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PRESS RELEASE

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Schnitzer to Acquire 100% of an Industry Leading Auto Dismantler

(Portland, Oregon) -- Schnitzer Steel Industries, Inc., ("Schnitzer"; NASDAQ: SCHN) announced today that one of its wholly-owned subsidiaries has signed a definitive agreement to acquire the interest of its 50% partner in Pick-N-Pull Auto Dismantlers (the "Joint Venture"). In addition, Schnitzer's subsidiary has agreed to buy the Stockton Pick-N-Pull store ("Stockton"), which is not part of the Joint Venture, but is the single largest volume store in the Pick-N-Pull network. The seller in the transaction is Bob Spence, who currently manages Pick-N-Pull.

The Joint Venture stores together with Stockton ("Pick-N-Pull") are one of the country's leading self service used auto parts and auto dismantling networks with twenty-three (23) locations in northern California and five other states. The self service auto dismantling business is believed to be the fastest growing segment in the auto dismantling business. At each store, automobiles are displayed for customers to view and remove parts to purchase. The remaining recycled autobodies are then sold for scrap to area metals recycling facilities, including Schnitzer. Currently, Schnitzer's Oakland, California metals recycling facility is Pick-N-Pull's largest customer of its recycled autobodies.

Schnitzer's subsidiary has been a 50% partner in the Joint Venture for the past thirteen years. Commenting on the acquisition, Robert W. Philip, President and Chief Executive Officer, called attention to the fact that, "Our Joint Venture in Pick-N-Pull has for many years been an important part of our strategy to grow in the metals recycling business." Philip went on to comment that, "Bob Spence and his experienced management team have taken this business to a new level, which is demonstrated by the fact that from 1999 to 2002, the net profits generated from this business have grown at a compounded annual rate of nearly 50%. We are pleased to say that pursuant to the terms of the acquisition agreement, Mr. Spence will continue to operate Pick-N-Pull at least through January 31, 2004. It is our plan to continue to support Pick-N-Pull's management team with the capital and infrastructure needed to aggressively expand this business."

The acquisition is expected to close in mid-February 2003. The estimated purchase price is approximately \$85 million, subject to adjustment for certain year-end balance sheet items and environmental liabilities, if any. The estimated purchase price includes the assumption of approximately \$10 million of net debt, approximately \$6 million of which represents amounts currently owed to Schnitzer. In addition to typical closing conditions, the transaction is contingent upon satisfactory completion of environmental due diligence on Pick-N-Pull's facilities. The agreement also

provides for a purchase price adjustment approximately one year after closing based upon the operating results of the acquired business.

Looking ahead, Philip commented, “We anticipate the Pick-N-Pull acquisition will be accretive to earnings and will create value for our shareholders.”

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 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”, 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. In particular, this news release includes a prediction that the Pick-N-Pull acquisition will be accretive to the Company’s earnings. There is a significant risk that environmental issues will prevent the transaction from closing or require renegotiation of the purchase agreement. Assuming the transaction closes, Pick-N-Pull’s business is subject to a number of risks that could prevent it from maintaining or exceeding its current levels of profitability, such as volatile supply and demand conditions affecting prices and volumes in the markets for Pick-N-Pull’s products, services and raw materials; local and worldwide economic conditions; increased competition; purchase accounting assumptions surrounding intangibles and goodwill; and business integration and management transition issues. 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.