

None (0)

8. Check box if the aggregate amount in row (7) excludes certain shares. / /

9. Percent of class represented by amount in row (7)

None (0)

10. Type of reporting person

CO

PIC Acquisition Corporation and Schnitzer Steel Industries, Inc. hereby amend and supplement their Tender Offer Statement on Schedule 14D-1 (the "Statement"), originally filed on September 20, 1996, as amended by Amendment Nos. 1 - 4, with respect to their offer to purchase all outstanding shares of Common Stock, par value \$1.00 per share, of Proler International Corp. (the "Company"), a Delaware corporation, together with the associated stock rights as set forth in this Amendment No. 5. Capitalized terms not defined herein have the meanings assigned thereto in the Statement.

ITEM 10. ADDITIONAL INFORMATION.

(f) On November 19, 1996, the Company issued a press release including a letter it intends to send to stockholders describing the status of the pending sale of the Company. The letter describes, among other things, the extension of the Offer, the increase in the Offer Price and the practical effect of the waiver by the Bidders of certain conditions to the Offer previously announced by the Bidders. Although the Bidders are not able to verify independently all of the information set forth in the letter, a copy of the Company's press release and the letter to stockholders is attached hereto as Exhibit 99(c)(7).

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a) (1) Offer to Purchase, dated September 20, 1996.+
 - (2) Letter of Transmittal.+
 - (3) IRS Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.+
 - (4) Form of Summary Advertisement, dated September 20, 1996.+
 - (5) Form of Notice of Guaranteed Delivery.+
 - (6) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.+
 - (7) Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees.+
 - (8) Press Release, dated September 16, 1996.+
 - (9) Press Release, dated October 7, 1996.+
 - (10) Press Release, dated October 18, 1996.+
 - (11) Press Release, dated November 1, 1996.+
 - (12) Press Release, dated November 15, 1996.+
- (b) Credit Agreement dated as of March 27, 1995, among Schnitzer, the syndicate of lenders party thereto and The First National Bank of Chicago, as Agent.+
- (c) (1) Agreement and Plan of Merger, dated September 15, 1996, among the Purchaser, Schnitzer and the Company.+
 - (2) Agreement with Depositary.+
 - (3) Agreement with Information Agent.+
 - (4) Confidentiality Agreement dated as of June 11, 1996.+
 - (5) Letter from Schnitzer Steel Industries, Inc. to Mr. Bruce Wilkerson of Proler International Corp. dated November 13, 1996.+
 - (6) Letter from Proler International Corp. to Mr. Robert Philip of Schnitzer Steel Industries, Inc. dated November 13, 1996.+
 - (7) Press Release issued by Proler International Corp. dated November 19, 1996 and attached letter dated November 19, 1996 from the Board of Directors of Proler International Corp. to stockholders.
- (d) Not applicable.+
- (e) Not applicable.+
- (f) The Offer to Purchase and the Letter of Transmittal are incorporated herein by reference.+
- - - - -

* Filed herewith.

+ Previously filed.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: November 20, 1996

PIC ACQUISITION CORPORATION

By:

Name: Anton U. Pardini

Title: Assistant Secretary and General Counsel

SCHNITZER STEEL INDUSTRIES, INC.

By:

Name: Barry Rosen

Title: Vice President of Finance

NEWS RELEASE

CONTACT: MICHAEL LOY
713/963-5904

FOR IMMEDIATE RELEASE

PROLER INTERNATIONAL CORP. AFFIRMS RECOMMENDATION OF
SCHNITZER TENDER OFFER AND MERGER

Houston, Texas, Nov. 19, 1996 - Proler International Corp announced today that it is transmitting to its stockholders a letter describing the status of the pending sale of the Company and outlining factors that the Proler Board anticipates will continue to be of paramount concern in its deliberations.

As previously reported, Schnitzer Steel Industries, Inc. is conducting an all cash, all shares tender offer for Proler stock at \$9.00 per share under a merger agreement with Proler. The Schnitzer offer is scheduled to close on November 29, 1996, subject to clearance under the Hart Scott Rodino Act and certain other conditions.

Hugo Neu Corporation has also announced a proposal to acquire Proler through a tender offer and merger at \$9.00 per share. Hugo Neu's proposal involves contingencies not applicable to Schnitzer's offer, including the arrangement of financing and the satisfaction of certain conditions.

In its letter to Stockholders, Proler's Board reaffirms its recommendation that Proler stockholders accept the Schnitzer offer and tender their shares.

The text of the Proler letter to stockholders follows.

Proler is an environmental services company involved in the recovery and recycling of scrap metals and industrial wastes to produce high-quality, commercial products. Its shares are traded on the New York Stock Exchange under the symbol PS.

PROLER INTERNATIONAL CORP.
NOVEMBER 19, 1996

Dear Proler Stockholder:

Since we last wrote to you on September 20, 1996, announcing the signing of the merger agreement between Proler International Corp. and Schnitzer Steel Industries, Inc., there have been a number of important developments affecting our company and our stockholders. The purpose of this letter is both to describe the status of the pending sale of the Company and to explain certain factors that the Board anticipates will continue to be of paramount concern in its deliberations.

PROLER'S MERGER AGREEMENT WITH SCHNITZER

As previously announced, Schnitzer has modified its pending tender offer and merger commitment to acquire all of Proler's outstanding shares in three important ways.

- Schnitzer has extended its tender offer and related withdrawal rights through November 29, 1996.
- Schnitzer has increased the price in its tender offer and second step merger from \$7.50 to \$9.00 in cash for each Proler share.
- Schnitzer has waived key conditions to its obligation to consummate its offer.

In the judgment of Proler's Board, the practical consequence of Schnitzer's waiver of conditions is that there are now only two substantive conditions remaining to be satisfied in order for Proler stockholders to be able to receive cash for their shares at expiration of the Schnitzer offer: (1) tender of a majority of Proler's shares and (2) receipt of antitrust clearance from the United States Department of Justice as required by the Hart Scott Rodino Act. As of November 18, 1996, approximately 52% of Proler's shares had been tendered. Based upon the advice of Proler's special antitrust counsel, the Board is hopeful that Hart Scott Rodino Act clearance will be obtained prior to the November 29, 1996, expiration date for Schnitzer's offer. Schnitzer has represented in the merger agreement that it has sufficient financial resources to consummate its offer, and its offer is not subject to obtaining any financing. Schnitzer is a public company, and its publicly disclosed financial statements are considered by the Board to provide adequate assurance that Schnitzer's offer is not subject to any financing contingency.

In short, the Schnitzer transaction appears to the Proler Board to be highly likely to be capable of consummation in the near future.

MERGER PROPOSAL FROM HUGO NEU

Hugo Neu Corporation has publicly proposed that Proler terminate its merger agreement with Schnitzer and enter into a merger agreement with Hugo Neu, also providing for a cash tender offer and second step merger at \$9.00 in cash per share. In the judgment of Proler's Board of Directors, the proposal from Hugo Neu differs from Proler's existing agreement with Schnitzer in several ways that are of serious concern to Proler's Board, including the following:

- FINANCING. Hugo Neu's current proposal does not contain an express financing condition. However, Hugo Neu is a privately owned company, and the information we have received to date indicates that its financial ability to consummate its proposal is dependent upon completion of approximately \$122 million of financing to refinance Hugo Neu's business, to fund its purchase of Proler and to refinance Proler's existing bank debt. Proler's management and financial advisors are currently undertaking to evaluate the proposals Hugo Neu has obtained for this financing, as well as Hugo Neu's overall financial strength.
- CONDITIONS. Hugo Neu has not matched Schnitzer's waiver of key conditions to its obligation to purchase Proler shares.

- (1) Hugo Neu has conditioned its obligation on the continuing accuracy of Proler's representations and warranties under its proposed merger agreement. These representations and warranties cover matters that are beyond Proler's control.
- (2) Hugo Neu has conditioned its offer on the absence of any future event having an actual or reasonably foreseeable material adverse effect on Proler.

In the judgment of Proler's Board, and particularly in view of Proler's financial condition and operating difficulties (discussed below), Hugo Neu's imposition of these conditions creates a risk that Hugo Neu might not in fact consummate its proposed purchase of Proler shares.

- TIMING. Under provisions of the Securities Exchange Act, Hugo Neu's proposed tender offer for Proler shares could not be completed until, at the earliest, 20 business days after Hugo Neu commenced its tender offer. That period would be subject to extension under certain circumstances, such as any delay in obtaining clearance under the Hart Scott Rodino Act (which has occurred in the case of the Schnitzer offer).
- SCHNITZER AGREEMENT. In order to enter into a merger agreement with Hugo Neu, Proler would be required to terminate its merger agreement with Schnitzer. This would release Schnitzer from its obligation to purchase Proler shares and would require Proler to pay Schnitzer up to \$3 million.

Proler's Board has communicated to Hugo Neu its concerns about Hugo Neu's current proposal.

LITIGATION WITH HUGO NEU

Hugo Neu, directly and through a subsidiary, is engaged in three joint ventures with Proler subsidiaries. These joint ventures account for the bulk of Proler's value. After Proler announced its merger agreement with Schnitzer, Hugo Neu commenced legal proceedings against Proler in New York to compel purported arbitration proceedings under the joint venture agreements, seeking to block consummation of the Schnitzer transaction. Proler sued Hugo Neu in Houston, Texas, for tortious interference with the Schnitzer transaction.

All claims of the parties are now before the court in Houston. After hearings, United States District Judge Lynn N. Hughes ruled that the transactions contemplated by Proler's merger agreement with Schnitzer are not subject to arbitration under the joint venture agreements. The court therefore denied Hugo Neu's motion to compel arbitration. Hugo Neu has filed a notice of appeal. Judge Hughes' ruling also denied, without prejudice, Proler's motion for a preliminary injunction against Hugo Neu's interference with the Schnitzer transaction.

The most important consequence of these rulings is that, unless the rulings are reversed on appeal, the Schnitzer transaction can now proceed.

PROLER'S FINANCIAL CONDITION

For some months, Proler has had, and disclosed, growing concerns regarding its liquidity position. The Company's liquidity problems reflect three main factors. (1) A continued build-up of inventory by the joint ventures, exacerbated by declining margins on joint venture sales, has resulted in increased working capital requirements that have strained Proler's financial resources. Proler has advised its joint venture partners that it cannot continue to fund its proportionate share of what it regards as excessive joint venture inventory levels. (2) Proler's non-joint venture operations have not generated satisfactory cash flow or earnings, primarily as a result of continuing poor results from Proler's wholly owned copper recycling plant in Coolidge, Arizona. (3) In pursuing and defending the opportunity afforded to Proler stockholders under the Schnitzer merger agreement, Proler has incurred extraordinary costs, including very substantial legal fees and expenses as a result of Hugo Neu's efforts to block the Schnitzer transaction through litigation and purported arbitration proceedings.

As of November 18, 1996, under its bank line of credit, Proler had outstanding borrowings of approximately \$25.8 million out of a total borrowing capacity (based on the most recent required borrowing base computation) of approximately \$27.3 million. Proler is dependent upon this bank line of credit for liquidity. The line of credit expires on January 31, 1997.

If, for any reason, Proler is not acquired in the near future, the Board believes that in the absence of an unanticipated material improvement in operating results the Company would need additional capital resources to sustain itself as a going concern. There is no assurance that such resources would be available. Proler has disclosed details of its financial condition and liquidity problems to both Schnitzer and Hugo Neu.

MAXIMIZING VALUE FOR PROLER STOCKHOLDERS

The Board of Directors believes that Proler's assets clearly have substantial value, as evidenced by the \$9.00 per share cash price that has been agreed to by Schnitzer and proposed by Hugo Neu. At the same time, the Board believes that Proler's current financial condition makes it essential to consummate a sale of the Company in the near future in order to translate that value into cash for Proler stockholders.

Proler's Board of Directors is committed to obtaining the highest value for you, the stockholders, that is reasonably achievable under the circumstances. In the context of Proler's present financial condition and operating business results, the Board believes that promptness and certainty of consummation are critical factors in assessing the value apparently offered by any potential alternative to the Schnitzer transaction.

We currently anticipate obtaining Hart Scott Rodino Act clearance for the Schnitzer transaction within a short period of time, and Schnitzer has waived the other conditions about which the Board has the greatest concern. Both J.C. Bradford & Co. and Chase Securities Inc., Proler's financial advisors, confirmed to the Board on November 15, 1996, their opinions that the Schnitzer offer is fair, from a financial point of view, to Proler stockholders. And a majority of Proler's shares have been tendered to Schnitzer. The Proler Board therefore considers the pending Schnitzer offer to be at a fair price, essentially unconditional and highly likely to be capable of consummation in the near future.

Accordingly, the Board of Directors of Proler continues to recommend that you accept Schnitzer's tender offer and tender your shares.

By Order of the Board of Directors

Herman Proler
CHAIRMAN OF THE BOARD OF DIRECTORS
Bruce W. Wilkinson
PRESIDENT

Contact: Proler International Corp,
Houston

Michael F. Loy, 713/963-5904