

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>NOVACK KENNETH M</u>  (Last) (First) (Middle) <u>3200 NW YEON AVENUE</u>  (Street) <u>PORTLAND</u> <u>OR</u> <u>97210</u>  (City) (State) (Zip)	2. Issuer Name <b>and</b> Ticker or Trading Symbol <u>SCHNITZER STEEL INDUSTRIES INC [ SCHN ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>08/31/2006</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner  <input checked="" type="checkbox"/> Officer (give title below) Other (specify below)  <u>Chairman</u>  6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock								300	I	See Note <sup>(1)</sup>
Class A Common Stock	08/31/2006		A <sup>(2)</sup>		1,377.953	A	\$0	1,377.953	I	See Note <sup>(3)</sup>

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Class B Common Stock	(5)						(5)	(5)	Class A Common Stock	24,979		24,979	I	By Voting Trust <sup>(4)</sup>
Class B Common Stock	(5)						(5)	(5)	Class A Common Stock	19,302		19,302	I	By Voting Trust <sup>(6)</sup>
Class B Common Stock	(5)						(5)	(5)	Class A Common Stock	20,056		20,056	I	By Voting Trust <sup>(7)</sup>
Class B Common Stock	(5)						(5)	(5)	Class A Common Stock	246,694		246,694	I	By Voting Trust <sup>(8)</sup>
Class B Common Stock	(5)						(5)	(5)	Class A Common Stock	1,000		1,000	I	By Voting Trust <sup>(9)</sup>

1. Name and Address of Reporting Person* <u>NOVACK KENNETH M</u>  (Last) (First) (Middle) <u>3200 NW YEON AVENUE</u>  (Street) <u>PORTLAND</u> <u>OR</u> <u>97210</u>  (City) (State) (Zip)	1. Name and Address of Reporting Person* <u>NOVACK DEBORAH S</u>  (Last) (First) (Middle)
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3200 NW YEON AVENUE		
(Street)		
PORTLAND	OR	97210
(City)		
(State)		
(Zip)		

Explanation of Responses:

- 1. Shares are held by Kevin P. Novack, an immediate family member of the reporting persons who may be deemed to share the same household.
- 2. Annual grant of deferred stock units to non-employee directors.
- 3. Deferred Shares that have been or will be credited to the reporting person's account under the issuer's Deferred Compensation Plan for Non-Employee Directors.
- 4. Voting trust certificates or shares, as the case may be, are held by Kenneth M. Novack and Deborah S. Novack, Trustees U/A/D July 31, 1991 F/B/O Kenneth M. Novack.
- 5. Class B Common Stock is immediately convertible on a one-for-one basis into Class A Common Stock and has no expiration date.
- 6. Voting trust certificates or shares, as the case may be, are held by the 1997 Melanie Novack Trust, dated 8/17/97, Deborah S. Novack and Kenneth M. Novack, collectively as Trustees.
- 7. Voting trust certificates or shares, as the case may be, are held by the 1997 Kevin Novack Trust, dated 8/17/97, Deborah S. Novack and Kenneth M. Novack, collectively as Trustees.
- 8. Voting trust certificates or shares, as the case may be, are held by Deborah S. Novack and Kenneth M. Novack, Trustees U/A/D July 31, 1991 F/B/O Deborah S. Novack.
- 9. Voting Trust Certificates or shares, as the case may be, are held by Gary A. Schnitzer and Deborah Novack, Trustees, Gary A. Schnitzer Family Trust dated May 15, 1991.

Remarks:

Vicki Piersall, Attorney-In-Fact 09/05/2006

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

POWER OF ATTORNEY

(Section 16(a) Reporting)

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer, director and/or shareholder of Schnitzer Steel Industries, Inc. (the "Company"), does hereby constitute and appoint John D. Carter, Richard Josephson, Kelly E. Lang and Vicki Piersall, and any one of them, his, her or its true and lawful attorney and agent to execute in his, her or its name any and all reports required to be filed under Section 16(a) of the Securities Exchange Act of 1934 with respect to equity securities of the Company; and to file the same with the Securities and Exchange Commission and any applicable stock exchange; and the undersigned does hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue hereof.

This Power of Attorney revokes all prior Powers of Attorney relating to reporting under Section 16(a) and shall remain in effect until revoked by a subsequently filed instrument.

DATED: December 19, 2005

/s/ KENNETH M. NOVACK  
Kenneth M. Novack

POWER OF ATTORNEY

(Section 16(a) Reporting)

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer, director and/or shareholder of Schnitzer Steel Industries, Inc. (the "Company"), does hereby constitute and appoint John D. Carter, Richard Josephson, Kelly E. Lang and Vicki Piersall, and any one of them, his, her or its true and lawful attorney and agent to execute in his, her or its name any and all reports required to be filed under Section 16(a) of the Securities Exchange Act of 1934 with respect to equity securities of the Company; and to file the same with the Securities and Exchange Commission and any applicable stock exchange; and the undersigned does hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue hereof.

This Power of Attorney revokes all prior Powers of Attorney relating to reporting under Section 16(a) and shall remain in effect until revoked by a subsequently filed instrument.

DATED: December 19, 2005

/s/ DEBORAH S. NOVACK  
Deborah S. Novack