

DEFERRED PROSECUTION AGREEMENT

Defendant SCHNITZER STEEL INDUSTRIES, INC. ("Schnitzer Steel" or "the Company"), an Oregon corporation, by its undersigned attorneys, pursuant to authority granted by its Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section ("Department of Justice" or the "Department"), enter into this Deferred Prosecution Agreement ("Agreement").

1. Schnitzer Steel accepts and acknowledges that the Department of Justice will file a criminal Information in the United States District Court for the District of Oregon charging SSI International Far East, Ltd. ("SSI Korea"), a wholly-owned subsidiary of Schnitzer Steel, with Conspiracy to violate, and with substantive violations of, the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA") and the Wire Fraud statute, and with aiding and abetting the making of false entries in the books and records of Schnitzer Steel, a publicly-held corporation, in violation of the books and records and internal controls provisions of the FCPA. Schnitzer Steel accepts and acknowledges that SSI Korea will enter a plea of guilty to all charges in the Information. Schnitzer Steel does not endorse, ratify or condone criminal conduct and, as set forth below, has taken steps to prevent such conduct from

occurring in the future.

2. Schnitzer Steel accepts and acknowledges that it is responsible for the acts of its officers and employees, and those of its wholly owned subsidiary, SSI Korea, as set forth in the Statement of Facts annexed hereto as "Attachment A." Should the Department, pursuant to Paragraphs 21 and 22 of this Agreement, initiate the prosecution that is deferred by this Agreement, Schnitzer Steel agrees that it will neither contest the admissibility of, nor contradict, in any such proceeding, the facts contained in the Statement of Facts.
3. Schnitzer Steel expressly agrees that it shall not, through its present or future attorneys, Board of Directors, officers, or any other person authorized to speak for the Company, make any public statement, in litigation or otherwise, contradicting Schnitzer Steel's acceptance of responsibility set forth above or the factual statements set forth in the Statement of Facts. Any such contradictory statement shall, subject to Schnitzer Steel's cure rights below, constitute a breach of this Agreement as governed by Paragraph 21 of this Agreement, and Schnitzer Steel thereafter shall be subject to prosecution as set forth in Paragraphs 21 and 22 of this Agreement. The decision whether any public statement by any such person

contradicting a fact contained in the Statement of Facts will be imputed to Schnitzer Steel for the purpose of determining whether Schnitzer Steel has breached this Agreement shall be at the sole discretion of the Department. Should the Department determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Schnitzer Steel as provided in Paragraph 27, and the Company may avoid a breach of this Agreement by publicly repudiating such statement within two (2) business days after notification. Consistent with Schnitzer Steel's obligations as set forth above, Schnitzer Steel shall be permitted to raise defenses and to assert affirmative claims in civil and regulatory proceedings relating to the matters set forth in the Statement of Facts. This Paragraph is not intended to apply to any statement made by any Schnitzer Steel employee in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of Schnitzer Steel.

4. In connection with this Agreement, Schnitzer Steel agrees to issue a press release, the text of which shall be acceptable to the Department.
5. During the three-year (3) term of this Agreement, Schnitzer Steel agrees to cooperate fully with the Department, the

U.S. Securities and Exchange Commission (the "SEC"), and any other authority or agency designated by the Department investigating Schnitzer Steel and any of its present and former officers, employees, agents, consultants, contractors and subcontractors, in any and all matters relating to corrupt payments in connection with its operations.

Schnitzer Steel agrees that its cooperation shall include, but is not limited to, the following:

- a) Schnitzer Steel shall continue to cooperate fully with the Department, the SEC, and any other authority or agency designated by the Department, and shall truthfully disclose all information with respect to the activities of Schnitzer Steel, its officers, employees, agents, consultants, contractors and sub-contractors concerning all matters relating to corrupt payments in connection with its operations, related false books and records, and inadequate internal controls about which Schnitzer Steel has any knowledge or about which the Department shall inquire. This obligation of truthful disclosure includes an obligation upon Schnitzer Steel to provide to the Department and to the SEC, upon request, any document, record, or other tangible evidence relating to such corrupt payments, books and records, and internal controls about which the

Department shall inquire of Schnitzer Steel. This obligation of truthful disclosure includes an obligation to provide the Department with access to Schnitzer Steel's facilities, documents, and employees. This obligation does not apply to any communications that are protected by the attorney-client privilege or work product doctrine. The parties agree, however, that the disclosure of information to Schnitzer Steel's counsel concerning corrupt payments and related books and records shall not relieve Schnitzer Steel of its obligation to truthfully disclose such matters to the Department and the SEC.

- b) Upon request of the Department, with respect to any issue relevant to its investigation of corrupt payments in connection with Schnitzer Steel's operations, related books and records, and inadequate internal controls, Schnitzer Steel shall designate knowledgeable employees, agents, or attorneys to provide to the Department the information and materials described in Paragraph 5(a) above, on Schnitzer Steel's behalf. It is further understood that Schnitzer Steel must at all times provide complete, truthful, and accurate information.
- c) With respect to any issue relevant to the Department's

investigation of corrupt payments in connection with Schnitzer Steel's operations, the Company shall use its best efforts to make its employees available to provide information and testimony as requested by the Department, including sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this Paragraph will include identification of witnesses who, to Schnitzer Steel's knowledge, may have material information regarding the matters under investigation.

- d) With respect to any issue relevant to the Department's investigation of corrupt payments in connection with Schnitzer Steel's operations, the Company shall use its best efforts to make available, for interviews or for testimony, such present or former Schnitzer Steel officers, directors, agents, consultants, and employees, and the officers, directors, employees, agents and consultants of contractors and sub-contractors, as may be requested by Department of Justice.
- e) With respect to any information, testimony, document, record, or other tangible evidence provided to the Department pursuant to this Agreement, Schnitzer Steel

consents to any and all disclosures to other Government agencies of such materials as the Department, in its sole discretion, shall deem appropriate.

6. In return for Schnitzer Steel's full and truthful cooperation, the Department agrees not to use any information provided by Schnitzer Steel pursuant to this Agreement against the Company or its subsidiaries in any criminal or civil case relating to the conduct described in the Statement of Facts, at Attachment A, except in a prosecution for perjury or obstruction of justice; in a prosecution for making a false statement after the date of this Agreement; in a prosecution or other proceeding relating to any crime of violence; or in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the U.S. Code. In addition, the Department agrees, except as provided herein, that it will not bring any criminal or civil case against Schnitzer Steel relating to the conduct of Schnitzer Steel employees as described in the attached Statement of Facts. This Paragraph does not provide any protection against prosecution for corrupt payments, if any, made in the future by Schnitzer Steel, its subsidiaries, affiliates, officers, directors, employees, agents or consultants, whether or not disclosed by Schnitzer Steel pursuant to the terms of this Agreement, nor does it

apply to any such payments, made in the past, which are not described in the attached Statement of Facts. In addition, this Paragraph does not provide any protection against criminal prosecution for any violations committed by any present or former officer, employee, director, agent or consultant of Schnitzer Steel or any of its subsidiaries or affiliates.

7. Schnitzer Steel represents that it has implemented a compliance and ethics program designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws and all applicable foreign bribery laws throughout its operations, including those of its subsidiaries, affiliates, and joint ventures, and those of its contractors and subcontractors, with responsibilities that include interactions with foreign officials. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not disclosed to the Department as of the date of the execution of this Agreement for which Schnitzer Steel would otherwise be responsible.
8. Schnitzer Steel agrees to the appointment of an independent compliance consultant ("Compliance Consultant"), within sixty (60) calendar days of the signing of this Agreement, to monitor the Company's compliance program with respect to

the FCPA, U.S. commercial bribery laws, and applicable foreign bribery laws for a period of three (3) years from the execution of this Agreement, subject to the provisions of Paragraph 11. The Compliance Consultant shall be the same person as appointed pursuant to any agreement between Schnitzer Steel and the SEC concerning the acts described in the Statement of Facts at Attachment A. The Compliance Consultant will review and evaluate the effectiveness of Schnitzer Steel's internal controls, record-keeping, and financial reporting policies and procedures as they relate to Schnitzer Steel's compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws. This review and evaluation shall include an assessment of those policies and procedures as actually implemented.

9. The Department shall provide to Schnitzer Steel, within thirty (30) days of the signing of this Agreement, the names of two (2) recommended Compliance Consultants. Thereafter, Schnitzer Steel shall select one person as its Compliance Consultant or, in the event the Company does not select a person within thirty (30) days, the Department shall have the sole right to select the Compliance Consultant. The compensation and expenses of the Compliance Consultant, and

of any persons hired under his or her authority, shall be paid by Schnitzer Steel.

10. Schnitzer Steel shall cooperate fully with the Compliance Consultant. The Compliance Consultant shall have the authority to take such reasonable steps, in the Compliance Consultant's view, as may be necessary to be fully informed about the operations of Schnitzer Steel within the scope of his or her responsibilities under this Agreement. To that end, Schnitzer Steel shall provide the Compliance Consultant with access to all files, books, records, and personnel that fall within the scope of his or her responsibilities under this Agreement. It shall be a condition of the Compliance Consultant's retention that the Compliance Consultant is independent of Schnitzer Steel and that no attorney-client relationship shall be formed between them. Except insofar as Schnitzer Steel retains the attorney-client privilege or work product doctrine described in Paragraph 5(a) of this Agreement, Schnitzer Steel shall not withhold from the Department, and shall require the Compliance Consultant to agree not to withhold from the Department, any documents or information on the basis of any privilege or work product claims.
11. Schnitzer Steel agrees that the Compliance Consultant shall assess whether Schnitzer Steel's policies and procedures are

reasonably designed to detect and prevent violations of the FCPA, all applicable U.S. commercial bribery laws, and all applicable foreign bribery laws, and, during the three-year consultancy, shall conduct an initial review and prepare an initial report, followed by two (2) follow-up reviews and follow-up reports as described below. With respect to each of the three (3) reviews, after initial consultations with Schnitzer Steel, the Department, and the SEC, the Compliance Consultant shall prepare a written work plan for each of the reviews, which shall be submitted in advance to Schnitzer Steel, the Department and the SEC for comment. In order to conduct an effective initial review and to fully understand any existing deficiencies in controls, policies and procedures related to the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws, the Compliance Consultant's initial work plan shall include such steps as are necessary to develop an understanding of the facts and circumstances surrounding the violations described in the attached Statement of Facts. Any disputes between Schnitzer Steel and the Compliance Consultant with respect to the work plan shall be decided by the Department in its sole discretion.

12. In connection with the initial review, the Compliance Consultant shall issue a written report within one hundred

twenty (120) calendar days after being retained, setting forth the Compliance Consultant's assessment and making recommendations reasonably designed to improve Schnitzer Steel's policies and procedures for ensuring compliance with the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws. The Compliance Consultant shall provide the report to Schnitzer Steel's Board of Directors and its Audit Committee and contemporaneously transmit copies to the following individuals, or their successors: 1) Mark F. Mendelsohn, Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 10th and Constitution Ave., N.W. (Bond), Washington, D.C. 20530; and 2) Helane L. Morrison, District Administrator, U.S. Securities and Exchange Commission, 44 Montgomery Street, 26th Floor, San Francisco, CA 94127. The Compliance Consultant may extend the time period for issuance of the report with prior written approval of the Department and the SEC.

13. Within one hundred twenty (120) calendar days after receiving the report, Schnitzer Steel shall adopt all recommendations in the report of the Compliance Consultant; provided, however, that within one hundred twenty (120) calendar days after receiving the report, Schnitzer Steel shall advise the Compliance Consultant, the Department and the SEC in writing of any recommendations that it considers

to be unduly burdensome, impractical, or costly. With respect to any recommendation that Schnitzer Steel considers unduly burdensome, impractical, or costly, Schnitzer Steel need not adopt that recommendation within that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which Schnitzer Steel and the Compliance Consultant do not agree, such parties shall attempt in good faith to reach an agreement within sixty (60) calendar days after Schnitzer Steel serves the written advice. In the event Schnitzer Steel and the Compliance Consultant are unable to agree on an alternative proposal, Schnitzer Steel shall abide by the determinations of the Compliance Consultant. With respect to any recommendation that the Compliance Consultant determines cannot reasonably be implemented within one hundred twenty (120) calendar days after receiving the report, the Compliance Consultant may extend the time period for implementation with prior written approval of the Department.

14. The Compliance Consultant shall undertake two follow-up reviews to further monitor and assess whether Schnitzer Steel's policies and procedures are reasonably designed to detect and prevent violations of the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws.

Within one hundred twenty (120) calendar days of initiating each follow-up review, the Compliance Consultant (i) shall complete the review, (ii) certify whether Schnitzer Steel's anti-bribery compliance program, including its policies and procedures, is appropriately designed and implemented to ensure compliance with the FCPA, U.S. commercial bribery laws, and all applicable foreign bribery laws, and (iii) report on the Compliance Consultant's findings in the same fashion as set forth in Paragraph 12 with respect to the initial review. The first follow-up review shall commence one year after appointment of the Compliance Consultant, and the second follow-up review shall commence at least one year after completion of the first review. The Compliance Consultant may extend the time period for these follow-up reviews with prior written approval of the Department and the SEC.

15. In undertaking the assessment and reviews described in Paragraphs 8 through 14 of this Agreement, the Compliance Consultant shall formulate conclusions based on, among other things, (i) inspection of documents, including all the policies and procedures relating to Schnitzer Steel's anti-bribery compliance program; (ii) onsite observation of Schnitzer Steel's systems and procedures, including Schnitzer Steel's internal controls, recordkeeping and

internal audit procedures; (iii) meetings with and interviews of Schnitzer Steel's employees, officers, directors and any other relevant persons; and (iv) analyses, studies and testing of Schnitzer Steel's anti-bribery compliance program. In undertaking such assessment and reviews, the Compliance Consultant, at his or her own discretion, may rely, to a reasonable extent and after reasonable inquiry, on reports, studies, and analyses issued or undertaken by other consultants hired by Schnitzer Steel prior to the date of this Agreement.

16. The Compliance Consultant's charge, as further described in Paragraphs 8 through 15 above, is to review Schnitzer Steel's controls, policies and procedures related to the compliance with the FCPA, U.S. commercial bribery laws and all other applicable foreign bribery laws. Should the Compliance Consultant, during the course of his or her engagement, discover that corrupt payments or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Schnitzer Steel entity or person, or any entity or person working directly or indirectly for Schnitzer Steel, the Compliance Consultant shall promptly report such payments to Schnitzer Steel's Corporate Compliance Officer and its Audit Committee for further investigation, unless the Compliance Consultant

believes, in the exercise of his or her discretion, that such disclosure should be delayed. In such circumstances, the Compliance Consultant may refer the matter directly to the Department and the SEC. If the Compliance Consultant refers the matter only to Schnitzer Steel's Corporate Compliance Officer or its Audit Committee, Schnitzer Steel shall promptly report the same to the Department and the SEC. If Schnitzer Steel fails to make such disclosure within ten (10) calendar days of the report of such payments to Schnitzer Steel's Corporate Compliance Officer or its Audit Committee, the Compliance Consultant shall independently disclose his or her findings to the Department and the SEC, at the addresses listed above in Paragraph 12. If the Compliance Consultant reasonably concludes that disclosure to Schnitzer Steel's Corporate Compliance Officer or its Audit Committee would be inappropriate, the Compliance Consultant may limit such disclosure to any one of the foregoing parties. If the Compliance Consultant reasonably concludes that disclosure to even one of the foregoing parties would be inappropriate, the Compliance Consultant may refer the matter directly to the Department or the SEC. In the event of such a direct referral, the Compliance Consultant shall make a similar disclosure to Schnitzer Steel's Corporate Compliance Officer or its Audit

Committee as soon as the reason for the nondisclosure has abated, unless directed not to do so by the relevant authorities. Further, in the event that any Schnitzer Steel entity or person, or any entity or person working directly or indirectly for Schnitzer Steel, refuses to provide information necessary for the performance of the Compliance Consultant's responsibilities, the Compliance Consultant shall disclose that fact to the Department and the SEC. Schnitzer Steel shall not take any action to retaliate against the Compliance Consultant for such disclosures. The Compliance Consultant is not precluded from reporting other criminal or regulatory violations discovered in the course of performing his or her duties, in the same manner as described above.

17. The Agreement between Schnitzer Steel and the Compliance Consultant shall provide that for the three-year period of engagement and for a period of two (2) years from completion of the engagement, the Compliance Consultant shall not enter into any additional employment, consultant, attorney-client, auditing or other professional relationship with Schnitzer Steel, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Compliance Consultant will require that any firm with which

he or she is affiliated or of which he or she is a member, and any person engaged to assist the Compliance Consultant in performance of his or her duties under this Agreement shall not, without prior written consent of the Department and the SEC's Division of Enforcement, enter into any employment, consultant, agency, attorney-client, auditing or other professional relationship with Schnitzer Steel, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement. To ensure the independence of the Compliance Consultant, Schnitzer Steel shall not have the authority to terminate the Compliance Consultant without the prior written approval of the Department and the SEC.

18. Schnitzer Steel further agrees that its subsidiary, SSI Korea, shall pay a monetary penalty of \$7,500,000 to the U.S. Treasury within ten (10) days of the imposition of any fine upon SSI Korea by the District Court for the District of Oregon. Schnitzer Steel will offset against the \$7,500,000 monetary penalty required under this Agreement any fine imposed upon SSI Korea by the District Court for the District of Oregon. This amount is a final payment and shall not be refunded (a) if the Department does not institute a criminal prosecution against Schnitzer Steel

pursuant to Paragraph 21 below, or (b) should the Department later determine that Schnitzer Steel has breached this Agreement and brings a prosecution against it pursuant to Paragraph 22 below. Further, nothing in this Agreement shall be deemed an agreement by the Department that this amount is the maximum criminal fine that may be imposed in such prosecution, and the Department shall not be precluded from arguing that the Court should impose a higher fine. The Department agrees, however, to recommend to the Court that any amounts paid pursuant to this Agreement and in the criminal proceeding against SSI Korea should be offset against whatever fine the Court shall impose as part of its judgment in the event of a subsequent breach and prosecution. Schnitzer Steel agrees, on behalf of itself and its subsidiaries, including SSI Korea, that no tax deduction will be sought in connection with the \$7,500,000 million monetary penalty required under this Agreement or any criminal fine imposed by a Court in connection with any criminal proceeding arising from the facts contained in the Statement of Facts.

19. In consideration of the action of the Audit Committee of the Board of Directors of Schnitzer Steel in initiating an investigation conducted by outside legal counsel and the voluntary disclosure to the Department and the SEC; the

cooperation of the Audit Committee and the Company with the investigations conducted by the Department and the SEC; the willingness of the Board of Directors to replace senior officers of the Company, to increase the number of independent directors, and to adopt and implement effective compliance procedures; and the willingness of Schnitzer Steel to (a) acknowledge responsibility for its behavior, (b) cause its subsidiary, SSI Korea, to enter a plea of guilty to criminal charges, (c) continue its cooperation with the Department, the SEC, and other investigative and regulatory authorities and agencies, (d) adopt and maintain remedial measures and its commitment to independently review and audit such measures, and (e) consent to pay the criminal fine in connection with the plea of guilty of its subsidiary SSI Korea, the Department agrees that any prosecution of Schnitzer Steel be and hereby is deferred for a period of three (3) years from the date of this Agreement.

20. The Department further agrees that if Schnitzer Steel is in full compliance with all of its obligations under this Agreement, including its obligation to adopt the recommendations of the Compliance Consultant in accordance with the terms of Paragraph 13, the Department will not institute a criminal prosecution against Schnitzer Steel pursuant to Paragraph 1, and this Agreement shall expire

except that the Department shall remain bound to its obligation in paragraph 6 not to bring any criminal or civil case against Schnitzer Steel relating to the conduct described in the Statement of Facts.

21. If the Department determines, in its sole discretion, that Schnitzer Steel, at any time between the execution of this Agreement and completion of Schnitzer Steel's cooperation as set forth in Paragraph 5, provided deliberately false, incomplete, or misleading information under this Agreement or has committed any federal crimes subsequent to the date of this Agreement or has otherwise violated any provision of this Agreement, Schnitzer Steel shall, in the Department's sole discretion, thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge. Any such prosecutions may be premised on information provided by Schnitzer Steel. Moreover, Schnitzer Steel agrees that any such prosecutions that are not time-barred by the applicable statute of limitations on the date of this Agreement may be commenced against Schnitzer Steel in accordance with this Agreement, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the termination of this Agreement. By this Agreement, Schnitzer Steel expressly intends to and does waive any rights in this

respect.

22. It is further agreed that in the event that the Department, in its sole discretion, determines that Schnitzer Steel has violated any provision of this Agreement: (a) all statements made by or on behalf of Schnitzer Steel to the Department, and any testimony given by Schnitzer Steel before a grand jury or any tribunal, at any legislative hearings, or to the SEC, whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against Schnitzer Steel and (b) Schnitzer Steel shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Schnitzer Steel prior to or subsequent to this Agreement, or any leads therefrom, should be suppressed. The decision whether conduct or statements of any individual will be imputed to Schnitzer Steel for the purpose of determining whether Schnitzer Steel has violated any provision of this Agreement shall be in the sole discretion of the Department.
23. Schnitzer Steel acknowledges that the Department has made no representations, assurances, or promises concerning what

sentence may be imposed by the Court should Schnitzer Steel breach this Agreement and this matter proceed to judgment. Schnitzer Steel further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.


24. Schnitzer Steel agrees that in the event it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, it shall include in any contract for sale or merger a provision binding the purchaser or any successor to the obligations described in this Agreement.
25. It is understood that this Agreement is binding on Schnitzer Steel and the Department but specifically does not bind any other federal agencies, or any state or local law enforcement or regulatory agencies, although the Department will bring the cooperation of Schnitzer Steel and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by Schnitzer Steel and its attorneys.
26. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between Schnitzer Steel and the Department. No modifications or additions to this Agreement

shall be valid unless they are in writing and signed by the Department, Schnitzer Steel's attorneys, and a duly authorized representative of Schnitzer Steel.

27. Any notice to Schnitzer Steel under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service or registered or certified mail, in each case addressed to Schnitzer Steel Industries, Inc., Attn: President and Chief Executive Officer, 3200 NW Yeon Avenue, Portland OR 97210, with a copy by the same means to Schnitzer Steel Industries, Inc., Attn: General Counsel, 3200 NW Yeon Avenue, Portland OR 97210. Notice shall be effective upon actual receipt by Schnitzer Steel.

FOR THE DEPARTMENT OF JUSTICE:

Steven A. Tyrrell
Acting Chief, Fraud Section

By: 

MARK F. MENDELSON
Deputy Chief, Fraud Section

DEBORAH L. GRAMICCIONI
Assistant Chief, Fraud Section

KATHLEEN MCGOVERN
Trial Attorney, Fraud Section

Fraud Section, Criminal Division
United States Department of Justice

10th & Constitution Avenue, NW
Washington, D.C. 20530
(202) 514-7023

FOR SCHNITZER:



Kenneth M. Novack
Chairman
Schnitzer Steel Industries, Inc.
3200 NW Yeon Avenue
Portland, Oregon 97210

OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with counsel for Schnitzer Steel Industries, Inc., ("Schnitzer Steel"). I understand the terms of this Agreement and voluntarily agree, on behalf of Schnitzer Steel, to each of its terms. Before signing this Agreement, I consulted with the attorney for Schnitzer Steel. The attorney fully advised me of Schnitzer Steel's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

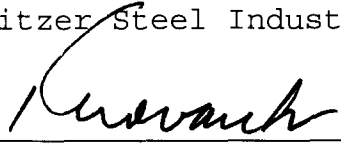
I have carefully reviewed every part of this Agreement with the Audit Committee of the Board of Directors of Schnitzer Steel, to which the Board has delegated the authority to approve and enter into this Agreement on behalf of Schnitzer Steel. I have fully advised the Audit Committee of Schnitzer Steel's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Schnitzer Steel, in any way to enter into this Agreement. I am also satisfied with the attorney's representation in this matter. I certify that I am an officer of

Schnitzer Steel and that I have been duly authorized by Schnitzer Steel to execute this Agreement on behalf of Schnitzer Steel.

10/16/06
Date


Schnitzer Steel Industries, Inc.

By: 

CERTIFICATE OF COUNSEL

I am counsel for Schnitzer Steel Industries, Inc., ("Schnitzer Steel") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Schnitzer Steel documents and have discussed this Agreement with the authorized representative of Schnitzer Steel. Based on my review of the foregoing materials and discussions, I am of the opinion that: Schnitzer Steel's representative has been duly authorized to enter into this Agreement on behalf of Schnitzer Steel. This Agreement has been duly and validly authorized, executed, and delivered on behalf of Schnitzer Steel and is a valid and binding obligation of Schnitzer. Further, I have carefully reviewed every part of this Agreement with the General Counsel of Schnitzer Steel. I have fully advised him of Schnitzer Steel's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To my knowledge, Schnitzer Steel's decision to enter into this Agreement is an informed and voluntary one.

10-16-06
Date



Counsel for SCHNITZER STEEL INDUSTRIES, INC.
George J. Terwilliger III
White & Case, LLP

CERTIFICATE OF CORPORATE RESOLUTIONS

A copy of the executed Certificate of Corporate Resolutions
is annexed hereto as "Attachment B."