

SCHNITZER STEEL INDUSTRIES INC  
Form 8-K  
October 05, 2005

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event  
reported) September 30, 2005

Schnitzer Steel Industries, Inc.

-----  
(Exact Name of Registrant as Specified in Its Charter)

Oregon

0-22496

93-0341923

-----  
(State or Other  
Jurisdiction of  
Incorporation)

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(Commission  
File Number)

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(IRS Employer  
Identification No.)

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

97296-0047  
-----  
(Zip Code)

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(Address of Principal Executive Offices)

(503) 224-9900

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(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 1.01. Entry into a Material Definitive Agreement

As previously reported on a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on August 11, 2005, two wholly-owned subsidiaries of Schnitzer Steel Industries, Inc. (“SSI”), Pick-N-Pull Auto Dismantlers, a California general partnership (“PNP”), and PNP Commercial Acquisition, LLC, a Delaware limited liability company (“PNP Commercial”), entered into a Unit Purchase Agreement (the “Greenleaf Purchase Agreement”) with Tree Acquisition, L.P., a Delaware limited partnership (“Tree”), pursuant to which PNP Commercial agreed to acquire from Tree (the “Greenleaf Transaction”) all of the issued and outstanding units of membership interests of Greenleaf Auto Recyclers, LLC, a Delaware limited liability company (“Greenleaf”). On September 30, 2005, in connection with the closing of the Greenleaf Transaction, Tree, PNP and PNP Commercial amended the Greenleaf Purchase Agreement pursuant to a First Amendment to the Unit Purchase Agreement (the “First Amendment”) to, among other things: (i) reduce the amount of the purchase price delivered into escrow at closing; (ii) provide for an additional escrow deposit to satisfy certain claims to be retained by Tree after the closing; (iii) reduce the target working capital amount for purposes of the post-closing working capital adjustment; (iv) revise certain indemnification matters for which Tree will indemnify PNP and PNP Commercial; and (v) reduce the cash consideration paid to Tree at closing. In connection with these modifications, the total purchase price was reduced from \$23,500,000 to \$22,500,000. The First Amendment also modifies certain closing deliverables of the parties in accordance with these revisions. There are no material relationships between the parties other than the Greenleaf Purchase Agreement.

Item 7.01 Regulation FD Disclosure

On October 3, 2005, the Company announced that it had closed the Greenleaf Transaction, as well as the related acquisition of certain Greenleaf debt and five business locations leased by Greenleaf. A copy of the press release announcing the closing is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

2.1 Unit Purchase Agreement dated August 5, 2005 between Pick-N-Pull Auto Dismantlers, PNP Commercial Acquisition, LLC, and Tree Acquisition, L.P.

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

|                |   |
|----------------|---|
| Exhibit A      | Closing Date Payments                       |
| Exhibit B      | Opinion of Counsel for Tree                 |
| Exhibit C      | Form of Creditor Release                    |
| Exhibit D      | Escrow Agreement                            |
| Exhibit E-1    | Form of Tranche B Term Note                 |
| Exhibit E-2    | Form of Assignment Agreement                |
| Exhibit E-3    | Form of Credit Agreement Amendment          |
| Schedule 3.3.1 | Preparation of Closing Financial Statements |
| Schedule 4.2   | Ownership of Membership Interests           |

|                      |                                      |
|----------------------|--------------------------------------|
| Schedule 4.4         | Financial Statements                 |
| Schedule 4.5         | Liabilities                          |
| Schedule 4.6         | Tax Matters                          |
| Schedule 4.7         | Leasehold Premises                   |
| Schedule 4.8         | Title to and Condition of Assets     |
| Schedule 4.9         | Receivables                          |
| Schedule 4.10        | Licenses and Permits                 |
| Schedule 4.11        | Proprietary Rights                   |
| Schedule 4.12        | Customers, Suppliers and Competitors |
| Schedule 4.13        | Certain Documents and Information    |
| Schedule 4.14        | Insurance                            |
| Schedule 4.15        | Litigation                           |
| Schedule 4.18        | Absence of Certain Acts or Events    |
| Schedule 4.19        | Compliance with Laws                 |
| Schedule 4.20.3      | Environmental Matters                |
| Schedule 4.20.4      | Environmental Matters                |
| Schedule 4.20.5      | Environmental Matters                |
| Schedule 4.20.8      | Environmental Matters                |
| Schedule 4.20.9      | Environmental Matters                |
| Schedule 4.20.10     | Environmental Matters                |
| Schedule 4.20.11     | Environmental Matters                |
| Schedule 4.20.12     | Environmental Matters                |
| Schedule 4.20.13     | Environmental Matters                |
| Schedule 4.21        | Labor Relations                      |
| Schedule 4.22        | Employee Benefits                    |
| Schedule 4.22.1      | Employee Benefits                    |
| Schedule 4.22.3      | Employee Benefits                    |
| Schedule 4.22.6      | Employee Benefits                    |
| Schedule 4.22.7      | COBRA Beneficiaries                  |
| Schedule 4.23        | Employment Agreements                |
| Schedule 4.24        | Warranties                           |
| Schedule 4.27        | Required Consents                    |
| Schedule 6.23        | Severance Matters                    |
| Schedule 7.15        | Employment Agreements                |
| Schedule 10.3.1(i)   | Knowledge of Tree                    |
| Schedule 10.3.1(ii)  | Knowledge of the Company             |
| Schedule 10.3.1(iii) | Knowledge of PNP                     |

2.2 Agreement of Purchase and Sale dated August 5, 2005 between PNP Commercial Acquisition, LLC, and Ford Motor Company.

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

|                    |                                     |
|--------------------|-------------------------------------|
| Exhibit A          | Allocation of Purchase Price        |
| Exhibit B          | Form of Note Modification Agreement |
| Exhibit 3.3(a)(vi) | Form of Seller Certificate          |

Exhibit 3.3(b)(ii) Form of Buyer Certificate

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Schedule 4.1(b) Authorized, Issued and Outstanding Interests of GLARE  
Schedule 4.1(c) Leases and Agreements  
Schedule 4.1(d) Financial Statements  
Schedule 4.1(f)(i) List of Real Property  
Schedule 4.1(f)(iii) Legal Proceedings  
Schedule 8.20 Knowledge of Seller and GLARE

2.3 First Amendment dated September 30, 2005 to Unit Purchase Agreement dated August 5, 2005 between Pick-N-Pull Auto Dismantlers, PNP Commercial Acquisition, LLC, and Tree Acquisition, L.P.

The following schedules to the First Amendment have been omitted and will be provided to the Securities and Exchange Commission upon request:

Schedule II Form of Amended and Restated Escrow Agreement  
Schedule III Form of Retained Claims Escrow Agreement

99.1 Press Release dated October 3, 2005 titled "Schnitzer Steel Subsidiary Pick-n-Pull Acquires GreenLeaf Auto Recyclers"

#### SIGNATURES

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 hereunto duly authorized.

Schnitzer Steel Industries, Inc.

Date: October 5, 2005

By: /s/ Gregory J. Witherspoon

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Name: Gregory J. Witherspoon  
Title: Interim Chief Financial Officer

