

SCHNITZER STEEL INDUSTRIES INC
Form 8-K
February 03, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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): January 30, 2006

SCHNITZER STEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OREGON

(State or other
jurisdiction of
incorporation)

0-22496

(Commission
File Number)

93-0341923

(IRS Employer
Identification No.)

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

(Address of principal executive offices)

97296-0047

(Zip Code)

(503) 224-9900

(Registrant's telephone number, including area code)

NO CHANGE

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

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))
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Item 1.01. Entry into a Material Definitive Agreement1993 Stock Incentive Plan

At the 2006 Annual Meeting of Shareholders on January 30, 2006, the Company's shareholders approved amendments to the Company's 1993 Stock Incentive Plan (the "Plan"). The Plan was amended (a) to authorize the grant of performance-based long-term incentive awards under the Plan that would be eligible for treatment as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, and (b) to increase the per-employee limit on grants of options and stock appreciation rights under the Plan from 100,000 shares to 150,000 shares annually. The amendments did not include any increase in the number of shares reserved for issuance under the Plan. Additional information regarding the Plan is contained in the Company's Proxy Statement dated December 27, 2005 for the 2006 Annual Meeting of Shareholders. A copy of the Plan, as amended, is attached hereto as Exhibit 10.1.

Long-Term Incentive Award Agreements

Subject to shareholder approval of the proposed amendments to the Plan, on November 29, 2005 the Company's Compensation Committee approved performance-based awards under the Plan and the entry by the Company into Long-Term Incentive Award Agreements evidencing those awards. Shareholder approval of the Plan amendments on January 30, 2006 satisfied the condition to the effectiveness of the awards. A copy of the form of Long-Term Incentive Award Agreement is attached hereto as Exhibit 10.2. The terms of the awards to executive officers of the Company are summarized in the following table:

| | Performance Period | Threshold | Number of Shares⁽¹⁾ | |
|--|-------------------------------|------------------|---------------------------------------|----------------|
| | | | Target | Maximum |
| John D. Carter President and Chief Executive Officer | Fiscal 2006-2008 | 2,753 | 11,010 | 23,855 |
| Donald Hamaker President, Metals Recycling Business | Fiscal 2006-2008 | 1,835 | 7,340 | 15,903 |
| Gary Schnitzer Executive Vice President | Fiscal 2006-2008 | 1,285 | 5,138 | 10,276 |
| Gregory J. Witherspoon Chief Financial Officer | Fiscal 2006-2008 | 1,285 | 5,138 | 11,132 |
| Tamara Adler Lundgren Vice President, Chief Strategy Officer | Fiscal 2006-2008 | 1,285 | 5,138 | 11,132 |
| Jeffrey Dyck | | 1,101 | 4,404 | 8,808 |

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|---|---------------------|-------|-------|--------|
| President, Cascade Steel Rolling Mills | Fiscal 2006-2008 | | | |
| Thomas D. Klauer, Jr. President, Pick-N-Pull Auto Dismantlers | Fiscal 2006-2008 | 1,101 | 4,404 | 13,212 |
| Kelly E. Lang Vice President, Asset and Operational Integration | Fiscal 2006-2008 | 551 | 2,202 | 4,771 |

| | | | | |
|---|---------------------|-----|-------|-------|
| Vicki A. Piersall Vice President, Corporate Controller | Fiscal 2006-2008 | 551 | 2,202 | 4,771 |
| Jay Robinovitz Vice President, Northwest Metals Recycling Operations | Fiscal 2006-2008 | 551 | 2,202 | 4,404 |
| Thomas F. Zelenka Vice President, Environmental and Public Affairs | Fiscal 2006-2008 | 275 | 1,101 | 2,385 |

(1) The Committee established a series of performance targets based on the Company's total shareholder return for the performance period relative to the S&P 500 Industrials (weighted at 50%), the operating income per ton of the Company's Metals Recycling Business for the performance period (weighted at 16 %), the number of EVA positive stores of the Auto Parts Business for the last year of the performance period (weighted at 16 %), and the man hours per ton of the Steel Manufacturing Business for the performance period (weighted at 16 %), corresponding to award payouts ranging from 25% to 300% of the weighted portions of the target awards. For participants who work exclusively in one business segment, the awards are weighted 50% on the performance measure for their segment and 50% on total shareholder return. A participant generally must be employed by the Company on the October 31 following the end of the performance period to receive an award payout, although pro-rated awards will be paid if employment terminates earlier on account of death, disability, retirement, termination without cause after the first year of the performance period, or a sale of the Company or the business segment a participant works for. Awards will be paid in Common Stock as soon as practicable after the October 31 following the end of the performance period.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

| | | |
|------|------|--|
| | 10.1 | 1993 Stock Incentive Plan. |
| 10.2 | | Form of Long-Term Incentive Award Agreement under the 1993 Stock Incentive Plan. |

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 hereunto duly authorized.

SCHNITZER STEEL INDUSTRIES, INC.
(Registrant)

Date: February 3, 2006

By: /s/ Gregory J. Witherspoon

Name: Gregory J. Witherspoon
Title: Chief Financial Officer

