UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 14, 2003

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

OREGON	0-22496	93-0341923
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

NO CHANGE
(Former name or former address, if changed since last report.)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On February 14, 2003, Schnitzer Steel Industries, Inc.'s ("the Company") wholly-owned subsidiary, Norprop, Inc. ("Norprop"), closed its acquisition of all of the stock of Pick and Pull Auto Dismantling, Inc., which is Norprop's 50% partner in Pick-N-Pull Auto Dismantlers, a California general partnership (the "Joint Venture"). In addition, Norprop purchased all of the membership interests in Pick-N-Pull Auto Dismantlers, Stockton, LLC ("Stockton"), which is not part of the Joint Venture, but operates the single largest volume Pick-N-Pull store. Both of these entities were acquired from Bob Spence, who has managed the business of the Joint Venture.

The Joint Venture stores together with Stockton ("Pick-N-Pull") are one of the country's leading self service used auto parts networks with 17 locations in northern California, two locations in Nevada, and one location in each of Texas, Utah, Illinois and Indiana. For the year ended December 31, 2002, Pick-N-Pull had revenues of $61.3 million.

The cost of the Acquisition consisted of $71.4 million of cash paid to the seller at closing, $3.3 million of debt assumed and immediately paid off, and $0.7 million of acquisition costs. In addition, Norprop assumed approximately $12.5 million of debt owed by the Joint Venture to the Company bringing the total purchase price to $87.9 million (or $84.3 million net of the seller's $3.6 million share of the Joint Venture's cash on hand at closing). The agreement provides for a purchase price adjustment approximately one year after closing based upon the operating results of the acquired business.

The cash paid in the transaction was funded from the Company's available cash balances and borrowings under its bank credit facility. The amount of consideration paid was determined in arms-length negotiations between the Company and Mr. Spence.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

a) Financial Statements of Business Acquired.

The following financial statements of Pick-N-Pull are included as Exhibit 99.1:

Audited Balance Sheets of Pick-N-Pull as of December 31, 2002 and 2001, and related audited Statements of Operations and Partners' and Member's Equity, and Statements of Cash Flows of Pick-N-Pull for each of the years in the three-year period ended December 31, 2002.

b) Pro Forma Financial Information.

The following pro forma financial information is included as Exhibit 99.2:

Pro forma Balance Sheet as of November 30, 2002 and pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002.

c) Exhibits:

2.1 Stock and Membership Interest Purchase Agreement dated January 8, 2003 among Bob Spence, Pick and Pull Auto Dismantling, Inc., Pick-N-Pull Auto Dismantlers, Pick-N-Pull Auto Dismantlers, Stockton, LLC and Norprop, Inc. Filed as Exhibit 2.1 to the Company's Form 10-Q for the quarter ended November 30, 2002 and incorporated herein by reference.

23.1 Consent of PricewaterhouseCoopers LLP, independent accountants of Pick-N-Pull.

99.1 Audited Balance Sheets of Pick-N-Pull as of December 31, 2002 and 2001, and related audited Statements of Operations and Partners' and Member's Equity, and Statements of Cash Flows of Pick-N-Pull for each of the years in the three-year period ended December 31, 2002.

99.2 Pro forma Balance Sheet as of November 30, 2002 and pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002.

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 25, 2003

By: /s/ Barry A. Rosen

Barry A. Rosen
Vice President, Finance and
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Exhibit Title
2.1	Stock and Membership Interest Purchase Agreement dated January 8, 2003 among Bob Spence, Pick and Pull Auto Dismantling, Inc., Pick-N-Pull Auto Dismantlers, Pick-N-Pull Auto Dismantlers, Stockton, LLC and Norprop, Inc. Filed as Exhibit 2.1 to the Company's Form 10-Q for the quarter ended November 30, 2002 and incorporated herein by reference.

The following schedules and exhibits to the Stock and Membership Interest Purchase Agreement have been omitted and will be provided to the Securities and Exchange Commission upon request:

Schedule 4.1	Capitalization
Schedule 4.2	Organization
Schedule 4.3	Authorization
Schedule 4.4	Subsidiaries
Schedule 4.5	Financial Statements
Schedule 4.6	Absence of Certain Changes or Events
Schedule 4.7	Title to Assets
Schedule 4.8	Condition of Tangible Assets
Schedule 4.9	Contracts and Commitments
Schedule 4.10	No Conflict or Violation
Schedule 4.11	Consents and Approvals
Schedule 4.12	Litigation
Schedule 4.13	Labor Matters
Schedule 4.14	Liabilities
Schedule 4.15	Compliance with Law
Schedule 4.16	Brokers
Schedule 4.17	Other Agreements to Sell Assets
Schedule 4.18	Proprietary Rights
Schedule 4.19	Status of Contracts
Schedule 4.20	Employee Benefit Plans
Schedule 4.21	Transactions with Seller
Schedule 4.22	Tax Matters
Schedule 4.23	Employment Agreements and Compensation
Schedule 4.24	Insurance
Schedule 4.25	Receivables
Schedule 4.26	Inventories
Schedule 4.27	Purchase Commitments and Outstanding Bids
Schedule 4.28	Payments
Schedule 4.29	Environmental
Schedule 4.30	Warranties and Liability
Schedule 4.31	Permits and Licenses
Schedule 4.32	Undisclosed Liabilities
Schedule 4.33	Bank Accounts
Schedule 4.34	Records
Schedule 4.35	Misstatements or Omissions
Schedule 6.2	Guarantees of Seller
Schedule 6.3	Certain Prohibited Transactions

Exhibit A	Wire Transfer Instructions
Exhibit B	Form of Spence Employment Agreement
Exhibit C	Form of Reddy Employment Agreement
Exhibit D	Form of Escrow Agreement

23.1	Consent of PricewaterhouseCoopers LLP, independent accountants of Pick-N-Pull.
99.1	Audited Balance Sheets of Pick-N-Pull as of December 31, 2002 and 2001, and related audited Statements of Operations and Partners' and Member's Equity, and Statements of Cash Flows of Pick-N-Pull for each of the years in the three-year period ended December 31, 2002.
99.2	Pro forma Balance Sheet as of November 30, 2002 and pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 33-87008, 333-21895, and 333-100511) of Schnitzer Steel Industries, Inc. of our report dated February 28, 2003 relating to the financial statements of Pick-N-Pull Auto Dismantlers, which appears in the Current Report on Form 8-K/A of Schnitzer Steel Industries, Inc. dated April 25, 2003.

/s/ PricewaterhouseCoopers LLP
Sacramento, California
April 25, 2003

EXHIBIT 99.1

REPORT OF INDEPENDENT ACCOUNTANTS

To the Owners of
Pick-n-Pull Auto Dismantlers

In our opinion, the accompanying combined balance sheets and the related combined statements of operations and partners' and member's equity and of cash flows present fairly, in all material respects, the financial position of Pick-n-Pull Auto Dismantlers and its subsidiaries (the Company) at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Sacramento, California
February 28, 2003

PICK-N-PULL AUTO DISMANTLERS
COMBINED BALANCE SHEETS
DECEMBER 31, 2002 AND 2001 (IN THOUSANDS OF DOLLARS)

	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,507	$ 3,092
Accounts and other receivables	490	711
Inventories	2,526	2,365
Prepaid expenses	358	273
Deferred tax assets	149	116
Property held for sale	553	--
Total current assets	10,583	6,557
Property and equipment, net	26,510	28,706
Note receivable	157	157
Goodwill, net	9,980	9,980
Other intangible assets, net	113	147
Other assets	303	464
	$ 47,646	$ 46,011
LIABILITIES AND PARTNERS' AND MEMBER'S EQUITY		
Current liabilities:		
Accounts payable	$ 648	$ 562
Accrued expenses	2,042	1,873
Due to related parties	3,500	1,750
Note payable to member	303	74
Total current liabilities	6,493	4,259
Environmental liability	2,200	100
Due to related parties	22,500	27,007
Note payable to member	2,997	5,026
Total liabilities	34,190	36,392
Minority interests	3,000	1,853
Commitments and contingencies (Notes 3 and 4)		
Partners' and member's equity	10,456	7,766
	$ 47,646	$ 46,011

The accompanying notes are an integral
part of these financial statements.

PICK-N-PULL AUTO DISMANTLERS

COMBINED STATEMENTS OF OPERATIONS AND PARTNERS' AND MEMBER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000 (IN THOUSANDS OF DOLLARS)

	2002	2001	2000
Revenues:			
Part sales and other revenues	$ 51,176	$ 44,739	$ 38,008
Scrap metal revenues	10,088	8,553	8,194
	61,264	53,292	46,202
Costs and expenses:			
Cost of sales	21,362	21,435	20,231
Selling, general and administrative	16,423	16,760	15,371
Depreciation and amortization	3,976	3,789	3,316
Other nonrecurring charges	2,100	--	--
	43,861	41,984	38,918
Income from operations	17,403	11,308	7,284
Other income (expense):			
Interest income	65	107	96
Interest expense	(857)	(1,777)	(2,551)
Income before taxes and minority interests	16,611	9,638	4,829
Income taxes	1,249	546	172
Income before minority interests	15,362	9,092	4,657
Minority interests	2,072	935	710
Net income	13,290	8,157	3,947
Partners' and member's, beginning of year	7,766	5,109	3,762
Distributions to partners and member	(10,600)	(5,500)	(2,600)
Partners' and member's equity, end of year	$ 10,456	$ 7,766	$ 5,109

The accompanying notes are an integral part of these financial statements.

PICK-N-PULL AUTO DISMANTLERS
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000 (IN THOUSANDS OF DOLLARS)

	2002	2001	2000
Cash flows from operating activities:			
Net income	$ 13,290	$ 8,157	$ 3,947
Noncash items included in income:			
Depreciation and amortization	3,976	3,789	3,316
Gain on disposition of assets	(3)	(274)	(113)
Minority interests	2,072	935	710
Deferred taxes	(33)	31	1
Changes in assets and liabilities:			
Accounts and other receivables	221	(147)	(316)
Inventories	(161)	365	(438)
Prepaid expenses, intangibles and other assets	76	(43)	(231)
Accounts payable	86	3	(773)
Accrued expenses	169	590	255
Environmental liability	2,100	--	--
Due to related party	(2,757)	--	--
Net cash provided by operating activities	19,036	13,406	6,358
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(2,479)	(4,189)	(6,369)
Proceeds from sales of equipment	182	474	647
Net cash used in investing activities	(2,297)	(3,715)	(5,722)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Advances from related parties, net	--	81	3,641
Principal payments on long-term debt	--	(624)	(240)
Principal payments on notes payable to owner	(1,800)	(800)	(900)
Distributions paid to owners	(10,600)	(5,500)	(2,600)
Distributions paid to minority interests	(924)	(625)	(639)
Net cash used in financing activities	(13,324)	(7,468)	(738)
Net increase (decrease) in cash and cash equivalents	3,415	2,223	(102)
Cash and cash equivalents, beginning of year	3,092	869	971
Cash and cash equivalents, end of year	$ 6,507	$ 3,092	$ 869
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	$ 800	$ 1,791	$ 2,576
Income taxes paid	$ 598	$ 363	$ 188

The accompanying notes are an integral part of these financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS (IN THOUSANDS OF DOLLARS)

1. ORGANIZATION, BASIS OF ACCOUNTING AND SUBSEQUENT EVENTS

The combined financial statements of Pick-n-Pull Auto Dismantlers (the Company) include the operations of Pick-n-Pull Auto Dismantlers, Partnership (the Partnership), and Pick-n-Pull Auto Dismantlers, Stockton, LLC (the LLC). The Partnership is a California general partnership formed on July 1, 1989, by Pick-n-Pull Auto Dismantling, Inc. (PNPAD) and Norprop, Inc. (Norprop), a wholly-owned subsidiary of Schnitzer Steel Industries, Inc. (Schnitzer). The LLC is a California limited liability corporation with a single member who is the 100% owner of PNPAD.

On January 8, 2003, Schnitzer entered into an agreement to purchase the remaining 50% interest of the Partnership and 100% of the ownership of the LLC. The transaction was completed in February 2003. The Partnership and the LLC financial statements are combined as the entities are operated as a single business operation under common control.

At December 31, 2002 the Company, either directly or indirectly, owns and operates 23 auto dismantling facilities in California, Nevada, Texas, Utah, Illinois and Indiana. The Company has the following interests in other auto dismantling entities:

ENTITY	PERCENTAGE OWNERSHIP AT DECEMBER 31, 2002
Pick-n-Pull San Jose Auto Dismantlers (San Jose)	75%
Pick-n-Pull Auto Dismantlers, Nevada, LLC (Nevada)	50%
Pick-n-Pull Auto Dismantlers, Oakland (Oakland)	67%
U-Pull-It, Inc. (U-Pull-It)	100%
Western Pick-n-Pull Auto Dismantlers (Western)	80%
Pick-n-Pull Auto Dismantlers, Chicago, LLC (Chicago)	85%
Pick-n-Pull Auto Dismantlers, LLC (Dismantlers LLC)	75%
Carson Auto Wrecking, LLC (Carson)	25%

The Company operates in a single business segment, purchasing salvaged vehicles, selling parts from those vehicles through retail facilities and selling the remaining portion of the vehicles for scrap. Cost of sales includes the purchase costs of salvaged vehicles and the direct labor costs to prepare salvaged vehicles for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF COMBINATION. The combined financial statements include the accounts of the Partnership, San Jose, Nevada, Oakland, U-Pull-It, Western, Chicago, Dismantlers LLC and the LLC. The related minority interests are reflected in the combined financial statements. All intercompany transactions and balances have been eliminated in consolidation.

NOTES TO COMBINED FINANCIAL STATEMENTS (IN THOUSANDS OF DOLLARS)

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

OTHER NONRECURRING CHARGES. Included in other nonrecurring charges are the estimated future costs for environmental remediation requirements which are accrued on an undiscounted basis when it is probable that the Company has incurred a liability and the related costs can be reasonably estimated. When only a range of amounts is established, and no amount within the range is better than another, the minimum amount of the range is recorded.

REVENUE RECOGNITION. The Company derives revenues from the retail sale of salvaged vehicle parts and the related sale of salvaged vehicle scrap metal. Revenue on scrap sales is recorded when scrap is shipped to customers.

CASH AND CASH EQUIVALENTS. Cash equivalents include cash on hand, deposits in banks and short-term investments with maturities of ninety days or less when purchased. Cash and cash equivalents exceeded FDIC-insured limits at December 31, 2002 and 2001.

INVENTORIES. Inventories consist of salvage vehicles and are stated at the lower of average cost or market.

PROPERTY AND EQUIPMENT. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	7 - 10 years
Buildings	20 years
Machinery, equipment and vehicles	5 - 10 years
Furniture and fixtures	5 years

Repair and maintenance costs are charged against income, while improvements are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in other income.

IMPAIRMENT OF LONG-LIVED ASSETS. The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" which establishes accounting standards for the impairment of long-lived assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, an impairment loss is recognized.

OTHER INTANGIBLE ASSETS. Other intangible assets consist of non-compete agreements which are amortized on a straight-line basis over the five-year term of the agreements. Accumulated amortization totaled $187 and $153 at December 31, 2002 and 2001, respectively.

OTHER ASSETS. Other assets consist of deposits, option payments to purchase land that is currently leased, and an investment in Carson Auto Wrecking, LLC. The Company has recorded its 25% investment in Carson under the equity method of accounting, as it does not have the ability to exercise control over operating and financial policies.

SELF-INSURANCE. The Company is self-insured for workers' compensation claims up to specified per claim and aggregate amounts. Self-insurance costs are accrued based upon the aggregate liability for reported and incurred but not reported claims. These liabilities are not discounted.

ADVERTISING COSTS. The Company advertises primarily through yellow page and radio advertisements in areas surrounding their auto dismantling stores. Advertising costs are expensed as incurred and totaled $1,836, $1,881, and $1,708 in 2002, 2001, and 2000, respectively.

INCOME TAXES. The taxable income, along with any tax credits, of the Company and subsidiaries are included in the tax returns of the individual owners. Accordingly, no provision has been made for federal or state income taxes of the Company. The Company's U-Pull-It subsidiary, however, operates as a C Corporation and does have a tax obligation. Deferred tax assets are primarily the result of timing differences related to various accruals and depreciation. No valuation allowance has been established against these deferred tax assets as management believes that they will more likely than not be recognized.

GOODWILL. Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired entities. Beginning January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, Financial Accounting Standards Board, "GOODWILL AND OTHER INTANGIBLE ASSETS" which eliminates the practice of amortizing goodwill, instead requiring the periodic evaluation of goodwill balances for impairment. This resulted in the elimination of the routine amortization of goodwill which amounted to $341 in the years ended December 31, 2001 and 2000.

On an ongoing basis, management assesses the carrying value of intangible assets. If this review indicates that the carrying value of these assets may not be recoverable, the carrying value would be reduced to its estimated fair value. For the year ended December 31, 2002, the Company did not recognize an impairment on its intangible assets.

NOTES TO COMBINED FINANCIAL STATEMENTS (IN THOUSANDS OF DOLLARS)

3. BALANCE SHEET COMPONENTS

Property and equipment consists of the following at December 31:

	2002	2001
Land	$ 9,013	$ 8,612
Land and leasehold improvements	14,409	15,109
Buildings	614	614
Machinery, equipment and vehicles	13,875	14,055
Furniture and fixtures	313	265
Property held for development	--	574
Construction in progress	196	65
	38,420	39,294
Less accumulated depreciation and amortization	(11,910)	(10,588)
	$ 26,510	$ 28,706

On January 17, 2003, the Company entered into a Sale Agreement to sell its 50% interest in real property located in Maricopa, Arizona. The carrying value of the property held for sale is $553 at December 31, 2002, which approximates the sales price.

Accrued expenses consists of the following at December 31:

	2002	2001
Accrued compensation	$ 445	$ 696
Accrued vacation	425	411
Workers' compensation	350	260
Accrued litigation costs	100	100
Accrued taxes	664	326
Accrued interest	58	80
	$ 2,042	$ 1,873

4. ENVIRONMENTAL LIABILITIES

The Company regularly reviews and evaluates its environmental liabilities. During 2002, the Company obtained additional information about the estimated potential remediation costs related to certain of the Company's operating sites. Based on this additional information, the Company increased its environmental reserves by $2,100.

NOTES TO COMBINED FINANCIAL STATEMENTS (IN THOUSANDS OF DOLLARS)

5. RELATED PARTY TRANSACTIONS

Amounts due to related parties are shown below at December 31:

	2002	2001
Schnitzer	$ 26,000	$ 28,757
	26,000	28,757
Less current portion	(3,500)	(1,750)
	$ 22,500	$ 27,007

AMOUNTS DUE TO SCHNITZER. The Company received cash advances from Schnitzer for working capital and other purposes, with interest payable monthly at the Wells Fargo Prime Rate less 2% (2.25% at December 31, 2002). Interest expense relating to the advances amounted to $733, $1,453, and $1,951 in 2002, 2001, and 2000, respectively.

On February 22, 2002, the Company issued a term note to Schnitzer in the amount of $28,300,000, which was the approximate amount due Schnitzer for advances as of that date. Under the terms of the note, principal payments, calculated as 25% of Company net income, as defined, are due quarterly, and interest payments at the Wells Fargo Prime Rate less 2% are due monthly. The unpaid balance of the term note and any related accrued interest are due in full March 1, 2009.

In addition to the amounts due to Schnitzer discussed above, the Company also had accrued expenses payable to Schnitzer at December 31, 2002 and 2001, in the amount of approximately $100 and $118, respectively, relating to accrued interest and other expenses.

NOTES PAYABLE. The Company has a note payable to the member which bears interest at the prime rate less two percent (2.25% at December 31, 2002). The note is payable in interest only payments of approximately $12 per month through October 2002, with principal and interest payments of $34 per month thereafter through October 2012. Minimum principal payments are due as follows:

2003	$ 303
2004	310
2005	318
2006	324
2007	332
Thereafter	1,713
	3,300
	(303)
	$ 2,997

LOAN GUARANTEE. The member has loans with a bank totaling $3,300 and $5,100 at December 31, 2002 and 2001, respectively, which are guaranteed by the Company. This guarantee includes all of bank borrowings which have been loaned to the Company from the member as described above.

NOTES TO COMBINED FINANCIAL STATEMENTS (IN THOUSANDS OF DOLLARS)

TRANSACTIONS AFFECTING RECEIVABLES AND REVENUES. The Company sells scrap car metal to Schnitzer at scrap prices that approximate current market value and are renegotiated monthly. The Company also receives sales incentives based on tonnage delivered to Schnitzer Oakland. Sales to Schnitzer totaled $7,467, $6,376, and $6,186 in 2002, 2001, and 2000, respectively, including incentives. Included in accounts receivable at December 31, 2002 and 2001 is approximately $120 and $300, respectively, due from Schnitzer.

TRANSACTIONS AFFECTING COST OF SALES. The Company purchased salvaged vehicles from the Oakland minority interest holder totaling $761, $726 and $684 in 2002, 2001, and 2000, respectively.

TRANSACTIONS AFFECTING OPERATING EXPENSES. The Company leases certain real property from minority interest holders under operating leases. Rental expense related to these leases was $1,209, $1,174, and $1,128 in 2002, 2001, and 2000, respectively. The future minimum lease payments under these leases are as follows:

2003	$ 1,172
2004	696
2005	426
2006	220
2007	160
Total	$ 2,674

Schnitzer provides certain management and data processing services to the Company under a shared services agreement. Charges under this agreement totaled $10, $8, and $51 in 2002, 2001, and 2000, respectively.

6. COMMITMENTS AND CONTINGENCIES

In addition to the related party leases described in Note 5, the Company also leases real property and improvements, operating facilities and vehicles from unrelated parties under noncancelable operating leases with original terms ranging up to eleven years. Rental expense related to these leases totaled $3,275, $2,953, and $2,251 for 2002, 2001, and 2000, respectively. The future minimum lease payments under these operating leases are as follows:

2003	$ 2,852
2004	2,659
2005	2,189
2006	1,121
2007	728
Thereafter	1,076
	$ 10,625

Legal actions are pending against the Company in which claims for monetary damages are asserted. The Company has accrued amounts to provide for anticipated liabilities resulting from this litigation. Based on information currently available and the advice of legal counsel, management believes that the resolution of these matters will not have a significant adverse effect on the financial position, results of operations or cash flows of the Company.

7. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Profit Sharing Plan (the Plan) which is available to all full-time employees who are at least twenty-one years old and have completed twelve months and 1,000 hours of service. Participants may elect to contribute up to 15% of their taxable compensation or the statutorily prescribed limit, whichever is lower, to the Plan. The Company contributes matching funds equal to 25% of the first 6% of employee contributions. Company contributions totaled approximately $46, $48, and $48 in 2002, 2001, and 2000, respectively.

EXHIBIT 99.2

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

INTRODUCTION:

On February 14, 2003, Schnitzer Steel Industries, Inc.'s ("the Company") wholly-owned subsidiary, Norprop, Inc. ("Norprop"), closed its acquisition of all of the stock of Pick and Pull Auto Dismantling, Inc., which is Norprop's 50% partner in Pick-N-Pull Auto Dismantlers, a California general partnership (the "Joint Venture"). In addition, Norprop purchased all of the membership interests in Pick-N-Pull Auto Dismantlers, Stockton, LLC ("Stockton"), which is not part of the Joint Venture, but operates the single largest volume Pick-N-Pull store. Both of these entities (collectively referred to as "Pick-N-Pull") were acquired from Bob Spence, who has managed the business of the Joint Venture.

The following unaudited pro forma combined financial statements have been prepared to give effect to the acquisition using the purchase method of accounting. The assumptions and adjustments are described in the accompanying notes to the unaudited pro forma combined financial statements. Additionally, the Joint Venture and Stockton financial statements have been combined as the entities are operated as a single business operation under common control. The pro forma Balance Sheet as of November 30, 2002, has been prepared as if the transaction had been completed on that date. The pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002, have been prepared as if the transaction had been completed on September 1, 2001. The unaudited pro forma combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the transaction occurred on those dates, nor is it necessarily indicative of the future financial position or results of operations.

The pro forma combined financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of purchase price to the acquired assets and assumed liabilities of Pick-N-Pull. The final allocation of the purchase price is being determined and will be based upon actual net tangible and intangible assets acquired and liabilities assumed. The preliminary purchase price allocation for Pick-N-Pull is subject to revision as more detailed analysis is completed and additional information on the fair values of Pick-N-Pull's assets and liabilities becomes available. Any change in the fair value of the net assets of Pick-N-Pull will change the amount of the purchase price allocable to goodwill. Additionally, the initial purchase price is subject to the terms of the Purchase Agreement, which provides for a purchase price adjustment one year after closing based upon calendar year 2002 and 2003 earnings before interest, taxes, depreciation and amortization (EBITDA) of Pick-N-Pull. As defined by the Purchase Agreement, the contingent future adjustment may increase or decrease the initial purchase price by up to $12 million. Therefore, final purchase accounting adjustments may differ materially from the pro forma adjustments presented herein.

These unaudited pro forma combined financial statements are based upon the respective historical consolidated financial statements of the Company and Pick-N-Pull. They should be read in conjunction with the historical consolidated financial statements of the Company, related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the reports and other information the Company has on file with the SEC as well as the audited historical financial statements and related notes of Pick-N-Pull filed as Exhibit 99.1 of this 8-K/A current report.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
As of November 30, 2002
(In thousands)

	Historical		Pro Forma	
	Schnitzer Steel Industries, Inc.	Pick-N-Pull	Adjustments	Combined
ASSETS				
Current Assets:				
Cash	$ 2,608	$ 8,158	$	$ 10,766
Accounts receivable, net	18,406	276		18,682
Accounts receivable from related parties	894	--		894
Inventories	72,952	1,958	(300)h	74,610
Deferred income taxes	3,966	149		4,115
Prepaid expenses and other	4,817	683		5,500
Total current assets	103,643	11,224	(300)	114,567
Net property, plant and equipment	111,987	27,286	2,717 f	141,990
Other assets:				
Investment in and advances to joint venture partnerships	100,715	42	(5,052)e	95,705
Notes receivable, net of current portion	26,035	157	(25,000)b	1,192
Goodwill	35,754	9,980	(8,280)c	
			70,036 c	107,490
Intangibles and other	2,154	392		2,546

TOTAL ASSETS	$ 380,288	$ 49,081	$ 34,121	$ 463,490
LIABILITIES AND SHAREHOLDERS'EQUITY				
Liabilities and Shareholders' Equity				
Current liabilities:				
Current portion of long-term debt	$ 37,620	$ --	$ 74,700 a	$ 112,320
Accounts payable	14,139	531		14,670
Accrued payroll liabilities	4,326	889		5,215
Due to related parties	--	3,803	(3,500)b (303)a	--
Current portion of environmental liabilities	3,028	--	g	3,028
Other accrued liabilities	5,232	1,808	700 i	7,740
Total current liabilities	64,345	7,031	71,597	142,973
Deferred income taxes	30,859	--		30,859
Long-term debt net of current portion	8,210	26,097	(21,500)b (2,997)a	9,810
Environmental liabilities, net of current portion	17,733	100	g	17,833
Other long-term liabilities	2,780	--		2,780
Minority interests	--	2,874		2,874
Commitments and contingencies	--	--		--
Shareholders' equity:				
Preferred stock--20,000 shares authorized, none issued				
Class A common stock--75,000 shares $1 par value authorized, 5,025 shares issued and outstanding	5,025	--		5,025
Class B common stock--25,000 shares $1 par value authorized, 4,180 shares issued and outstanding	4,180	--		4,180
Partners & member's equity	--	12,979	(12,979)d	--
Additional paid-in capital	96,074	--	--	96,074
Retained earnings	151,082	--	--	151,082
Total shareholders' equity	256,361	12,979	(12,979)	256,361
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY	$ 380,288	$ 49,081	$ 34,121	$ 463,490

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME
FOR THE FISCAL YEAR ENDED AUGUST 31, 2002
(In thousands, except per share amounts)

	Historical		Pro Forma	
	Schnitzer Steel Industries, Inc.	Pick-N-Pull	Adjustments	Combined
Revenues	$ 350,648	$ 58,142	$ (6,517)h	$ 402,273
Cost and expenses:				
Cost of goods sold and other operating expenses	324,360	25,965	(6,423)h	343,902
Impairment and non-recurring charges	7,100	--		7,100
Selling and commission expenses	3,620	--		3,620
General and administrative expenses	25,806	16,853		42,659
Income (loss) from wholly-owned operations	(10,238)	15,324	(94)h	4,992
Income from joint ventures	19,390	--	(4,916)j	14,474
Income from operations	9,152	15,324	(5,010)	19,466
Other income (expense):				
Interest expense	(2,314)	(929)	826 k	(2,417)
Gain (loss) on sale of assets	(84)	--		(84)
Other income	893	72	(826)k	139
	(1,505)	(857)	--	(2,362)
Income before income taxes and minority interests	7,647	14,467	(5,010)	17,104
Income tax provision	(1,094)	(1,085)	(2,439)l	(4,618)
Income before minority interests	6,553	13,382	(7,449)	12,486
Minority interest, net of taxes	--	(1,130)		(1,130)
Net income	$ 6,553	$ 12,252	$ (7,449)	$ 11,356
Basic earnings per share	$ 0.72			$ 1.24
Diluted earnings per share	$ 0.71			$ 1.22
Basic shares outstanding	9,148			9,148
Diluted shares outstanding	9,283			9,283

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME
For the Three Months Ended November 30, 2002
(In thousands, except per share amounts)

	Historical		Pro Forma	
	Schnitzer Steel Industries, Inc.	Pick-N-Pull	Adjustments	Combined
Revenues	$ 76,500	$ 16,139	$ (1,972)h	$ 90,667
Cost and expenses:				
Cost of goods sold and other operating expenses	69,466	6,663	(1,582)h	74,547
Selling and commission expenses	763	--		763
General and administrative expenses	5,883	4,027		9,910
Income from wholly-owned operations	388	5,449	(390)h	5,447
Income from joint ventures	5,045	--	(1,871)j	3,174
Income from operations	5,433	5,449	(2,261)	8,621
Other income (expense):				
Interest expense	(354)	(196)	170 k	(380)
Other income (expense)	3	25	(170)k	(142)
	(351)	(171)	--	(522)
Income before income taxes and minority interests	5,082	5,278	(2,261)	8,099
Income tax provision	(1,208)	(807)	(171)l	(2,186)
Income before minority interests	3,874	4,471	(2,432)	5,913
Minority interest, net of tax	--	(447)	--	(447)
Net income (1)	$ 3,874	$ 4,024	$ (2,432)	$ 5,466
Basic earnings per share (1)	$ 0.42			$ 0.59
Diluted earnings per share (1)	$ 0.41			$ 0.58
Basic shares outstanding	9,205			9,205
Diluted shares outstanding	9,355			9,355

(1) Net income for Schnitzer Steel Industries, Inc. is presented before cumulative effect of change in accounting principle.

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

On February 14, 2003, Schnitzer Steel Industries, Inc. ("the Company") closed its acquisition (the "Acquisition") of all of the stock of Pick and Pull Auto Dismantling, Inc., which was the Company's 50% partner in Pick-N-Pull Auto Dismantlers, a California general partnership (the "Joint Venture"), and all of the membership interests in Pick-N-Pull Auto Dismantlers, Stockton, LLC ("Stockton"). The cost of the Acquisition consisted of $71.4 million cash paid to the seller at closing, $3.3 million of debt assumed and immediately paid off, and $0.7 million of acquisition costs. In addition, Norprop assumed approximately $12.5 million of debt owed by the Joint Venture to the Company bringing the total purchase price to $87.9 million (or $84.3 million net of the seller's $3.6 million share of the Joint Venture's cash on hand at closing). The Company accounted for the acquisition using the purchase method of accounting.

The unaudited pro forma combined Balance Sheet at November 30, 2002 is presented to give effect to the Acquisition as if the transaction had been consummated on that date. The unaudited pro forma combined Statements of Income for the year ended August, 2002, and the three-month period ending November 30, 2002 are presented as if the transaction had been consummated on September 1, 2001. Additionally, the Joint Venture and Stockton financial statements have been combined as the entities are operated as a single business operation under common control (collectively referred to as "Pick-N-Pull").

The purchase price of the Acquisition was allocated to tangible and intangible identifiable assets and liabilities assumed based on an estimate of their fair values. Certain tangible net assets, such as real estate, are being valued by independent third parties and the equipment is being valued by Company management. The excess of the aggregate purchase price over the fair value of the identifiable net assets acquired of approximately $70.5 million was recognized as goodwill. Approximately $3.7 million of goodwill existed on the Joint Venture's balance sheet prior to the Acquisition, but the Company's $1.7 million share of this amount was not shown separately in the Company's consolidated balance sheet in accordance with the equity method of accounting. Therefore, the total increase to goodwill related to the Acquisition was $72.2 million.

The initial purchase price is subject to the terms of the Purchase Agreement, which provides for a purchase price adjustment one year after closing based upon calendar year 2002 and 2003 earnings before interest, taxes, depreciation and amortization (EBITDA) of Pick-N-Pull. As defined by the Purchase Agreement, the contingent future adjustment may increase or decrease the initial purchase price by up to $12 million.

The purchase price allocation has been prepared on a preliminary basis, and reasonable changes are expected as additional information becomes available. The following is a summary of the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition (in millions):

Property, plant and equipment	$ 16.3
Other tangible assets	5.6
Liabilities	(4.5)
Goodwill	70.5
Total	$ 87.9

Goodwill of $70.5 million represents the excess of purchase price over the fair value of the net tangible assets acquired, and the majority of it is not deductible for tax purposes. In accordance with SFAS 142, goodwill is not amortized and will be tested for impairment at least annually. The preliminary purchase price allocation for Pick-N-Pull is subject to revision as more detailed analysis is completed and additional information on the fair values of Pick-N-Pull's assets and liabilities becomes available. Any change in the fair value of the net assets of Pick-N-Pull will change the amount of the purchase price allocable to goodwill. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.

The Company adopted the provisions of SFAS 142 on September 1, 2002 and Pick-N-Pull's adoption date was January 1, 2002. If both parties had adopted the provisions of this pronouncement on September 1, 2001, amortization expense of the combined companies of approximately $1.3 million would not have been reflected in the unaudited pro forma combined Statements of Income for the fiscal year ended August 31, 2002. The pro forma income and diluted pro forma income per share would have been $12.7 million and $1.36, respectively.

2. Pro Forma Adjustments

Certain reclassifications have been made to conform Pick-N-Pull's historical amounts to the Company's financial statement presentation.

The accompanying unaudited pro forma combined financial statements reflect the following pro forma adjustments:

(a) To reflect the cash payments for the acquisition of $74.7 million, which consisted of cash paid to the seller at closing of $71.4 million and $3.3 million of related party debt assumed and immediately paid off. Not reflected is approximately $0.6 million of principal payments on related party debt made by Stockton between November 30, 2002 and February 14, 2003. If the transaction had occurred on November 30, 2002, the Company would have financed these cash payments by increasing borrowings under its existing credit facility.

(b) To eliminate the $25.0 million note payable owed by the Joint Venture to the Company as of the closing date (both the Seller's $12.5 million share and the Company's $12.5 million share), and to eliminate the Company's corresponding note receivable. Not reflected is the $1.0 million principal payment made by the Joint Venture on this obligation between November 30, 2002 and February 14, 2003.

(c) To eliminate Stockton's previously existing goodwill of $6.2 million and all but the Company's $1.7 million share of the Joint Venture's previously existing goodwill and to establish goodwill resulting from the Acquisition of $70.0 million. The pro forma adjustment assumes the Acquisition occurred as of November 30, 2002. The amount will differ slightly from the amount recorded on February 14, 2003, due to changes in net assets of Pick-N-Pull between these two dates.

(d) To eliminate historical equity of Pick-N-Pull.

(e) To eliminate the Company's equity investment in the Joint Venture.

(f) To record the increase in fair market value of the property, plant and equipment acquired, the majority of which was land that is not depreciated.

(g) Subsequent to November 30, 2002, the Company conducted an environmental due diligence investigation. Based on new information obtained in this investigation, the Joint Venture accrued $2.1 million in environmental liabilities for probable and reasonably estimable future remediation costs. This amount is excluded from the unaudited pro forma combined balance sheet because the new information was not available as of November 30, 2002.

(h) To eliminate intercompany revenues and the related cost of sales and profit, including profit remaining in ending inventory.

(i) To record estimated accrued acquisition costs.

(j) To eliminate the Company's share of income from the Joint Venture.

(k) To eliminate the Company's interest income on the Joint Venture's note receivable and the Joint Venture's corresponding interest expense on its note payable to the Company.

(l) To adjust the provision (benefit) for income taxes to reflect the impact of the pro forma adjustments based on the Company's rates that would have been effective during the periods presented had the acquisition occurred during that timeframe.

3. Pro Forma Combined Net Income Per Share

Shares used to calculate unaudited pro forma combined net income per basic and diluted share were computed using the Company's weighted average shares outstanding during the respective periods.