INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

MAY 4, 2012

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May 4, 2012

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Statements contained in the press release or on the related conference call that relate to Russel Metals' beliefs or expectations as to certain future events are not statements of historical fact and are forward-looking statements. Russel Metals cautions readers that there are important factors, risks and uncertainties, including but not limited to economic, competitive and governmental factors affecting Russel Metals' operations, markets, products, services and prices that could cause its actual results, performance or achievements to be materially different from those forecasted or anticipated in such forward-looking statements.

The forward-looking statements in this document reflect management's current beliefs and are based on information currently available to management. The material assumptions applied in making the forward-looking statements in this document include the following: demand from the manufacturing, resource and construction segments of the Canadian economy will remain at current levels and these conditions will continue in the foreseeable future; and oil and gas prices, the price of steel and the value of the Canadian dollar relative to the U.S. dollar will be at similar levels with what we experienced during the first quarter of 2012. Although the forward-looking statements contained in this document are based upon what management believes to be reasonable estimates and assumptions, Russel Metals cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements and does not intend to update any forward-looking statement other than required by law.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Adjusted EBIT and EBITDA – EBIT and EBITDA adjusted to exclude inventory write-downs in the amount of $38 million in 2008 and $159 million in 2009 and $35 million of asset impairment in 2009. 2010 excludes inventory reversal of $1.9 million and plant closure costs of $2.6 million.

Basic Earnings Per Common Share - Earnings divided by Average common shares outstanding in period.

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from operations before deduction of interest and income taxes.

EBITDA - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less inventory write-downs and capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash.

Return on Capital Employed - EBIT for period annualized over net assets employed.

Russel Metals

COMMENTS RE MARKET CONDITIONS
MAY 2012

1. Volumes in metals service centers up 14% over QTR-1 2011, 16% over QTR-4 2011
   Expect lower year over year increase in QTR-2 2012

2. Prices stable. No clear direction

3. Oil sands activity picking up

   U.S. operations higher volumes due to large projects

4. Acquired Siemens Laserworks May 1, 2012 for $27.5 million

HIGHLIGHTS
2012 FIRST QUARTER RESULTS

1. QTR-1 2012 and QTR-1 2011 - Earnings $33 million, EPS $0.55

2. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   QTR-1 2012 - $29 million or $0.49 per share
   QTR-1 2011 - $36 million or $0.59 per share

3. Return on Equity – 16%

4. Cash and cash equivalents - $160 million

5. April 19, 2012 – Issued $300 million CDN High Yield Bond 10 year 6%
   Redemption of 6⅜% Senior Note of US$138.9 million will occur May 25, 2012

6. Quarterly dividend increased 17% to $0.35 per share

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

	3 Months	<------------------------Years ended------------------------>							
	March 31, 2012	2011	2010		2009		2008	
OPERATING RESULTS (millions)								
Revenues	**$802.9**	$2,693.3	$2,178.0		$1,971.8		$3,366.2	
Net earnings (loss)	**33.1**	118.3	57.3		(92.0)		228.5	
EBIT	**52.7**	194.9	110.8		(130.2)		355.2	
Adjusted EBIT (Note)	**52.7**	194.9	111.5	(1)	63.9	(1)	392.9	(1)
EBIT as a % of revenue	**6.6%**	7.2%	5.1%		3.2%		11.7%	
Adjusted EBITDA (Note)	**58.4**	218.4	136.8	(1)	89.6	(1)	416.3	(1)
EBITDA as a % of revenue	**7.3%**	8.1%	6.3%		4.5%		12.4%	
Basic earnings (loss) per common share ($)	**$0.55**	$1.97	$0.96		($1.54)		$3.67	
BALANCE SHEET INFORMATION (millions)								
Metals								
Accounts receivable	**$451.6**	$381.7	$300.5		$214.2		$425.9	
Inventories	**692.1**	645.6	544.1		517.9		925.1	
Prepaid expenses and other assets	**4.4**	4.3	2.9		4.6		7.6	
Accounts payable and accruals	**(363.0)**	(343.6)	(259.8)		(231.2)		(393.7)	
Net working capital - Metals	**785.1**	688.0	587.7		505.5		964.9	
Fixed assets	**189.9**	184.1	187.2		213.1		230.4	
Goodwill and intangibles	**24.3**	24.7	24.9		28.4		71.8	
Net assets employed in metals operations	**999.3**	896.8	799.8		747.0		1,267.1	
Other operating assets	**16.3**	17.1	17.6		18.9		19.4	
Net income tax assets (liabilities)	**1.2**	(12.0)	(11.5)		47.7		(30.2)	
Pension and benefit assets (liabilities)	**(36.1)**	(33.3)	(17.2)		2.1		0.7	
Other corporate assets and liabilities	**(16.1)**	(22.1)	(11.9)		(39.9)		(38.0)	
Total net assets employed	**$964.6**	$846.5	$776.8		$775.8		$1,219.0	
CAPITALIZATION (millions)								
Bank indebtedness, net of (cash)	**($160.3)**	($270.7)	($323.7)		($359.6)		$20.0	
Long-term debt (incl. current portion)	**295.9**	297.8	319.7		342.1		218.9	
Total interest bearing debt, net of (cash)	**135.6**	27.1	(4.0)		(17.5)		238.9	
Market capitalization	**1,609.6**	1,346.8	1,373.5		1,058.5		1,134.2	
Total firm value	**$1,745.2**	$1,373.9	$1,369.5		$1,041.0		$1,373.1	
OTHER INFORMATION (Notes)								
Common shareholders' equity (millions)	**$829.0**	$819.4	$772.8		$793.3		$980.1	
Book value per share ($)	**$13.79**	$13.64	$12.88		$13.29		$16.42	
Free cash flow (millions)	**$29.2**	$129.5	$85.7		$95.7		$235.9	
Capital expenditures (millions)	**$11.9**	$18.1	$11.6		$18.6		$22.2	
Depreciation and amortization (millions)	**$5.7**	$23.5	$25.3		$25.7		$23.4	
Earnings multiple	**12.2**	11.4	23.9		-		5.2	
Firm value as a multiple of EBIT	**8.3**	7.0	12.3	(1)	16.3	(1)	3.9	(1)
Firm value as a multiple of EBITDA	**7.5**	6.3	10.0	(1)	11.6	(1)	3.3	(1)
Interest bearing debt/EBITDA	**1.3**	1.4	2.3	(1)	3.8	(1)	0.5	(1)
Debt as a % of capitalization	**26%**	27%	29%		30%		18%	
Market capitalization as a % of book value	**194%**	164%	178%		133%		116%	
Return on equity	**16%**	14%	7%		(12%)		23%	
Return on capital employed	**22%**	23%	14%	(1)	8%	(1)	29%	(1)
COMMON SHARE INFORMATION								
Ending outstanding common shares	**60,102,823**	60,071,698	59,978,173		59,698,690		59,695,290	
Average outstanding common shares	**60,080,755**	60,043,222	59,717,629		59,696,743		62,329,483	
Dividend yield	**5.2%**	5.4%	4.8%		5.6%		5.3%	
Dividend per share	**$1.40**	$1.20	$1.10		$1.00		$1.00	
Share price - High	**$27.95**	$27.75	$23.94		$22.00		$31.36	
Share price - Low	**$22.52**	$18.90	$16.25		$9.25		$15.01	
Share price - Ending	**$26.78**	$22.42	$22.90		$17.73		$19.00	

Notes:

(1) Adjusted EBIT excludes inventory writedowns in the amount of $37.7 million in 2008 and $158.7 million in 2009 and $35.4 million for asset impairment. It excludes the inventory reversal of $1.9 million and plant closure costs of $2.6 million in 2010.

(2) 2012, 2011 and 2010 are reported under IFRS. 2008 and 2009 represent actual results as reported under Canadian GAAP.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS *(UNAUDITED)*

(in millions of Canadian dollars, except per share data)	Quarters ended March 31 **2012**	2011
Revenues	**$ 802.9**	$ 657.7
Cost of materials	**659.0**	519.3
Employee expenses	**57.9**	54.6
Other operating expenses	**32.9**	29.6
Earnings before interest, finance and provision for income taxes	**53.1**	54.2
Interest expense	**6.7**	7.1
Interest income	**(0.4)**	(0.6)
Other finance expense	**0.4**	0.4
Earnings before provision for income taxes	**46.4**	47.3
Provision for income taxes	**13.3**	14.3
Net earnings for the period	**$ 33.1**	$ 33.0
Basic earnings per common share	**$ 0.55**	$ 0.55
Diluted earnings per common share	**$ 0.53**	$ 0.53

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in millions of Canadian dollars)	Quarters ended March 31 **2012**	2011
Net earnings for the period	**$ 33.1**	$ 33.0
Other comprehensive income (loss), net of tax		
Unrealized foreign exchange losses on translation of foreign operations	**(6.7)**	(8.0)
Unrealized gains on items designated as net investment hedges	**2.1**	3.3
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	**0.3**	0.3
Actuarial losses on pension and similar obligations	**(2.2)**	-
Other comprehensive loss	**(6.5)**	(4.4)
Total comprehensive income	**$ 26.6**	$ 28.6

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

(in millions of Canadian dollars)	**March 31 2012**	December 31 2011
ASSETS		
Current		
Cash and cash equivalents	**$ 160.3**	$ 270.7
Accounts receivable	**451.6**	382.4
Inventories	**692.1**	645.6
Prepaid expenses	**4.4**	4.6
Income taxes receivable	**1.4**	0.5
	1,309.8	1,303.8
Property, Plant and Equipment	**206.9**	201.3
Deferred Income Tax Assets	**5.0**	5.3
Other Assets	**3.1**	3.3
Goodwill and Intangibles	**24.3**	24.7
	$ 1,549.1	$ 1,538.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 374.7**	$ 362.8
Income taxes payable	**4.6**	17.4
Current portion long-term debt	**1.3**	1.3
	380.6	381.5
Long-Term Debt	**294.6**	296.5
Pensions and Benefits	**36.1**	33.3
Deferred Income Tax Liabilities	**0.6**	0.4
Provisions	**5.3**	5.4
Other Non-Current Liabilities	**2.9**	1.9
	720.1	719.0
Shareholders' Equity		
Common shares	**486.0**	485.4
Retained earnings	**321.8**	306.7
Contributed surplus	**16.1**	15.7
Accumulated other comprehensive loss	**(23.6)**	(17.1)
Equity component of convertible debenture	**28.7**	28.7
	829.0	819.4
	$ 1,549.1	$ 1,538.4

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended March 31 **2012**	2011
Operating activities		
Net earnings for the period	**$ 33.1**	$ 33.0
Depreciation and amortization	**5.7**	6.0
Deferred income taxes	**0.6**	(0.5)
Gain on sale of property, plant and equipment	**-**	(0.1)
Stock-based compensation	**0.5**	0.9
Difference between pension expense and amount funded	**(0.2)**	(0.6)
Debt accretion, amortization and other	**1.4**	1.3
Cash from operating activities before non-cash working capital	**41.1**	40.0
Changes in non-cash working capital items		
Accounts receivable	**(71.0)**	(81.5)
Inventories	**(49.7)**	(8.2)
Accounts payable and accrued liabilities	**13.5**	35.3
Income tax receivable/payable	**(11.5)**	(3.3)
Other	**0.1**	(2.0)
Change in non-cash working capital	**(118.6)**	(59.7)
Cash used in operating activities	**(77.5)**	(19.7)
Financing activities		
Issue of common shares	**0.5**	0.9
Dividends on common shares	**(18.0)**	(16.5)
Repayment of long-term debt	**(0.3)**	(0.3)
Cash used in financing activities	**(17.8)**	(15.9)
Investing activities		
Purchase of property, plant and equipment	**(11.9)**	(4.4)
Proceeds on sale of property, plant and equipment	**-**	0.7
Cash used in investing activities	**(11.9)**	(3.7)
Effect of exchange rates on cash and cash equivalents	**(3.2)**	1.7
Decrease in cash and cash equivalents	**(110.4)**	(37.6)
Cash and cash equivalents, beginning of the period	**270.7**	323.7
Cash and cash equivalents, end of the period	**$ 160.3**	$ 286.1

Supplemental cash flow information:		
Income taxes paid	**$ 26.4**	$ 18.3
Interest paid (net)	**$ 5.0**	$ 12.2

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2011	$ 485.4	$ 306.7	$ 15.7	$ (17.1)	$ 28.7	$ 819.4
Payment of dividends	-	(18.0)	-	-	-	(18.0)
Net earnings for the period	-	33.1	-	-	-	33.1
Other comprehensive loss for the period	-	-	-	(6.5)	-	(6.5)
Recognition of stock-based compensation	-		0.4	-	-	0.4
Stock options exercised	0.6	-	-	-	-	0.6
Balance, March 31, 2012	**$ 486.0**	**$ 321.8**	**$ 16.1**	**$ (23.6)**	**$ 28.7**	**$ 829.0**

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2010	$ 483.7	$ 257.5	$ 13.9	$ (11.0)	$ 28.7	$ 772.8
Payment of dividends	-	(16.5)	-	-	-	(16.5)
Net earnings for the period	-	33.0	-	-	-	33.0
Other comprehensive loss for the period	-	-	-	(4.4)	-	(4.4)
Recognition of stock-based compensation	-	-	0.7	-	-	0.7
Stock options exercised	1.2	-	-	-	-	1.2
Balance, March 31, 2011	$ 484.9	$ 274.0	$ 14.6	$ (15.4)	$ 28.7	$ 786.8

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2012

This Management's Discussion and Analysis of Financial Condition and Results of Operations of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2012 including the notes thereto, and the Management's Discussion and Analysis and the audited Consolidated Financial Statements for the year ended December 31, 2011, including the notes thereto. In the opinion of management, such interim condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained herein are as of May 3, 2012.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, among other things: no assurance future financing will be available; dilution; change of control; interest rate risk; foreign exchange risk; volatile metal prices; cyclicality of the metals industry and the industries that purchase our products; significant competition; interruption in sources of metals supply; integrating future acquisitions; collective agreements and work stoppages; environmental liabilities; changes in government regulations; failure of key computer-based systems; loss of key individuals; and the current economic climate. While we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward looking statements included herein should not be unduly relied upon. These statements speak only as of the date hereof. Except as required by law, we do not assume any obligation to update the aforementioned forward-looking statements. Our actual results could differ materially from those anticipated in the aforementioned forward-looking statements, as applicable, including as a result of the risk factors set forth elsewhere herein and in our filings with the securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of measures that are not prescribed by GAAP and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers; energy tubular products; and steel distributors.

Our basic earnings per share were $0.55 for the quarters ended March 31, 2012 and 2011.

All three operating segments had volume increases compared to the first quarter of 2011. These volume increases were offset by reduced gross margins due to steady prices in 2012 compared to rising steel prices in 2011 when inventory holding gains occur. Increased drilling activity for oil improved the operating results of our energy tubular products segment.

RESULTS OF OPERATIONS

The following table provides revenues, operating profits before interest, taxes and other income or expense. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues and operating profits as a percentage of revenues are also shown. The table shows the segments as they are reported to management and are consistent with the segment reporting in the condensed consolidated financial statements.

	Quarters Ended March 31		
(millions, except percentages)	**2012**	2011	2012 change as a % of 2011
Segment Revenues			
Metals service centers	**$ 428.0**	$ 363.8	18%
Energy tubular products	**274.8**	224.0	23%
Steel distributors	**99.4**	69.8	42%
Other	**0.7**	0.1	
	$ 802.9	$ 657.7	22%
Segment Operating Profits			
Metals service centers	**$ 32.1**	$ 36.3	(12%)
Energy tubular products	**18.9**	17.8	6%
Steel distributors	**9.7**	8.8	10%
Corporate expenses	**(6.9)**	(7.0)	1%
Other	**(0.7)**	(1.7)	
Operating profits	**$ 53.1**	$ 54.2	(1%)
Segment Gross Margin as a % of Revenues			
Metals service centers	**21.1%**	25.0%	
Energy tubular products	**13.7%**	15.1%	
Steel distributors	**15.4%**	19.5%	
Total operations	**17.9%**	21.0%	
Segment Operating Profits as a % of Revenues			
Metals service centers	**7.5%**	10.0%	
Energy tubular products	**6.9%**	7.9%	
Steel distributors	**9.8%**	12.6%	
Total operations	**6.6%**	8.2%	

METALS SERVICE CENTERS

a) *Description of operations*

We provide processing and distribution services to a broad base of approximately 33,000 end users through a network of 49 Canadian locations and 12 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

b) *Factors affecting results*

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted the first quarter of 2012 and 2011 is found in the section that follows.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices were stable throughout the first quarter of 2012. Steel prices are influenced by overall demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Supply side management, practiced by steel producers in North America, and international supply and demand, which impacts steel imports, affects product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America.

Demand for our product is significantly affected by economic cycles. Revenues and operating profits fluctuate with the level of general business activity in the markets served. We are most impacted by the manufacturing, resource and construction segments of the Canadian economy.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our large market share and diverse customer base of approximately 18,000 customers mean that our results tend to mirror the performance of the regional economies of Canada. Our U.S. operations, which have approximately 15,000 customers, are impacted by the local economic conditions in the regions that they serve.

The slight decline of the Canadian dollar in the first quarter of 2012 versus the same period in 2011 had no material impact on revenues and profits for our U.S. operations translated to Canadian dollars. Revenues and profits of our U.S. operations reported for the three months ended March 31, 2012 were converted at $1.0012 per US$1 compared to $0.9860 per US$1 for the same period of 2011. The exchange rate at March 31, 2012 used to translate the balance sheet was $0.9991 per US$1 versus $1.0170 per US$1 at December 31, 2011.

Our Canadian operations are affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

c) *Metals service centers segment results -- Three Months Ended March 31, 2012 Compared to March 31, 2011*

Revenues for the three months ended March 31, 2012, increased 18% to $428 million compared to the same period in 2011. Tons shipped in the metals service centers segment in the first quarter of 2012 were approximately 14% higher than the first quarter of 2011 and 16% higher than the fourth quarter of 2011. The average selling price of metal for the three months ended March 31, 2012 was approximately 4% higher than the average selling price for the three months ended March 31, 2011 and was consistent with the fourth quarter of 2011.

Gross margin dollars for the first quarter of 2012 were comparable to the first quarter of 2011; however, 2012 was achieved on higher volumes and lower gross margins. Gross margin as a percentage of revenues decreased to 21.1% for the three months ended March 31, 2012 compared to 25.0% in the first quarter of 2011. Rising steel prices in the first quarter of 2011 resulted in higher gross margins than we experience when prices are more stable. Gross margin increased over our fourth quarter 2011 gross margin of 20.1% when prices were declining.

Operating expenses in the first quarter of 2012 were higher by $3 million or 6% than in the first quarter of 2011, mainly related to volume driven compensation and freight costs. Operating expenses as a percentage of revenues improved to 13.6% from 15.0% in the first quarter of 2011.

Metals service centers operating profit for the three months ended March 31, 2012 of $32 million compares to $36 million for the same period in 2011. The decrease mainly relates to higher expenses due to increased volumes.

ENERGY TUBULAR PRODUCTS

a) Description of operations

These operations distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. Our business units are clustered in Alberta in Canada and Colorado and Texas in the U.S. A large portion of our inventories are located in third party warehouses ready for distribution to customers throughout North America. In addition, we operate from five Canadian and two U.S. facilities. We purchase our products either from the pipe division of North American steel mills, independent manufacturers of pipe and pipe accessories, international steel mills or other distributors. Our energy tubular products segment operates under the names Comco Pipe and Supply Company, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) Factors affecting results

The following is a general discussion of the factors affecting our energy tubular products segment operations. More specific information on how these factors impacted the first quarter of 2012 and 2011 is found in the section that follows.

The price of natural gas and oil can impact rig count and drilling activities, particularly in Western Canada. Rig activity affects demand for our products. The price of oil remained high during 2011 and the first quarter of 2012 resulting in improved rig activity. Drilling rig counts, an indicator of demand for pipe product, were at higher levels in both Canada and the U.S. in the first quarter of 2012 as compared to first quarter of 2011. Natural gas prices were at low levels and thus drilling activity related to gas remained below historical levels, particularly in Canada. Fracking technology enables producers to economically drill in the oil and gas-rich shale fields, which has offset the drop in conventional gas drilling.

Prices for metal are influenced by overall demand, trade sanctions and product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect. These trade actions tend to reduce imports of these products as higher prices are paid at the time of import.

Our Canadian operations were affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar impacts the cost of inventory and cost of sales.

Drilling related to oil and natural gas in Western Canada usually peaks during the period from October to March.

c) Energy tubular products segment results -- Three Months Ended March 31, 2012 Compared to March 31, 2011

Energy tubular products segment revenues increased 23% to $275 million for the first quarter of 2012 compared to the same period in 2011. Our Canadian operations servicing the oil sands and our U.S. operations had increased revenues mainly related to increased tons shipped. Our Canadian operations servicing oil drilling activity had a small decline in revenues related to both tons and prices.

Gross margin as a percentage of revenues for the three months ended March 31, 2012 was 13.7% compared to 15.1% for the same period in 2011 due to competitive pressure on prices and more large volume orders.

Operating expenses were $3 million higher in the first quarter of 2012 compared to the first quarter of 2011, mainly due to higher variable compensation and freight costs. Operating expenses as a percentage of revenues were 6.9% versus 7.2% in the first quarter of 2011.

This segment generated an operating profit of $19 million for the three months ended March 31, 2012, compared to $18 million for the same period in 2011. Operating profits were up mainly due to higher volumes.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel, a division of Sunbelt Group, processes coils.

b) Factors affecting results

The following is a general discussion of the factors affecting our steel distributors. More specific information on how these factors impacted the first quarter of 2012 and 2011 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. Mill capacity by product line in North America and international supply and demand impact steel imports and significantly affect product availability.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars. Movements in the Canadian dollar can result in some products that we have purchased being subsequently available in the marketplace at a lower cost.

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy from them on a periodic basis, which can result in large fluctuations in revenues reported from period to period.

c) *Steel distributors segment results -- Three Months Ended March 31, 2012 Compared to March 31, 2011*

Steel distributors revenues increased 42% to $99 million for the three months ended March 31, 2012 compared to the three months ended March 31, 2011 due to greater demand. Increased shipments to the service center industry and large OEM’s resulted in increased demand from our steel distributor operations in both Canada and the U.S.

Gross margin as a percentage of revenues was 15.4% for the three months ended March 31, 2012 compared to 19.5% for the three months ended March 31, 2011. The 2011 gross margins were higher due to rising steel prices that have not occurred in 2012. The gross margin dollars are higher due to volume increases offsetting gross margin decline.

Operating expenses were $1 million higher for the first quarter of 2012 compared to the first quarter of 2011, mainly related to higher variable compensation.

Operating profit for the three months ended March 31, 2012 was $10 million, compared to $9 million for the, three months ended March 31, 2011. The improved 2012 results reflect higher volumes.

Corporate Expenses -- Three Months Ended March 31, 2012 Compared to March 31, 2011

Corporate expenses were $7 million for the three months ended March 31, 2012 and March 31, 2011. Corporate expenses for the first quarter of both years were higher compared to our annual cost mainly related to increases in the value of deferred and restricted stock units.

Consolidated Results -- Three Months Ended March 31, 2012 Compared to March 31, 2011

Operating profits were $53 million for the first quarter of 2012 versus $54 million for the first quarter of 2011. Improved volumes in 2012 were offset by higher cost of sales and operating expenses.

INTEREST EXPENSE AND INCOME

Net interest expense was $6 million for the three months ended March 31, 2012 compared to $7 million for the three months ended March 31, 2011. The reduction in net interest expense related to lower interest on our U.S. Senior Notes as we had repurchased US$28 million of these notes in 2011.

INCOME TAXES

We recorded a provision for income taxes of $13 million for the first quarter of 2012. Our effective income tax rate for the three months ended March 31, 2012 was 29%. We estimate our normalized effective income tax rate for 2012 to be similar to the year to date rate.

NET EARNINGS

Net earnings for the first quarters of 2012 and 2011 were $33 million. Basic earnings per share for the first quarters of 2012 and 2011 were $0.55 per share. Higher volumes were offset by increased cost of sales and operating expenses.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for first quarter of 2012 was 60,080,755 compared to 59,992,140 for the first quarter of 2011. As at March 31, 2012 and May 3, 2012, we had 60,102,823 common shares outstanding. The number of common shares outstanding has increased as a result of options being exercised.

We paid common share dividends of $18 million or $0.30 per share in the first quarter of 2012 as compared to $17 million or $0.275 per share in the first quarter of 2011.

We have $175 million of 7.75% convertible unsecured subordinated debentures outstanding which mature on September 30, 2016. Each debenture is convertible into common shares at the option of the holder at any time on or prior to the business day immediately preceding (i) the maturity date, or (ii) the date specified for redemption of the convertible debentures, at a conversion price of $25.75 per share being a conversion rate of 38.8350 common shares per $1,000 principal amount of convertible debentures

See subsequent events related to the issue of new Canadian Senior Notes and subsequent redemption of the U.S. Senior Notes. The new indenture governing the Canadian Senior Notes provides restrictions for quarterly dividends in excess of $0.35 per share. We do not believe these restrictions will impact our ability to pay dividends in the foreseeable future.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay a dividend as our borrowing base, which is based on percentages of accounts receivable and inventories, has traditionally been in excess of borrowings plus four times the current dividend.

EBITDA

The following table shows the reconciliation of net earnings to EBITDA and adjusted EBITDA:

(millions)	Quarters Ended March 31 **2012**	2011
Net earnings for the period	**$ 33.1**	$ 33.0
Provision for income taxes	**13.3**	14.3
Interest expense, net	**6.3**	6.5
Earnings before interest and income taxes (EBIT)	**52.7**	53.8
Depreciation and amortization	**5.7**	6.0
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	**$ 58.4**	$ 59.8

We believe that EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

CAPITAL EXPENDITURES

Capital expenditures were $12 million for the first quarter of 2012 compared to $4 million in the first quarter of 2011. Depreciation expense of $6 million for the first quarter of 2012 was consistent with the first quarter of 2011. In the first quarter of 2012, we acquired a piece of land in Edmonton, Alberta for $6 million to allow us to expand our storage of pipe for large projects in the oil sands.

Capital expenditures mainly relate to the replacement of capital items, the purchase of additional processing equipment across a broad base of our operations and upgrades to our existing facilities and computer systems. Our expectation is for capital expenditures to approximate depreciation expense over the long term; however, due to lower expenditures over the last couple of years we anticipate higher expenditures in 2012.

LIQUIDITY

At March 31, 2012, we had cash of $160 million compared to $271 million at December 31, 2011, a decrease of $110 million in the quarter. Our operations generated $41 million before working capital changes in the first quarter of 2012. In the first quarter of 2012, we utilized $119 million in working capital to support our growth as well as to pay 2011 bonus accruals and income taxes. In addition, we utilized $12 million for capital expenditures and $18 million for dividends to shareholders.

Our metals distribution business experiences significant swings in working capital which impact cash flow. Inventory and accounts receivable represent a large percentage of our total assets employed and vary throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks. Our customers are impacted by the economic climate and thus it is possible to experience additional bad debts and increased days outstanding for accounts receivable, which may affect the timing of collections. Total assets were $1.5 billion at March 31, 2012 and December 31, 2011. At March 31, 2012, current assets excluding cash represented 83% of our total assets excluding cash, versus 81% at December 31, 2011.

Cash used in operating activities was $78 million for the three months ended March 31, 2012 compared to $20 million for the three months ended March 31, 2011. During the first quarter of 2012, we had a $119 million increase in working capital compared to $60 million for the same period in 2011. This use of cash for working capital as revenues increase is consistent with our business model.

Cash utilized for inventory was $50 million in the first quarter of 2012, mainly related to increased tons in all three segments. Inventories represented 45% of our total assets at March 31, 2012 and 42% at December 31, 2011.

Inventory by Segment	**Mar. 31 2012**	Dec. 31 2011	Mar. 31 2011
Metals service centers	**$ 300**	$ 270	$ 238
Energy tubular products	**308**	304	257
Steel distributors	**84**	72	54
Total operations	**$ 692**	$ 646	$ 549

Inventory Turns by Segment	**Quarters Ended**				
	Mar. 31 2012	Dec. 31 2011	Sept. 30 2011	June 30 2011	Mar. 31 2011
Metals service centers	**4.5**	4.4	4.7	4.8	4.6
Energy tubular products	**3.1**	2.6	2.6	1.6	3.0
Steel distributors	**4.0**	4.8	3.2	3.2	4.2
Total operations	**3.8**	3.6	3.5	3.1	3.8

At March 31, 2012, our metals service centers had more tons of inventory to service the increased volumes, compared to December 31, 2011 and March 31, 2011.

Our energy tubular products operations had inventory at the end of first quarter of 2012 slightly higher than December 31, 2011; however, higher revenues resulted in increased inventory turns compared to December 31, 2011.

Our steel distributors segment had increased inventory to service higher volumes.

As a result of higher revenues, accounts receivable utilized cash of $71 million in the first quarter of 2012. Accounts receivable represented 29% of our total assets at March 31, 2012 compared to 25% of our total assets at December 31, 2011.

During the first quarter of 2012, we made income tax payments of $26 million compared to payments of $18 million for the three months ended March 31, 2011.

The balances disclosed in our condensed consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	**Quarters Ended March 31**	
	2012	2011
Cash from operating activities before non-cash working capital	**$ 41.1**	$ 40.0
Purchase of fixed assets	**(11.9)**	(4.4)
	$ 29.2	$ 35.6

Free cash flow may be useful in assessing our ability to pay dividends, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies.

CASH, DEBT AND CREDIT FACILITIES

Debt

(millions)	**Mar. 31, 2012**	Dec. 31, 2011
Long-Term Debt		
6.375% US$138.9 million Senior Notes due March 1, 2014	**$ 138**	$ 140
7.75% $175 million convertible debentures due September 30, 2016	**155**	154
Finance lease obligations, maturing 2014 to 2017	**3**	4
	296	298
Current portion	**(1)**	(1)
	$ 295	$ 297

The convertible debentures have been split between debt and equity. The amount allocated to equity represented the valuation of the holders' option to convert the convertible debentures into common shares and the fair value adjustments on the cash conversion feature treated as a derivative prior to the amendment of the Trust Indenture in December 2010. A portion of the debt is allocated to equity is charged through interest expense over the life of the debentures.

Cash and Bank Credit Facilities

As at March 31, 2012 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ -	$ -	$ -
Cash net of outstanding cheques	150	10	160
Net cash	150	10	160
Letters of credit	(41)	(1)	(42)
	$ 109	$ 9	$ 118
Facilities			
Borrowings and letters of credit	$ 202	$ 25	$ 227
Letters of credit facility	50	20	70
Facilities availability	$ 252	$ 45	$ 297
Available line based on borrowing base	$ 252	$ 45	$ 297

We have a credit facility with a syndicate of Canadian and U.S. banks totaling $252 million which was extended to June 24, 2014 during the second quarter of 2011. In July 2011, our U.S. subsidiary facility of US$45 million was renewed with an expiry of July 2012.

The syndicated facility consists of availability of $202 million to be utilized for borrowings and letters of credit and $50 million to be utilized only for letters of credit. Letters of credit are issued under the $50 million line first and additional needs are issued under the $202 million line. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $252 million. As of March 31, 2012, we were entitled to borrow and issue letters of credit totaling $252 million under this facility. At March 31, 2012 and December 31, 2011, we had no borrowings. At March 31, 2012, we had letters of credit of $41 million compared to $44 million at December 31, 2011.

The maximum borrowings including letters of credit under the U.S. subsidiary's facility are US$45 million. At March 31, 2012, this subsidiary had no borrowings and had letters of credit of US$1 million. At December 31, 2011, this subsidiary had no borrowings and had letters of credit of US$6 million.

With our cash, cash equivalents and our bank facilities we have access to approximately $387 million of cash based on our March 31, 2012 balances. The use of our bank facilities has been predominantly to fund working capital requirements and trade letters of credit for inventory purchases. These lines may be used to support increases in working capital when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at March 31, 2012, we were contractually obligated to make payments under our long-term debt agreements, finance lease obligations and operating leases that come due in the future. The following table sets forth such payments.

Contractual Obligations	Payments due in				
(millions)	2012	2013 and 2014	2015 and 2016	2017 and thereafter	Total
Debt	$ -	$ 138.8	$ 175.0	$ -	$ 313.8
Long-term debt interest	17.0	37.7	23.8	-	78.5
Finance lease obligations	1.2	2.0	0.4	-	3.6
Operating leases	9.7	16.4	6.7	6.1	38.9
Total	$ 27.9	$ 194.9	$ 205.9	$ 6.1	$ 434.8

We have disclosed our obligations related to environmental litigations, regulatory actions and remediation in our Annual Information Form. These obligations relate to previously divested or discontinued operations and do not relate to the metals distribution business.

We have multiple defined benefit pension plans in Canada, as disclosed in Note 13 of our 2011 consolidated financial statements. During the first quarter of 2012, we contributed $1 million to these plans. We expect to contribute approximately $3 million during the remainder of the year.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and operating lease obligations disclosed in the contractual obligations table.

ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory net realizable value and obsolescence, useful lives of fixed assets, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials or credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at March 31, 2012 approximates our reserve at December 31, 2011; however, our accounts receivable balance is significantly higher. Bad debt expense for the first quarter of 2012 as a percentage of revenue approximates that of 2011.

Inventories
We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. The inventory reserve level at March 31, 2012 is consistent with the level at December 31, 2011.

Other areas involving significant estimates and judgements include:

Income Taxes
We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Employee Benefit Plans
We perform a valuation, at least every three years, for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the discount rate, expected long-term rate of return on plan assets, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan costs. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance over the working lives of the employees who benefit from the plans.

We had approximately $87 million in plan assets at March 31, 2012, which is an increase of approximately $2 million from December 31, 2011. Due to a change in the discount rate used from 4.5% for 2011 to 4.25% for March 31, 2012, which reflects the current interest rate environment, our accrued benefit obligations increased by $5 million to $124 million at March 31, 2012 as compared to $119 million at December 31, 2011.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President and Chief Executive Officer and the Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. The design of internal controls was completed using the framework and criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

No changes were made in our disclosure controls or our internal control over financial reporting during the first quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. The use of service centers and steel distributors by both manufacturers and end users of steel continues to grow. This is evidenced by the growth in the percentage of total steel shipments from steel producers to service centers. As the distribution segment's share of steel industry shipments continues to grow, service centers such as ours can grow their business over the course of a cycle.

We strive to deal with the cyclical nature of the business by operating with the lowest possible net assets throughout the course of a cycle. This intensive asset management reduces borrowings and therefore interest expense in declining periods in the economic cycle. This in turn creates higher, more stable returns on net assets over the course of the cycle. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management strongly believes that it is more prudent to be profitable throughout a cycle, without the spikes in earnings caused by less emphasis on asset management, and have average earnings over the full range of the cycle in the top deciles of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in metals businesses that have strong market niches or provide mass to our existing operations. Any new acquisitions could be either major stand-alone operations or ones that complement our existing operations. We continue to review opportunities for acquisitions.

We believe that the length of the steel-based economic cycle will continue to be short, and a management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in our business systems to enable faster reaction times to changing business conditions. In addition, management believes the high level of service and flexibility provided by service centers will enable this distribution channel to capture an increasing percentage of total metal revenues to end users, allowing for increased growth within the sector.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the inherent cyclical nature of the steel industry. Demand for our products is returning to pre-2009 levels in all regions other than Ontario and Wisconsin. We will continue to make structural changes where necessary based on demand levels. Our Annual Information Form includes a summary of other risks.

OUTLOOK

For the second quarter revenues are expected to fall versus the first quarter of 2012, due to the seasonal impact on the energy tubular products segment. The robust year over year growth in revenues for service centers and steel distributors experienced in the first quarter of 2012 is expected to slow; however, both segments are expected to be above the second quarter of 2011. We anticipate steel prices to be stable, consistent with the first quarter of 2012.

SUBSEQUENT EVENTS

On April 19, 2012, we issued $300 million of 6% Unsecured Senior Notes for net proceeds of $293 million. The Senior Notes mature on April 19, 2022.

On April 25, 2012, the trustee of the US$139 million Senior Notes provided notice that the debentures will be redeemed on May 25, 2012 at par plus accrued and unpaid interest to the date of redemption.

On May 1, 2012, we closed the acquisition of the operations and business assets of Siemens Laserworks for $28 million. Siemens Laserworks is a value-added laser processing metals service center.

RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

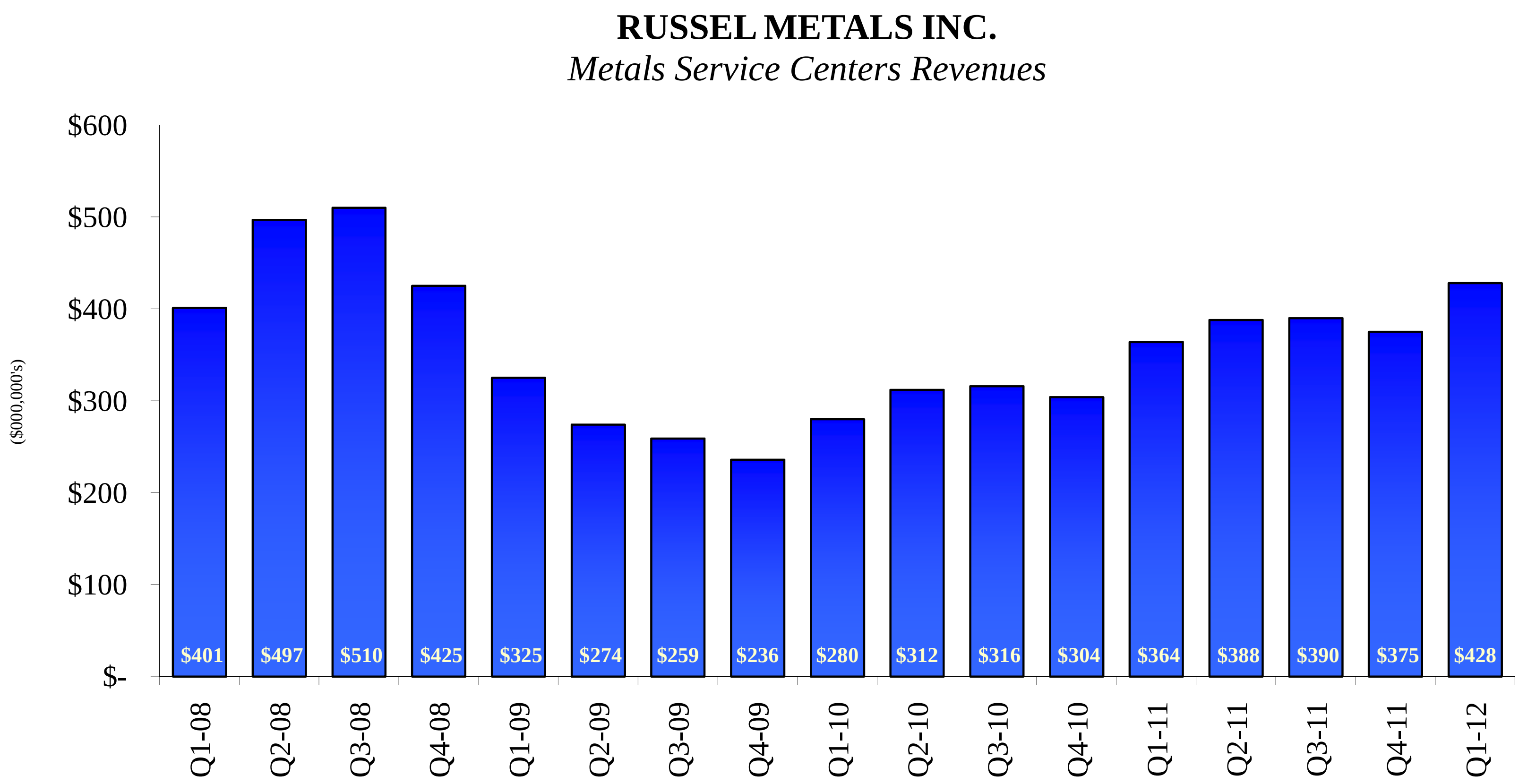
($ millions)	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
METALS SERVICE CENTERS																	
Revenue	428.0	375.1	390.4	387.9	363.8	304.3	315.7	312.2	280.0	235.9	259.1	274.3	325.4	424.7	509.8	497.3	401.2
Cost of goods sold	337.8	299.8	310.1	296.1	272.8	243.4	249.3	241.9	217.1	186.4	201.7	223.4	281.3	345.8	376.9	361.1	312.9
Operating expenses	58.1	54.0	56.1	58.4	54.7	48.0	50.4	50.8	47.8	42.8	44.1	47.0	50.7	59.6	64.8	63.9	56.2
EBIT	**32.1**	**21.3**	**24.2**	**33.4**	**36.3**	**12.9**	**16.0**	**19.5**	**15.1**	**6.7**	**13.3**	**3.9**	**(6.6)**	**19.3**	**68.1**	**72.3**	**32.1**
Depreciation & amortization	4.8	4.9	4.8	4.9	5.0	5.1	5.2	5.1	5.2	5.0	5.4	5.5	5.7	5.3	5.1	4.9	4.9
EBITDA	**36.9**	**26.2**	**29.0**	**38.3**	**41.3**	**18.0**	**21.2**	**24.6**	**20.3**	**11.7**	**18.7**	**9.4**	**(0.9)**	**24.6**	**73.2**	**77.2**	**37.0**
Cost of goods sold	78.9%	79.9%	79.4%	76.3%	75.0%	80.0%	79.0%	77.5%	77.5%	79.0%	77.8%	81.4%	86.4%	81.4%	73.9%	72.6%	78.0%
Operating expenses	13.6%	14.4%	14.4%	15.1%	15.0%	15.8%	16.0%	16.3%	17.1%	18.1%	17.0%	17.1%	15.6%	14.0%	12.7%	12.8%	14.0%
Depreciation & amortization	1.1%	1.3%	1.2%	1.3%	1.4%	1.7%	1.6%	1.6%	1.9%	2.1%	2.1%	2.0%	1.8%	1.2%	1.0%	1.0%	1.2%
EBIT	7.5%	5.7%	6.2%	8.6%	10.0%	4.2%	5.1%	6.2%	5.4%	2.8%	5.1%	1.4%	-2.0%	4.5%	13.4%	14.5%	8.0%
EBITDA	8.6%	7.0%	7.4%	9.9%	11.4%	5.9%	6.7%	7.9%	7.3%	5.0%	7.2%	3.4%	-0.3%	5.8%	14.4%	15.5%	9.2%
ENERGY TUBULAR PRODUCTS																	
Revenue	274.8	233.5	223.3	145.4	224.0	193.1	187.4	129.2	194.6	147.3	115.7	130.1	231.0	297.1	324.8	235.4	213.5
Cost of goods sold	237.1	200.7	191.4	121.9	190.2	163.5	160.8	109.0	171.6	136.8	99.9	114.4	193.9	228.8	231.1	187.1	185.0
Operating expenses	18.8	15.9	16.8	12.9	16.0	13.0	12.1	11.4	11.8	9.1	9.5	9.8	15.9	27.6	33.9	19.8	12.9
EBIT	**18.9**	**16.9**	**15.1**	**10.6**	**17.8**	**16.6**	**14.5**	**8.8**	**11.2**	**1.4**	**6.3**	**5.9**	**21.2**	**40.7**	**59.8**	**28.5**	**15.6**
Depreciation & amortization	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4
EBITDA	**19.3**	**17.3**	**15.5**	**11.0**	**18.2**	**17.0**	**14.9**	**9.2**	**11.7**	**1.8**	**6.8**	**6.3**	**21.7**	**41.1**	**60.2**	**28.9**	**16.0**
Cost of goods sold	86.3%	86.0%	85.7%	83.8%	84.9%	84.7%	85.8%	84.4%	88.2%	92.9%	86.3%	87.9%	83.9%	77.0%	71.2%	79.5%	86.7%
Operating expenses	6.8%	6.8%	7.5%	8.9%	7.1%	6.7%	6.5%	8.8%	6.1%	6.2%	8.2%	7.5%	6.9%	9.3%	10.4%	8.4%	6.0%
Depreciation & amortization	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%	0.1%	0.1%	0.2%	0.2%
EBIT	6.9%	7.2%	6.8%	7.3%	7.9%	8.6%	7.7%	6.8%	5.8%	1.0%	5.4%	4.5%	9.2%	13.7%	18.4%	12.1%	7.3%
EBITDA	7.0%	7.4%	6.9%	7.6%	8.1%	8.8%	8.0%	7.1%	6.0%	1.2%	5.9%	4.8%	9.4%	13.8%	18.5%	12.3%	7.5%
STEEL DISTRIBUTORS																	
Revenue	99.4	101.0	89.5	82.6	69.8	61.1	75.5	61.3	49.9	46.7	57.0	56.0	84.8	118.3	116.8	119.6	96.0
Cost of goods sold	84.1	85.2	76.5	67.1	56.2	52.0	66.0	49.9	42.3	40.5	47.1	46.6	76.9	97.4	89.2	85.3	78.5
Operating expenses	5.6	4.7	4.9	5.1	4.8	4.3	4.5	4.7	3.2	3.8	2.2	4.2	5.2	1.1	6.2	8.7	6.8
EBIT	**9.7**	**11.1**	**8.1**	**10.4**	**8.8**	**4.8**	**5.0**	**6.7**	**4.4**	**2.4**	**7.7**	**5.2**	**2.7**	**19.8**	**21.4**	**25.6**	**10.7**
Depreciation & amortization	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA	**9.8**	**11.2**	**8.2**	**10.5**	**8.9**	**4.9**	**5.1**	**6.8**	**4.5**	**2.5**	**7.9**	**5.3**	**2.8**	**19.9**	**21.5**	**25.7**	**10.8**
Cost of goods sold	84.6%	84.4%	85.5%	81.2%	80.5%	85.1%	87.4%	81.4%	84.8%	86.7%	82.6%	83.2%	90.7%	82.3%	76.4%	71.3%	81.8%
Operating expenses	5.6%	4.7%	5.5%	6.2%	6.9%	7.0%	6.0%	7.7%	6.4%	8.1%	3.9%	7.5%	6.1%	0.9%	5.3%	7.3%	7.1%
Depreciation & amortization	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
EBIT	9.8%	11.0%	9.1%	12.6%	12.6%	7.9%	6.6%	10.9%	8.8%	5.1%	13.5%	9.3%	3.2%	16.7%	18.3%	21.4%	11.1%
EBITDA	9.9%	11.1%	9.2%	12.7%	12.8%	8.0%	6.8%	11.1%	9.0%	5.4%	13.9%	9.5%	3.3%	16.8%	18.4%	21.5%	11.3%
TBTL																	
Revenue	0.7	2.0	2.2	2.7	0.1	3.0	3.3	3.4	1.4	2.8	2.5	2.1	1.1	2.6	3.5	4.0	1.6
Cost of goods sold	-	0.1	-	(0.2)	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	1.4	1.5	1.6	1.7	1.7	1.3	1.7	1.9	1.9	1.7	1.6	1.7	1.8	2.1	2.1	2.2	2.0
EBIT	**(0.7)**	**0.4**	**0.6**	**1.2**	**(1.7)**	**1.7**	**1.6**	**1.5**	**(0.5)**	**1.1**	**0.9**	**0.4**	**(0.7)**	**0.5**	**1.4**	**1.8**	**(0.4)**
Depreciation & amortization	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.3	0.2	0.3
EBITDA	**(0.5)**	**0.7**	**0.8**	**1.5**	**(1.5)**	**1.9**	**1.8**	**1.8**	**(0.3)**	**1.4**	**1.1**	**0.7**	**(0.5)**	**0.7**	**1.7**	**2.0**	**(0.1)**
CORPORATE																	
Expenses	6.7	3.3	2.8	3.3	6.7	3.7	3.6	3.3	3.6	3.5	2.7	3.2	3.0	2.6	5.8	6.7	5.9
Depreciation & amortization	0.2	0.1	0.3	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2		0.1	-	0.1	-
EBIT	**(6.9)**	**(3.4)**	**(3.1)**	**(3.5)**	**(7.0)**	**(4.1)**	**(4.0)**	**(3.6)**	**(3.9)**	**(3.8)**	**(3.0)**	**(3.4)**	**(3.0)**	**(2.7)**	**(5.8)**	**(6.8)**	**(5.9)**
EBITDA	**(6.7)**	**(3.3)**	**(2.8)**	**(3.3)**	**(6.7)**	**(3.7)**	**(3.6)**	**(3.3)**	**(3.6)**	**(3.5)**	**(2.7)**	**(3.2)**	**(3.0)**	**(2.6)**	**(5.8)**	**(6.7)**	**(5.9)**
Expenses	0.8%	0.5%	0.4%	0.5%	1.0%	0.7%	0.6%	0.7%	0.7%	0.8%	0.6%	0.7%	0.5%	0.3%	0.6%	0.8%	0.8%
Depreciation & amortization	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating EBIT	**$ 53.1**	**$ 46.3**	**$ 44.9**	**$ 52.1**	**$ 54.2**	**$ 31.9**	**$ 33.1**	**$ 32.9**	**$ 26.3**	**$ 7.8**	**$ 25.2**	**$ 12.0**	**$ 13.6**	**$ 77.6**	**$ 144.9**	**$ 121.4**	**$ 52.1**
Operating EBITDA	**$ 58.8**	**$ 52.1**	**$ 50.7**	**$ 58.0**	**$ 60.2**	**$ 38.1**	**$ 39.4**	**$ 39.1**	**$ 32.6**	**$ 13.9**	**$ 31.8**	**$ 18.5**	**$ 20.1**	**$ 83.7**	**$ 150.8**	**$ 127.1**	**$ 57.8**
Operating EBIT	6.6%	6.5%	6.4%	8.4%	8.2%	5.7%	5.7%	6.5%	5.0%	1.8%	5.8%	2.6%	2.1%	9.2%	15.2%	14.2%	7.3%
Operating EBITDA	7.3%	7.3%	7.2%	9.4%	9.2%	6.8%	6.8%	7.7%	6.2%	3.2%	7.3%	4.0%	3.1%	9.9%	15.8%	14.8%	8.1%

Note: 2010 and prior are reported under previous Canadian GAAP

SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

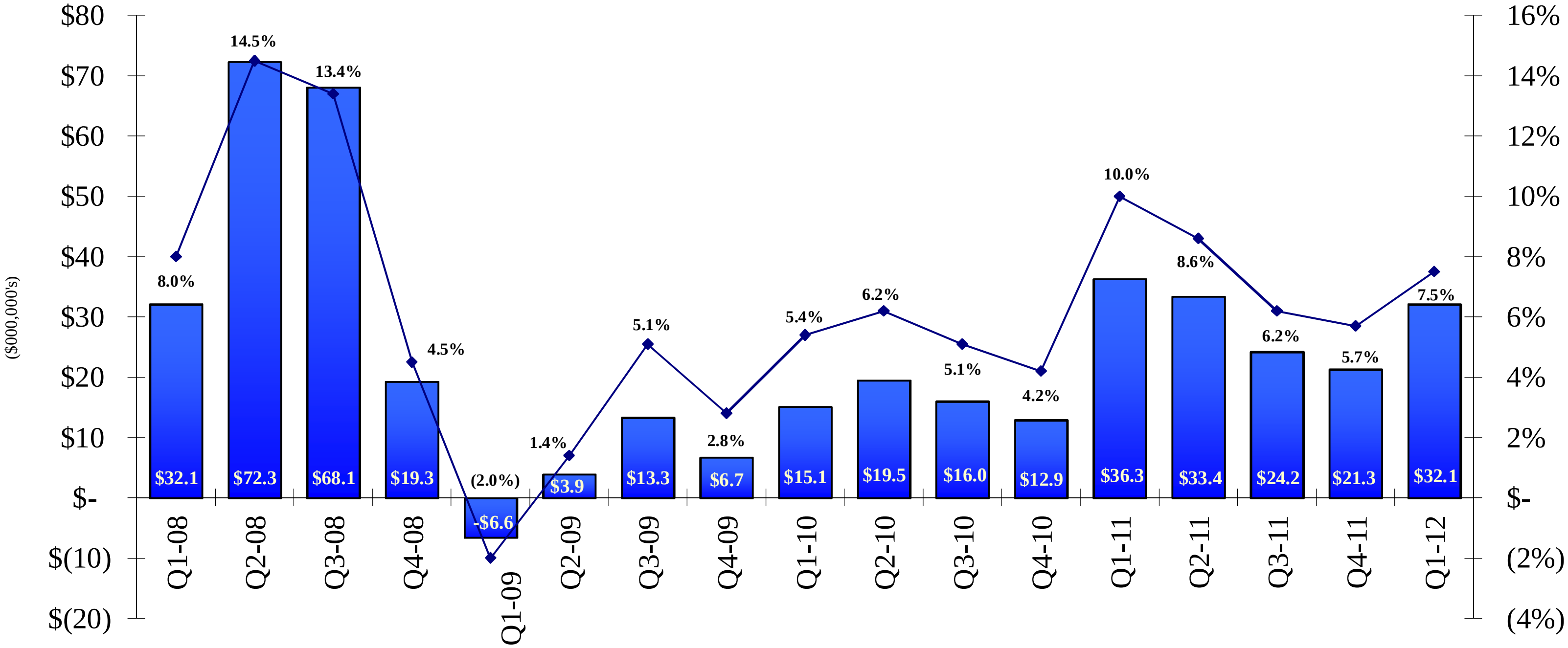
($ millions)	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Quarter ended:																	
Revenue	802.9	711.6	705.4	618.6	657.7	561.5	581.9	506.1	525.9	432.7	434.3	462.5	642.3	842.7	954.9	856.3	712.3
Cost of goods sold	659.0	585.8	578.0	484.9	519.3	458.9	476.1	400.8	431.0	363.7	348.7	384.4	552.1	672.0	697.2	633.5	576.4
Operating expenses	83.9	76.1	79.4	78.1	77.2	66.6	68.7	68.8	64.7	57.4	57.4	62.7	73.6	90.4	107.0	94.6	77.9
Corp. Expenses	6.9	3.4	3.1	3.5	7.0	4.1	4.0	3.6	3.9	3.8	3.0	3.4	3.0	2.7	5.8	6.8	5.9
Operating EBIT	**53.1**	**46.3**	**44.9**	**52.1**	**54.2**	**31.9**	**33.1**	**32.9**	**26.3**	**7.8**	**25.2**	**12.0**	**13.6**	**77.6**	**144.9**	**121.4**	**52.1**
Depreciation & amortization	5.7	5.8	5.8	5.9	6.0	6.2	6.3	6.2	6.3	6.1	6.6	6.5	6.5	6.1	5.9	5.7	5.7
Operating EBITDA	**58.8**	**52.1**	**50.7**	**58.0**	**60.2**	**38.1**	**39.4**	**39.1**	**32.6**	**13.9**	**31.8**	**18.5**	**20.1**	**83.7**	**150.8**	**127.1**	**57.8**
Finance and other	0.4	0.9	0.4	0.9	0.4	1.8	0.4	0.2	(1.5)	(1.0)	-	-	-	0.4	2.3	(0.7)	3.2
Gain on sale of asset	-	-	-	-	-	-	-	-	-	-	-	(4.3)	-	-	-	-	-
EBIT	**52.7**	**45.4**	**44.5**	**51.2**	**53.8**	**30.1**	**32.7**	**32.7**	**27.8**	**8.8**	**25.2**	**16.3**	**13.6**	**77.2**	**142.6**	**122.1**	**48.9**
EBITDA	**58.4**	**51.2**	**50.3**	**57.1**	**59.8**	**36.3**	**39.0**	**38.9**	**34.1**	**14.9**	**31.8**	**22.8**	**20.1**	**83.3**	**148.5**	**127.8**	**54.6**
Twelve months ended:																	
Revenue	2,838.5	2,693.3	2,543.2	2,419.7	2,307.2	2,175.4	2,046.6	1,899.0	1,855.4	1,971.8	2,381.8	2,902.4	3,296.2	3,366.2	3,121.9	2,791.3	2,587.8
Cost of goods sold	2,307.7	2,168.0	2,041.1	1,939.2	1,855.1	1,766.8	1,671.6	1,544.2	1,527.8	1,648.9	1,957.2	2,305.7	2,554.8	2,579.1	2,383.7	2,189.2	2,074.4
Operating expenses	334.4	327.8	319.0	309.2	300.0	284.4	274.9	262.6	256.3	264.3	296.2	348.6	383.9	391.1	382.2	344.2	328.0
Operating EBIT	**196.4**	**197.5**	**183.1**	**171.3**	**152.1**	**124.2**	**100.1**	**92.2**	**71.3**	**58.6**	**128.4**	**248.1**	**357.5**	**396.0**	**356.0**	**257.9**	**185.4**
Finance and other	2.6	2.6	3.5	3.5	2.8	0.9	(1.9)	(2.3)	(2.5)	(1.0)	0.4	2.7	2.0	5.2	5.7	5.0	5.7
Gain on sale of asset	-	-	-	-	-	-	-	-	(4.3)	(4.3)	(4.3)	(4.3)	-	-	-	-	-
EBIT	**193.8**	**194.9**	**179.6**	**167.8**	**149.3**	**123.3**	**102.0**	**94.5**	**78.1**	**63.9**	**132.3**	**249.7**	**355.5**	**390.8**	**350.3**	**252.9**	**179.7**
Depreciation & amortization	23.2	23.5	23.9	24.4	24.7	25.0	24.9	25.2	25.5	25.7	25.7	25.0	24.2	23.4	22.9	21.9	21.2
EBITDA	**217.0**	**218.4**	**203.5**	**192.2**	**174.0**	**148.3**	**126.9**	**119.7**	**103.6**	**89.6**	**158.0**	**274.7**	**379.7**	**414.2**	**373.2**	**274.8**	**200.9**

Note: 2010 and prior are reported under previous Canadian GAAP


RUSSEL METALS INC.
Metals Service Centers Revenues
($000,000's)
$600
$500
$400
$300
$200
$100
$-
$401
$497
$510
$425
$325
$274
$259
$236
$280
$312
$316
$304
$364
$388
$390
$375
$428
Q1-08
Q2-08
Q3-08
Q4-08
Q1-09
Q2-09
Q3-09
Q4-09
Q1-10
Q2-10
Q3-10
Q4-10
Q1-11
Q2-11
Q3-11
Q4-11
Q1-12

RUSSEL METALS INC.

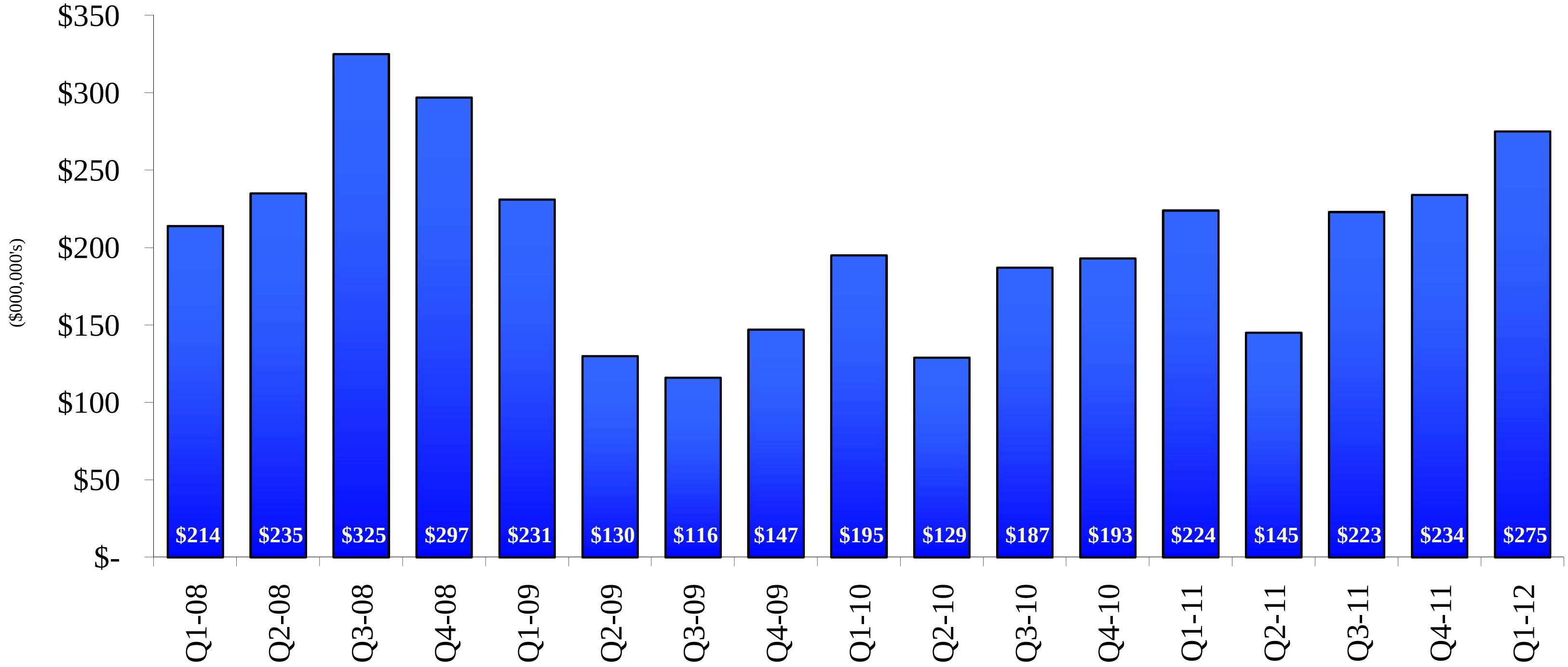
Metals Service Centers EBIT $ & Operating Profit as a % of Revenues

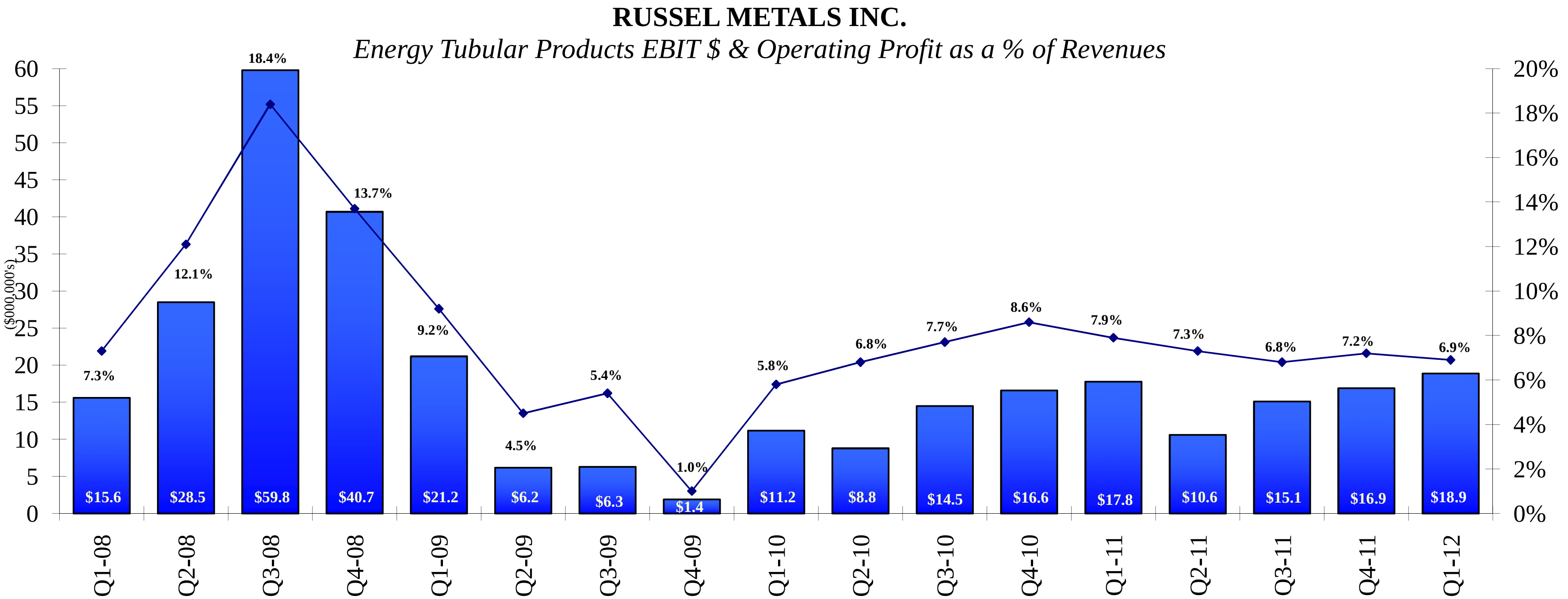


• *excluding inventory write-down of $5.8 Q4-08, $28.8 Q1-09, $1.6 Q2-09 and $2.6 closure reserves Q3-10*

RUSSEL METALS INC.

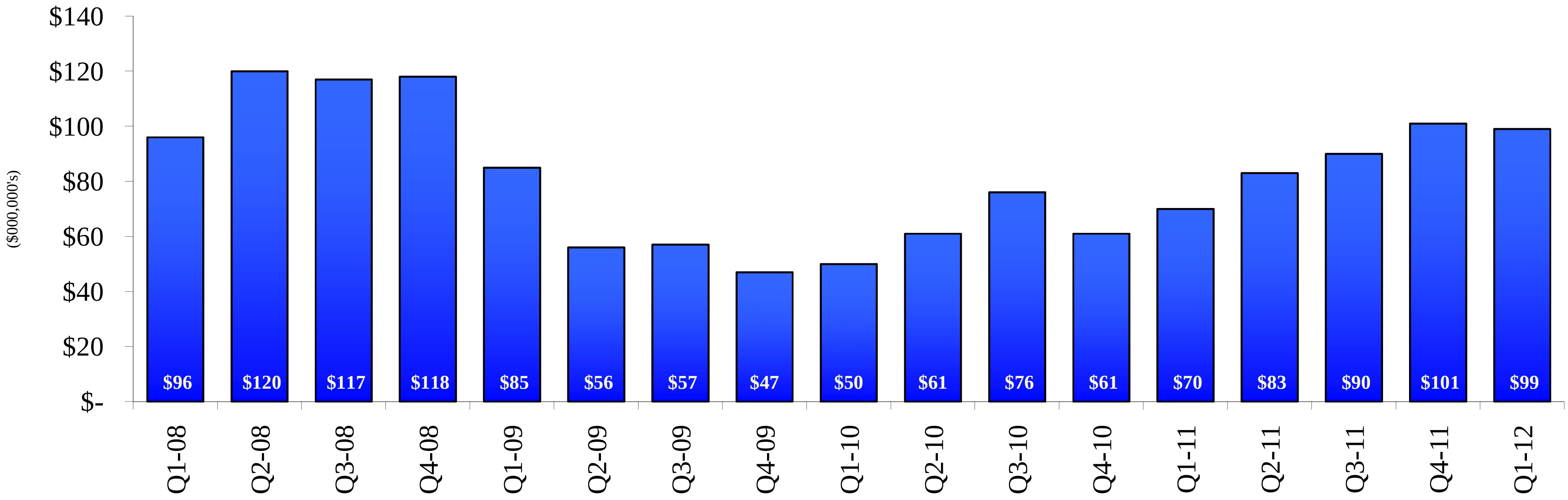
Energy Tubular Products Revenues

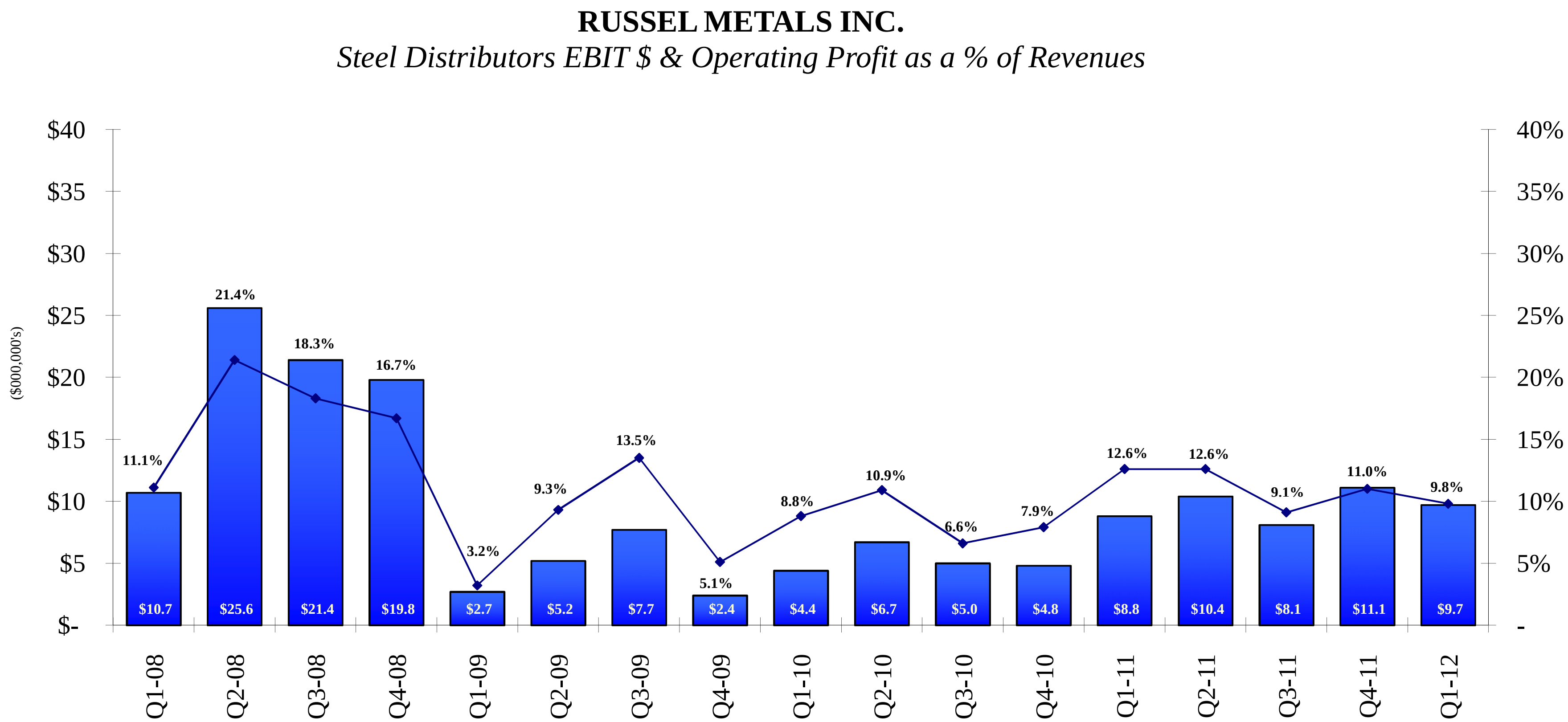




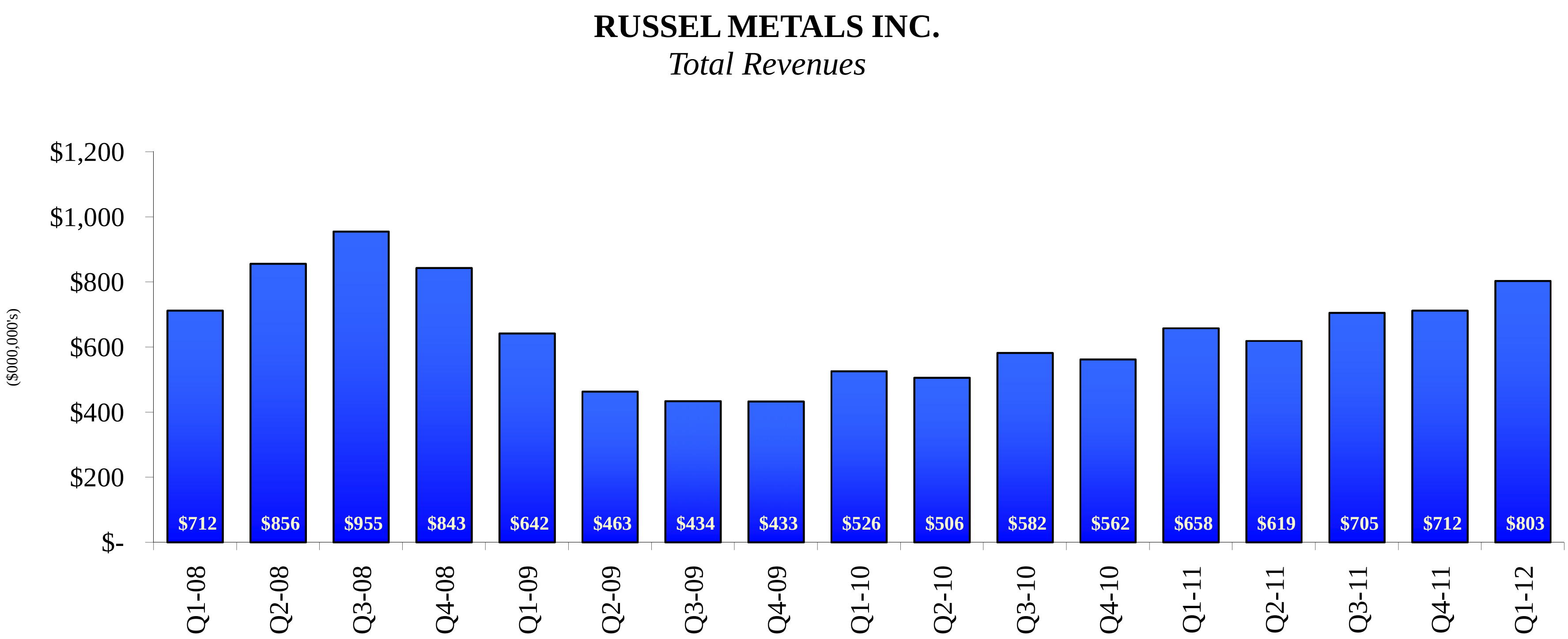
• *excluding inventory write-down (reversal) of $8.1 Q4-08, $16.3 Q1-09, $54.6 Q2-09, $2.6 Q3-09, $8.4 Q4-09 and ($1.9) Q2-10*

RUSSEL METALS INC.
Steel Distributors Revenues



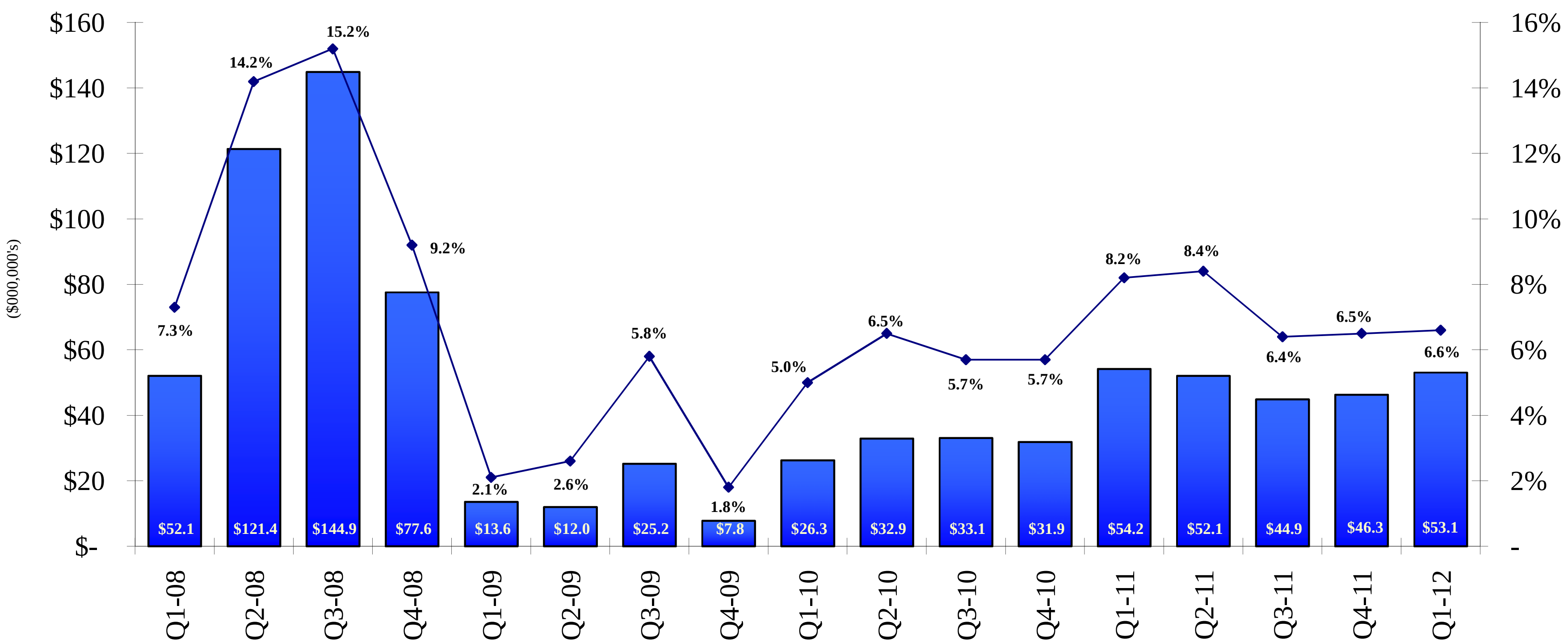


• *excluding inventory write-down (up) of $21.7 Q4-08, $49.4 Q1-09 and ($3.0) Q4-09*


RUSSEL METALS INC.
Total Revenues
($000,000's)
$1,200
$1,000
$800
$600
$400
$200
$-
$712
$856
$955
$843
$642
$463
$434
$433
$526
$506
$582
$562
$658
$619
$705
$712
$803
Q1-08
Q2-08
Q3-08
Q4-08
Q1-09
Q2-09
Q3-09
Q4-09
Q1-10
Q2-10
Q3-10
Q4-10
Q1-11
Q2-11
Q3-11
Q4-11
Q1-12

RUSSEL METALS INC.

Total Operating EBIT $ & Operating EBIT as a % of Revenues



• *excluding inventory write-down (reversal) of $35.6 Q4-08, $94.5 Q1-09, $56.2 Q2-09, $2.6 Q3-09, $5.4 Q4-09, ($1.9) Q2-10 and $2.6 closure reserves Q3-10*