UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended February 29, 2000 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number 0-22496

SCHNITZER STEEL INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

OREGON	93-0341923
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3200 N.W. Yeon Ave.
P.O Box 10047
Portland, OR 97296-0047
(Address of principal executive offices) (Zip Code)

(503) 224-9900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The Registrant had 5,364,726 shares of Class A Common Stock, par value of $1.00 per share, and 4,360,328 shares of Class B Common Stock, par value of $1.00 per share, outstanding at April 1, 2000.

SCHNITZER STEEL INDUSTRIES, INC.

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SCHNITZER STEEL INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEET
(In thousands, except per share amounts)

	Feb. 29, 2000 (Unaudited)	Aug. 31, 1999 (Audited, restated) (See Note 2)
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,639	$ 6,174
Accounts receivable, less allowance for doubtful accounts of $938 and $638	20,006	21,714
Accounts receivable from related parties	3,542	1,935
Inventories (Note 2)	98,053	90,967
Deferred income taxes (Note 2)	5,281	4,795
Prepaid expenses and other	3,365	3,417
TOTAL CURRENT ASSETS	132,886	129,002
NET PROPERTY, PLANT AND EQUIPMENT	132,257	135,814
OTHER ASSETS:		
Investment in joint venture partnerships	106,079	103,980
Advances to joint venture partnerships	31,914	27,754
Goodwill	39,374	39,992
Intangibles and other	9,743	9,816
TOTAL ASSETS	$ 452,253	$ 446,358
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 257	$ 436
Accounts payable	15,634	16,390
Accrued payroll liabilities	5,153	6,072
Current portion of environmental liabilities	5,139	5,154
Other accrued liabilities	6,610	7,568
TOTAL CURRENT LIABILITIES	32,793	35,620
DEFERRED INCOME TAXES	28,490	27,882
LONG-TERM DEBT LESS CURRENT PORTION	125,162	119,826
ENVIRONMENTAL LIABILITIES, NET OF CURRENT PORTION	19,427	19,661
OTHER LONG-TERM LIABILITIES	2,838	2,996
TOTAL LIABILITIES	208,710	205,985
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock--20,000 shares authorized, none issued		
Class A common stock--75,000 shares $1 par value authorized, 5,365 and 5,295 shares issued and outstanding	5,365	5,295
Class B common stock--25,000 shares $1 par value authorized, 4,361 and 4,431 shares issued and outstanding	4,361	4,431
Additional paid-in capital	102,179	102,179
Retained earnings (Note 2)	131,638	128,468
TOTAL SHAREHOLDERS' EQUITY	243,543	240,373
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 452,253	$ 446,358

The accompanying notes are an integral part of this statement.

SCHNITZER STEEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited, in thousands, except per share amounts)

	For The Three Months Ended		For The Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
REVENUES	$ 75,822	$ 51,722	$ 147,055	$ 118,888
Cost of goods sold and other operating expenses	67,409	50,406	128,442	111,258
Selling and administrative	6,674	5,832	12,915	11,529
Income (loss) from joint ventures	3,788	(622)	3,283	(2,293)
INCOME (LOSS) FROM OPERATIONS	5,527	(5,138)	8,981	(6,192)
OTHER INCOME (EXPENSE):				
Interest expense	(1,986)	(1,723)	(3,695)	(3,647)
Other (expense) income	(442)	921	164	1,488
	(2,428)	(802)	(3,531)	(2,159)
INCOME (LOSS) BEFORE INCOME TAXES	3,099	(5,940)	5,450	(8,351)
Income tax (provision) benefit	(955)	2,019	(1,308)	2,839
NET INCOME (LOSS)	$ 2,144	$ (3,921)	$ 4,142	$ (5,512)
BASIC EARNINGS (LOSS) PER SHARE	$ 0.22	$ (0.39)	$ 0.43	$ (0.55)
DILUTED EARNINGS (LOSS) PER SHARE	$ 0.22	$ (0.39)	$ 0.42	$ (0.55)

The accompanying notes are an integral part of this statement.

SCHNITZER STEEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited, in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance at August 31, 1998, as previously reported	5,555	$ 5,555	4,431	$ 4,431	$ 105,124	$ 126,326	$ 241,436
Cumulative effect on prior years of applying FIFO method of accounting (Note 2)						3,487	3,487
Class A common stock repurchased	(260)	(260)			(2,945)		(3,205)
Net income, restated (Note 2)						621	621
Dividends paid						(1,966)	(1,966)
Balance at August 31, 1999	5,295	5,295	4,431	4,431	102,179	128,468	240,373
Class B common stock converted to Class A common stock	70	70	(70)	(70)			
Net income						4,142	4,142
Dividends paid						(972)	(972)
Balance at February 29, 2000	5,365	$ 5,365	4,361	$ 4,361	$ 102,179	$ 131,638	$ 243,543

The accompanying notes are an integral part of this statement.

SCHNITZER STEEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited, in thousands)

	For The Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
OPERATIONS:		
Net income	$ 4,142	$ (5,512)
Noncash items included in income:		
Depreciation and amortization	9,071	9,015
Equity in (earnings) loss of joint ventures and other investments	(3,283)	2,293
Deferred income taxes	123	
Loss (gain) on disposal of assets	1,275	(471)
Cash provided (used) by changes in working capital:		
Accounts receivable	101	3,478
Inventories	(7,086)	8,864
Prepaid expenses	52	(1,558)
Accounts payable	(756)	(2,166)
Accrued liabilities	(1,827)	(2,123)
Environmental liabilities	(249)	(740)
Other assets and liabilities	(125)	56
NET CASH PROVIDED BY OPERATIONS	1,438	11,136
INVESTMENTS:		
Capital expenditures	(7,322)	(5,572)
Advances (to) from joint ventures	(4,160)	10,157
Investments in joint ventures		(20)
Distributions from joint ventures	1,165	1,582
Proceeds from sale of assets	1,159	478
NET CASH (USED) PROVIDED BY INVESTMENTS	(9,158)	6,625
FINANCING:		
Repurchase of Class A common stock		(189)
Dividends declared and paid	(972)	(994)
Reduction in long-term debt	(132)	(17,695)
Increase in long-term debt	5,289	
NET CASH PROVIDED (USED) BY FINANCING	4,185	(18,878)
NET DECREASE IN CASH	(3,535)	(1,117)
CASH AT BEGINNING OF PERIOD	6,174	3,800
CASH AT END OF PERIOD	$ 2,639	$ 2,683

The accompanying notes are an integral part of this statement.

SCHNITZER STEEL INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 29, 2000 AND FEBRUARY 28, 1999
(Unaudited, in thousands, except per share amounts)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Schnitzer Steel Industries, Inc. (the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and note disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. In the opinion of management, all adjustments, consisting only of normal, recurring adjustments considered necessary for a fair presentation, have been included. Although management believes that the disclosures made are adequate to ensure that the information presented is not misleading, management suggests that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the fiscal year ended August 31, 1999. The results for the three and six months ended February 29, 2000 are not necessarily indicative of the results of operations for the entire year.

EARNINGS AND DIVIDENDS PER SHARE

Basic earnings per share (EPS) are computed based upon the weighted average number of common shares outstanding during the period. Diluted EPS reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. The following represents a reconciliation from basic EPS to diluted EPS:

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Net income	$2,144	$(3,921)	$4,142	$(5,512)
Computation of shares:				
Average common shares outstanding	9,726	9,973	9,726	9,974
Stock options	127	--	63	--
Diluted average common shares outstanding	9,853	9,973	9,789	9,794
Basic EPS	$ 0.22	$ (0.39)	$ 0.43	$ (0.55)
Diluted EPS	$ 0.22	$ (0.39)	$ 0.42	$ (0.55)
Dividend per share	$ 0.05	$ 0.05	$ 0.10	$ 0.10

The accompanying notes are an integral part of this statement.

NOTE 2 - INVENTORIES:

Inventories consisted of the following:

	February 29, 2000 (Unaudited)	August 31, 1999 (Audited)
Recycled metals	$ 24,899	$ 25,890
Work in process	12,240	20,372
Finished goods	38,811	29,578
Supplies	22,103	15,127
	$ 98,053	$ 90,967

In the first quarter of fiscal 2000, the Company changed its method of accounting for recycled metals inventories from Last-In, First-Out (LIFO) to First-In, First-Out (FIFO). Given the volatility of both prices and quantities, management believes that accounting for inventories using the FIFO method better matches revenues and expenses, and therefore is preferable. In addition, the method is consistent with its other inventory pools. In accordance with Accounting Principles Board No. 20, "Accounting Changes," upon adoption, the Company retroactively restated prior periods by applying the FIFO method of accounting in prior periods. Because the Company had not recorded a LIFO adjustment during the first or second quarters of fiscal 1999, no restatement of the statement of operations for the three or six months ended February 28, 1999 period was required. The balance sheet and statement of equity have been restated to reflect the change.

NOTE 3 - SEGMENT INFORMATION:

The Company operates in two industry segments: metal processing and recycling (Metals Recycling Business) and mini-mill steel manufacturing (Steel Manufacturing Business). Additionally, the Company has joint ventures within the metals recycling business (Joint Ventures in the Metals Recycling Business) and joint ventures which are suppliers of unprocessed metals (Joint Venture Suppliers of Recycled Metals). The Company considers these joint ventures to be separate business segments because they are managed separately. These joint ventures are accounted for using the equity method. As such, the joint venture operating information provided below is shown separately from the consolidated information, except for the Company's equity in the net income of the joint ventures.

The information provided below is obtained from internal information that is provided to the Company's chief operating decision-makers for the purpose of corporate management. The Company does not allocate corporate interest income and expense, income taxes or other income and expenses related to corporate activity to its operating segments. Assets and capital expenditures are not shown for the joint ventures as management does not use that information to allocate resources or assess performance.

Revenues from external customers as reported on the Consolidated Statement of Operations are as follows:

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Revenues from external customers:				
Metals Recycling Business	$ 45,708	$ 26,034	$ 85,817	$ 63,147
Steel Manufacturing Business	40,812	35,283	83,102	77,443
Intersegment revenues	(10,698)	(9,595)	(21,864)	(21,702)
Consolidated revenues	$ 75,822	$ 51,722	$ 147,055	$ 118,888

The following represents the joint ventures' total revenues from external customers:

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Joint Ventures in the Metals Recycling Business	$128,991	$ 71,859	$229,215	$149,604
Joint Venture Suppliers of Metals	12,370	10,805	23,846	23,715
Total revenues	$141,361	$ 82,664	$253,061	$173,319

The following is a reconciliation of consolidated income (loss) from operations:

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Income (loss) from operations:				
Metals Recycling Business	$ 3,229	$(2,326)	$ 6,050	$(2,708)
Steel Manufacturing Business	1,590	(473)	3,417	2,444
Joint Ventures in the Metals Recycling Business	3,335	(835)	2,147	(3,087)
Joint Venture Suppliers of Metals	453	213	1,136	794
Corporate expense and eliminations	(3,080)	(1,717)	(3,769)	(3,635)
Consolidated income (loss) from operations	$ 5,527	$(5,138)	$ 8,981	$(6,192)

Income (loss) from operations generated by the joint ventures represents the Company's equity in the net income (loss) of these entities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company operates in two primary business segments. The Company's Metals Recycling Business collects, processes and recycles ferrous and nonferrous metals through its facilities. The Company's Steel Manufacturing Business operates a mini-mill in Oregon, which produces finished steel products and maintains a mill depot in California. Additionally, the Company owns equity in joint ventures that participate in the purchase, collection and processing of recycled metals.

RESULTS OF OPERATIONS

The Company's revenues and operating results by business segment are summarized below (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
	(Unaudited)			
REVENUES:				
Metals Recycling Business:				
Ferrous sales	$ 34,133	$ 18,751	$ 65,004	$ 46,906
Nonferrous sales	9,410	5,328	16,861	11,237
Other sales	2,165	1,955	3,952	5,004
Total sales	45,708	26,034	85,817	63,147
Ferrous sales to Steel Manufacturing Business	(10,698)	(9,595)	(21,864)	(21,702)
Steel Manufacturing Business	40,812	35,283	83,102	77,443
Total	$ 75,822	$ 51,722	$ 147,055	$ 118,888
INCOME (LOSS) FROM OPERATIONS:				
Metals Recycling Business	$ 3,229	$ (2,326)	$ 6,050	$ (2,708)
Steel Manufacturing Business	1,590	(473)	3,417	2,444
Joint Ventures in the Metals Recycling Business	3,335	(835)	2,147	(3,087)
Joint Venture Suppliers of Metals	453	213	1,136	794
Corporate expense & eliminations	(3,080)	(1,717)	(3,769)	(3,635)
Total	$ 5,527	$ (5,138)	$ 8,981	$ (6,192)
NET INCOME (LOSS)	$ 2,144	$ (3,921)	$ 4,142	$ (5,512)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued):

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
	(unaudited)			
SHIPMENTS:				
METALS RECYCLING BUSINESS:				
Ferrous metals (thousands of long tons):				
To Steel Manufacturing Business	105	121	232	261
Other domestic	69	49	125	97
Export	174	63	344	207
Total	348	233	701	565
Nonferrous metals (thousands lbs.)	23,167	16,428	42,262	35,097
Average ferrous sales price ($/ton)				
Domestic	$ 103	$ 83	$ 96	$ 86
Export	93	75	89	79
Average	98	81	93	83
STEEL MANUFACTURING BUSINESS				
Finished steel (thousands of short tons)	139	114	289	241
Average sales price ($/ton)	$ 294	$ 310	$ 287	$ 322

SECOND QUARTER FISCAL 2000 VS. SECOND QUARTER FISCAL 1999

REVENUES. Consolidated revenues for the three months ended February 29, 2000 increased $24.1 million (47%) from the same period last year. The higher revenues were primarily attributed to increases in prices and sales volumes for the Metals Recycling Business.

During the quarter ended February 29, 2000, revenues for the Metals Recycling Business, before intercompany eliminations, increased $19.7 million (76%), which is attributed to higher average sales prices and higher shipping volumes. Ferrous and nonferrous sales volumes increased by 49% and 41%, respectively, from the prior year quarter. In addition, the average sales prices for ferrous and nonferrous metals increased by 22% and 25%, respectively, from the second quarter of fiscal 1999. The higher prices and higher sales volumes were caused by the rebound in the Asian economies which resulted in increases in demand by Asian steel and metal producers.

The Steel Manufacturing Business' revenues for the three months ended February 29, 2000 increased $5.5 million (16%), to $40.8 million from the prior year quarter. The increase in revenues is primarily due to a 25,000 ton increase (22%) in finished steel shipments during the quarter compared to the prior year. This increase was primarily the result of increased demand for wire rod products. The higher sales volumes were offset in part by a $16 per ton (5%) decrease in the average selling price, which was due to the increased supply of lower cost steel imports as well as a lower priced product sales mix.

COST OF GOODS SOLD. Consolidated cost of goods sold increased $17.0 million (34%) for the three months ended February 29, 2000, compared with the same period last year. Cost of goods sold decreased as a percentage of revenues from 97% to 89%, which resulted in a $7.1 million increase in gross margin during the latest quarter as compared to the prior year quarter.

During the second quarter of fiscal 2000, the Metals Recycling Business' cost of goods sold increased $13.6 million over the prior year quarter. In addition, cost of goods sold as a percentage of revenues decreased from 96% during the second quarter of fiscal 1999 to 84% during the second quarter of fiscal 2000. As a result gross profit increased by $6.1 million to $7.1 million. The increase in gross margins is directly attributable to the higher selling prices brought about by increasing demand from Asian countries and a lower average cost per ton due to higher production levels.

For the three months ended February 29, 2000, cost of goods sold for the Steel Manufacturing Business increased $3.5 million compared to the same period last year and decreased as a percentage of revenues from 99% to 94%. Gross profit increased from $0.3 million to $2.4 million compared with the second quarter last year. Although prices were lower, margins improved due to lower raw material costs as well as increased production volumes that lowered production costs per ton. Production volumes were lower during the second quarter of last year as excess supplies of low cost steel imports necessitated the mill's curtailment of production. Cost of goods sold per ton, excluding billets, decreased $27 per ton from the second quarter of last year to $273 per ton.

FIRST HALF OF FISCAL 2000 VS. FIRST HALF OF FISCAL 1999

REVENUES. Consolidated revenues for the six months ended February 29, 2000 increased $28.2 million (24%) from the same period last year. The higher revenues were primarily attributed to increases in prices and sales volumes for the Metals Recycling Business.

During the six months ended February 29, 2000, revenues for the Metals Recycling Business, before intercompany eliminations, increased $22.7 million (36%), which is attributed to higher average sales prices and higher shipping volumes. Ferrous and nonferrous sales volumes increased by 24% and 20%, respectively, from the same period in the prior year. In addition the average sales prices for ferrous and nonferrous metals increased by 11% and 25%, respectively, from the first half of fiscal 1999. The higher prices and higher sales volumes were caused by the rebound in the Asian economies which resulted in increases in demand by Asian steel and metal producers.

The Steel Manufacturing Business' revenues for the six months ended February 29, 2000 increased $5.7 million (7%), to $83.1 million, from the first half of the prior year. The increase in revenues was primarily due to a 48,000 ton increase (20%) in finished steel shipments during the first six months of fiscal 2000 compared to the prior year. This increase was primarily due to the increased demand for wire rod products as well as higher productivity in the Company's newest rolling mill that has resulted in increasing production volumes of wire rod products. The higher sales volumes were offset in part by a $34 per ton (11%) decrease in the average selling price, which was due to the increased supply of lower cost steel imports as well as a lower priced product sales mix.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued):

COST OF GOODS SOLD. Consolidated cost of goods sold increased by $17.2 million (15%) for the six months ended February 29, 2000, compared with the same period last year. Cost of goods sold decreased as a percentage of revenues from 94% to 87%, which resulted in an $11.0 million increase in gross margin during for the first six months of fiscal 2000 as compared to the prior year.

During the first half of fiscal 2000, the Metals Recycling Business' cost of goods sold increased $13.0 million over the prior year. In addition, cost of goods sold as a percentage of revenues decreased from 94% for the first half of fiscal 1999 to 84% during the first half of fiscal 2000. As a result, gross profit increased by $9.7 million to $13.4 million. The increase in gross margins is directly attributable to the higher selling prices brought about by the increasing demand from Asian countries and lower costs per ton due to higher production levels.

During the first six months of fiscal 2000, cost of goods sold for the Steel Manufacturing Business increased $4.7 million compared to the same period last year and decreased as a percentage of revenues from 95% to 94%. Gross profit increased from $4.1 million to $5.1 million compared with the first half of last year. Although prices were lower, margins improved due to increased production volumes that lowered production costs per ton. Production volumes were lower during the second quarter of last year as excess supplies of low cost steel imports necessitated the mill's curtailment of production. Cost of goods sold per ton, excluding billets, decreased $32 per ton from the first six months of last year to $266 per ton.

INCOME FROM JOINT VENTURES. The Company's joint ventures' revenues and results of operations were as follows (in thousands):

	For the Three Months Ended		For the Six Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
	(Unaudited)			
Total revenues from external customers recognized by:				
Joint Ventures in the Metals Recycling Business	$ 128,991	$ 71,859	$ 229,215	$ 149,604
Joint Venture Suppliers of Metals	12,370	10,805	23,846	23,715
	$ 141,361	$ 82,664	$ 253,061	$ 173,319
Income (loss) from joint ventures recognized by the Company from:				
Joint Ventures in the Metals Recycling Business	$ 3,335	$ (835)	$ 2,147	$ (3,087)
Joint Venture Suppliers of Metals	453	213	1,136	794
	$ 3,788	$ (622)	$ 3,283	$ (2,293)

The Joint Ventures in the Metals Recycling Business predominantly sell recycled ferrous metal. The increase in revenues recognized by these joint ventures is attributable to higher ferrous selling prices and an increase in tonnage shipped. Shipments of ferrous metal processed by the joint ventures increased to 749,000 tons for the quarter ended February 29, 2000 from 665,000 tons for the same quarter in the prior year. The average prices for ferrous recycled metal increased by 25% from the second quarter of last year.

For the six months ended February 29, 2000, ferrous metal shipments increased to 1.4 million tons from 1.3 million tons during the same period last year. The average selling price of ferrous recycled metal increased 13% during that period, predominantly due to the strengthening world market and a stronger domestic market. The increase in ferrous tons shipped and average selling price per ton for the three and six months ended February 29, 2000 was primarily due to an increase in domestic sales.

The Company's equity in income from its Joint Ventures in the Metals Recycling Business for the second quarter of fiscal 2000 increased to $3.3 million from a loss of $0.8 million in the second quarter of fiscal 1999. For the six months ended February 29, 2000, the Company's equity in income from its Joint Ventures in the Metals Recycling Business increased to $2.1 million from a loss of $3.1 million in the same period last year. The increase for both periods was a result of higher average ferrous selling prices and an increase in tons sold.

Revenues from the Joint Venture Suppliers of Recycled Metals increased to $12.4 million for the three months ended February 29, 2000 from $10.8 million for the three months ended February 28, 1999. For the three months ended February 29, 2000, the Company's equity in income from these joint ventures increased to $0.5 million from $0.2 million in the same period last year. For the six months ended February 29, 2000, revenues increased from $23.7 million to $23.8 million. Year-to-date, the Company's equity in income from these joint ventures increased to $1.1 million from $0.8 million for the previous year. The increase for both periods is primarily due to rising domestic recycled metal prices.

OTHER EXPENSE. In the second quarter of fiscal 2000, the Company and its outside board members approved the sale by a related party of a ship used by the Company to export recycled metal. The vessel had been recorded as a capital lease in the Company's financial statements. The sale resulted in a $1.0 million loss during the latest quarter.

INCOME TAX PROVISION. The income tax rate used for the first six months of fiscal 2000 was 24%, compared with 34% for the 1999 period. The lower rate results from the use of net operating losses (NOLs) acquired with the fiscal 1996 Proler acquisition. Previous federal tax rules limited the use of the NOLs to offset taxable income only from the acquired Proler entities. Recent changes in federal tax rules now allow the Company to use these NOLs to offset substantially all of its income, subject to certain annual dollar limits.

YEAR 2000. In response to Year 2000 compliance issues, the Company developed and executed a systematic approach to identifying and assessing potential Year 2000 issues, modifying or replacing equipment and software and performing testing to ensure that all systems were Year 2000 compliant. As of the date of this filing, the Company has not experienced any significant Year 2000 issues with respect to its computer hardware and software systems and does not foresee any future potential problems.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued):

The Company incurred costs of approximately $1.1 million for correction of the year 2000 issues, including software and hardware upgrades and the cost of personnel allocated to the project. The Year 2000 upgrades have been funded through normal operating funds.

LIQUIDITY AND CAPITAL RESOURCES. Cash provided by operations, for the six months ended February 29, 2000, was $1.4 million, compared with $11.1 million for the first half of fiscal 1999. The decrease in cash flow is primarily due to an increase in inventories related to the Steel Manufacturing Business.

For the six months ended February 29, 2000 capital expenditures totaled $7.3 million compared with $5.6 million during the same period last year. The increase is primarily due to the expansion of the dock and the installation of the new automobile shredder at the Company's Tacoma, Washington facility. These projects were completed in the first quarter of fiscal 2000.

As a result of acquisitions completed in prior years, the Company has $24.6 million of accrued environmental liabilities as of February 29, 2000. The Company expects to require significant future cash outlays as it incurs the actual costs relating to the remediation of such environmental liabilities.

As of February 29, 2000 the Company had committed, unsecured revolving lines of credit totaling $200 million maturing in 2003. The Company has additional unsecured lines of credit totaling $50 million, of which $30 million is uncommitted. In the aggregate, the Company had borrowings outstanding on these lines totaling $114.7 million at February 29, 2000. The Company's debt agreements have certain restrictive convenants. As of February 29, 2000, the Company was in material compliance with such covenants.

Pursuant to a stock repurchase program announced by the Company in May 1994 and amended in April 1998, the Company is authorized to repurchase up to 1.6 million shares of its stock. As of February 29, 2000 the Company had repurchased 708,600 shares under this program. No shares were repurchased during the six months ended February 29, 2000.

The Company believes that its current cash balance, internally generated funds and existing credit facilities will provide adequate financing for capital expenditures, working capital, stock repurchases, and debt service requirements for the next twelve months. In the longer term, the Company may seek to finance business expansion, including potential acquisitions, with additional borrowing arrangements or additional equity financing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued):

FORWARD LOOKING STATEMENTS. Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934, all of which are subject to risks and uncertainties. One can generally identify these forward-looking statements through the use of words such as "expect," "believe," and other words which convey a similar meaning. One can also identify these statements, as they do not relate strictly to historical or current facts. They are likely to address the Company's business strategy, financial projections and results and global factors affecting the Company's financial prospects. Examples of factors that could cause actual results to differ materially are the following: supply and demand conditions; the Company's ability to mitigate the effects of lower cost imports; fiscal policy in both the U.S. and abroad; competitive factors and pricing pressures from national steel companies; availability of unprocessed ferrous metal supply; fluctuations in recycled ferrous metals prices and seasonality of results. One should understand that it is not possible to predict or identify all factors that could cause actual results to differ from the Company's forward looking statements. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties. Further, the Company does not assume any obligation to update any forward-looking statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company periodically uses derivative financial instruments to limit exposure to changes in interest rates. Because such derivative instruments are used solely as hedges and not for speculative trading purposes, they do not represent incremental risk to the Company. For further discussion of derivative financial instruments, refer to "FAIR VALUE OF FINANCIAL INSTRUMENTS" in the consolidated Financial Statements included in Item 8 of Form 10-K for the fiscal year ended August 31, 1999.

PART II

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The 2000 annual meeting of the shareholders was held on January 24, 2000. Holders of 3,263,226 shares of the Company's Class A common stock, entitled to one vote per share, and 4,367,728 shares of the Company's Class B common stock, entitled to ten votes per share, were present in person or by proxy at the meeting.

(b) Leonard Schnitzer, Robert W. Philip, Kenneth M. Novack, Gary Schnitzer, Dori Schnitzer, Carol S. Lewis, Scott Lewis, Jean S. Reynolds, Robert S. Ball, William A. Furman, and Ralph R. Shaw were elected directors of the Company.

(c) The meeting was called for the following purposes:

1. To elect Leonard Schnitzer, Robert W. Philip, Kenneth M. Novack, Gary Schnitzer, Dori Schnitzer, Carol S. Lewis, Scott Lewis, Jean S. Reynolds, Robert S. Ball, William A. Furman, and Ralph R. Shaw as directors of the Company.

   This proposal was approved as follows:

	Votes For	Votes Withheld
Leonard Schnitzer	46,933,068	7,438
Robert W. Philip	46,935,418	5,088
Kenneth M. Novack	46,935,418	5,088
Gary Schnitzer	46,935,568	4,938
Dori Schnitzer	46,931,885	8,621
Carol S. Lewis	46,931,574	8,932
Scott Lewis	46,934,968	5,538
Jean S. Reynolds	46,931,285	9,221
Robert S. Ball	46,935,457	5,049
William A. Furman	46,935,457	5,049
Ralph R. Shaw	46,935,457	5,049

2. To approve and ratify the appointment of PricewaterhouseCoopers LLP as the independent auditors of the Corporation.

This proposal was approved by the stockholders with 46,932,568 votes cast for and 5,501 votes cast against. There were 27,801 abstentions and 0 broker non-votes.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K:

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCHNITZER STEEL INDUSTRIES, INC.
(Registrant)

Date: April 14, 2000

By:/s/Barry A. Rosen

Barry A. Rosen
Vice President, Finance

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF OPERATIONS FILED AS PART OF THE QUARTERLY REPORT ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
AUG-31-2000
DEC-01-1999
FEB-29-2000
2,639
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3,099
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0
0
2,144
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0.22