



**INFORMATION CIRCULAR AND NOTICE OF  
THE ANNUAL MEETING OF SHAREHOLDERS**

**WEDNESDAY, MAY 12, 2010**

**THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR  
SHAREHOLDERS**

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# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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Notice is hereby given that the annual meeting of shareholders (the "Meeting") of Russel Metals Inc. (the "Company") will be held:

**Date:** Wednesday, May 12, 2010

**Time:** 4:00 p.m. (Toronto time)

**Place:** The Westin Bristol Place  
Toronto Airport Hotel,  
950 Dixon Road, Toronto,  
Ontario, Canada

## **BUSINESS OF THE MEETING**

The purpose of the Meeting is:

1. To receive and consider the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2009, together with the report of the auditors thereon;
2. To elect Directors;
3. To re-appoint Deloitte & Touche LLP as auditors and to authorize the Directors to fix their remuneration;
4. To approve the advisory resolution to accept the approach to executive compensation disclosed in the Circular; and
5. To transact such further or other business as may properly come before the Meeting or any postponement or adjournment thereof.

If you are a shareholder and cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying Circular. To be valid, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CIBC Mellon Trust Company no later than 4:00 p.m. (Toronto time) on Monday, May 10, 2010 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.

By Order of the Board,

A handwritten signature in cursive script that reads "M E Britton".

**MARION E. BRITTON,**  
Vice President, Chief Financial Officer  
and Secretary

Mississauga, Ontario  
March 5, 2010

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## GENERAL

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### REASON FOR RECEIVING THIS CIRCULAR

You have received this Circular because you owned common shares of Russel Metals on March 19, 2010. As a shareholder, you have the right to attend our annual meeting of shareholders on May 12, 2010 and to vote your shares in person or by proxy. More information regarding the voting of your shares can be found on page 4 of this Circular.

### INTERPRETATION

Unless the context otherwise requires, references to "Company", "Corporation", "Russel Metals", "we", "us" or "our" as used herein refer to Russel Metals Inc. and its subsidiaries. All dollar references are in Canadian dollars unless otherwise stated. Unless otherwise indicated, the financial information contained in this Circular is presented as of December 31, 2009 and all other information is current to March 5, 2010.

### SHAREHOLDER PROPOSALS

A shareholder who will be entitled to vote at the 2011 annual meeting of shareholders of the Company and who intends to raise a proposal at such meeting, must deliver the proposal to the Company not later than December 4, 2010.

### FINANCIAL STATEMENT REQUESTS

Financial information is provided in our annual financial statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

If you are a non-registered beneficial shareholder and you wish to receive our annual or quarterly financial statements and MD&A, you must mark the appropriate request boxes on the accompanying voting instruction form provided by your financial intermediary, and return it in the envelope provided.

If you are a registered shareholder and you wish to receive our quarterly financial statements and related MD&A you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us. If you are a registered shareholder and you do not wish to receive our annual financial statements and MD&A, you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us.

**Our results are announced by news release. Our financial statements, MD&A and other disclosure documents are available on our website at [www.russelmetals.com](http://www.russelmetals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).**

### AVAILABILITY OF DISCLOSURE DOCUMENTS

We will provide to any shareholder, upon request to our Investor Relations Department, a copy of:

- (i) our most recent Annual Information Form together with any document or pertinent pages of any document incorporated therein by reference;
- (ii) our audited consolidated financial statements for our last financial year together with the auditors' report thereon and the related MD&A;

- (iii) our Circular for our last annual meeting of shareholders;
- (iv) our Amended and Restated Credit Facility made as of May 2009;
- (v) our Short Form Prospectus dated October 2, 2009 regarding the public offering of \$175 million of 7.75% convertible unsecured subordinated debentures due September 30, 2016; and
- (vi) any material change reports (other than confidential reports) which we have filed with the various securities regulatory authorities.

## CONTACT INFORMATION

For general information regarding the Company, please send your requests to:

For registered shareholders electing to submit a form of proxy, please send to:

**Shareholders may direct questions and requests for assistance to the Company's information agent for the Meeting to:**

### **Russel Metals Inc.**

Investor Relations Department  
Suite 210, 1900 Minnesota Court  
Mississauga, Ontario L5N 3C9  
T: 905.816.5178  
F: 905.819.7409  
Email: info@russelmetals.com

### **CIBC Mellon Trust Company**

Proxy Department  
P.O. Box 721  
Agincourt, Ontario M1S 0A1  
T: 866.781.3111  
F: 416.368.2502

### **Kingsdale Shareholder Services Inc.**

130 King Street West, Suite 2950  
P.O. Box 361  
Toronto, Ontario M5X 1E2  
T: 888.518.6799 (toll free)  
T: 416.867.2272  
F: 416.867.2271 or 866.545.5580  
Email:  
contactus@kingsdalesharholder.com

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## BUSINESS OF THE MEETING

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### ABOUT OUR SHAREHOLDER MEETING

At our annual meeting, in addition to voting on items of the Company's business, you will also have the opportunity to get an update on the Company, meet face to face with management and interact with the Board of Directors.

### RECEIPT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our financial statements for the year ended December 31, 2009, together with the auditors' report thereon, will be sent, together with a copy of this circular, to all registered shareholders, except shareholders who have waived receipt, and to beneficial shareholders who have requested a copy.

### ELECTION OF THE BOARD OF DIRECTORS

There are nine nominees for election to the Board of Directors. All nominees are currently Directors of the Company. Detailed information regarding each nominee is located commencing on page 6, including Director attendance in 2009. If elected, each nominee will serve for a term of one year, until the 2011 annual meeting of shareholders. We have adopted a Majority Voting Policy for the election of our Directors. A description of this policy is located on page 13 of this Circular.

### APPOINTMENT OF AUDITORS

Deloitte & Touche LLP ("Deloitte") were first appointed as our auditors in 1958 and have continued to be our auditors for over 51 years. However as required for public companies, Deloitte rotates the lead audit partner assigned to us every five years. Management proposes that they be reappointed for the 2010 fiscal year. If a ballot is demanded at the Meeting, the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Deloitte as auditors of the Company, unless a

shareholder has specified in a proxy that his or her shares are to be withheld from voting in the appointment of auditors. To be effective, the resolution to appoint Deloitte as auditors of the Company and to authorize the Directors to fix their remuneration must be passed by a majority of the votes cast at the Meeting in person or by proxy by shareholders entitled to vote thereon.

## **DELOITTE FEES AND SERVICES**

### ***Fees Charged By Deloitte***

The following table summarizes the audit and other fees charged by Deloitte for their services during each of the 2009 and 2008 fiscal years:

SERVICE	FISCAL YEAR 2009	FISCAL YEAR 2008
Audit Services	\$1,190,000	\$1,269,500
Audit Related Services	316,200	110,220
Tax Services	336,850	457,500
<b>TOTAL</b>	<b>\$1,843,050</b>	<b>\$1,827,200</b>

### ***Audit Services***

The fees charged by Deloitte for audit services include the audit of our annual financial statements and work on our regulatory filings.

### ***Audit-Related Services***

The fees charged by Deloitte are for assurance and related services that are reasonably related to the performance of the audit and are not reported under audit services. Such services included work associated with our offering of convertible debentures in the third quarter of 2009, advice on the implementation of IFRS and audits of our employee benefit plans.

### ***Tax Services***

Tax services conducted by Deloitte relate to U.S. tax compliance and planning work.

### ***Other Services***

In fiscal 2009, Deloitte did not charge fees for any services other than those set out above.

## **ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH**

The Board of Directors of the Company has unanimously approved the adoption of a non-binding advisory vote by shareholders on executive compensation in order to give shareholders a formal opportunity to indicate whether they support the disclosed objectives of the executive compensation plans, and the plans themselves. As a shareholder, you have the opportunity to vote FOR or AGAINST the Company's approach to executive compensation through the following resolution:

*Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's Information Circular delivered in advance of the 2010 Annual Meeting of Shareholders.*

As this is an advisory vote, the results will not be binding on the Board of Directors. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to increase their engagement with shareholders on compensation and related matters. For information regarding the Company's approach to executive compensation please see "Compensation Discussion and Analysis" commencing on page 18 of this Circular and "Executive Compensation" commencing on page 24 of this Circular. The Board of Directors recommends that the shareholders vote FOR the advisory resolution on the Company's approach to executive compensation.

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## VOTING INFORMATION

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### PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of our Directors and officers, no person beneficially owns or exercises control or direction over more than 10% of our common shares.

### QUESTIONS AND ANSWERS

**Q:** *Who is soliciting my proxy?*

**A:** *Russel Metals' Management is soliciting your proxy for use at the Meeting* or at any postponement or adjournment thereof. The solicitation of proxies for the Meeting by the Company will be made primarily by mail, but our officers, employees and agents may also solicit proxies personally or by telephone. The Company has retained Kingsdale Shareholder Services Inc. to solicit proxies. Interested shareholders may contact Kingsdale Shareholder Services Inc., for contact information see page 2 of this Circular. The estimated cost of such service is approximately \$40,000. The cost of the solicitation of proxies will be borne by Russel Metals.

**Q:** *Who is Entitled to Vote?*

**A:** Only holders of common shares may vote at the Meeting. As of March 5, 2010, there were 59,698,690 common shares outstanding. Each shareholder is entitled to one vote for each common share registered in his or her name as of the close of business on March 19, 2010, the record date for the Meeting. If you purchased common shares from a registered shareholder after the record date, you may vote those shares at the Meeting by requesting CIBC Mellon Trust Company to include your name on the list of shareholders eligible to vote at the Meeting. In that case, you will have to provide properly endorsed share certificates or other documentation that establishes your ownership. This request must be made at least ten days before the Meeting. The contact information for our transfer agent is located on page 2 of this Circular.

**Q:** *How do I Vote?*

**A:** *Registered Shareholders*

If you are eligible to vote and your shares are registered in your name, you can vote your shares by proxy or in person at the Meeting. **If you cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying Circular. To be valid, CIBC Mellon Trust Company must receive proxies no later than 4:00 p.m. (Toronto time) on Monday, May 10, 2010 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.**

#### ***Non-Registered Beneficial Shareholders***

If your shares are held in an account with a trust company, securities broker or other financial institution (an "Intermediary"), you are considered to be a non-registered beneficial shareholder. The Intermediary is the legal entity entitled to vote your common shares for you, in the manner that you direct them. Non-registered beneficial shareholders should not complete the form of proxy being circulated by Management. Instead, you should follow the instructions and complete the form that your Intermediary delivered to you with this Circular. This form will provide the necessary instructions to your Intermediary as to how you would like to vote your common shares. If you plan on attending the Meeting in person, you will not be entitled to vote in person unless the proper documentation is completed. You should contact your Intermediary well in advance of the Meeting and follow their instructions if you want to vote in person.

**Q: *How do I appoint a Proxyholder?***

**A:** The Chair and the President and Chief Executive Officer ("CEO") of Russel Metals are the persons designated in the enclosed form of proxy who will represent Management at the Meeting. **You have the right, as a shareholder, to appoint a different person to attend and to act on your behalf at the Meeting. You may exercise this right by inserting in the space provided in the form of proxy the name of the other person you would like to appoint as nominee. To be valid, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CIBC Mellon Trust Company no later than 4:00 p.m. (Toronto time) on Monday, May 10, 2010 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.**

If there is a ballot called for at the Meeting, the shares represented by proxies in favour of the persons named by Management on the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions specified by shareholders in the forms of proxy.

**If you have not specified in the form of proxy how to vote on a particular matter, your proxyholder is entitled to vote your common shares as he or she sees fit. If your proxy form does not specify how to vote on a particular matter and if you have authorized our Chair or our President and CEO to act as your proxyholder, your common shares will be voted (a) FOR the election as Directors of the nominees whose names are set out in this Circular; (b) FOR the appointment of Deloitte as auditors; and (c) FOR the advisory resolution to accept the approach to executive compensation as disclosed in this Circular.**

**Q: *What if there are amendments or other matters brought before the Meeting?***

**A:** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to the matters identified in the notice of Meeting or other matters that may properly come before the Meeting. Management is not aware of any such amendments or other matters.

**Q: *What if I change my mind and want to revoke my proxy?***

**A:** If you change your mind and want to revoke your proxy after you have delivered it to CIBC Mellon Trust Company, you (or your attorney if one has been authorized, or if a corporation, an officer thereof) may revoke it :

1. by completing an instrument in writing, bearing a later date, and delivering it:
  - a) to CIBC Mellon Trust Company or to our registered office located at Suite 210, 1900 Minnesota Court, Mississauga, Ontario L5N 3C9, at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to used; or
  - b) to the Chair of the Meeting on the day of the Meeting or an adjournment thereof; or
2. in any other manner permitted by law.



# THE BOARD OF DIRECTORS


## NUMBER OF DIRECTORS

Our articles provide that the number of persons that may be elected to our Board of Directors is not fewer than seven and not more than 12. The Board of Directors presently consists of nine Directors, and the Board has determined that the same number of Directors will be elected at the Meeting. The current Directors are: A. Benedetti, J.F. Dinning, C.R. Fiora, A.F. Griffiths, B.R. Hedges, A.D. Laberge, L. Lachapelle, W.M. O'Reilly and J.W. Robinson. All of the Directors are being nominated for re-election.

If elected, each Director will hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed.

## NOMINEES FOR THE ELECTION OF DIRECTORS

The following table sets out information about each of the Board nominees, including his or her principal occupation or employment for at least the last five years, committee memberships, meetings attended during 2009, other public board memberships, and the numbers of common shares, deferred share units ("DSUs") and convertible debentures held. For our executive Director, the following table sets out the number of common shares, share options and restricted share units ("RSUs") held. The Nominating and Corporate Governance Committee has recommended each Board nominee for election as a Director.

<p><b>ALAIN BENEDETTI</b></p>  <p>Age 61 Sainte Anne Des Lacs, Quebec, Canada Director since 02/23/2006 Independent<sup>(7)</sup></p>	<p>Mr. Benedetti is a Corporate Director. Mr. Benedetti was Chair of the Canadian Institute of Chartered Accountants from September 2006 to September 2008. From 1998 to his retirement in June 2004, he was Vice Chair and Canadian Area Managing Partner of Ernst &amp; Young LLP. Mr. Benedetti is a Director of Imperial Tobacco Canada Limited and a Governor of Dynamic Mutual Funds.</p>															
	<p><b>BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:</b></p> <table border="0"> <tr> <td>Board – Regular / Quarterly</td> <td>4 of 4</td> </tr> <tr> <td>Board – Special</td> <td>4 of 4</td> </tr> <tr> <td>Audit (Chair)</td> <td>4 of 4</td> </tr> <tr> <td>Management Resources and Compensation</td> <td>2 of 2*</td> </tr> <tr> <td>Nominating and Corporate Governance</td> <td>2 of 2*</td> </tr> </table> <p>*Mr. Benedetti was appointment as a member of the Management Resources and Compensation Committee on May 12, 2009 and the number of meetings reflects those meetings held after this date. Mr. Benedetti served as a member of the Nominating and Corporate Governance Committee until May 12, 2009 and the number of meetings reflects those meetings held on or before this date.</p>	Board – Regular / Quarterly	4 of 4	Board – Special	4 of 4	Audit (Chair)	4 of 4	Management Resources and Compensation	2 of 2*	Nominating and Corporate Governance	2 of 2*					
Board – Regular / Quarterly	4 of 4															
Board – Special	4 of 4															
Audit (Chair)	4 of 4															
Management Resources and Compensation	2 of 2*															
Nominating and Corporate Governance	2 of 2*															
	<p><b>OTHER PUBLIC BOARD MEMBERSHIPS:</b> Dorel Industries Inc.</p>															
	<p><b>SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:</b></p> <table border="1"> <thead> <tr> <th></th> <th>NUMBER OUTSTANDING</th> <th>TOTAL VALUE AS AT MARCH 5, 2010</th> </tr> </thead> <tbody> <tr> <td>Common Shares<sup>(2)</sup></td> <td>27,500</td> <td>\$522,225</td> </tr> <tr> <td>DSUs<sup>(2)(3)</sup></td> <td>4,694</td> <td>89,139</td> </tr> <tr> <td><b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b></td> <td><b>32,194</b></td> <td><b>\$611,364</b></td> </tr> <tr> <td>Convertible Debentures<sup>(5)</sup></td> <td></td> <td>\$270,625</td> </tr> </tbody> </table>		NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010	Common Shares <sup>(2)</sup>	27,500	\$522,225	DSUs <sup>(2)(3)</sup>	4,694	89,139	<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>32,194</b>	<b>\$611,364</b>	Convertible Debentures <sup>(5)</sup>		\$270,625
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Convertible Debentures <sup>(5)</sup>		\$270,625														

**JAMES F. DINNING**

Age 57  
 Calgary, Alberta, Canada  
 Director since 02/17/2003  
 Independent<sup>(7)</sup>

Mr. Dinning is Chair of the Board of Western Financial Group Inc. (insurance, investment and banking). From 1998 to 2004, Mr. Dinning was Executive Vice President of TransAlta Corporation and from 1997 to 1998 was Senior Vice President. Prior to 1997, Mr. Dinning held several key positions during his 11 years as a member of the Legislative Assembly in Alberta, including Provincial Treasurer from 1992 to 1997. Mr. Dinning is also Chair of the Board of Export Development Canada, a Crown Corporation, wholly owned by the Government of Canada.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	4 of 4
Board – Special	4 of 4
Audit	4 of 4
Environmental Management and Health & Safety (Chair)	1 of 1
Nominating and Corporate Governance	2 of 2*

\*Mr. Dinning served as a member of the Nominating and Corporate Governance Committee until May 12, 2009 and the number of meetings reflects those meetings held on or before this date.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

Bronco Energy Ltd., Liquor Stores Income Fund, Oncolytics Biotech Inc., Parkland Income Fund and Western Financial Group Inc.

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	15,000	\$284,850
DSUs <sup>(2)(3)</sup>	8,042	152,718
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>23,042</b>	<b>\$437,568</b>
Convertible Debentures <sup>(5)</sup>		\$ 27,063

**CARL R. FIORA**

Age 75  
 Middletown, Ohio, U.S.A.  
 Director since 05/11/1994  
 Independent<sup>(7)</sup>

Mr. Fiora is a Corporate Director. At the time of his retirement on November 30, 1990, Mr. Fiora was the President and CEO of Armco Steel Company L.P., a steel manufacturing company.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	4 of 4
Board – Special	4 of 4
Environmental Management and Health & Safety	1 of 1
Management Resources and Compensation (Chair)	4 of 4

**OTHER PUBLIC BOARD MEMBERSHIPS:**

None

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	19,000	\$360,810
DSUs <sup>(2)(3)</sup>	8,042	152,718
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>27,042</b>	<b>\$513,528</b>

**ANTHONY F. GRIFFITHS**

Age 79  
 Toronto, Ontario, Canada  
 Chair of the Board  
 Director since 05/14/1997  
 Independent<sup>(7)</sup>

Mr. Griffiths is a Corporate Director. From 1993 to present, Mr. Griffiths has been associated with various companies acting as an independent consultant. From 1985 to 1993, Mr. Griffiths served in several capacities at Mitel Corporation, including CEO and Chair.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board (Chair) – Regular / Quarterly	4 of 4
Board – Special	3 of 4
Management Resources and Compensation	4 of 4
Nominating and Corporate Governance (Chair)	4 of 4

**OTHER PUBLIC BOARD MEMBERSHIPS:**

AbitibiBowater Inc., The Brick Group Income Fund, Bronco Energy Ltd., Fairfax Financial Holdings Limited (and its subsidiary companies Crum & Forster Holdings Corp. and Odyssey Re Holdings Corp.), Jaguar Mining Inc., Novadaq Technologies Inc. and Vitran Corporation Inc.

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)(3)</sup>	40,000	\$759,600
DSUs <sup>(2)(3)</sup>	8,042	152,718
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>48,042</b>	<b>\$912,318</b>

Mr. Griffiths was a Director of Brazilian Resources, Inc. ("BZI") until June 29, 2005. On June 10, 2001, BZI was issued a temporary cease trading order by the Ontario Securities Commission relating to management and insiders. This order was rescinded on July 30, 2001. In addition, on June 12, 2003, the Ontario Securities Commission and the British Columbia Securities Commission, respectively, issued temporary cease trade orders relating to the securities of BZI. As a result of these orders, the TSX Venture Exchange suspended the trading of BZI shares on June 30, 2003. These cease trade orders were rescinded on July 8, 2003 by the British Columbia Securities Commission and on July 29, 2003 by the Ontario Securities Commission. Mr. Griffiths was a Director of Consumers Packaging Inc. at the time it was placed into liquidation under the protection of the *Companies Creditors Arrangements Act* ("CCAA") (2001) and cease trade orders were issued against management and insiders due to a failure to file financial statements. Mr. Griffiths was a Director of Slater Steel Inc., when it operated under the protection of the CCAA in an orderly wind-down (2003). Mr. Griffiths is a Director of AbitibiBowater Inc. In April 2009, AbitibiBowater Inc., and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Québec in Canada.

**BRIAN R. HEDGES**

Age 57  
 Toronto, Ontario  
 Canada  
 Director since 05/12/2009  
 President and CEO  
 Not independent

Mr. Hedges is currently the President and CEO of Russel Metals. In 1994, Mr. Hedges joined Russel Metals as Executive Vice President and CFO. During his early years with the Company Mr. Hedges oversaw the divestitures of non-metals operations and the restructuring from a holding company (known as Federal Industries Ltd.) to a metals distribution operating company. Over the succeeding 15 years, Mr. Hedges assumed various responsibilities, eventually becoming Executive Vice President and COO of Russel Metals in 2008 and became the President and CEO in 2009.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	2 of 2*
Board – Special	2 of 3*
No committee membership	

\*Mr. Hedges was elected as a Director of the Company on May 12, 2009 and the number of meetings reflects those meetings held after this date.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

None

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	110,000	\$2,088,900
RSUs <sup>(2)(4)</sup>	138,782	2,635,470
<b>Total Common Shares and RSUs<sup>(3)(4)</sup></b>	<b>248,782</b>	<b>\$4,724,370</b>
Convertible Debentures <sup>(5)</sup>		\$ 108,250
Unexercised Common Share Options <sup>(6)</sup>	432,671	

**ALICE D. LABERGE**

Age 53  
 Vancouver, British Columbia,  
 Canada  
 Director since 07/30/2007  
 Independent<sup>(7)</sup>

Ms. Laberge is a Corporate Director. She was President and CEO of Fincentric Corporation (a global provider of software solutions to financial institutions) from December 2003 to July 2005. Prior to this appointment, she was CFO of Fincentric. Prior to joining Fincentric in October, 2000, Ms. Laberge was Senior Vice President, Finance and CFO at MacMillan Bloedel Limited from February 1998 to November 1999 and was with MacMillan Bloedel for over 18 years.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	4 of 4
Board – Special	3 of 4
Audit	4 of 4
Management Resources and Compensation	4 of 4

**OTHER PUBLIC BOARD MEMBERSHIPS:**

Royal Bank of Canada and Potash Corporation of Saskatchewan.

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	4,000	\$ 75,960
DSUs <sup>(2)(3)</sup>	3,399	64,547
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>7,399</b>	<b>\$140,507</b>

**LISE LACHAPELLE**

Age 60  
Ile-des-soeurs, Quebec, Canada  
Director since 05/15/1996  
Independent<sup>(7)</sup>

Mrs. Lachapelle is a Corporate Director and a consultant in corporate strategy. She was the President and CEO of the Forest Products Association of Canada and a consultant in corporate strategy from September 1994 to December 2001. Prior to September 1994, she was President of Strategico Inc., a consulting firm specializing in public policies, for one year and a consultant with Strategico for three years. Mrs. Lachapelle is currently a Director of BNP Paribas (Canada) and Mirabaud Canada Inc., both of which are Canadian subsidiaries of global banks.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	4 of 4
Board – Special	4 of 4
Audit	4 of 4
Nominating and Corporate Governance	4 of 4

**OTHER PUBLIC BOARD MEMBERSHIPS:**

AbitibiBowater Inc., Industrial Alliance Insurance and Financial Services Inc. and INNERGEX Power Income Fund.

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	5,000	\$ 94,950
DSUs <sup>(2)(3)</sup>	8,042	152,718
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>13,042</b>	<b>\$247,668</b>

Ms. Lachapelle is a Director of AbitibiBowater Inc. In April 2009, AbitibiBowater Inc., and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Québec in Canada.

**WILLIAM M. O'REILLY**

Age 61  
Toronto, Ontario  
Canada  
Director  
Not independent

Since 1996, Mr. O'Reilly has been the Managing Partner and a member of the Management Committee of Davies Ward Phillips & Vineberg LLP, the principal legal advisor to the Company<sup>(8)</sup>. He has been a partner of that firm since 1976, except for the period between August 1993 to January 1996 when he served as an executive officer of Russel Metals to assist the Company in the completion of a significant restructuring program. Mr. O'Reilly was Secretary of Russel Metals from May 1994 to May 2009. He was elected as a Director of the Company on May 12, 2009.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	2 of 2*
Board – Special	3 of 3 *
Environmental Management and Health & Safety	0 of 0*
Nominating and Corporate Governance	2 of 2*

\*Mr. O'Reilly was elected as a Director and appointed as a member of the Environmental Management and Health & Safety Committee and Nominating and Corporate Governance Committee on May 12, 2009 and the numbers of meetings reflects those meetings held after this date.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

None

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	4,000	\$ 75,960
DSUs <sup>(2)(3)</sup>	1,144	21,725
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>5,144</b>	<b>\$ 97,685</b>
Convertible Debentures <sup>(5)</sup>		\$108,250

**JOHN W. ROBINSON**

Age 76  
Greensboro, North Carolina,  
U.S.A.  
Director since 05/11/1995  
Independent<sup>(7)</sup>

Mr. Robinson is a Corporate Director. He was President and CEO of SMP Steel Corp. (steel distribution), until his retirement in December 1998.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2009:**

Board – Regular / Quarterly	4 of 4
Board – Special	4 of 4
Environmental Management and Health & Safety	1 of 1
Nominating and Corporate Governance	2 of 2*
Management Resources and Compensation	2 of 2*

\*Mr. Robinson was appointed as a member of the Nominating and Corporate Governance Committee on May 12, 2009 and the number of meetings reflect those meetings held after this date. Mr. Robinson served as a member of the Management Resources and Compensation Committee until May 12, 2009 and the number of meetings reflect those held before this date.

**OTHER PUBLIC BOARD MEMBERSHIPS:**

None

**SECURITIES HELD AS AT MARCH 5, 2010<sup>(1)</sup>:**

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 5, 2010
Common Shares <sup>(2)</sup>	29,500	\$560,205
DSUs <sup>(2)(3)</sup>	8,042	152,718
<b>Total Common Shares &amp; DSUs<sup>(2)(3)</sup></b>	<b>37,542</b>	<b>\$712,923</b>

<sup>(1)</sup> Directors are required to own common shares and DSUs valued at not less than three times their current annual Board retainer within three years of becoming a Director. See "Share Ownership of Directors" on page 14 of this Circular. All of the current Director are in compliance with this policy requirement as of the date of this Circular.

<sup>(2)</sup> The values of the common shares and the DSUs noted in the above table are based on the closing price of a common share on the Toronto Stock Exchange on March 5, 2010 of \$18.99.

<sup>(3)</sup> For further information on DSUs, see "2009 Non-Executive Director Compensation" and "Deferred Share Unit Plan" commencing on page 16 of this Circular.

<sup>(4)</sup> RSUs vest over a period of three years. The number of RSUs reflected in the above table for Mr. Hedges is the aggregate number of RSUs outstanding as at March 5, 2010, including those which have yet to vest. For further information on the RSUs owned by Mr. Hedges, see "Restricted Share Unit Plan" on page 28 of this Circular.

<sup>(5)</sup> Represents the convertible debentures owned or controlled / directed by the Nominee Director. The value of the convertible debentures noted in the above table is based on the closing price of 100 convertible debentures on the Toronto Stock Exchange on March 5, 2010 of \$108.25.

<sup>(6)</sup> Mr. Hedges currently owns an aggregate of 432,671 unexercised common share options, of which 263,633 are currently vested. For further details regarding the share options owned by Mr. Hedges, see "Outstanding Equity Based Incentive Awards", commencing on page 28 of this Circular.

<sup>(7)</sup> "Independent" has the meaning prescribed by applicable policies of the Canadian Securities Administrators, which generally provide that a director would not be independent if he or she has a material relationship, which could reasonably be expected to interfere with the exercise by the Director of his or her independent judgment.

<sup>(8)</sup> In 2009 Davies Ward Phillips & Vineberg LLP earned approximately \$980,000 in fees, as the Company's principal legal advisor. Mr. O'Reilly will retire from this position on May 31, 2010, but will continue as a partner.

**DUPLICATION OF BOARD MEMBERSHIP**

The table lists those public companies where more than one Russel Metals Director sits on the board:

DUPLICATION OF BOARD MEMBERSHIP ON PUBLIC COMPANIES		
Name of Director	AbitibiBowater Inc.	Bronco Energy Ltd.
J.F. Dinning		✓
A.F. Griffiths	✓	✓
L. Lachapelle	✓	

## COMMITTEES OF THE BOARD OF DIRECTORS

We are required by applicable securities laws to have an Audit Committee of the Board. Other committees of the Board are the Management Resources and Compensation Committee (the "MR&C Committee"), the Nominating and Corporate Governance Committee and the Environmental Management and Health & Safety Committee. The members of the committees are as follows:

Audit Committee	Management Resources & Compensation Committee	Nominating & Corporate Governance Committee	Environmental Management and Health & Safety Committee
A. Benedetti - Chair	C.R. Fiora – Chair	A.F. Griffiths - Chair	J.F. Dinning - Chair
J.F. Dinning	A. Benedetti	L. Lachapelle	C.R. Fiora
A.D. Laberge	A.F. Griffiths	W.M. O'Reilly	W.M. O'Reilly
L. Lachapelle	A.D. Laberge	J.W. Robinson	J.W. Robinson

All committee mandates are described under "Statement of Corporate Governance Practices", commencing on page 35 of this Circular.

## NUMBER OF BOARD AND COMMITTEE MEETINGS HELD AND ATTENDANCE

### *Meetings of Independent Directors*

Our independent Board members meet without management and non-independent board members on a regular basis (at every quarterly meeting). The only meetings at which the Board does not meet without management and non-independent board members are those special meetings held by conference call for specific approvals, such as acquisition or financing transactions. The Company's independent Board members met separately at all regularly scheduled quarterly board meetings held during 2009.

The following table summarizes the meetings of the Board and its committees held in 2009.

BOARD / COMMITTEE	NO. OF MEETINGS FOR 2009
Board of Directors – Regular / Quarterly	4
Board of Directors – Special	4
Audit Committee	4
Environmental Management and Health & Safety Committee	1
Management Resources and Compensation Committee	4
Nominating and Corporate Governance Committee	4

### *Attendance at Board and Committee Meetings Held*

We believe that an active board governs more effectively. We expect Directors to attend all quarterly meetings of the Board, all regularly scheduled meetings of committees of which they are members and the annual meeting of shareholders. While we recognize that the short notice of special Board meetings may sometimes conflict with the schedules of our Directors, we expect Directors to exercise reasonable efforts to attend all special meetings of the Board. Directors may participate by teleconference if they cannot attend in person. The table below summarizes the number of Board and committee meetings attended by each non-executive Director during the period of their election in 2009. The Directors' attendance records are also included in the Board nominee table commencing on page 6 of this Circular.

NAME OF NON-EXECUTIVE DIRECTOR <sup>(1)</sup>	2009 REGULAR / QUARTERLY BOARD MEETINGS		2009 SPECIAL BOARD MEETINGS		2009 COMMITTEE MEETINGS		TOTAL OF 2009 BOARD & COMMITTEE MEETINGS	
	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended	No. of Meetings	Attended
A. Benedetti	4 of 4	100%	4 of 4	100%	8 of 8	100%	16 of 16	100%
J. F. Dinning	4 of 4	100%	4 of 4	100%	7 of 7	100%	15 of 15	100%
C.R. Fiora	4 of 4	100%	4 of 4	100%	5 of 5	100%	13 of 13	100%
A.F. Griffiths	4 of 4	100%	3 of 4	75%	8 of 8	100%	15 of 16	94%
A.D. Laberge	4 of 4	100%	3 of 4	75%	8 of 8	100%	15 of 16	94%
L. Lachapelle	4 of 4	100%	4 of 4	100%	8 of 8	100%	16 of 16	100%
W.M. O'Reilly	2 of 2	100%	3 of 3	100%	2 of 2	100%	7 of 7	100%
J.W. Robinson	4 of 4	100%	4 of 4	100%	5 of 5	100%	13 of 13	100%

<sup>(1)</sup> *Mr. Hedges attended 4 out of 4 of the 2009 Regular / Quarterly Board meetings and 3 out of 4 of the Special Board Meetings in his capacity as a senior executive officer and / or as an executive Director of the Company. As an executive Director of the Company, Mr. Hedges is not a member of any committee of the Board of Directors.*

## MAJORITY VOTING

Our Board has adopted a majority voting policy. This policy provides that any nominee for election as a Director who has more votes withheld than votes for his or her election at the Meeting must tender his or her resignation to our Chair following the Meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for Director is equal to the number of Directors to be elected. The Nominating and Corporate Governance Committee and the Board of Directors shall consider the resignation and whether or not it should be accepted. We expect to accept resignations except in situations where extenuating circumstances would warrant the applicable Director continuing to serve as a Board member. In this event, our Board shall disclose its decision, via press release, within 90 days of the applicable annual meeting. If a resignation is accepted, the Board may appoint a new Director to fill any vacancy created by the resignation. A copy of this policy can be found on our website at [www.russelmetals.com](http://www.russelmetals.com) (see "About Russel Metals" and "Corporate Governance").

If a poll is demanded on any vote for election of any Director at the Meeting, and if you have authorized our Chair or our President and CEO to act as your proxyholder, your common shares will be voted in favour of the election of each of the above nominees for election to the Board, except to the extent you have specified in your proxy that your common shares are to be withheld from voting in the election of one or more nominees. In the event that any vacancy occurs in the slate of nominees identified above, proxies in favour of Management will be voted for another nominee at the discretion of Management unless you specify in your proxy that your common shares be withheld from voting in the election of Directors.

## SKILLS AND EXPERIENCE

A Board of Directors with a broad mix of skills is better able to oversee the wide range of issues that arise with a company of our size and complexity. Accordingly, each of the directors is evaluated on the basis of the mix of experience and qualifications they provide. The Nominating and Corporate Governance Committee uses a skills matrix to assist with reviewing the skill set of current directors as well as director candidates. The matrix outlines the desired complement of skills and areas of expertise considered important which includes, among others, industry experience, financial literacy, CEO/senior officer experience, experience in areas of executive compensation, operational experience, familiarity with the regions in which the Company operates and knowledge of corporate governance. The matrix is also used as a tool in developing programs for continuing Director education.



## SHARE OWNERSHIP OF DIRECTORS

### *Non-Executive Directors*

Each non-executive Director of Russel Metals is required to beneficially own common shares or deferred share units or a combination thereof valued at three times the annual Board retainer. Based on the current annual retainer of \$25,000, each Director (other than the Chair of the Board) must own common shares and / or deferred share units valued at not less than \$75,000. The Chair of the Board, whose annual retainer is \$145,000, must own common shares and / or deferred share units valued at not less than \$435,000. For purposes of this policy, common shares purchased by a Director are valued at any particular time at the higher of the cost of such shares to the Director and their then current market value; and DSUs are valued based on the higher of then current market value of a common share and the market value at the date of grant. Any Director who does not meet this requirement at the date of his or her first election or re-election to the Board of Directors is required to achieve this ownership level within three years from the date of such first election. The following table summarizes the share ownership of the non-executive Directors as at the date hereof and their compliance with the foregoing policy.

NAME	2009 RETAINER	MULTIPLE	TARGET VALUE OF SHARE OWNERSHIP	NUMBER OF SHARES	NUMBER OF DSUs	COMBINED VALUE OF SHARES AND DSUs <sup>(1)</sup>	MEETS GUIDELINES
A. Benedetti	\$ 25,000	x3	\$ 75,000	27,500	4,694	\$611,364	yes
J. F. Dinning	25,000	x3	75,000	15,000	8,042	437,568	yes
C.R. Fiora	25,000	x3	75,000	19,000	8,042	513,528	yes
A.F. Griffiths	145,000	x3	435,000	40,000	8,042	912,318	yes
A.D. Laberge	25,000	x3	75,000	4,000	3,399	140,507	yes
L. Lachapelle	25,000	x3	75,000	5,000	8,042	247,668	yes
W.M. O'Reilly	25,000	x3	75,000	4,000	1,144	97,685	yes
J.W. Robinson	25,000	x3	75,000	29,500	8,042	712,923	yes

<sup>(1)</sup> Based on the closing price of a common share on the Toronto Stock Exchange on March 5, 2010 of \$18.99.

As at the date hereof, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 254,000 common shares, which number includes the common shares owned by our executive Director.

### *Increase in Directors' Combined Share / DSU Ownership*

Together, the number of the common shares and DSUs, if applicable, owned by the members of the Board of Directors as at March 5, 2010 has increased 3% from the combined number of common shares and DSUs owned by the members of the Board of Directors as at March 2, 2009 (the disclosure date used in our 2009 Information Circular). The common share and DSU ownership as at March 2, 2009 and March 5, 2010 is illustrated in the following table.

DIRECTORS	COMMON SHARES		DSUs <sup>(1)</sup>		TOTAL COMMON SHARES & DSUs	
	Mar. 2, 2009	Mar. 5, 2010	Mar. 2, 2009	Mar. 5, 2010	Mar. 2, 2009	Mar. 5, 2010
A. Benedetti	27,500	27,500	2,411	4,694	29,911	32,194
J.F. Dinning	15,000	15,000	5,531	8,042	20,531	23,042
C.R. Fiora	19,000	19,000	5,531	8,042	24,531	27,042
A.F. Griffiths	40,000	40,000	5,531	8,042	45,531	48,042
B.R. Hedges	110,000	110,000	-	-	110,000	110,000
A.D. Laberge	3,500	4,000	1,204	3,399	4,704	7,399
L. Lachapelle	5,000	5,000	5,531	8,042	10,531	13,042
W.M. O'Reilly	3,000	4,000	-	1,144	3,000	5,144
J.W. Robinson	41,000	29,500	5,531	8,042	46,531	37,542
<b>TOTALS</b>	<b>264,000</b>	<b>254,000</b>	<b>31,270</b>	<b>49,447</b>	<b>295,270</b>	<b>303,447</b>

<sup>(1)</sup> DSUs are payable only to non-executive Directors of the Company. Accordingly, Mr. Hedges does not receive DSUs.

## COMPENSATION OF NON-EXECUTIVE DIRECTORS

### Board and Committee Fees

Our non-executive Directors are compensated partly in cash and partly in DSUs. These fees are payable only to Directors who are not full-time employees of Russel Metals. The fee schedule, set out below, describes cash fees payable to non-executive Directors, as at December 31, 2009.

FEE SCHEDULE		
Fee	Cash Compensation <sup>(1)</sup>	Comments
Chair's Fee	\$145,000	The Chair of the Board is paid annual cash compensation in the amount shown. This amount represents compensation for acting as Chair of the Board, Chair of the Nominating and Corporate Governance Committee and a member of the Management Resources and Compensation Committee and is inclusive of all fees for attending Board and committee meetings during the year.
Annual Retainer Fee	25,000	All non-executive Directors, except the Chair of the Board.
Audit Committee Chair Fee <sup>(2)</sup>	10,000	Chair of the Audit Committee.
MR&C Committee Chair Fee <sup>(3)</sup>	6,000	Chair of the MR&C Committee.
Other Committee Chair Fee	6,000	Other Committee Chairs, except Chair of the Board.
Meeting Fee	2,000	Per meeting. All non-executive Directors, except Chair of the Board.
Travel Fee	1,500	Per business trip, payable to U.S. non-executive Directors to attend board meetings in Canada and where travel is required on special assignments, as delegated by the Board.
Advisory Fee	1,000	Payable per day for special assignments, as delegated to members of the Board.

<sup>(1)</sup> On February 23, 2009 the Board of Directors agreed to a 10% reduction in their 2009 cash compensation (not reflected above), retroactive to January 1, 2009, as part of the Company's cost containment measures.

<sup>(2)</sup> Effective January 1, 2010 the Audit Committee Chair fee was increased to \$12,000.

<sup>(3)</sup> Effective January 1, 2010 the Compensation Committee Chair fee was increased to \$8,500.

Our U.S. Directors are paid the U.S. equivalent of the retainers and fees noted above. We reimburse expenses incurred by our Directors while attending Board and committee meetings. The MR&C Committee reviews the compensation package for our Directors on an annual basis.

### **2009 Non-Executive Director Compensation**

During the financial year ended December 31, 2009, we paid an aggregate of \$478,350 in cash compensation to our non-executive Directors. We also made quarterly allocations of DSUs with an aggregate value in 2009 of \$225,000 to the DSU accounts of our non-executive Directors. The following table sets out the total compensation paid to our non-executive Directors on an individual basis on account of Board and committee retainers, meeting fees and DSUs allocated to such Directors during the financial year ended December 31, 2009.

No additional compensation is paid to Mr. Hedges, our President and CEO, in consideration for his services as a Director of the Company.

NAME OF DIRECTOR	REGULAR BOARD FEES		COMMITTEE FEES		TRAVEL FEE	SUB-TOTAL	10% REDUCTION AMOUNT	CASH TOTAL	DSU ALLOCATIONS	TOTAL COMPENSATION <sup>(5)</sup>
	Retainer	Meeting Fees	Member	Chair						
A. Benedetti	\$ 25,000	\$ 16,000	\$ 16,000	\$ 10,000	\$ -	\$ 67,000	\$ 6,700	\$ 60,300	\$ 30,000	\$ 90,300
J.F. Dinning <sup>(1)</sup>	25,000	16,000	14,000	3,000	-	58,000	5,800	52,200	30,000	82,200
C.R. Fiora	25,000	16,000	10,000	6,000	6,000	63,000	6,300	56,700	30,000	86,700
A.F. Griffiths <sup>(2)</sup>	145,000	-	-	-	-	145,000	14,500	130,500	30,000	160,500
A.D. Laberge	25,000	14,000	16,000	-	-	55,000	5,500	49,500	30,000	79,500
L. Lachapelle	25,000	16,000	16,000	-	-	57,000	5,700	51,300	30,000	81,300
W.M. O'Reilly <sup>(3)</sup>	12,500	10,000	4,000	-	-	26,500	2,650	23,850	15,000	38,850
J.W. Robinson <sup>(4)</sup>	25,000	16,000	10,000	3,000	6,000	60,000	6,000	54,000	30,000	84,000
<b>TOTALS</b>	<b>\$307,500</b>	<b>\$104,000</b>	<b>\$ 86,000</b>	<b>\$ 22,000</b>	<b>\$12,000</b>	<b>\$531,500</b>	<b>\$53,150</b>	<b>\$478,350</b>	<b>\$225,000</b>	<b>\$703,350</b>

<sup>(1)</sup> Mr. Dinning served as Chair of the Environmental Management and Healthy & Safety Committee in the third and fourth quarters of 2009 and as such has been paid \$3,000 for this service.

<sup>(2)</sup> Mr. Griffiths is paid an annual cash fee of \$145,000 for acting as Chair of the Board, Chair of the Nominating and Corporate Governance Committee and a member of the MR&C Committee, which is inclusive of all cash fees for attending Board and committee meetings during the year.

<sup>(3)</sup> Mr. O'Reilly served as a Board member in the third and fourth quarters of 2009 and as such has received an aggregate of \$38,850 for these services.

<sup>(4)</sup> Mr. Robinson served as Chair of the Environmental Management and Healthy & Safety Committee in the first and second quarters of 2009 and as such has been paid \$3,000 for this service.

<sup>(5)</sup> With the exception of the Deferred Share Unit Plan, the Company does not provide compensation by way of options, non-equity incentive plans, pension or other plans to the non-executive Directors.

### **Deferred Share Unit Plan**

In April 2004, our Board of Directors adopted a Deferred Share Unit Plan ("DSU Plan") for non-executive Directors to replace the grant of share options. A DSU is a unit equivalent in value to one common share based on the market price, which is the average of the daily average of the high and low board lot trading prices of our common shares on the Toronto Stock Exchange for the last five trading days immediately prior to the date on which the value of the DSU is determined ("Market Price"). DSUs are allocated on the last day of March, June, September and December in each year. In November 2008, the DSU Plan was amended, effective as of January 1, 2009, to increase the number of DSUs credited quarterly to each Director's account to the amount determined by dividing \$7,500 by the Market Price at the allocation date. In 2008 and prior years, the number of DSUs credited quarterly to each Director's account was determined by dividing \$5,000 by the Market Price at the allocation date. A Director may also elect to receive

payment in DSUs, rather than cash, for all or a portion of his or her annual Board retainer or annual chair retainer by providing the required notice to us in accordance with the Plan.

DSUs are redeemable only when a Director leaves the Board, thereby providing an ongoing equity stake throughout the Director's service. A departing Director will receive a cash payment upon redemption, as soon as practicable after the Director's withdrawal date, but, in any event, no later than December 31 of the first calendar year commencing after the Director's withdrawal date. The value of the cash payment is determined by multiplying the number of DSUs in the Director's account on the redemption date by the Market Price on such redemption date. Applicable income tax and other withholdings are deducted as required by law.

The value of the DSUs issued to each non-executive Director during 2009 is reflected in the table above.

### ***Deferred Share Units***

As at March 5, 2010 the non-executive Directors held an aggregate of 49,447 DSUs, which were valued at an aggregate of \$939,001 as of such date. The number of DSUs held by each non-executive Director and their value as at March 5, 2010 is illustrated in the following table.

<b>NAME OF NON-EXECUTIVE DIRECTOR</b>	<b>NUMBER OF DSUS HELD AS AT MARCH 5, 2010</b>	<b>VALUE OF DSUS AS AT MARCH 5, 2010<sup>(1)</sup></b>
A. Benedetti	4,694	\$ 89,139
J.F. Dinning	8,042	152,718
C.R. Fiora	8,042	152,718
A.F. Griffiths	8,042	152,718
A.D. Laberge	3,399	64,547
L. Lachapelle	8,042	152,718
W.M. O'Reilly	1,144	21,725
J.W. Robinson	8,042	152,718
<b>TOTAL</b>	<b>49,447</b>	<b>\$939,001</b>
<sup>(1)</sup> Based on the closing price of a common share on the Toronto Stock Exchange on March 5, 2010 of \$18.99.		

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

In December 2009, we renewed, for the benefit of Russel Metals, its subsidiaries and their Directors and Officers and their respective spouses, insurance against liability incurred by the Directors or Officers in their capacity as Directors or Officers of Russel Metals or any subsidiary. The total amount of insurance coverage is \$130 million and, subject to the deductible portion referred to below, up to the full-face amount of the policies is payable, regardless of the number of Directors and Officers involved. The annual premium for the policy year to December 1, 2010 is \$432,384. The policies do not specify that a part of the premium is paid in respect of either Directors as a group or Officers as a group. The policies provide a limit of \$130 million per occurrence and in the aggregate.

Our Directors and Officers are covered to the extent of the face amount of the policies. However, in no event will the policies pay out, in the aggregate, more than \$130 million during their annual term. The policies provide for deductibles as follows: (i) with respect to our Directors and Officers, there is no deductible applicable; and (ii) with respect to reimbursement of the Company, there is a deductible of \$100,000 per occurrence, except in respect of securities claims, where the deductible is \$250,000 per occurrence.

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains the significant elements of compensation awarded to, earned by, paid to, or payable to the CEO, the Chief Financial Officer ("CFO") and each of the next three most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for the year ended December 31, 2009.

### COMPENSATION PHILOSOPHY

The MR&C Committee reviews and makes recommendations to the Board for the specific compensation arrangements of the CEO, the CFO, the Company's overall compensation philosophy and its incentive-based cash compensation plans and equity-based compensation plans. Our executive compensation policies and practices are designed:

- (i) to attract, motivate, and retain highly competent management by offering a competitive target level of total compensation;
- (ii) to motivate, recognize and reward superior performance by maintaining a high proportion of executive pay at risk and linking it to key performance measures, including earnings per share and share price appreciation and, at the operating level, return on net assets; and
- (iii) to foster commitment to the Company and close identification with shareholder interests through the effective and judicious use of equity-based incentives.

Pay for performance is an important underlying principle of Russel Metals' executive compensation philosophy, with the result that, at virtually all levels throughout the Company, variable compensation can represent a substantial proportion of total compensation in a successful year. Our objective is to maintain overall competitive compensation arrangements with key executives while ensuring an appropriate balance between short-term and longer term incentives and also ensuring that the incentive arrangements respond effectively to both positive and negative developments in the financial performance of the Company.

The charts below summarize the short-term, mid-term and long-term incentives of the Company's compensation program.

SHORT-TERM INCENTIVES		
Compensation Element / Eligibility	Description	Linkage to Compensation Objectives
<b>Salary</b> <i>(All executives and employees)</i>	Salary is a market-competitive, fixed level of compensation, which is reviewed annually.	Attract and retain highly qualified leaders.  Motivate high business performance.
<b>Bonus - Cash Incentive</b> <i>(All executives and a large percentage of employees)</i>	Combined with salary, the target level of annual incentive provides a market - competitive total cash opportunity.  For the Named Executive Officers and other head office employees in support functions such as information systems, accounting and human resources, the actual annual cash incentive payout depends on earnings per share.  For many employees in the Company's operating units, annual cash incentives are based on return on net assets of the operations they are responsible for.	Attract and retain highly qualified leaders.  Motivate high business performance.  Vary compensation based on ability to impact earnings and actual earnings for the period.  Align the interest of the executives and other employees with those of the shareholders.  Reduce expense levels in periods of cyclical downturn.

MID AND LONG-TERM INCENTIVES		
Compensation Element / Eligibility	Description	Linkage to Compensation Objectives
<b>Bonus – RSUs</b> <i>(for CEO and CFO)</i>	Equity grant value based on earnings per share table for the CEO and CFO.	Align the interests of the executives with those of the shareholders.
	Grant value is converted to a number of units by dividing the determined value by the average market price of common shares at time of grant.	Attract and retain highly qualified leaders.
	Encourages sustained, long-term growth by linking a portion of compensation to long-term Company performance.	Motivate high business performance.
	Vest one-third on each of the first, second and third anniversaries of the grant date and paid in cash on the third anniversary based on average market price of common shares.	
<b>Options</b> <i>(All executives including Named Executive Officers and approximately 87 employees)</i>	Annual equity grants are made in the form of options.	Align executive and shareholder interests.
	The amount of an annual grant is dependent on the level of the executive.	Attract and retain highly qualified leaders.
	Awards vest over a 4 year period and have a term of 10 years.	Motivate high business performance.

### **Compensation Comparator Group**

The MR&C Committee uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, cash incentives and share-based incentives, and to assess the effectiveness of Russel Metals' incentive plans in contributing to corporate performance. The MR&C Committee periodically uses comparative data to ensure the ability of Russel Metals to attract, retain and motivate key executives. The comparator group includes large publicly held industrial companies in Canada and the United States and other companies operating in the metals industry in North America, in each case with annual revenues roughly in the range of 50% to 200% of the annual revenues of the Company. Recent consolidation within the steel industry in North America has reduced the number of large public companies operating in that sector. As a result, we include in our comparator group select public companies operating in industrial manufacturing, distribution and retail businesses in Canada with annual revenues within that same target range.

Our executive compensation policies provide for total direct compensation levels which, at target earnings levels, are competitive with similar positions in the comparator group. Individual levels, which are reviewed annually, may vary from this objective, depending upon the particular experience and other qualifications of the individual, sustained performance level, length of service and other relevant factors. We use comparator group information as a general guide to assist in reviewing compensation levels and establishing compensation arrangements appropriate to our circumstances. We do not set compensation by using specific benchmarks relative to the comparator group or any particular company in the comparator group.

The companies and trusts included in our executive compensation comparator group for the purpose of establishing target earnings levels for our CEO and CFO for 2009 were:

**Canada (11)**

Agrium Inc.  
Dorel Industries Inc.  
Ensign Energy Services Inc.  
Finning International Inc.  
Precision Drilling Trust  
Rona Inc.  
Superior Plus Income Fund  
Toromont Industries Ltd.  
Transcontinental Inc.  
Viterra Inc.  
West Fraser Timber Co. Ltd.

**United States (9)**

Allegheny Technologies, Inc.  
AM Castle & Co.  
Carpenter Technology Corp.  
Gibraltar Industries, Inc.  
Olympic Steel, Inc.  
Reliance Steel & Aluminum Co.  
Schnitzer Steel Industries, Inc.  
Steel Dynamics Inc.  
Worthington Industries, Inc.

***Annual Compensation Decision Making Process***

We have developed a comprehensive process for making decisions about compensation arrangements for our CEO and CFO. The table below illustrates the different inputs used to determine the compensation program and the flow of information, recommendations and approval by the Board of Directors. Payouts from bonus plans are based on earnings per share targets determined at the beginning of the applicable year. For further information on our reward structure for cash incentives, RSUs and share options for the CEO and CFO for 2009 please see pages 21 and 22 of this Circular.

	MANAGEMENT	MR&C COMMITTEE	BOARD OF DIRECTORS
CEO		Analyzes data and performance against objectives, confers with outside advisors and makes recommendations to the Board.	Final decision.
CFO	CEO analyzes data <sup>(1)</sup> and performance against objectives and makes recommendations to the MR&C Committee.	Reviews data, confers with outside advisors and CEO and makes recommendations to the Board.	Final decision.
NEOs	CEO analyzes data and performance against objectives. Makes final decision.		

<sup>(1)</sup> *Reviews data such as surveys, peer group information and internal equity platforms.*

***CEO Succession Planning***

The Board of Directors, through its MR&C Committee, reviews succession plans for the position of CEO and establishes and oversees processes for evaluating the performance of the CEO. The MR&C Committee reviews with the CEO the succession plans for senior management and the CEO’s assessment of their performance.

On an annual basis, our non-executive Directors review succession plans and participate in the evaluation of the CEO. The Board of Directors approves the appointment of the CFO and all other corporate officers.

During 2009, the CEO’s performance was evaluated in part, by using a questionnaire which was completed by department heads and senior managers of our operations. The results from this process were considered by the MR&C Committee and were integrated into the CEO’s annual evaluation.

### **Compensation Consultants**

The MR&C Committee receives periodic information and advice from Hugessen Consulting Inc. ("Hugessen"), an independent executive compensation consultant. While the MR&C Committee reviews information and recommendations provided by its advisors as it considers its decisions, the MR&C Committee's decision may reflect factors and considerations other than the recommendations and information provided by its advisors.

In 2009, Hugessen earned approximately \$5,000 for the compensation advisory work referred to above, primarily for advice on general compensation, share ownership and share options. Hugessen is prohibited from doing any other work for the Company or any of its affiliates without the prior express authorization of the Chair of the MR&C Committee. No such other work has been undertaken by Hugessen.

### **Cost Containment Measures**

On February 23, 2009, we announced that we had put in place cost containment measures to significantly reduce operating expenses due to the economic environment at that time. These measures included a 10% reduction in the cash compensation of the Directors, retroactive to January 1, 2009. They also included a 10% reduction in the salaries of each of the Named Executive Officers, as well as other corporate employees, effective March 9, 2009. These reductions were in place up to and including December 31, 2009.

## **INCENTIVE COMPENSATION OF NAMED EXECUTIVE OFFICERS**

### **Current CEO and CFO**

The following tables disclose the reward structure for cash incentives, RSUs and share options for the CEO and the CFO for 2009. These arrangements were in effect for Mr. Hedges in 2009 in his capacity as Chief Operating Officer ("COO") during the period prior to the annual meeting on May 12, 2009, and thereafter, in his capacity as CEO. The arrangements for Ms. Britton in 2009 in her capacity as CFO are unchanged from those in effect for her in 2008.

Mr. Hedges' annual salary was increased to \$600,000, effective on his appointment as CEO on May 12, 2009 and is unchanged for 2010. Ms. Britton's annual salary was set at \$300,000 in 2008 and is unchanged for 2010. Both Mr. Hedges' and Ms. Britton's 2009 annual salaries above were reduced by 10%, effective March 9, 2009, related to cost containment measures, as announced in the first quarter of 2009.

The cash incentive and RSU awards are tied to earnings per share of \$1.00 or more. The RSUs and share options however, can result in a much different payout on the exercise or expiry date if the share value changes over the vesting period. The arrangements are structured to award approximately 50% of the total direct compensation as salary and annual cash incentive.

<b>CEO</b>					
Earnings per Share	Less than \$1.00	\$1.00	\$2.00	\$3.00	\$4.00
Cash Incentive as % of Salary	0%	30%	190%	220%	280%
RSUs as % of Salary	0%	30%	190%	220%	280%
Share Option Value	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

<b>CFO</b>					
Earnings per Share	Less than 1.00	\$1.00	\$2.00	\$3.00	\$4.00
Cash Incentive as % of Salary	0%	30%	190%	220%	280%
RSUs as % of Salary	0%	30%	100%	170%	230%
Share Option Value	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000



No incentive payment will be made in cash or RSUs under this plan unless earnings per share are at least \$1.00. Where reported basic earnings per share are above \$1.00 and between the other thresholds set out in the above tables, the size of the grant is proportionately increased. Any additional bonus award for earnings in excess of \$4.00 per share is in the complete discretion of the Board.

The annual cash incentive for any year is typically paid in the first quarter of the following year, after the audited financial statements are approved by the Board of Directors. Similarly, the RSUs are awarded annually, in the first quarter of each year, based on the prior year's earnings per share. Based on the 2009 earnings per share, no cash incentives will be paid nor will RSUs be granted to the CEO or the CFO in 2010. The grant for 2008 performance was made on March 10, 2009 based on the Market Price of the common shares (see "Restricted Share Unit Plan", on page 28 of this Circular).

The dollar values of option grants made to Mr. Hedges and Ms. Britton for 2009 were determined based on the above tables. The number of share options granted in each case was determined based on the dollar value specified for the Named Executive Officer divided by the Black-Scholes value per option based on the closing price of a common share on the Toronto Stock Exchange on the business day prior to grant. These amounts were recommended by the MR&C Committee and approved by the Board.

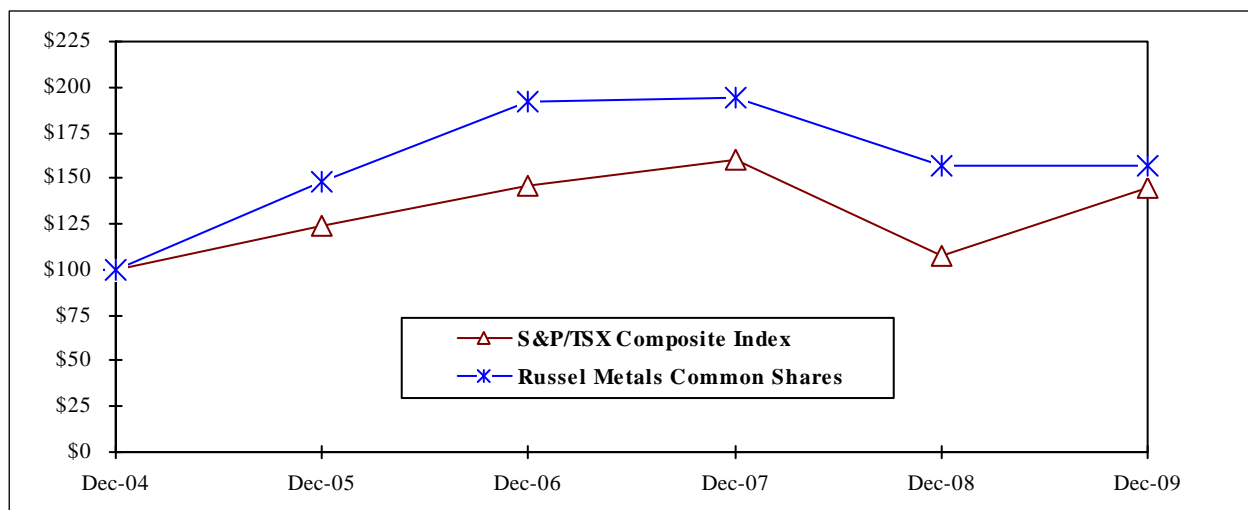
The Company's incentive plans require Mr. Hedges and Ms. Britton to reimburse any overpaid incentives if the Company's results are later restated due to an error in reporting.

#### ***Other Named Executive Officers***

Ms. Maureen A. Kelly, our Vice President, Information Systems earned an annual salary of \$227,053 in 2009. Mr. David J. Halcrow, our Vice President, Purchasing and Inventory Management earned an annual salary of \$125,236 in 2009. Ms. Lesley M.S. Coleman, our Vice President, Controller and Assistant Secretary earned an annual salary of \$137,885 in 2009. Each of Ms. Kelly, Mr. Halcrow and Ms. Coleman participate in an annual cash incentive plan based on reported basic earnings per share, to a maximum amount determined annually during the first quarter of the respective year by the CEO. Actual basic earnings per share for 2009 was a loss; accordingly, no cash incentives were earned. All head office employees, other than the CEO and the CFO, are members of this plan. The percentage participation of each person in the plan, including Ms. Kelly, Mr. Halcrow and Ms. Coleman is determined on an annual basis by the CEO and the CFO based on a variety of relevant factors, including level of responsibility and past performance.

## PERFORMANCE GRAPH

The following graph shows a comparison over the five-year period ended December 31, 2009 of the value of \$100.00 originally invested in common shares of Russel Metals and the S&P/TSX Composite Index and in each case assuming reinvestment of cash dividends paid.



	DEC-04	DEC-05	DEC-06	DEC-07	DEC-08	DEC-09
S&P/TSX Composite Index	\$100.00	\$124.13	\$145.55	\$159.86	\$107.10	\$144.65
Russel Metals Common Shares	\$100.00	\$148.07	\$191.55	\$194.11	\$156.62	\$156.79

As the above graph indicates, the Company's total return to shareholders has out-performed the S&P/TSX Composite Index over the five years ended December 31, 2009. At December 31, 2009 the total return for the Company's shareholders since December 31, 2004 was approximately 57%.

Actual basic earnings per share for 2009 was a loss; accordingly, no bonus based incentives (cash or RSUs) were earned by any of the Named Executive Officers. While shareholder return for the three year period ended December 31, 2009 decreased by 18%, the aggregate annual dollar value of total compensation awarded to the Named Executive Officers decreased by a greater amount of 77% for 2009 compared to 2008 and decreased by 70% for 2009 compared to 2007. As our corporate incentive plans are earnings per share based, total compensation declines significantly when earnings per share are below \$1.00.

# EXECUTIVE COMPENSATION

## SUMMARY COMPENSATION TABLE

The following table provides a summary of annual compensation earned during the last three fiscal years by the CEO, CFO and the other Named Executive Officers of the Company.

NAME AND PRINCIPAL POSITION	YEAR	SALARY <sup>(5)</sup>	CASH INCENTIVES	SHARE BASED AWARDS <sup>(6)</sup>	SHARE OPTIONS <sup>(7)</sup>	PENSION VALUE <sup>(8)</sup>	ALL OTHER COMP. <sup>(9)</sup>	TOTAL COMPENSATION
<b>B.R. Hedges<sup>(1)</sup></b> <i>President and CEO</i>	2009	\$516,042	\$ -	\$ -	\$ 349,812	\$499,000	\$ 9,987	\$1,374,841
	2008	499,734	1,300,000	1,300,000	400,101	123,000	10,128	3,632,963
	2007	430,000	1,101,660	-	898,500	125,000	9,807	2,564,967
<b>E.M. Siegel, Jr.<sup>(2)(3)</sup></b> <i>Former President and CEO</i>	2009	461,268	-	-	-	10,502	1,336	473,106
	2008	587,972	3,627,788	-	1,537,250	9,817	10,131	5,772,958
	2007	591,774	2,526,875	-	1,946,750	9,666	13,383	5,088,448
<b>M.E. Britton<sup>(4)</sup></b> <i>Vice President, CFO and Secretary</i>	2009	275,772	-	-	209,888	133,800	6,381	625,841
	2008	299,811	780,000	630,000	240,062	141,517	7,012	2,098,402
	2007	250,000	640,500	-	209,650	121,483	5,605	1,227,238
<b>M.A. Kelly</b> <i>Vice President, Information Systems</i>	2009	227,053	-	-	44,800	5,676	5,254	282,783
	2008	243,393	475,313	-	118,250	6,085	5,734	848,775
	2007	236,857	220,743	-	149,750	5,922	5,352	618,624
<b>D.J. Halcrow</b> <i>Vice President, Purchasing and Inventory Management</i>	2009	125,236	-	-	44,800	10,000	21,228	201,264
	2008	134,095	475,313	-	118,250	10,000	21,489	759,147
	2007	130,030	220,743	-	149,750	10,000	21,268	531,791
<b>L.M.S. Coleman</b> <i>Vice President, Controller &amp; Assistant Secretary</i>	2009	137,885	-	-	28,000	3,447	21,228	190,560
	2008	139,351	310,781	-	70,950	3,484	17,981	542,547
	2007	126,850	110,372	-	44,925	3,171	13,142	298,460

<sup>(1)</sup> Mr. Hedges was promoted to President and CEO on May 12, 2009. Compensation shown for 2008 relates to his position as Executive Vice President & COO and for 2007 relates to his previous position as Executive Vice President and CFO.

<sup>(2)</sup> Mr. Siegel retired as President and CEO on May 12, 2009. Mr. Siegel's salary for 2009 noted above is a combination of salary and cash compensation received in accordance with a consulting agreement.

<sup>(3)</sup> Salary and cash incentives for Mr. Siegel were paid in U.S. dollars. These amounts have been converted to Canadian dollars using the U.S. dollar published average exchange rates: for 2009, US\$1.00 = Cdn\$1.1415; for 2008, US\$1.00 = Cdn\$1.0671; and for 2007, US\$1.00 = Cdn\$1.0740.

<sup>(4)</sup> Ms. Britton was promoted to Vice President and CFO on February 18, 2008. Compensation shown for 2007 relates to her previous position as Vice President and Chief Accounting Officer.

<sup>(5)</sup> Effective March 9, 2009 the Named Executive Officers received a 10% reduction in each of their salaries. The amounts shown in the table reflect these reductions.

<sup>(6)</sup> RSUs were issued to Mr. Hedges and Ms. Britton on March 10, 2009, as part of their 2008 year end incentive awards based on earnings per share achieved in 2008. For information relating to the RSU Plan and the granting of RSUs please see page 28 of this Circular. For information relating to the vesting of the RSUs please see page 29 of this Circular.

<sup>(7)</sup> These amounts represent the Black-Scholes valuation of share options granted using the assumptions disclosed in note 14 of the 2009 financial statements of the Company. The share options were valued based on the higher of the closing price of the common shares on the Toronto Stock Exchange on the day prior to the grant and the closing price on the second business day following the grant. See "Option Grants – Decision Making Process" on page 27 of this Circular.

<sup>(8)</sup> For further information on Mr. Hedges' pension plan, please see "Defined Benefits Plans" commencing on page 31 of this Circular. The increase in Mr. Hedges' pension value for 2009 mainly relates to the increase in his salary on his promotion to CEO.

<sup>(9)</sup> The amounts shown represent the Company's contributions to the Value Sharing Plan (as defined on page 25) for each of Ms. Britton, Ms. Kelly, Mr. Halcrow and Ms. Coleman; premiums for a life insurance policy for Mr. Hedges; premiums for Group Term Life Insurance for each of the Named Executive Officers; auto allowances for Mr. Halcrow and Ms. Coleman and fitness club membership for Ms. Coleman. Mr. Siegel, Mr. Hedges and Ms. Britton received an auto allowance during 2009, 2008 and 2007; however, the same has not been disclosed for these Named Executive Officers as it is less than 10% of their total salaries. Ms. Kelly does not receive an auto allowance. Group Term Life Insurance and Value Sharing Plan benefits are available to all employees.

## SHARE BASED PLANS

### EMPLOYEE SHARE PURCHASE PLAN

We have an Employee Share Purchase Plan (the "Value Sharing Plan") to provide our employees with the opportunity to purchase common shares, furthering participants' alignment with the interests of shareholders and allowing them to share in the financial success to which they contribute. New employees may join the Value Sharing Plan on the first day of the month following the completion of three months of employment. Employees may make basic contributions to the Value Sharing Plan of between 1% and 5% of their base pay through payroll deductions. Employees may also make additional contributions to the Value Sharing Plan. We contribute one-third of an employee's basic contributions to the Value Sharing Plan, but we do not make contributions in respect of additional employee contributions above 5% of their base pay.

All contributions to the Value Sharing Plan are used to purchase common shares in the market at current market prices. Contributions made by us vest immediately. Employees may withdraw all of the contributions made in their name (including our contributions) at any time. If an employee withdraws our portion of the contribution made in his or her name, he or she may not participate in the Value Sharing Plan for six months.

The Value Sharing Plan is available to all employees in Canada and the United States. The Value Sharing Plan is administered by Sunlife in Canada and by BNY Mellon in the United States. These institutions administer the Value Sharing Plan independently of us.

### SHARE OWNERSHIP REQUIREMENT FOR THE CEO AND CFO

We have adopted a policy for our CEO which requires him to beneficially own in aggregate common shares and RSUs valued at not less than three times his annual salary within three years of appointment. We have also adopted a policy for our CFO which requires her to beneficially own in aggregate common shares and RSUs valued at not less than one times her annual salary within five years of appointment. The purpose of these policy requirements is to more closely align senior management's interests with those of the Company's shareholders. For purposes of these policies, common shares are valued at the higher of cost to the executive and the market value thereof, and RSUs are valued at the higher of the market price thereof and the market price at the time of grant (see "Restricted Share Unit Plan" on page 28 of this Circular).

The table below shows the number and value of shares and RSUs owned, as of March 5, 2010, by Mr. Hedges, our President and CEO and Ms. Britton, our Vice President and CFO.

Name and Position	2009 Base Salary <sup>(1)</sup>	Multiple	Target Value of Share Ownership	Number of Shares	Value of Shares <sup>(2)</sup>	Number of RSUs	Value of RSUs Held <sup>(2)</sup>	Combined Value of Shares and RSUs Held	Meets Guidelines
<b>B.R. Hedges,</b> <i>President and CEO</i>	\$600,000	x3	\$1,800,000	110,000	\$2,088,900	138,782	\$2,635,470	\$4,724,370	yes
<b>M.E. Britton,</b> <i>VP and CFO</i>	300,000	x1	300,000	86,390	1,640,546	67,256	1,277,191	2,917,738	yes

<sup>(1)</sup> The base salary is prior to the 2009 salary reduction of 10%.

<sup>(2)</sup> The values of shares and RSUs owned by Mr. Hedges and Ms. Britton are based on the closing price of a common share on the Toronto Stock Exchange on March 5, 2010 of \$18.99.

## SHARE OPTION PLAN

We have established a share option plan for our employees and officers. The stated purpose of the plan is to provide officers and full-time employees of the Company and its subsidiaries, opportunities that will encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. Approximately 92 of our employees currently hold options. This represents approximately 4% of all employees. During 2009, an aggregate of 151,183 options were granted to the Named Executive Officers and 141,375 options were granted to other employees. This is down from grants of 510,341 options to the Named Executive Officers and 324,000 options to other employees for 2008.

### Grant Rate

The table below sets forth the grant rate for share options issued in 2008 and 2009 as a percentage of issued and outstanding common shares of the Company at the time of grant.

GRANT RATE OF SHARE OPTIONS			
Year	No. of Shares Outstanding	No. of Share Options Granted	Percentage
2009	59,697,290 <sup>(1)</sup>	292,558 <sup>(2)</sup>	0.49%
2008	63,066,092 <sup>(3)</sup>	834,841 <sup>(4)</sup>	1.32%
<sup>(1)</sup> Number of shares outstanding as at August 1, 2009. <sup>(2)</sup> Number of share options granted on August 5, 2009, being the aggregate number granted during 2009. <sup>(3)</sup> Number of shares outstanding as at February 1, 2008. <sup>(4)</sup> Number of share options granted on February 18, 2008, being the aggregate number granted during 2008.			

### 2009 Options Granted

The following table sets forth information relating to share options for 2009. As at December 31, 2009, an aggregate of 2,702,084 common shares would be issued if all the outstanding options were exercised. An additional 282,851 common share options are available for future grants.

	NUMBER OF OPTIONED SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF COMMON SHARES AVAILABLE FOR FUTURE GRANTS
Balance, January 1, 2009	2,745,926	\$26.46	
Granted	292,558	16.58	
Exercised	(3,400)	11.99	
Expired or Forfeited	(333,000)	33.70	
<b>BALANCE, DECEMBER 31, 2009</b>	<b>2,702,084</b>	<b>\$24.52</b>	<b>282,851</b>

### 2009 & 2008 Year-End Dilution Levels

The following table sets forth information concerning share options outstanding as at December 31 in each of 2009 and 2008.

YEAR-END DILUTION LEVELS			
Year	No. of Shares Outstanding	No. of Optioned Shares	Percentage
2009	59,698,690	2,702,084	4.5%
2008	59,695,290	2,745,926	4.6%
<sup>(1)</sup> All numbers are as at December 31.			

### ***Option Grants – Decision Making Process***

The Board of Directors approves the list of eligible employees and officers to whom share options are granted and the respective numbers of options granted. The MR&C Committee makes recommendations to the Board as to the number of options to be granted to each eligible employee or officer. In formulating its recommendations, the MR&C Committee takes into consideration the recommendations of the CEO concerning employees other than the CEO. The MR&C Committee also takes previous incentive awards into account when considering new awards. Except for the general stated purpose of the plan, described above, there are no formal objectives specified in the plan. Only officers and *bona-fide* full-time employees of the Company or a subsidiary are eligible to participate. An employee's level of responsibility and performance are the measurements applied by the CEO and the MR&C Committee when recommending grants.

Options vest in accordance with terms determined by the Board. Unless otherwise determined by the Board, options granted under the plan are immediately exercisable as to 20% and are exercisable as to an additional 20% following each of the first, second, third and fourth anniversaries of the date of the grant. The options granted are not transferable and have a maximum term of ten years.

The exercise price of an option is not less than the market price on the date of the grant, which is the closing price of a common share on the Toronto Stock Exchange for the business day immediately preceding the grant date. The customary practice of the Board in issuing options is to issue them with an exercise price equal to the higher of the market price on the date of the grant and the closing price on such exchange on the second business day following the grant date.

### ***Shares Available to Grant***

The plan does not have a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance, subject to adjustment in the event of a capital reorganization or a share reorganization, is limited to 5% of the outstanding common shares (on an undiluted basis). At December 31, 2009, there were 282,851 common shares available for future grant under the share option plan. In accordance with the requirements of the Toronto Stock Exchange, every three years after implementation, all unallocated options, rights and other entitlements under a share based compensation arrangement which does not have a fixed maximum number of shares issuable thereunder, must be approved by a majority of the issuer's directors and shareholders. The plan was last amended and restated on May 12, 2008.

As at March 5, 2010, there were 59,698,690 common shares outstanding. The aggregate maximum number of common shares that can be reserved for issuance of options is 2,984,935. The plan is automatically replenished on the exercise or cancellation of outstanding options.

### ***Termination or Death of Optionee***

On termination of employment, unvested options are forfeited and vested options may be exercised within 30 days following termination subject to an extension provided under the plan if the period falls within a blackout period. The Board of Directors at its discretion can extend such period to not later than the earlier of original expiry date of the options and the fourth anniversary of termination of employment in certain situations including retirement of an employee. Upon death of an eligible person, the deceased participant's legal personal representative may exercise all options that vest in accordance with the terms of the Plan for a period of 18 months following death.

### ***Amendment of the Plan***

The Board of Directors may amend the plan from time to time. Prior shareholder approval is required for certain material amendments to the plan, including to increase the number of common shares issuable under the plan, to reduce the option price or extend the exercise period of an option, to cancel and reissue any option or to modify the persons that are eligible to participate under the plan.

Shareholder approval is not required for amendments of an administrative nature, amendments to ensure compliance with applicable laws or other regulatory requirements, amendments to add a cashless exercise feature to the plan or amendments to extend the vesting or termination periods of the plan or any option as a result of "trading blackouts". The Board of Directors may also suspend, discontinue or terminate the plan at any time.

## **RESTRICTED SHARE UNIT PLAN**

On May 12, 2008, the Board adopted a plan providing for the issue of restricted share units (the "RSU Plan"), the purpose of which is to replace a portion of the previously existing short-term cash incentive and a portion of the long-term options and to provide medium-term incentive compensation to participants for their continued efforts in promoting the growth and success of the business of the Company and assisting the Company in attracting and retaining senior management personnel.

The Board has authority, in its sole discretion, to determine the eligible persons to whom RSUs may be granted and the number of RSUs to be granted to any participant. RSUs are awarded annually, in the first quarter of each year based on the prior year's earnings per share. Based on the 2009 earnings per share, no RSUs will be granted to the CEO or CFO in 2010. Only full-time employees of the Company or any subsidiary are eligible to participate in the RSU Plan.

Unless an earlier expiry date is designated by the Board at the time of a grant, the expiry date for any RSU shall be the third anniversary of the grant date. Unless an earlier vesting date is designated by the Board, except in the circumstances described below, the RSUs granted to a participant shall vest as to one-third on each of the first, second and third anniversaries of the grant date.

Participants in the RSU Plan are credited with additional RSUs on each dividend payment date in respect of common shares, in an amount that corresponds to the amount of the dividend, based on the number of RSUs recorded in the participant's account on the record date for the payment of the dividend and the Market Price of the common shares on such dividend payment date.

On the expiry date of a vested RSU, the Company is obligated to pay to the participant cash in an amount equal to the Market Price of a common share at such expiry date. Market Price for purposes of the RSU Plan is equal to the average of the high and low board lot trading prices of the common shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date in question.

The RSU Plan provides that if a participant ceases to be an eligible person for reasons other than death of such participant or retirement of such participant at or after normal retirement age, any RSUs that are not then vested in favour of such participant shall terminate and be forfeited. On the death of a participant or on the retirement of a participant at or after normal retirement age, any unvested RSUs will vest immediately.

## **OUTSTANDING EQUITY BASED INCENTIVE AWARDS**

### ***Share Based Awards***

As part of the CEO and CFO performance incentives for the financial year ended 2008, an aggregate of 132,054 RSUs (valued at \$1,300,000) and 64,214 RSUs (valued at \$630,000) were granted to the CEO and CFO, respectively, in the first quarter of 2009, based on the 2008 earnings per share. The following table summarizes these RSUs and the additional units accrued on account of the dividends declared on the outstanding common shares of the Company during 2009. No RSUs will be granted in respect of the Company's 2009 financial year due to the failure to reach the threshold earnings level of \$1.00 per share.

SUMMARY OF RESTRICTED SHARE UNITS				
<b>B.R. Hedges - President and CEO<sup>(1)</sup></b>		<b>Value</b>	<b>Number</b>	<b>Market Value<sup>(3)</sup></b>
	RSUs Granted (at \$9.81)	\$1,300,000	132,504	
	Grants re dividends in 2009 (\$0.75)	100,982	6,277	
<b>TOTAL</b>	Vested	-	-	
	Unvested	\$1,400,982	138,781	\$2,460,587
<b>M.E. Britton - Vice President and CFO<sup>(2)</sup></b>		<b>Value</b>	<b>Number</b>	<b>Market Value</b>
	RSUs Granted (at \$9.81)	\$630,000	64,214	
	Grants re dividends in 2009 (\$0.75)	48,938	3,042	
<b>TOTAL</b>	Vested	-	-	
	Unvested	\$678,938	67,256	\$1,192,449
<sup>(1)</sup>	<i>The RSUs granted to Mr. Hedges, will vest as follows: 46,260 on March 10, 2010; 46,260 on March 10, 2011; and 46,261 on March 10, 2012.</i>			
<sup>(2)</sup>	<i>The RSUs granted to Ms. Britton, will vest as follows: 22,419 on March 10, 2010; 22,419 on March 10, 2011; and 22,418 on March 10, 2012.</i>			
<sup>(3)</sup>	<i>Based on the closing price of a common share on the Toronto Stock Exchange on December 31, 2009 of \$17.73. On redemption 100% of this amount will be taxable.</i>			

### **Option Based Awards**

The common share options that have vested in 2009 for the Named Executive Officers were not in the money as at each of their 2009 vesting dates.

The following table summarizes all share options that vested in 2009 for the Named Executive Officers.

2009 VESTED SHARE OPTIONS FOR NAMED EXECUTIVE OFFICERS					
Dated Granted	Exercise Price/Share	Aggregate Vested in 2009	2009 Vesting Date	Market Price <sup>(1)</sup>	Options In-The-Money
27-Apr-05	\$15.85	113,000	27-Apr-09	\$12.30	\$ -
23-Feb-06	25.75	72,667	23-Feb-09	14.45	-
03-May-06	26.30	40,333	03-May-09	12.85	-
03-May-07	33.81	48,500	03-May-09	12.85	-
18-Feb-08	26.70	105,069	18-Feb-09	17.96	-
05-Aug-09	16.58	30,237	05-Aug-09	16.27	-
<b>TOTALS</b>		<b>409,806</b>			
<sup>(1)</sup>	<i>Based on the closing price of a common share on the Toronto Stock Exchange at the close of the particular vesting date.</i>				



The following table sets out certain information with respect to all option based awards outstanding for each of the Named Executive Officers as at December 31, 2009.

OPTION BASED AWARDS						
Name	Grant Date	Number of Securities Underlying	Option Exercise Price	Options Expiration Date	Realizable Value of Unexercised In-The-Money Options <sup>(1)</sup>	Number of Options Yet to Vest
<b>B.R. Hedges</b>	27-Apr-05	30,000	\$15.85	27-Apr-15	\$ 56,400	0
	23-Feb-06	51,790	25.75	23-Feb-16	0	17,263
	03-May-06	38,210	26.30	03-May-16	0	12,737
	03-May-07	150,000	33.81	03-May-17	0	60,000
	18-Feb-08	84,588	26.70	18-Feb-18	0	50,753
	05-Aug-09	78,083	16.58	05-Aug-19	89,796	62,466
<b>Total</b>		<b>432,671</b>			<b>\$146,196</b>	<b>203,219</b>
<b>E.M. Siegel, Jr.</b>	18-Feb-04	70,000	\$ 9.15	12-May-13	\$600,600	0
	27-Apr-05	130,000	15.85	12-May-13	244,400	0
	23-Feb-06	112,211	25.75	12-May-13	-	37,404
	03-May-06	82,789	26.30	12-May-13	-	27,596
	18-Feb-08	325,000	26.70	12-May-13	-	195,000
<b>Total</b>		<b>720,000</b>			<b>\$845,000</b>	<b>260,000</b>
<b>M.E. Britton</b>	27-Apr-05	14,000	\$15.85	27-Apr-15	\$26,320	0
	23-Feb-06	35,000	25.75	23-Feb-16	-	7,000
	03-May-07	35,000	33.81	03-May-17	-	14,000
	18-Feb-08	50,753	26.70	18-Feb-18	-	30,452
	05-Aug-09	46,850	16.58	05-Aug-19	53,878	37,480
<b>Total</b>		<b>181,603</b>			<b>\$80,198</b>	<b>88,932</b>
<b>M.A. Kelly</b>	19-Feb-02	2,000	\$ 3.75	19-Feb-12	\$ 27,960	0
	17-Feb-03	6,000	5.20	17-Feb-13	75,180	0
	18-Feb-04	25,000	9.15	18-Feb-14	214,500	0
	27-Apr-05	25,000	15.85	27-Apr-15	47,000	0
	23-Feb-06	25,000	25.75	23-Feb-16	-	5,000
	03-May-07	25,000	33.81	03-May-17	-	10,000
	18-Feb-08	25,000	26.70	18-Feb-18	-	15,000
	05-Aug-09	10,000	16.58	05-Aug-19	11,500	8,000
<b>Total</b>		<b>143,000</b>			<b>\$376,140</b>	<b>38,000</b>
<b>D.J. Halcrow</b>	18-Feb-04	6,000	\$ 9.15	18-Feb-14	\$ 51,480	0
	27-Apr-05	20,000	15.85	27-Apr-15	37,600	0
	23-Feb-06	25,000	25.75	23-Feb-16	-	5,000
	03-May-07	25,000	33.81	03-May-17	-	10,000
	18-Feb-08	25,000	26.70	18-Feb-18	-	15,000
	05-Aug-09	10,000	16.58	05-Aug-19	11,500	8,000
<b>Total</b>		<b>111,000</b>			<b>\$100,580</b>	<b>38,000</b>
<b>L.M.S. Coleman</b>	27-Apr-05	3,000	\$15.85	27-Apr-15	\$ 5,640	0
	23-Feb-06	5,000	25.75	23-Feb-16	-	1,000
	03-May-07	7,500	33.81	03-May-17	-	3,000
	18-Feb-08	15,000	26.70	18-Feb-18	-	9,000
	05-Aug-09	6,250	16.58	05-Aug-19	7,188	5,000
<b>Total</b>		<b>36,750</b>			<b>\$12,828</b>	<b>18,000</b>

<sup>(1)</sup> Based on the closing price of a common share on the Toronto Stock Exchange on December 31, 2009 of \$17.73.

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## **PENSION PLAN BENEFITS**

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Russel Metals provides retirement benefits in various forms, including defined benefit plans, defined contribution plans and Registered Retirement Savings Plan contributions.

### **DEFINED BENEFITS PLANS**

The defined benefit plan for Mr. Hedges and Ms. Britton is a final average formula plan which will provide an annual pension equal to 1.3% of pensionable earnings up to the Canada Pension Plan maximum pensionable earnings level and 2% of pensionable earnings above such level based on the highest consecutive 60 months pensionable earnings, for each year of credited service subject to the maximum allowed. The normal form of benefit payable at age 65 is a life annuity guaranteed for 120 months or a joint and survivor pension equal to 60% of the executive's pension entitlement. The defined benefit pension entitlement is subject to the maximum allowed under the Income Tax Act for each year of credited service in a defined benefit plan. The limit for 2009 was \$2,444 per year of service. There are no offsets to the benefit from this plan.

Mr. Hedges also participates in a defined benefit individual supplementary retirement plan, which is described in more detail in the following paragraph. No other Named Executive Officer participates in a defined benefit plan of the Company.

The individual supplementary retirement plan entitles Mr. Hedges to a maximum annual pension at age 65 which, together with all other pension benefits (Canada Pension Plan benefits and amount payable under the Company's defined benefit plan referred to above), equals the product obtained by multiplying 3% by the number of years of service to a maximum of 20, including periods of permanent disability, by his highest annual salary averaged over a three year period. The maximum annual payment from the supplementary plan will not exceed \$320,000. If Mr. Hedges ceases to be employed prior to age 65 and he elects to accelerate the payment of his supplementary pension, the annual amount he will be entitled to will be reduced by one-half of 1% for each calendar month prior to the month in which he would be 65 years of age, calculated after the deduction of other pension benefits. On the death of Mr. Hedges following retirement, his surviving spouse would become entitled to a pension of up to two-thirds of his supplementary pension. If there is no surviving spouse, a lump sum is payable to a named beneficiary in the amount of 60 times the supplementary monthly pension benefit, less any amount paid to Mr. Hedges during his lifetime from the supplementary retirement plan. The supplementary plan also provides that in the event of termination of Mr. Hedges' employment without just cause following a change of control, for purposes of determining his benefits under the plan, Mr. Hedges will be deemed to have 20 years credited service. We have agreed to make payments to fund an individual trust representing the portion of the Company's obligations under the supplementary retirement plan arising in respect of Mr. Hedges' service after December 31, 2002. Obligations related to the period prior to December 31, 2002 are unfunded.

The following table summarizes prescribed information regarding the benefits payable to Mr. Hedges and Ms. Britton under the defined benefit plans referred to above.

NAME	NO. OF YEARS CREDITED SERVICE	ANNUAL BENEFITS PAYABLE		ACCRUED OBLIGATION AT START OF 2009	COMPENSATORY CHANGE <sup>(1)</sup>	NON-COMPENSATORY CHANGE <sup>(2)</sup>	ACCRUED OBLIGATION AT END OF 2009
		At Year End	At Age 65				
<b>B.R. Hedges</b>	15.5	\$132,000	\$378,000	\$1,547,000	\$499,000	\$730,000	\$2,776,000
<b>M.E. Britton</b>	25	61,000	88,000	574,000	24,000	238,000	836,000

<sup>(1)</sup> *Compensatory change represents the service cost for 2009 and any difference between estimated and actual earnings. Mr. Hedges service cost increased significantly mainly due to the increase in his salary on his promotion to CEO.*

<sup>(2)</sup> *Non-compensatory change includes interest on beginning of year obligations, experience gains and losses and changes in actuarial assumptions.*

Amounts shown in the table have been determined using the same actuarial assumptions as those used to determine the year-end pension plan valuations disclosed in note 18 of the 2009 consolidated financial statements.

### DEFINED CONTRIBUTION PLANS

Both Ms. Britton and Ms. Coleman participate in a defined contribution plan. The following table sets out prescribed information concerning the accrued values of these plans and compensatory and non-compensatory payments under these plans for 2009. The respective plans are described in more detail below the table.

NAME	ACCUMULATED VALUE AT START OF 2009	COMPENSATORY CHANGE <sup>(1)</sup>	NON-COMPENSATORY <sup>(2)</sup>	ACCUMULATED VALUE AT END OF 2009
<b>M.E. Britton</b>	\$206,000	\$109,800	\$ 155	\$315,955
<b>L.M.S. Coleman</b>	62,137	3,447	9,201	74,785

<sup>(1)</sup> *Compensatory change represents the Company's contributions.*

<sup>(2)</sup> *Non-compensatory change includes investment earnings and losses for both Named Executive Officers.*

Mr. Siegel participated in a defined contribution plan covering our U.S. employees. We made contributions based on a percentage of Mr. Siegel's compensation up to a maximum each year. The maximum Company contribution for 2009 was US\$9,200 (Cdn\$10,502, based on the U.S. dollar published average: for 2009, US\$1.00 = Cdn\$1.1415), which is the last contribution to be made on behalf of Mr. Siegel. All contributions are vested immediately.

Ms. Britton participates in a defined contribution supplementary retirement plan which provides for an annual contribution to a trust of an amount equal to 36.6% of Ms. Britton's salary for service on and after January 1, 2007. The plan is intended to provide for maximum annual payments commencing at age 65 in an amount which, together with all other pension benefits (Canada Pension Plan benefits and amounts payable under the Company's defined benefit plan), would total 60% of her average salary for the 36 consecutive month period during which Ms. Britton experienced her highest salary, provided that the maximum annual payment on account of the supplemental pension will not exceed \$130,000. If Ms. Britton retires prior to age 65 and elects to accelerate the payment of her supplementary pension, the maximum annual amount of the payment from the trust will be reduced by one-half of 1% for each calendar month prior to the month in which she would turn 65 years of age. On the death of Ms. Britton following retirement, her surviving spouse would be entitled to an annual payment not exceeding two-thirds of the annual payment Ms. Britton would be entitled to under the supplemental plan. The funding of the supplemental payments will be limited to the contributions of the Company to the trust and the earnings of the trust, net of any losses of the trust. Assets of the trust available for the funding of supplementary payments include amounts in the refundable tax accounts of the trust.

Ms. Coleman participates in a defined contribution plan which provides for an annual contribution of an amount equal to 2.5% of Ms. Coleman's base salary. A contribution of \$3,447 was made on behalf of Ms. Coleman during 2009.

#### **REGISTERED RETIREMENT SAVINGS PLANS**

Ms. Kelly and Mr. Halcrow have amounts contributed to their Registered Retirement Savings Plans. A contribution of \$5,676 was made on behalf of Ms. Kelly and a contribution of \$10,000 was made on behalf of Mr. Halcrow during 2009.

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## **CHANGE OF CONTROL AND OTHER AGREEMENTS**

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The Company does not have a written employment agreement with any Named Executive Officer other than the change of control employment agreements with each of Mr. Hedges and Ms. Britton described below.

#### **CHANGE OF CONTROL EMPLOYMENT AGREEMENTS**

We have entered into change of control employment agreements with Mr. Hedges and Ms. Britton providing for their continued employment for two years following a change of control and for severance payments in certain circumstances in the event of the termination of their employment within such period. Such circumstances include termination of employment by Russel Metals (other than for just cause, disability or retirement) or termination of employment by the executive officer for good reason.

A "change of control" includes the acquisition of effective control by a person or group of persons acting in concert and a determination by the Directors that a change of control has occurred or is about to occur. For such purpose, any person or group holding securities which entitle such holder or holders to cast more than 25% of the votes attaching to all shares in the capital of the Company, which may be cast to elect Directors, shall be deemed to be in a position to exercise effective control. A change of control will also have occurred if incumbent Directors cease to constitute a majority of the Board of Directors. For this purpose an incumbent Director is any member of the Board of Directors of the Company who was a Director immediately prior to the event which gave rise to the change of control, and any successor to an incumbent Director who was recommended or elected or appointed to succeed an incumbent Director by the affirmative vote of a majority of the incumbent Directors. Upon termination in the foregoing circumstances, the executive officer is entitled to receive a lump sum payment of two times his or her current salary, including one-half of the amounts paid or payable pursuant to any profit sharing, cash incentive or bonus program during the last 24 months. The executive officer is also entitled to receive an amount on account of the value of all options or other rights to acquire common shares held by the executive officer or to which he or she would have been entitled, an amount on account of pension benefits to which the executive officer would have been entitled and certain other benefits.

In addition, upon termination in the foregoing circumstances, if the executive officer holds options for the purchase of common shares in the Company ("Unexercised Rights"), all Unexercised Rights so held that were not exercisable at the date of termination, shall be accelerated so that such Unexercised Rights become immediately exercisable and all Unexercised Rights shall remain exercisable for 180 days following the date of termination. Similarly, RSUs become fully vested and are cashed out.

The following table sets out the payments to which each of the CEO and the CFO would have been entitled had they been terminated on December 31, 2009 within two years of a change of control of the Company:

SEVERANCE FOR TERMINATION WITHIN TWO YEARS OF A CHANGE OF CONTROL					
Name	Amount on Account of Salary and Incentives	Immediate Vesting of Options	Immediate Vesting of RSUs	Amount on Account of Pension Benefits	Total
B.R. Hedges	\$4,500,000	\$146,196	\$2,460,587	\$622,000	\$7,728,783
M.E. Britton	2,430,000	80,198	1,192,449	315,600	4,018,247

#### OTHER COMPENSATION AGREEMENTS

In 2000, we signed an agreement with Mr. Siegel to fund a Split Dollar Whole Life Insurance Policy. The agreement requires the payment by a subsidiary of Russel Metals of up to US\$200,000 per year for approximately 13 years to fund a US\$6.5 million Whole Life Insurance Policy for the benefit of Mr. Siegel's estate or a beneficiary nominated by him. The premiums paid will be reimbursed from the insurance proceeds or from the excess cash surrender value commencing when the Whole Life Insurance Policy has been fully funded.

We entered into a consulting services agreement with Mr. Siegel in August 2008 which was amended March 31, 2009. This agreement provides for his services as a consultant at US\$300,000 per year commencing on the first day of Mr. Siegel's retirement and terminating on the earlier of May 12, 2012 or upon a change of control in the Company. Mr. Siegel's total cash compensation for 2009, including his salary as CEO for the period to and including May 12, 2009 and his compensation thereafter under the terms of this consulting agreement, was US\$404,089 (Cdn\$461,268).

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## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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The disclosure set out below reflects our compliance with National Policy 58-201 (Corporate Governance Guidelines) and National Instrument 58-101 (Corporate Governance Practices) (the "CSA Governance Rules").

### **DISCLOSURE REQUIREMENT**

### **PRACTICES OF RUSSEL METALS**

#### **Independence of the Board**

A majority of our current Directors, and a majority of the nominees for election as a Director at the Meeting, are independent. Mr. Hedges is not an independent director, as he is currently the President and CEO of the Company. Mr. O'Reilly has provided independent advice to the Board over a long period of years. However, the Board has determined that, for purposes of compliance with the CSA Governance Rules, Mr. O'Reilly will be treated as not being an independent Director, because of his position as Managing Partner of the Company's principal legal advisor.

#### **Other Board Positions held by the Company's Directors**

Each of Alain Benedetti, James F. Dinning, Anthony F. Griffiths, Alice D. Laberge and Lise Lachapelle sits on the boards of other public companies. These companies are disclosed in the Director nominee table beginning on page 6 of this Circular and "Duplication of Board Membership" on page 11 of this Circular.

#### **In Camera Meetings**

The independent Directors meet in camera at each regularly scheduled quarterly Board meeting. Last year there were 4 in camera sessions.

#### **Independent Chair**

Mr. Griffiths is the Chair of the Board and is an independent Director.

#### **Attendance Record**

The attendance record of each Director is disclosed in "Attendance at Board and Committee Meetings Held" on pages 12 and 13 of this Circular and in the Director nominee table beginning on page 6 of this Circular.

#### **Board Charter**

The Board charter is included as Schedule A to this Circular, beginning on page 41.

Under the charter, the Board has explicitly assumed stewardship responsibility for Russel Metals as well as responsibility for the matters specifically set out in the CSA Governance Rules.

The charter provides that the Board of Directors shall review and approve our strategic direction, annual business plan and capital expenditure budget. In addition, the Board approves acquisitions and all capital expenditures in excess of \$1.0 million. It also reviews and approves changes in business focus, corporate financings and debt issues.

#### **Size of Board**

Our articles require us to have a minimum of seven and a maximum of 12 Directors. Our Board believes that a Board with a number of Directors within this range will allow it to operate effectively. The number of Directors to be elected at the Meeting is set at nine. The size and composition of the Board brings a balance of industry and operational expertise as well as backgrounds in other areas that Management and the Board believe are of benefit to us.

## **DISCLOSURE REQUIREMENT**

## **PRACTICES OF RUSSEL METALS**

### **Board Committees**

The following is a list of Russel Metals' Board committees:

- Audit Committee;
- Nominating and Corporate Governance Committee;
- Management Resources and Compensation Committee; and
- Environmental Management and Health & Safety Committee.

The members of these committees are listed on page 12 of this Circular. The Board has adopted charters for each of these committees.

### **Position descriptions**

The Board has approved position descriptions for:

- the Chair of the Board;
- the Chair of each Committee of the Board; and
- the CEO.

The Board is satisfied that the functions and respective responsibilities of the Board and Management are clearly understood and supported by all participants in our governance process.

The Board expects Management to keep it apprised of all material risks facing us and to provide it with regular reports on our activities and on any external developments that are likely to affect the Company. The Board also expects Management to advise it of any events that have or are likely to have a material effect on the Company. The interaction between the Board and Management challenges Management to proactively manage the cyclical nature of the business to ensure it maximizes shareholder value.

Copies of the committee charters and the position descriptions referred to above are available from our website located at [www.russelmetals.com](http://www.russelmetals.com) (see "About Russel Metals" and "Corporate Governance").

### **Orientation Program**

New Directors joined the Board each year from 2005 to 2007 and in 2009. We provide new Directors with background and information about Russel Metals to assist the Director in becoming conversant with our business and priorities, as well as information concerning the industry in which we and our major competitors operate. New Directors also participate in tours of our facilities and in small group sessions with senior management personnel as part of their orientation process.

### **Ongoing Education Program**

We provide our Directors with supplemental Company specific and industry general information on an ongoing basis, not less frequently than quarterly, as part of a continuous education program designed to keep them current with respect to factors affecting the Company. This program includes periodic tours of our facilities, and presentations by senior corporate and operating personnel. It also includes periodic presentations concerning legal and policy developments affecting Canadian public companies generally and the responsibilities of Directors.

## **DISCLOSURE REQUIREMENT**

## **PRACTICES OF RUSSEL METALS**

Directors are required to thoroughly review meeting material provided by Management, in advance of Board of Directors' meetings. Directors are required to attend meetings in person, when possible and practicable. In addition to specific and general industry presentations to the Board and committees, Management also makes presentations when they are making key business decisions, during strategic planning meetings, on topical issues from time to time and in response to requests from the Board.

During 2009 the Board increased their knowledge through the following ongoing education programs:

- tour of our two facilities in Manitoba
- tour of a large customer facility
- operations presentation by senior management of one of our service center regions
- presentation on the steel distributors industry and our customers and competitors
- update on the status of debt markets generally
- industry articles on steel and oil and gas distributed by management
- presentation on IFRS to the members of the Audit Committee

### **Culture of Ethical Business Conduct**

The Board has approved and adopted a Code of Business Conduct and Ethics Policy, which applies to all our Directors, officers and employees. This code can be found on our website at [www.russelmetals.com](http://www.russelmetals.com) (see "About Russel Metals" and "Corporate Governance") and on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Monitoring Compliance with Code of Business Conduct and Ethics and other Policies**

The Board has adopted a requirement for regular reports on compliance with the Code of Business Conduct and Ethics Policy, as well as other Company policies. Management provides the Board with a written compliance report on a quarterly basis, with regard to such policies.

### **Conflict of Interest**

We have no contracts or other arrangements in place in which any of our Directors or Officers has a material interest and we do not anticipate entering into any such arrangement. If any such arrangement were to arise, it would first be considered by the Audit Committee and approved by the Board of Directors (in each case, without the participation of the Director who had the material interest in question).



## **DISCLOSURE REQUIREMENT**

## **PRACTICES OF RUSSEL METALS**

### **Audit Committee**

The charter for the Audit Committee includes responsibility for reviewing our quarterly and annual financial statements and management's discussion and analysis of financial condition and results of operations and for monitoring our internal control procedures. The Audit Committee meets quarterly with our external auditors and our Director of Internal Audit without Management being present. All members of the Committee are independent Directors. Additional information with respect to the Audit Committee, including its charter, can be found in our annual information form, which is posted on our website at [www.russelmetals.com](http://www.russelmetals.com) (see "About Russel Metals", "Investor Relations" and "Financial Reports") and on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee is comprised of a majority of independent Directors.

The Nominating and Corporate Governance Committee is responsible for:

- developing and recommending governance guidelines for the Company (and periodic review of those guidelines);
- identifying individuals qualified to become members of the Board; and
- recommending Director nominees to be put before the shareholders at each annual meeting.

The Board annually appoints the Nominating and Corporate Governance Committee and its Chair. As part of each meeting, Committee members meet without any member of Management present. The Committee has the authority to retain and compensate any consultants and advisors it considers necessary to fulfill its mandate.

### **Nomination of New Directors**

The Nominating and Corporate Governance Committee has responsibility for making recommendations to the Board concerning new Director candidates. When new Directors have been required, the Nominating and Corporate Governance Committee has determined the skill set of a potential Director that it believed would best suit the circumstances. The Committee develops profiles of individuals whose background and skills would complement those of the existing Directors for consideration by the Board. See "Skills and Experience" described on page 13 of this Circular.

## **DISCLOSURE REQUIREMENT**

### **Management Resources and Compensation Committee**

### **Operation of the Management Resources and Compensation Committee**

### **Determining Director and Officer Compensation**

## **PRACTICES OF RUSSEL METALS**

The Board annually appoints a fully independent Management Resources and Compensation Committee and its Chair. The responsibilities of the Committee include:

- reviewing and making recommendations to the Board (without the participation of the CEO) concerning compensation for the CEO;
- reviewing and making recommendations to the Board concerning compensation of other executive officers and Directors, incentive-based plans and equity-based plans;
- approving and monitoring share ownership policies; and
- reviewing compensation disclosure in public documents, including the Compensation Discussion and Analysis, for inclusion in this Circular in accordance with applicable rules and regulations.

The Management Resources and Compensation Committee considers matters within its mandate and makes recommendations to the full Board.

As part of each meeting, Committee members meet without any member of Management present. The Committee has the authority to retain and compensate any consultants and advisors it considers necessary. In 2009, it retained Hugessen to provide advice primarily on general compensation, share ownership and share options. See "Compensation Consultants" on page 21 of this Circular.

The Management Resources and Compensation Committee recommends the compensation for the CEO to the Board and reviews compensation policies and levels for our other executive officers to ensure that their compensation is competitive and reasonably related to personal and corporate performance. It uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, cash incentives and share-based incentives, and to assess the effectiveness of our incentive plans in contributing to corporate performance. The Committee determines Director compensation with reference to board compensation of comparably sized Canadian companies. See "Compensation of Non-executive Directors" on page 15 of this Circular.

## **DISCLOSURE REQUIREMENT**

### **Environmental Management and Health & Safety Committee**

## **PRACTICES OF RUSSEL METALS**

The mandate of the Environmental Management and Health & Safety Committee is to monitor, evaluate and make recommendations to the Board for the purposes of ensuring that we conduct our activities in a manner that complies with applicable environmental and occupational health and safety laws. These activities should minimize adverse impacts on the natural environment and to the communities in which we reside and operate in a manner that respects the health and safety of our employees.

### **Board, Committee and Individual Director Assessment**

Each Director completes a questionnaire annually assessing the performance of the Board and its committees. The questionnaires are submitted to a partner of Davies Ward Phillips & Vineberg LLP and not a member of Management who in turn discusses the issues raised by the Directors in their responses with the Chair and the Board. Each Committee is required to review annually at a meeting of the Committee, the effectiveness and contributions of the Committee, and to report to the Board with respect to such review. The Board has also adopted a requirement that each Director also submit annually to the Chair a completed self-assessment form, which is designed to improve individual Director performance through critical self-evaluation. It is expected that individual and corporate goals can be more readily achieved as Directors are assisted in identifying areas that may be improved. The questionnaire is designed to encourage each Director to thoughtfully consider ways in which his or her effectiveness may be increased and to identify areas where we can assist in improving Directors' performance.

### **Outside Advisors**

Each committee of the Board is entitled to engage outside advisors at our expense in connection with its mandate. Directors may engage advisors at our expense for other purposes with the concurrence of the Chair of the Nominating and Corporate Governance Committee.

## **CERTIFICATE**

The Board of Directors has approved the contents and the sending of this Circular.

DATED the 5<sup>th</sup> day of March, 2010.



**MARION E. BRITTON,**  
Vice President, Chief Financial Officer  
and Secretary

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# SCHEDULE A – CHARTER OF THE BOARD OF DIRECTORS

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## GENERAL

### 1. *PURPOSE AND RESPONSIBILITY OF THE BOARD*

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of Russel Metals Inc. and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of Russel's business and affairs.

### 2. *REVIEW OF CHARTER*

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

### 3. *DEFINITIONS AND INTERPRETATION*

#### 3.1 *Definitions*

In this Charter:

- (a) "Russel" means Russel Metals Inc.;
- (b) "Board" means the board of directors of Russel;
- (c) "CEO" means Russel's chief executive officer;
- (d) "Chair" means the chair of the Board;
- (e) "Charter" means this charter, as amended from time to time;
- (f) "Director" means a member of the Board; and
- (g) "Stock Exchanges" means, at any time, the Toronto Stock Exchange and any other stock exchange on which any securities of Russel are listed for trading at the applicable time.

#### 3.2 *Interpretation*

This Charter is subject to and shall be interpreted in a manner consistent with Russel's articles, by-laws, the *Canada Business Corporations Act* (the "CBCA"), and any other applicable legislation.

## CONSTITUTION OF THE BOARD

### 4. *ELECTION AND REMOVAL OF DIRECTORS*

#### 4.1 *Number of Directors*

The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in Russel's articles of incorporation at such time.

#### 4.2 ***Election of Directors***

Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected.

#### 4.3 ***Vacancies***

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the CBCA.

#### 4.4 ***Ceasing to Be a Director***

A Director will cease to hold office upon:

- (a) delivering a resignation in writing to Russel;
- (b) being removed from office by an ordinary resolution of the shareholders;
- (c) his or her death; or
- (d) becoming disqualified from acting as a Director.

#### 4.5 ***Deemed Resignation***

A Director shall submit his or her resignation to Russel (which resignation may or may not be accepted) if that director changes his or her principal occupation.

### 5. ***CRITERIA FOR DIRECTORS***

#### 5.1 ***Qualifications of Directors***

Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.

#### 5.2 ***Residency***

At least 25% of the Directors shall be resident Canadians.

#### 5.3 ***Independence of Directors***

- (a) At least one-third of the Directors shall not be officers or employees of Russel or any of its affiliates.
- (b) At least a majority of the Directors shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

#### 5.4 ***Share Ownership***

Subject as hereinafter provided, each Director shall beneficially own, directly or indirectly, Common Shares or deferred share units or a combination thereof valued at three times the annual board retainer. Any new Director is required to achieve such ownership level within three years of the date of such Director's first election to the Board.

5.5 ***Other Criteria***

The Board may establish other criteria for Directors as contemplated in this Charter.

6. ***BOARD CHAIR***

6.1 ***Board to Appoint Chair***

The Chair shall be an independent Director.

6.2 ***Chair to Be Appointed Annually***

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chair, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

7. ***REMUNERATION OF DIRECTORS AND RETAINING ADVISORS***

7.1 ***Remuneration***

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Management Resources and Compensation Committee of the Board.

7.2 ***Retaining and Compensating Advisors***

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the chair of the Nominating and Corporate Governance Committee.

**MEETINGS OF THE BOARD**

8. ***MEETINGS OF THE BOARD***

8.1 ***Time and Place of Meetings***

Meetings of the Board shall be called and held in the manner and at the location contemplated in Russel's by-laws.

8.2 ***Frequency of Board Meetings***

Subject to Russel's by-laws, the Board shall meet at least four times per year on a quarterly basis.

8.3 ***Quorum***

In order to transact business at a meeting of the Board:

- (a) at least a majority of Directors then in office shall be present; and

- (b) at least 25% of the Directors present must be resident Canadians (or, if this is not the case, a resident Canadian Director who is unable to be present and whose presence at the meeting would have resulted in the required number of resident Canadian Directors being present, must approve the business transacted at the meeting, whether in writing, by phone or otherwise).

#### 8.4 *Secretary of the Meeting*

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

#### 8.5 *Right to Vote*

Each member of the Board shall have the right to vote on matters that come before the Board.

#### 8.6 *Invitees*

The Board may invite any of Russel's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

### 9. *IN CAMERA SESSIONS*

#### 9.1 *In Camera Sessions of Non-Management Directors*

At the conclusion of each quarterly meeting of the Board, the non-management Directors shall meet without any member of management being present (including any Director who is a member of management).

#### 9.2 *In Camera Sessions of Independent Directors*

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors shall meet at the conclusion of each quarterly meeting of the Board with only independent Directors present.

## **DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD**

### 10. *DELEGATION AND RELIANCE*

#### 10.1 *Delegation to Committees*

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind Russel, except to the extent that such authority has been specifically delegated to such committee by the Board.

#### 10.2 *Requirement for Certain Committees*

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

- (a) Audit Committee;
- (b) Nominating and Corporate Governance Committee; and
- (c) Management Resources and Compensation Committee.

### 10.3 *Composition of Committees*

The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such matters.

### 10.4 *Review of Charters*

On an annual basis, the Board will review the recommendations of the Nominating and Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

### 10.5 *Delegation to Management*

Subject to Russel's articles and by-laws, the Board may designate the offices of Russel, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of Russel, except to the extent that such delegation is prohibited under the CBCA or limited by the articles or by-laws of Russel or by any resolution of the Board or policy of Russel.

### 10.6 *Limitations on Management Authority*

- (a) Management shall exercise its authority in accordance with the following documents approved by the Board:
  - (i) strategic plan;
  - (ii) annual business plan;
  - (iii) capital expenditure budget.
- (b) Management may not take the following actions without the approval of the Board:
  - (i) capital expenditures in excess of \$1 million;
  - (ii) change in business focus;
  - (iii) issuance of securities;
  - (iv) borrowing outside of the ordinary course of business.

### 10.7 *Reliance on Management*

The Board is entitled to rely in good faith on the information and advice provided to it by Russel's management.



## 10.8 *Reliance on Others*

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

## 10.9 *Oversight*

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

## **DUTIES AND RESPONSIBILITIES**

### 11. *DUTIES OF INDIVIDUAL DIRECTORS*

#### 11.1 *Fiduciary Duty and Duty of Care*

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

- (a) act honestly and in good faith with a view to the best interests of the corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### 11.2 *Compliance with CBCA and Constatng Documents*

A Director shall comply with the CBCA and the regulations to the CBCA as well as with Russel's articles and by-laws.

#### 11.3 *Compliance with Russel's Policies*

A Director shall comply with all policies of Russel applicable to members of the Board as approved by the Board.

### 12. *RESPONSIBILITIES OF DIRECTORS*

#### 12.1 *Responsibilities set out in Charter*

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge the duties and responsibilities set out in accordance with the Charter.

#### 12.2 *Orientation and Education*

A Director shall participate in the orientation and continuing education programs developed by Russel for the Directors.

#### 12.3 *Meeting Preparation and Attendance*

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

- (a) Review thoroughly the material provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director.

- (b) Attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

#### 12.4 *Assessment*

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

#### 12.5 *Other Responsibilities*

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

### 13. ***BOARD RESPONSIBILITY FOR SPECIFIC MATTERS***

#### 13.1 *Responsibility for Specific Matters*

The Board explicitly assumes responsibility for the matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of Russel's business and affairs.

#### 13.2 *Delegation to Committees*

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

### 14. ***CORPORATE GOVERNANCE GENERALLY***

#### 14.1 *Governance Practices and Principles*

The Board shall be responsible for Russel's approach to corporate governance.

#### 14.2 *Governance Principles*

- (a) Governance Principles. The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for Russel (the "Governance Principles").
- (b) Amendments. The Board shall review the Governance Principles at least annually and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time.

#### 14.3 *Governance Disclosure*

- (a) Approval of Disclosure. The Board shall approve disclosure about Russel's governance practices in any document before it is delivered to Russel's shareholders or filed with securities regulators or with the Stock Exchanges.
- (b) Determination that Differences Are Appropriate. If Russel's governance practices differ from those recommended by Canadian securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate.

#### 14.4 *Delegation to Nominating and Corporate Governance Committee*

The Board may direct the Nominating and Corporate Governance Committee to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

### 15. ***RESPONSIBILITIES RELATING TO MANAGEMENT***

#### 15.1 *Integrity of Management*

The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other senior officers; and
- (b) that the CEO and other senior officers create a culture of integrity throughout the organization.

#### 15.2 *Succession Planning*

The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

#### 15.3 *Executive Compensation Policy*

The Board shall receive recommendations of the Management Resources and Compensation Committee and make such determinations as it considers appropriate with respect to:

- (a) CEO's compensation level (without the participation of the CEO);
- (b) non-CEO officer compensation;
- (c) director compensation;
- (d) incentive-compensation plans; and
- (e) equity-based plans.

### 16. ***OVERSIGHT OF THE OPERATION OF THE BUSINESS***

#### 16.1 *Risk Management*

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of Russel's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

#### 16.2 *Strategic Planning Process*

The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of Russel's business.

### 16.3 *Internal Control and Management Information Systems*

The Board shall review the reports of management and the Audit Committee concerning the integrity of Russel's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee) to implement changes to such systems to ensure integrity of such systems.

### 16.4 *Communications Policy and Feedback Process*

- (a) The Board shall review and, if determined appropriate, approve a communication policy for Russel for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Nominating and Corporate Governance Committee with respect to this policy.
- (b) The Board shall establish a process pursuant to which the Board can receive feedback from securityholders.

### 16.5 *Financial Statements*

- (a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of Russel's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.
- (b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of Russel to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

### 16.6 *Capital Management*

The Board shall receive regular reports from management on the structure and management of Russel's capital.

### 16.7 *Pension Plan Matters*

The Board shall receive and review reports from management and from the Audit Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters.

### 16.8 *Code of Business Conduct and Ethics*

The Board will review and approve a Code of Business Conduct and Ethics for Russel. In adopting this code, the Board will consider the recommendations of the Nominating and Corporate Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.

### 16.9 *Compliance and Disclosure*

The Board will direct the Nominating and Corporate Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Nominating and Corporate Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics and of any waiver granted to a director or senior officer of Russel from

complying with the Code of Business Conduct and Ethics.

## **17. NOMINATION OF DIRECTORS**

### **17.1 *Nomination and Appointment of Directors***

- (a) The Board shall nominate individuals for election as directors by the shareholders and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such nominations.
- (b) The Board shall adopt a process recommended to it by the Nominating and Corporate Governance Committee pursuant to which the Board shall:
  - (i) consider what competencies and skills the Board, as a whole, should possess; and
  - (ii) assess what competencies and skills each existing Director possesses.

## **18. BOARD EFFECTIVENESS**

### **18.1 *Position Descriptions***

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning formal position descriptions for:

- (a) the Chair of the Board, the Lead Director (if any) and for the Chair of each committee of the Board, and
- (b) the CEO.

### **18.2 *Director Orientation and Continuing Education***

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning:

- (a) a comprehensive orientation program for new Directors; and
- (b) a continuing education program for all Directors.

### **18.3 *Board, Committee and Director Assessments***

The Board shall review and, if determined appropriate, adopt a process recommended by the Nominating and Corporate Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

### **18.4 *Annual Assessment of the Board***

Each year, the Board shall assess its performance and effectiveness in accordance with the process established by the Nominating and Corporate Governance Committee.

