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PRESS RELEASE

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SCHNITZER RETAINS BEAR STEARNS TO EXPLORE STRATEGIC ALTERNATIVES FOR CASCADE STEEL ROLLING MILLS, INC.

PORTLAND, OREGON – May 5, 2004 – Schnitzer Steel (NASDAQ: SCHN) today announced that it has retained Bear, Stearns & Co. Inc. to explore strategic alternatives for, including the possible sale or merger of, its McMinnville, Oregon steel mini mill, Cascade Steel Rolling Mills, Inc.

“We are taking this action in connection with our continuing effort to sharpen our strategic focus and improve shareholder value for Schnitzer Steel,” said Robert W. Philip, Chairman and Chief Executive Officer. “Over the last number of years Cascade Steel has been modernized and expanded, resulting in substantial capacity and efficiency improvements. The mill is also unique in the western U.S. as it has the ability to efficiently produce four diverse product groups namely - straight reinforcing bar, coiled reinforcing bar, wire rod and various merchant bar shapes. We have retained Bear Stearns to assist us in exploring potential value-enhancing alternatives, including a possible sale or merger of Cascade Steel, which in the end will benefit the Company and our shareholders.”

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 used auto parts retailer. 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.

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