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PRESS RELEASE

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SCHNITZER REPORTS SECOND QUARTER RESULTS

PORTLAND, OREGON – March 28, 2002 - Schnitzer Steel Industries, Inc. (NASDAQ: SCHN) today reported a net loss of $1.1 million or $0.11 per diluted share on revenues of $69.5 million for the quarter ended February 28, 2002. Included in the loss was $1.4 million or $0.16 per share of mostly non-cash losses resulting from the sale of a poorly performing steel forging business and the termination of the final two shipping charters held by the Company. For the same quarter of last fiscal year, the Company recognized net income of $2.1 million or $0.22 per share on revenues of $78.5 million.

For the first six months of fiscal 2002, the Company reported net income of $1.0 million or $0.11 per share on revenues of $137.9 million. During the same period in fiscal 2001, Schnitzer Steel reported net income of $3.5 million or $0.36 per share on revenues of $158.2 million.

"The second quarter of fiscal 2002 was adversely impacted by normal seasonal slowdowns, poor economic conditions and very competitive market conditions along the U. S. West Coast," said Robert W. Philip, President and Chief Executive Officer. "In addition, our results were negatively impacted by the recognition of nonrecurring losses, most of which did not affect cash flow. We believe that our earnings over the next few quarters and into the future will ultimately benefit from the decisions we made during the second quarter to end certain less profitable situations. These decisions, along with what we believe are improving business fundamentals, make me optimistic about our future at Schnitzer Steel."

As projected for this quarter in the Company's first quarter earnings release, the Company recognized a non-cash loss of $0.8 million on the sale of a non-strategic steel forging business that was acquired as part of a 1995 metals recycling business acquisition. Historically, this business provided good returns; however, over the last eighteen months the business struggled due to the loss of regional accounts, particularly in the financially-challenged Northwest aluminum industry. The quarter's results also included the costs to exit two vessel charter agreements with a related company. These agreements were entered into during the mid 1990's for the purpose of hedging ocean freight rates to Asia for export scrap shipments. The agreements were scheduled to expire in June and July 2002. Ocean shipping rates have declined sharply over the last year and are currently $7 to $8 per ton lower than the all-in contracted rates. As disclosed at the end of last quarter, the Company decided to exit one of these charter agreements to take advantage of rates currently available in the market. Subsequently, the Company also decided to terminate the second and final agreement early. Included in the second quarter's results was a loss of $1.5 million, of which $0.7 million was non-cash, related to the termination of these agreements. However, management anticipates that the Company will more than compensate for this loss in the second half of fiscal 2002 by taking advantage of open market charters. Excluding these nonrecurring charges, the Company would have earned $0.05 per diluted share during the second quarter of 2002. This amount was

lower than the estimated range stated in the Company's last earnings release. The lower than expected results for the recent quarter were due in part to lower average selling prices for its Steel Manufacturing Business, along with slightly lower than expected sales volume in its Metals Recycling Business, and higher than expected average cost of goods sold.

Joint Ventures

Income from the Company's joint venture businesses increased by 47% from $2.9 million during the second quarter of fiscal 2001 to $4.3 million for the quarter just ended. The Joint Venture's year-to-date operating income improved from $4.1 million last year to $9.2 million in fiscal 2002. The Company's joint ventures in the metals recycling business, which operate facilities primarily in the Northeastern and Southwestern U.S., were predominantly responsible for the increase. These businesses shipped 0.9 million tons of ferrous material during the second quarter of this year and 1.0 million tons during the same quarter in fiscal 2001. Year-to-date, shipments aggregated 1.8 million tons versus 1.5 million tons for the first two quarters last fiscal year. "These joint ventures are experiencing relatively low selling prices, similar to those we have seen in our wholly-owned operations," commented Mr. Philip. "However, these businesses have been successful in offsetting the effect of lower selling prices by reducing the cost of unprocessed inventory and improving their operational efficiencies to significantly increase their operating margins."

Metals Recycling Business

For the second quarter of fiscal 2002, the Company's wholly-owned Metals Recycling Business recognized operating income of $0.6 million, compared with $2.1 million for the same quarter last year. Year-to-date, this business earned operating income of $1.5 million, which was $2.9 million lower than for the first six months of fiscal 2001. For the most recent quarter, the volume shipped totaled 402,000 tons, which was 49,000 tons lower than the record tons shipped during the second quarter of last year. "Although our sales volumes remain relatively strong, ferrous selling prices have been weaker than they averaged over the past couple of years. In fact, the average selling prices recognized this year have been near the levels we experienced during the Asian financial crisis in fiscal 1999," Mr. Philip said. "The management teams at our metals recycling facilities have focused on improving operations to make them as cost efficient as possible. However, unlike some of our joint ventures in the metals recycling business, we have not been able to reduce our buying prices to offset the selling price decrease due to competitive market forces. As a result, our margins have not expanded."

Steel Manufacturing Business

The Company's Steel Manufacturing Business reported a loss from operations of $2.1 million for the second quarter, a decline of $2.7 million from the income earned in the second quarter of fiscal 2001. Year-to-date, this business realized a loss of $2.4 million compared to income of $1.7 million through the second quarter last year. Lower average selling prices coupled with higher costs per ton drove the operating performance lower. For the third straight quarter, the average selling price declined. The second quarter fiscal 2002 selling price averaged $275 per ton, compared to $291 per ton during last year's second quarter. "As a result of the low prices and weak demand, the Company's rolling mills and its melt shop have been severely curtailed," said Mr. Philip. "These curtailments, which continued through the second quarter, drove operating costs per ton up as there were fewer tons available over which to spread the fixed costs."

Mr. Philip continued, "President Bush announced trade tariffs on certain imported steel products which compete in the Company's West Coast markets. The tariffs are anticipated to go into effect the beginning of April. We are optimistic that these tariffs, which range from 15% on rebar to 30% on merchant bar products this next year, will favorably impact finished steel pricing; however, we cannot estimate to what extent, if any, they may draw the Company's pricing upward. The tariffs will be in effect for a three-year period, but will decline each year during the tariff period."

Income Taxes

In February 2002, the Company completed an analysis that allowed it to qualify for State of California Enterprise Zone Tax Credits and Los Angeles Revitalization Zone Tax Credits. These credits do not expire and can be used to offset California state income taxes. In total, the Company was able to qualify for $1.6 million in state tax credits. As a result, the Company's year-to-date tax provision for the six month period ended February 28, 2002 was reduced to an effective rate of 20%.

Outlook

"We have recently seen recycled metals prices begin to rise and we expect third quarter demand for the Metals Recycling Business to remain solid and volumes should approach record levels. In addition, ocean freight rates are expected to remain favorable. We anticipate that our joint ventures will continue to do well, aided by these rising prices. However, we anticipate that sales volumes for the joint ventures may show a modest decline due to unusually large volumes being shipped in the first six months of the year," said Mr. Philip. "The outlook for the Steel Manufacturing Business is also improving as we are moving out of the seasonally slower time of year. The Company recently announced price increases for rebar, merchant bar and wire rod that average $10 per ton, $15 per ton, and $10 per ton, respectively. These increases will take affect on or before April 1, 2002. In anticipation of improving demand caused by the construction season and improving economic conditions, we recently began ramping up production in our rolling mills, which should help to push down our cost per ton. We are optimistic that the recently announced price increases, along with the tariffs mentioned above, will bolster our average selling price. As such, we should begin to see some margin improvement during the next quarter. We also estimate the Company's fiscal 2002 effective tax rate will approximate 20%." The Company anticipates that the results for the third quarter of fiscal 2002 will be in the range of $0.13 to $0.18 per share.

Schnitzer Steel Industries, Inc. is one of the nation's largest recyclers of ferrous metals and a manufacturer of finished steel products. The Company, with its joint venture partners, processes approximately 4.6 million tons of recycled 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", 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 wholly-owned 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; world economic conditions; competition; seasonality; energy supplies and pricing; 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 quarterly 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.

SCHNITZER STEEL INDUSTRIES, INC.
FINANCIAL HIGHLIGHTS
(in thousands, except per share amounts)
(Unaudited)

	For The Three Months Ended February 28,		For The Six Months Ended February 28,	
	2002	2001	2002	2001
REVENUES:				
Metals Recycling Business:				
Ferrous sales	$ 34,850	$ 41,725	$ 65,416	$ 72,893
Nonferrous sales	8,553	9,234	18,246	20,942
Other sales	2,165	1,510	3,547	2,383
Total sales	45,568	52,469	87,209	96,218
Ferrous sales to Steel Manufacturing Business	(8,222)	(13,043)	(16,231)	(23,471)
Steel Manufacturing Business	32,107	39,110	66,893	85,430
Total	$ 69,453	$ 78,536	$ 137,871	$ 158,177
INCOME (LOSS) FROM OPERATIONS:				
Metals Recycling Business	$ 600	$ 2,083	$ 1,546	$ 4,447
Steel Manufacturing Business	(2,116)	638	(2,388)	1,663
Joint ventures	4,323	2,934	9,194	4,103
Corporate expense	(1,933)	(2,225)	(4,026)	(4,670)
Intercompany eliminations	47	170	(77)	794
Total	$ 921	$ 3,600	$ 4,249	$ 6,337
NET INCOME (LOSS)	$ (1,054)	$ 2,105	$ 990	$ 3,460
BASIC EARNINGS (LOSS) PER SHARE (1)	$ (0.12)	$ 0.22	$ 0.11	$ 0.36
DILUTED EARNINGS (LOSS) PER SHARE (1)	$ (0.11)	$ 0.22	$ 0.11	$ 0.36

(1) Basic EPS is calculated using weighted average shares of 9,112 and 9,414 for the three months ended February 28, 2002 and 2001, respectively, and 9,137 and 9,528 for the six months ended February 28, 2002 and 2001, respectively. Diluted EPS is calculated using weighted average shares of 9,194 and 9,432 for the three months ended February 28, 2002 and 2001, respectively, and 9,176 and 9,553 for the six months ended February 28, 2002 and 2001, respectively.

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

	For The Three Months Ended February 28,		For The Six Months Ended February 28,	
	2002	2001	2002	2001
Revenues	$ 69,453	$ 78,536	$ 137,871	$ 158,177
Cost of goods sold and other operating expenses	65,661	70,995	128,756	142,311
Selling and administrative expenses	7,194	6,875	14,060	13,632
Income (loss) from wholly-owned operations	(3,402)	666	(4,945)	2,234
Income from joint ventures	4,323	2,934	9,194	4,103
Income from operations	921	3,600	4,249	6,337
Other income (expense):				
Interest expense	(558)	(1,405)	(1,335)	(2,870)
Other income (expense)	(2,046)	900	(1,677)	1,621
	(2,604)	(505)	(3,012)	(1,249)
Income before income taxes	(1,683)	3,095	1,237	5,088
Income tax (provision) benefit	629	(990)	(247)	(1,628)
Net income (loss)	$ (1,054)	$ 2,105	$ 990	$ 3,460
Basic earnings per share	$ (0.12)	$ 0.22	$ 0.11	$ 0.36
Diluted earnings per share	$ (0.11)	$ 0.22	$ 0.11	$ 0.36

Schnitzer Steel Industries, Inc.

Selected Operating Statistics

(Unaudited)

	Q1 FY02	Q2 FY02	FYTD 02	Q1 FY01	Q2 FY01	Q3 FY01	Q4 FY01	FY01
MRB								
Sales Prices ($/LT)								
Domestic	$ 84	$ 82	$ 83	$ 91	$ 87	$ 86	$ 85	$ 87
Export	$ 88	$ 89	$ 89	$ 93	$ 96	$ 90	$ 94	$ 94
Average	$ 87	$ 88	$ 87	$ 92	$ 92	$ 88	$ 90	$ 91
Sales Volume (LT)								
Domestic - Cascade Steel	93,392	97,999	191,391	113,361	146,567	166,617	138,953	565,498
Domestic - External	5,640	17,474	23,114	84,502	32,671	17,892	3,623	138,688
Export	248,594	286,210	534,804	136,524	271,485	207,361	162,124	777,494
Total	347,626	401,683	749,309	334,387	450,723	391,870	304,700	1,481,680
Steel								
Sales Prices ($/NT)								
Rebar	$ 272	$ 266	$ 269	$ 279	$ 280	$ 292	$ 287	$ 285
Wire Rod	$ 267	$ 257	$ 261	$ 264	$ 262	$ 259	$ 269	$ 263
Other (including billets)	$ 311	$ 310	$ 311	$ 344	$ 341	$ 334	$ 318	$ 335
Average	$ 280	$ 275	$ 278	$ 290	$ 291	$ 295	$ 292	$ 292
Sales Volume (NT)								
Rebar	73,901	64,241	138,142	85,096	70,493	72,903	80,239	308,731
Wire Rod	20,120	24,573	44,693	38,503	30,223	23,319	17,758	109,803
Other (including billets)	30,051	28,019	58,070	35,939	33,531	27,825	29,932	127,227
Total	124,072	116,833	240,905	159,538	134,247	124,047	127,929	545,761
Total JV Scrap Shipments	893,700	891,600	1,785,300	548,400	991,000	587,000	930,400	3,056,800