



3200 NW Yeon Avenue
P.O. Box 10047
Portland, Oregon 97296-0047
Phone: (503) 224-9900
Fax: (503) 323-2804
Telex: 289875

PRESS RELEASE

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Financial Contact: Barry Rosen (503) 323-2720
Press Contact: Tom Zelenka (503) 323-2821
www.schnitzersteel.com

SCHNITZER STEEL DECLARES A 3-FOR-2 STOCK SPLIT

PORTLAND, OREGON – January 27, 2004 - Schnitzer Steel Industries, Inc. (NASDAQ: SCHN) today announced that its Board of Directors declared a three-for-two stock split for both classes of its common stock. The stock split will be affected as a share dividend, so shareholders will receive one additional share of Class A common stock for every two shares of Class A common stock held, and one additional share of Class B common stock for every two shares of Class B common stock held. The share dividend is payable March 25, 2004, to shareholders of record on March 4, 2004. In addition, in lieu of issuing any fractional shares, the Company shall pay cash for such fractional shares based on the closing market price for the Company's Class A common stock on the record date.

“The Board of Directors is pleased to announce the Company's second stock split in the last year,” said Robert W. Philip, Chairman and Chief Executive Officer. “The decision to split the stock reflects the Board of Director's confidence in the long-term fundamentals of our business. We also continue to believe that over time, the stock split can contribute to increased market liquidity for the Company's stock and greater trading volumes.”

Schnitzer Steel Industries, Inc. is one of the nation's largest recyclers of ferrous metals, a manufacturer of finished steel products and a leading self-service auto parts and dismantling company. The Company, with its joint venture partners, processes approximately 4.9 million tons of recycled ferrous metals per year. In addition, the Company's steel mill has an annual production capacity of approximately 700,000 tons of finished steel products. The Company and its joint venture partners operate primarily along the West Coast and Northeastern seaboard of the United States.

This news release contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. One can generally identify these forward-looking statements because they contain “expect”, “believe”, “anticipate”, “estimate” and other words that convey a similar meaning. One can also identify these statements, as they do not relate strictly to historical or current facts. Examples of factors affecting both Schnitzer Steel Industries, Inc.'s consolidated operations and its joint ventures (the Company) that could cause actual results to differ

materially from current expectations are the following: volatile supply and demand conditions affecting prices and volumes in the markets for both the Company's products and raw materials it purchases; world economic conditions; world political conditions; geographical concentration of its customer base; changes in federal and state income tax laws; foreign currency fluctuations; competition; seasonality, including weather; energy supplies; freight rates; the predictability of joint venture operating results; and the inability to complete expected large scrap export shipments in the current quarter, all as discussed in more detail under the heading "Factors That Could Affect Future Results" in the Company's most recent annual report on Form 10-Q. 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. The Company does not assume any obligation to update any forward-looking statement.

For more information about Schnitzer Steel Industries, Inc. go to www.schnitzersteel.com.