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SCHNITZER STEEL INDUSTRIES INC

Form 8-K/A

April 25, 2003

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 14, 2003

SCHNITZER STEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OREGON

0-22496

93-0341923

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

3200 N.W. Yeon Ave.
P.O. Box 10047
Portland, OR 97296-0047

(Address of principal executive offices) (zip code)

Registrant's telephone number including area code: (503) 224-9900

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NO CHANGE

(Former name or former address, if changed since last report.)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On February 14, 2003, Schnitzer Steel Industries, Inc.'s ("the Company") wholly-owned subsidiary, Norprop, Inc. ("Norprop"), closed its acquisition of all of the stock of Pick and Pull Auto Dismantling, Inc., which is Norprop's 50% partner in Pick-N-Pull Auto Dismantlers, a California general partnership (the "Joint Venture"). In addition, Norprop purchased all of the membership interests in Pick-N-Pull Auto Dismantlers, Stockton, LLC ("Stockton"), which is not part of the Joint Venture, but operates the single largest volume Pick-N-Pull store. Both of these entities were acquired from Bob Spence, who has managed the business of the Joint Venture.

The Joint Venture stores together with Stockton ("Pick-N-Pull") are one of the country's leading self service used auto parts networks with 17 locations in northern California, two locations in Nevada, and one location in each of Texas, Utah, Illinois and Indiana. For the year ended December 31, 2002, Pick-N-Pull had revenues of \$61.3 million.

The cost of the Acquisition consisted of \$71.4 million of cash paid to the seller at closing, \$3.3 million of debt assumed and immediately paid off, and \$0.7 million of acquisition costs. In addition, Norprop assumed approximately \$12.5 million of debt owed by the Joint Venture to the Company bringing the total purchase price to \$87.9 million (or \$84.3 million net of the seller's \$3.6 million share of the Joint Venture's cash on hand at closing). The agreement provides for a purchase price adjustment approximately one year after closing based upon the operating results of the acquired business.

The cash paid in the transaction was funded from the Company's available cash balances and borrowings under its bank credit facility. The amount of consideration paid was determined in arms-length negotiations between the Company and Mr. Spence.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

a) Financial Statements of Business Acquired.

The following financial statements of Pick-N-Pull are included as Exhibit 99.1:

Audited Balance Sheets of Pick-N-Pull as of December 31, 2002 and 2001, and related audited Statements of Operations and Partners' and Member's Equity, and Statements of Cash Flows of Pick-N-Pull for each of the years in the three-year period ended December 31, 2002.

b) Pro Forma Financial Information.

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The following pro forma financial information is included as Exhibit 99.2:

Pro forma Balance Sheet as of November 30, 2002 and pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002.

c) Exhibits:

- 2.1 Stock and Membership Interest Purchase Agreement dated January 8, 2003 among Bob Spence, Pick and Pull Auto Dismantling, Inc., Pick-N-Pull Auto Dismantlers, Pick-N-Pull Auto Dismantlers, Stockton, LLC and Norprop, Inc. Filed as Exhibit 2.1 to the Company's Form 10-Q for the quarter ended November 30, 2002 and incorporated herein by reference.
- 23.1 Consent of PricewaterhouseCoopers LLP, independent accountants of Pick-N-Pull.
- 99.1 Audited Balance Sheets of Pick-N-Pull as of December 31, 2002 and 2001, and related audited Statements of Operations and Partners' and Member's Equity, and Statements of Cash Flows of Pick-N-Pull for each of the years in the three-year period ended December 31, 2002.
- 99.2 Pro forma Balance Sheet as of November 30, 2002 and pro forma Statements of Income for the year ended August 31, 2002 and the three-month period ended November 30, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCHNITZER STEEL INDUSTRIES, INC.
(Registrant)

Date: April 25, 2003

By: /s/ Barry A. Rosen

Barry A. Rosen
Vice President, Finance and
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit
Number

Exhibit Title

2.1 Stock and Membership Interest Purchase Agreement dated January 8,

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2003 among Bob Spence, Pick and Pull Auto Dismantling, Inc., Pick-N-Pull Auto Dismantlers, Pick-N-Pull Auto Dismantlers, Stockton, LLC and Norprop, Inc. Filed as Exhibit 2.1 to the Company's Form 10-Q for the quarter ended November 30, 2002 and incorporated herein by reference.

The following schedules and exhibits to the Stock and Membership Interest Purchase Agreement have been omitted and will be provided to the Securities and Exchange Commission upon request:

Schedule 4.1	Capitalization
Schedule 4.2	Organization
Schedule 4.3	Authorization
Schedule 4.4	Subsidiaries
Schedule 4.5	Financial Statements
Schedule 4.6	Absence of Certain Changes or Events
Schedule 4.7	Title to Assets
Schedule 4.8	Condition of Tangible Assets
Schedule 4.9	Contracts and Commitments
Schedule 4.10	No Conflict or Violation
Schedule 4.11	Consents and Approvals
Schedule 4.12	Litigation
Schedule 4.13	Labor Matters
Schedule 4.14	Liabilities
Schedule 4.15	Compliance with Law
Schedule 4.16	Brokers
Schedule 4.17	Other Agreements to Sell Assets
Schedule 4.18	Proprietary Rights
Schedule 4.19	Status of Contracts
Schedule 4.20	Employee Benefit Plans
Schedule 4.21	Transactions with Seller
Schedule 4.22	Tax Matters
Schedule 4.23	Employment Agreements and Compensation
Schedule 4.24	Insurance
Schedule 4.25	Receivables
Schedule 4.26	Inventories
Schedule 4.27	Purchase Commitments and Outstanding Bids
Schedule 4.28	Payments
Schedule 4.29	Environmental
Schedule 4.30	Warranties and Liability
Schedule 4.31	Permits and Licenses
Schedule 4.32	Undisclosed Liabilities
Schedule 4.33	Bank Accounts
Schedule 4.34	Records
Schedule 4.35	Misstatements or Omissions
Schedule 6.2	Guarantees of Seller
Schedule 6.3	Certain Prohibited Transactions
Exhibit A	Wire Transfer Instructions
Exhibit B	Form of Spence Employment Agreement
Exhibit C	Form of Reddy Employment Agreement
Exhibit D	Form of Escrow Agreement

23.1 Consent of PricewaterhouseCoopers LLP, independent accountants of Pick-N-Pull.

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