
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
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

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee*
\$35,404,125	\$7,081

* The transaction valuation assumes the purchase of 4,720,550 shares of Common Stock together with the associated stock rights of Proler International Corp. at \$7.50 per share in cash, which is based on the number of shares of Common Stock represented by the Company to be outstanding (4,717,356) and the number of shares of Common Stock issuable under restricted stock awards (3,194) as of September 15, 1996. The amount of the filing fee, calculated in accordance with Rule 0-11(d) under the Securities Exchange Act of 1934, equals 1/50 of one percent of the cash offered by the Bidder.

/X/

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid.
Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:.....	\$7,081
Form or Registration No.:.....	Schedule 14D-1
Filing Party:.....	PIC Acquisition Corporation Schnitzer Steel Industries, Inc.
Date Filed:.....	September 20, 1996

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
C0

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
C0

PIC Acquisition Corporation hereby amends and supplements its Tender Offer Statement on Schedule 14D-1 (the "Statement"), originally filed on September 20, 1996, as amended by Amendment No. 1, with respect to its offer to purchase all outstanding shares of Common Stock, par value \$1.00 per share, of Proler International Corp., a Delaware corporation, together with the associated stock rights, to add Schnitzer Steel Industries, Inc. ("Schnitzer") as a "bidder" thereunder, to extend the Offer until 5:00 p.m., Eastern time on Friday, November 1, 1996, and as further set forth in this Amendment No. 2. Unless the context otherwise requires all information contained in the Statement, as amended, about or relating to Schnitzer shall be deemed to have been provided by and relating to Schnitzer in its capacity as a "bidder" on whose behalf the tender offer is being made. Capitalized terms not defined herein have the meanings assigned thereto in the Statement.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

Item 7 of the Schedule 14D-1 is amended by adding the following:

Schnitzer has commenced discussions with Hugo Neu Corporation, a New York corporation ("Hugo Neu") and a co-owner of the three principal joint ventures through which the Company conducts its scrap metal business. Hugo Neu is attempting to block the transactions contemplated by the Merger Agreement, and the Company has announced that Hugo Neu is conducting a due diligence investigation in order to decide whether to make an offer for the Company. The extension of the Offer, which will allow the parties additional time to resolve these matters, is part of an understanding reached between Schnitzer and Hugo Neu. A copy of the press release dated October 18, 1996 announcing these discussions and the extension of the Offer is attached hereto as Exhibit (a)(10) and is incorporated herein by reference.

If any condition to the Offer specified in the Merger Agreement or in Section 14 of the Offer to Purchase is not satisfied at the Expiration Date, the Purchaser must either (a) waive the unsatisfied condition and accept for payment and pay for any tendered Shares, (b) terminate the Offer and return all tendered Shares to the tendering stockholders, or (c) further extend the Offer resulting in an extension of the right of stockholders to withdraw tendered Shares until the new Expiration Date; provided, however, that the Purchaser may accept tendered Shares for payment subject to the expiration or termination of the applicable waiting period under the HSR Act.

ITEM 10. ADDITIONAL INFORMATION.

Item 10(c) of Schedule 14D-1 is amended by adding the following:

As previously reported, on October 4, 1996 Schnitzer and Proler received a second request from the U.S. Department of Justice for additional information with respect to their filings under the HSR Act. The request will extend the waiting period under the HSR Act for 10 days following receipt by the U.S. Department of Justice of the requested information. No purchase of Proler securities can be consummated until the waiting period expires or is terminated. The extension of the Offer will permit Proler and Schnitzer additional time to respond to this request.

Item 10(e) of Schedule 14D-1 is amended by adding the following:

On September 24, 1996 Hugo Neu filed an action against the Company in the Supreme Court of the State of New York, County of New York and obtained a temporary restraining order preventing the Company from disclosing non-public information concerning certain of the Company's joint ventures (the "New York Action"). On September 26, 1996 the Company removed the New York Action to the U.S. District Court for the Southern District of New York. On October 2, 1996 Hugo Neu and the Company reached a stipulated agreement providing for the dissolution of the temporary restraining order. In addition, the Company and Schnitzer entered into an amended confidentiality agreement, a copy of which is attached hereto as Exhibit (c)(4). On October 3, 1996 Hugo Neu reportedly filed an amended petition in the New York Action requesting that, pending arbitration of the claims set forth in its notice of arbitration

ITEM 10. ADDITIONAL INFORMATION. (CONTINUED)

(as described below), the court preliminarily enjoin the proposed Merger and preliminarily enjoin the Company from allowing Schnitzer any role in management of the joint ventures.

On September 25, 1996 the Company commenced litigation against Hugo Neu in the District Court of Harris County, Texas asserting that Hugo Neu is tortiously interfering with the Merger Agreement and seeking compensatory and punitive damages for any resulting losses to the Company or its stockholders (the "Texas Action"). On October 3, 1996 Hugo Neu removed the action to the U.S. District Court for the Southern District of Texas.

On September 26, 1996 Hugo Neu sent a notice to the Company calling for the arbitration of certain disputes under the three principal joint venture agreements to which Hugo Neu and the Company are a party. In the arbitration notice, Hugo Neu seeks to block the merger, to prevent Schnitzer from exercising any management control over the joint ventures as provided for under the terms of the Merger Agreement and to recover unspecified damages allegedly in excess of \$50 million.

Neither Schnitzer nor the Purchaser is a party to any of the legal proceedings described herein. Schnitzer's October 18, 1996 press release, which is attached hereto as Exhibit (a)(10) and incorporated herein by reference, describes these legal proceedings and the circumstances under which legal proceedings might impact the Offer.

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.*
- (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.*
- (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: October 18, 1996

PIC ACQUISITION CORPORATION

By: /s/ ANTON U. PARDINI

Name: Anton U. Pardini

Title: Assistant Secretary and General Counsel

SCHNITZER STEEL INDUSTRIES, INC.

By: /s/ BARRY ROSEN

Name: Barry Rosen

Title: Vice President of Finance

OCTOBER 17, 1996

FOR IMMEDIATE RELEASE
CONTACT: SCHNITZER STEEL
TOM ZELENSKA
(503) 323-2821

PRESS RELEASE

SCHNITZER STEEL INDUSTRIES, INC. ANNOUNCES EXTENSION
OF TENDER OFFER TO ACQUIRE PROLER INTERNATIONAL CORP.

Portland, Oregon, October 18, 1996--Schnitzer Steel Industries, Inc. (NASDAQ:SCHN) today announced that it has extended its tender offer to purchase all outstanding shares of Proler International Corp. (Proler) for \$7.50 per share in cash until 5:00 p.m., Eastern time on Friday, November 1, 1996. The extension will also extend the period for withdrawal rights until November 1, 1996. As previously announced, on September 15, 1996 Schnitzer and Proler signed a definitive merger agreement for the acquisition of Proler by Schnitzer through a cash tender offer and merger at a price of \$7.50 in cash for each Proler share. Schnitzer's tender offer commenced on September 20, 1996.

As previously reported, on October 4, 1996 Schnitzer and Proler received a second request from the U.S. Department of Justice for additional information with respect to their filings under the Hart-Scott-Rodino antitrust Improvement Act of 1976. The request will extend the waiting period under the Hart-Scott-Rodino Act for 10 days following receipt by the U.S. Department of Justice of the requested information. No purchase of Proler securities can be consummated until the waiting period expires or is terminated. The extension of Schnitzer's tender offer will permit Proler and Schnitzer additional time to respond to this request.

Schnitzer also announced it has commenced discussions with Hugo Neu Corporation (Hugo Neu), a co-owner of the three principal joint ventures through which Proler conducts its scrap metal business. Hugo Neu is attempting to block the transactions contemplated by the merger agreement between Schnitzer and Proler and Proler has announced that Hugo Neu is conducting a due diligence investigation in order to decide whether to make an offer for Proler. The extension of the offer, which will allow the parties additional time to resolve these matters, is part of an understanding reached between Schnitzer and Hugo Neu.

On September 26, 1996 Hugo Neu served Proler with a notice of arbitration alleging that certain breaches of three Hugo Neu/Proler joint venture agreements would result if the terms of the merger agreement were carried out. In its notice of arbitration Hugo Neu seeks to block the merger between Proler and Schnitzer and to recover unspecified damages allegedly in excess of \$50 million. On October 3, 1996, Hugo Neu amended an earlier court action it had filed against Proler in New York to include a request that, pending the outcome of the arbitration proceeding, the federal district court in New York preliminarily enjoin Proler's merger with Schnitzer and preliminarily enjoin Proler from allowing Schnitzer any role in the management of the joint ventures. Proler has filed suit against Hugo Neu in Texas claiming Hugo Neu is tortiously interfering with Proler's merger agreement with Schnitzer and seeking compensatory and punitive damages for any resulting losses to Proler and Proler's stockholders. Schnitzer is not a party to any of these proceedings and Schnitzer and Hugo Neu have agreed not to commence legal proceedings against each other during the pendency of their discussions.

As discussed in its Offer to Purchase, the completion of Schnitzer's tender offer for Proler remains subject to the satisfaction or waiver of a number of conditions, including that all representations and warranties of Proler in the merger agreement shall be true and correct, except for, among other things, breaches of representations and warranties which, individually or in the aggregate, would not have a material adverse effect with respect to Proler or Schnitzer or materially impair the ability of the parties to consummate the transactions contemplated by the merger agreement. If all of these conditions have not been satisfied prior

to the expiration date of the tender offer, Schnitzer will have no obligation to accept tendered shares for payment. The existence of any litigation or arbitration that could have a material adverse effect on the parties following the transaction, or that could enjoin or restrict the right or ability of Proler to perform its obligations under the merger agreement would, constitute a breach of Proler's representations in the merger agreement.

On October 16, 1996 Proler entered into a confidentiality agreement with Hugo Neu providing Hugo Neu access to certain non-public information concerning Proler for purposes of conducting its due diligence investigation.

As of 4:00 p.m., Eastern time on October 17, 1996 approximately 2.1 million shares of Proler common stock had been tendered. Except for the extension of the tender offer, the terms of the tender offer remain unchanged.

Schnitzer operates one of the largest scrap recycling businesses in the Western United States. The Company supplies ferrous scrap to Asian and domestic steel producers through its scrap collection, processing and deep water facilities located in Oakland, California; Portland, Oregon; and Tacoma, Washington. The Company also operates collection and processing facilities in Eugene, Bend, White City and Grants Pass, Oregon; and Sacramento and Fresno, California. Schnitzer's subsidiary, Cascade Steel Rolling Mills, Inc. (Cascade) operates the only vertically integrated mini-mill in the Western United States which can obtain its entire scrap requirements from its own scrap operations. Cascade's steel mini-mill in McMinnville, Oregon manufactures rebar, merchant bar, fence posts, special sections and grape stakes. In addition, Cascade maintains mill depots in Union City and El Monte, California.

Release to Schnitzer Steel Industries Northwest Regional List and Internal Investor Fax List. Release prior to market opening tomorrow (October 18, 1996).

Contact Tom Zelenka (503) 224-9900 with additional questions.

[Proler International Corp. Letterhead]

As of June 11, 1996

Schnitzer Steel Industries, Inc.
3200 Northwest Yeon Avenue
Portland, Oregon 97210

Attention: Mr. Robert W. Philip

Dear Gentlemen:

You have advised us of your interest in exploring a possible negotiated transaction involving you and Proler International Corp. (the "Company"). In connection with your analysis of a possible negotiated transaction with the Company, you have requested and/or may request certain oral and written non-public information concerning the Company, its subsidiaries and Joint Operations which may be supplied to you by officers, directors, employees and/or agents or representatives of the Company (collectively, the "Information"). As used in this letter, the term "Joint Operations" shall refer to the scrap metal joint ventures owned in part by the Company and its subsidiaries, and the term "Joint Venture Parties" shall refer to all owners of the Joint Operations other than the Company. As a condition to being furnished with the Information, you agree (and agree to cause your directors, officers and employees) to treat the Information in accordance with the following:

1. The Information will be used solely for the purposes of evaluating a possible transaction between the Company and you and not used in any way directly or indirectly detrimental to the Company, its subsidiaries or Joint Operations or any of the Joint Venture Parties in their capacities as such. Unless and until you have completed a transaction with the Company pursuant to a definitive agreement (the "Transaction Agreement"), such Information will be kept confidential by you and your advisors; provided, however, that you may disclose the Information or portions thereof to those of your directors, officers and employees and representatives of your advisors (collectively, "Representatives") who need to know such Information for the purpose of evaluating your possible transaction with the Company (it being understood that you will inform those Representatives of the confidential nature of the Information and direct them not to disclose the Information to any other person). You agree to be responsible for any breach of this Agreement by your Representatives.

If you are requested or required (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demands or similar processes) to disclose any Information supplied to you in the course of your dealings with the Company or its representatives or the Joint Operations, you will (i) provide the Company and the Joint Venture Parties (with respect to Joint Operations matters) with prompt notice of such request(s) and the document requested so that the Company and the Joint Venture Parties (with respect to Joint Operations matters) may seek an appropriate protective order and/or waive your compliance with the provisions of this Agreement, and (ii) consult with the Company and the Joint Venture Parties (with respect to Joint Operations matters) as to the advisability of the Company and the Joint Venture Parties taking legally available steps to resist or narrow such request. If in the absence of a protective order or the receipt of a waiver hereunder you are nonetheless, in the written opinion of your legal counsel, compelled to disclose Information concerning the Company or the Joint Operations, you may disclose such Information without liability hereunder; provided, however, that you shall give the Company and the Joint Venture Parties (with respect to Joint Operations matters) written notice of such Information as far in advance of its disclosure as is practicable and shall use reasonable efforts to obtain, to the greatest extent practicable, an order or other reliable assurance that confidential treatment will be accorded to such Information required to be disclosed or produced.

2. The term "Information" does not include any information which (i) is or hereafter becomes generally available to and known by the public (other than as a result of an unpermitted disclosure directly or indirectly by you or your Representatives), (ii) is or becomes available to you on a nonconfidential basis from a source other than the Company or its advisors, or the Joint Ventures or any of the Joint Venture Parties provided that such source is not at the time of such disclosure bound by a confidentiality agreement with or other obligation of secrecy to the Company or the Joint Ventures or any of the Joint Venture Parties of which you have knowledge or (iii) have already been or is hereafter independently acquired or developed by you without violating any confidentiality agreement with or other obligation of secrecy to the Company or the Joint Ventures or any of the Joint Venture Parties.

3. If you do not proceed with a transaction with the Company or if the Company so requests, you will return promptly to the Company and the Joint Operations (with respect to Joint Operations matters) all copies, extracts or other reproductions in whole or in part of the Information in your possession or in the possession of your Representatives, and you will destroy all copies of any memoranda, notes, analyses, compilations, studies or other documents prepared by you or for your use based on, containing or reflecting any Information. Such destruction shall, if requested, be certified in writing to the Company and the Joint Operations by an authorized officer supervising such destruction. Notwithstanding the foregoing, you may retain a list of all Information provided to you by the Company, provided that a copy of such list is delivered to the Company together with any Information returned to the Company pursuant to this Agreement.

4. Without the prior written consent of the Company, you will not, and will direct your Representatives not to, disclose to any person either the fact that any investigations, discussions or negotiations are taking place concerning a possible transaction between the Company and you, or that you have requested or received Information from the Company, or

any of the terms, conditions or other facts with respect to any such possible transaction, including the status thereof. The term "person" as used throughout this Agreement will be interpreted broadly to include, without limitation, any corporation, company, partnership or individual.

5. Upon reasonable notice to the Joint Venture Parties, you may conduct a physical inspection of all or any of the physical properties of the Joint Operations, provided that you do not interfere with the operation thereof. Such inspection may include having a reputable, nationally or regionally recognized environmental consultant reasonably acceptable to the Company and the Joint Venture Parties conduct a Phase I environmental inspection or assessment of the properties. The scope of any environmental inspection other than a Phase I environmental inspection shall be subject to the prior written approval of the Company and the Joint Venture Parties. You agree that any consultant retained by you shall be familiar with the ferrous and non-ferrous scrap metal industry, scrap yard operations and environmental issues relating thereto. Any such consultant retained to conduct other than a Phase I inspection shall have liability insurance coverage of a type and amount acceptable to the Joint Operations and each of the Joint Venture Parties. You will require any consultant retained to conduct other than a Phase I inspection to name the Company, the applicable Joint Operations and each of the Joint Venture Parties as additional insureds on the consultant's policies. Nothing herein shall authorize any testing or sampling activities on any property by you or your environmental consultant, including without limitation, subsurface testing or drilling. You shall make all inspections in good faith and with due diligence and will make all reports and other results of the inspections available to the Company and to the Joint Venture Parties immediately upon such party's request. Any reports issued shall first be generated in draft form. No environmental report will be made final until the Company and the Joint Venture Parties shall have had reasonable opportunity to review the draft (if the Company or they wish to do so) and to correct factual inaccuracies therein. The Company and the Joint Venture Parties shall have the right to have a representative present at the time of making any such inspection. In making any inspection hereunder, you will treat all information obtained by you or your environmental consultant pursuant to the inspection as strictly confidential Information hereunder. You agree to indemnify and hold the Company, the Joint Operations and each of the Joint Venture Parties, their tenants, contractors and employees harmless from any and all injuries, losses, liens, claims, judgments, liabilities, costs, expenses or damages (including reasonable attorneys' fees and court costs) sustained by or threatened against them which result from or arise out of any personal injury or property damage (including any environmental release) caused by or arising out of physical inspections by you or your representatives, consultants, contractors, or subcontractors. The inspections will be undertaken and completed as promptly as is reasonably practicable.

6. You understand and acknowledge that the Company is not making any representation or warranty, express or implied, as to the accuracy or completeness of the Information, and neither the Company, the Joint Operations or the Joint Venture Parties nor any of their directors, officers, employees, stockholders, owners, affiliates, Representatives or agents will have any liability to you or any other person resulting from your use of the Information. Only those representations or warranties that are made to you in a definitive Transaction Agreement when, as, and if it is executed, and subject to such limitations and restrictions as may be specified in such Transaction Agreement, will have any legal effect.

7. You agree that until the expiration of two years from the date of this Agreement, you shall not without the prior written approval of the Company (i) in any manner acquire, agree to acquire or make any proposal to acquire, directly or indirectly, any securities, assets or property of the Company or any of its subsidiaries, whether such agreement or proposal is with the Company or any of its subsidiaries or with a third party, (ii) propose to enter into, directly or indirectly, any merger or other business combination involving the Company or any of its subsidiaries, (iii) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) to vote, or seek to advise or influence any person with respect to the voting of, any voting securities of the Company or any of its subsidiaries, (iv) form, join or in any way participate in a "group" (with the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 with respect to any voting securities of the Company or any of its subsidiaries, (v) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors or policies of the Company, (vi) disclose any intention, plan or arrangement inconsistent with the foregoing; or (vii) advise, encourage, provide assistance (including financial assistance) to or hold discussions with any other person in connection with any of the foregoing. You also agree during such period not to (i) request the Company (or its directors, officers, employees or agents), directly or indirectly, to amend or waive any provision of this paragraph (including this sentence), or (ii) take any action which might require the Company to make a public announcement regarding the possibility of a business combination or merger.

8. You agree that until the expiration of two years from the date of this Agreement, you shall not, without the prior written approval of each of the relevant Joint Operations: (i) initiate or maintain contact (except for contacts that you would have made regardless of having been furnished Information and that do not violate your undertakings in paragraph 1 or other provisions of this Agreement) with any officer, director, employee or agent of the Joint Operations, (ii) hire any employee of the Joint Operations or any of the Joint Venture Parties (provided, however, that you may hire any such person who first contacts you on an unsolicited basis seeking employment but, in such event, you shall have the burden of proving, in any action asserting breach by you of the provisions of this clause (ii), that such person did first contact you on an unsolicited basis seeking employment), or (iii) contact or otherwise engage in discussions with the Joint Operations' customers, suppliers, landlords or any other person in contractual or business relations with the Joint Operations (except such contacts or discussions with such persons that you would have engaged in regardless of having been furnished Information and that do not violate your undertakings in paragraph 1 or any other provisions of this Agreement).

9. You hereby acknowledge that you are aware, and that you have advised or will advise your directors, officers, employees, agents, advisors and any other Representatives who are informed as to the matters which are the subject of this Agreement, that the United States securities laws may prohibit any person who has material, non-public information concerning the matters which are subject of this Agreement from purchasing or selling securities of a company which may be a party to a transaction of the type contemplated by this Agreement or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

10. You also understand and agree that unless and until a definitive Transaction Agreement has been executed and delivered, no contract or agreement providing for a transaction with the Company shall be deemed to exist between you and the Company, and neither the Company nor you will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, except, in the case of this Agreement, for the matters specifically agreed to herein. For purposes of this paragraph, the term "definitive Transaction Agreement" does not include any executed letter of intent or any other preliminary written agreement, nor does it include any written or verbal acceptance of an offer or bid made by you.

11. You agree that the Company, the Joint Operations and any of the Joint Venture Parties shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this Agreement that are in favor of or for the benefit of such persons, in addition to all other remedies available to the Company at law or in equity. You also further agree that service of any process, summons, notice or document by U.S. registered mail to your address set forth above shall be effective service of process for any action, suit or proceedings brought against you in any court. You hereby irrevocably and unconditionally consent to submit to the non-exclusive jurisdiction of the United States District Courts located in the State of New York and the State of New Jersey (or if such District Courts decline jurisdiction, the Courts of the State of New York and New Jersey) for any actions, suits or proceedings brought by the Joint Operations or the Joint Venture Parties arising out of or relating to this Agreement.

12. You agree that the Company reserves the right, in its sole and absolute discretion, to reject any or all proposals, to decline to furnish further information and to terminate discussions and negotiations with you at any time. The exercise by the Company of these rights shall not affect the enforceability of any provision of this Agreement.

13. All notices and communications referred or permitted to be made by you to the Company pursuant to this Agreement will be made to the Company, Attention: President, 4265 San Felipe, Suite 900, Houston, Texas 77027.

14. This Agreement is for the benefit of, and shall be enforceable by, the Company, the Joint Operations and each of the Joint Venture Parties (who are each hereby made third party beneficiaries hereof as to the provisions of this Agreement that are in favor of or for the benefit of such persons) and will be governed and construed in accordance with the laws of the State of Texas. You expressly agree that each Joint Venture Party, singly, shall have standing to assert on behalf of the Joint Operations any cause of action, any claim for relief as contemplated by paragraph 11 or any other claim for any remedy available to the Joint Operations in the event of your breach of any provisions of this Agreement that are in favor of or for the benefit of the Joint Operations.

15. Especially sensitive information, including, without limitation, environmental test data or documents relating to environmental matters, made available to you for examination at the locations of the Joint Operations shall not be copied by you without in each case the written consent of the Joint Venture Parties.

If you agree with the foregoing, please sign this letter and return one executed copy, which will constitute our agreement with respect to the subject matter of this letter.

Very truly yours,

PROLER INTERNATIONAL CORP.

By:/s/ BRUCE WILKINSON
Bruce Wilkinson
President

Confirmed and Agreed as of the date written above:

SCHNITZER STEEL INDUSTRIES, INC.

By/s/ ROBERT W. PHILIP
Printed Name: ROBERT W. PHILIP
Title: PRESIDENT