



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

TUESDAY, MAY 6, 2014

**THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR
SHAREHOLDERS**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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



Date: Tuesday, May 6, 2014

Time: 3:00 p.m. (Toronto time)

Place: Russel Metals Inc.
1900 Minnesota Court, Suite 210
Mississauga, 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, 2013, together with the report of the auditors thereon;
2. To elect Directors;
3. To re-appoint Deloitte 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 registered 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 CST Trust Company no later than 3:00 p.m. (Toronto time) on Friday, May 2, 2014 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 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. To vote your shares, you must follow the instructions and complete the form that was provided to you by your Intermediary with this Circular. If you wish to attend 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 wish to vote in person.

By Order of the Board,

A handwritten signature in cursive script, appearing to read "M. Britton".

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

Mississauga, Ontario
March 7, 2014

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GENERAL

REASON FOR RECEIVING THIS CIRCULAR

You have received this Circular because you owned common shares of Russel Metals on March 19, 2014. As a shareholder, you have the right to attend our annual meeting of shareholders on May 6, 2014 and to vote your shares in person or by proxy. More information regarding the voting of your shares can be found commencing on page 6 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 at December 31, 2013 and all other information is current to March 7, 2014.

SHAREHOLDER PROPOSALS

A shareholder who will be entitled to vote at the annual meeting of shareholders of the Company to be held in 2015 and who intends to raise a proposal at such meeting, must deliver the proposal to the Company not later than December 6, 2014.

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 and on SEDAR at 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 Code of Business Conduct and Ethics Policy for Employees; and
- (v) any material documents and / or 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:

Russel Metals Inc.

Investor Relations Department
1900 Minnesota Court, Suite 210
Mississauga, Ontario L5N 3C9

T: 905.816.5178
F: 905.819.7409
Email: info@russelmetals.com

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

CST Trust Company

Mail:
CST Trust Company
P.O. Box 721
Agincourt, Ontario
M1S 0A1
T: 866.781.3111
F: 416.368.2502

Hand Delivery or Courier:
320 Bay Street
Basement Level (B1 Level)
Toronto, Ontario
M5H 4A6
T: 416.682.3860

BUSINESS OF THE MEETING

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, 2013, 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 of the nominees are currently Directors of the Company. Detailed information regarding each nominee commences on page 8 of this Circular, including Director attendance at meetings in 2013. If elected, each nominee will serve for a term of one year, until the 2015 annual meeting of shareholders or until his or her successor is elected or appointed. We have adopted a Majority Voting Policy for the election of our Directors. A description of this policy commences on page 13 of this Circular.

APPOINTMENT OF AUDITORS

Deloitte LLP ("Deloitte") were first appointed as our auditors in 1958 and have continued to be our auditors for over 55 years. As required for public companies, Deloitte rotates the lead audit partner. A new lead audit partner was assigned to us during the 2013 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 2013 and 2012 fiscal years:

SERVICE	FISCAL YEAR 2013	FISCAL YEAR 2012
Audit Services	\$1,500,000	\$1,600,000
Audit Related Services	100,000	300,000
Tax Services	200,000	300,000
TOTAL	\$1,800,000	\$2,200,000

Audit Services

The fees charged by Deloitte for audit services include the audit of our annual financial statements (including work on acquisitions completed in 2013).

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 review of our debt issue and audits of employee benefit plans.

Tax Services

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

Other Services

In fiscal 2013 and 2012, Deloitte did not charge fees for any services other than those set out above.

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

In 2010, the Board of Directors of the Company unanimously approved the adoption of an annual non-binding advisory vote by shareholders on executive compensation commencing with the annual meeting held in May 2010. This gives 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 Annual Meeting of Shareholders to be held on May 6, 2014.

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 22 of this Circular and "Executive Compensation" on page 31 of this Circular. **The Board of Directors recommends that the shareholders vote FOR the advisory resolution on the Company's approach to executive compensation.**

VOTING INFORMATION

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of our Directors and officers, no one other than Franklin Resources, Inc. currently owns or exercises control of or direction over 10% or more of our common shares. As of March 7, 2014, Franklin Resources, Inc. through one or more of its mutual funds or other managed accounts, exercises control of or direction over approximately 7,556,800 common shares of the Company, representing approximately 12% of our outstanding 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 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 7, 2014, the date of this Circular, there were 60,977,610 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, 2014, the record date for the Meeting.

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 form of Proxy. To be valid, CST Trust Company must receive proxies no later than 3:00 p.m. (Toronto time) on Friday, May 2, 2014 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. The Company has paid all costs associated with the delivery of the Circular and related materials to its non-registered beneficial owners via their Intermediaries. 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 CST Trust Company no later than 3:00 p.m. (Toronto time) on Friday, May 2, 2014 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 the advisory resolution on the approach to executive compensation and if you have authorized our Chair or our President and CEO to act as your proxyholder, your common shares will be voted 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 CST 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 CST Trust Company or to our registered office located at 1900 Minnesota Court, Suite 210, 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 10 Directors and the Board has determined that nine Directors will be elected at the Meeting. The current Directors are: Alain Benedetti, John M. Clark, James F. Dinning, Anthony F. Griffiths, John A. Hanna, Brian R. Hedges, Alice D. Laberge, Lise Lachapelle, William M. O'Reilly and John R. Tulloch. Anthony F. Griffiths, the Chair of the Board of the Company since 1997, has advised the Company that he will retire as Chair of the Board and as a Director of the Company at the close of the Meeting, and accordingly that he will not stand for reelection at the Meeting. The following Directors are being nominated for reelection at the Meeting: Alain Benedetti, John M. Clark, James F. Dinning, John A. Hanna, Brian R. Hedges, Alice D. Laberge, Lise Lachapelle, William M. O'Reilly and John R. Tulloch. The current Directors have indicated that if reelected at the Meeting, they propose to appoint James F. Dinning as Chair of the Board of the Company to succeed Mr. Griffiths.

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 and other public board memberships. For our Directors who are standing for reelection we include committee memberships, meetings attended during 2013, previous voting results and the number 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 (the "NCG Committee") has recommended each Board nominee for election as a Director.

ALAIN BENEDETTI



Age 65
Sainte-Anne-des-Lacs, Quebec, Canada
Director since 23/Feb/2006
Independent⁽⁷⁾

Public Board Memberships:
Dorel Industries Inc.

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 & Young LLP.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
Audit – Regular / Quarterly	4 of 4
Audit - Special	1 of 1
Management Resources and Compensation	4 of 4

PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2013	99.83%	0.17%
2012	99.77%	0.23%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	9,350	\$278,724
DSUs ⁽²⁾⁽³⁾	22,249	663,243
Total Common Shares & DSUs⁽²⁾⁽³⁾	31,599	\$941,966
Convertible Debentures ⁽⁵⁾		\$304,950

JOHN M. CLARK



Age 58

Etobicoke, Ontario, Canada

Director since 03/May/2012

Independent⁽⁷⁾

Public Board Memberships:

Crown Point Energy Inc.

Vista Gold Corp.

Zephyr Minerals Ltd.

Mr. Clark is President of Investment and Technical Management Corp., a firm engaged in corporate finance and merchant banking, since 1999. He was Chief Financial Officer and a Director of Polaris Geothermal Inc. from June 2004 to October 2009. He was President and/or Executive Chairman of Laurasia Resources Limited, a publicly traded oil and gas exploration and development company from 1988 to 1998. Mr. Clark is also currently a director of Aizan Technologies Inc., Colio Estates Wines Inc., Cumulus Wines Pty Ltd. and Clearpoint Resorts Ltd.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
Audit – Regular / Quarterly	4 of 4
Audit - Special	1 of 1
Management Resources and Compensation	4 of 4

PREVIOUS VOTING RESULTS:

	FOR	WITHHELD
2013	99.66%	0.34%
2012	92.47%	7.53%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	0	\$ 0
DSUs ⁽²⁾⁽³⁾	6,453	192,364
Total Common Shares & DSUs⁽²⁾⁽³⁾	6,453	\$192,364

JAMES F. DINNING



Age 61

Calgary, Alberta, Canada

Director since 17/Feb/2003

Independent⁽⁷⁾

Public Board Memberships:

Liquor Stores N.A. Ltd.

Oncolytics Biotech Inc.

Parkland Fuel Corporation

Mr. Dinning has been Chair of the Board of Western Financial Group Inc., a company engaged in insurance, investment and banking, since 2004. 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 currently Chair of the Board of Liquor Stores N.A. Ltd. Mr. Dinning remains as a director of Parkland Fuel Corporation until its annual general meeting in May 2014, when he will not seek reelection. Mr. Dinning will complete his four year term as Chancellor of the University of Calgary on June 30, 2014.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
Nominating and Corporate Governance	5 of 5
Environmental Management and Health & Safety	1 of 1*
Management Resources and Compensation (Chair)	3 of 3*

* Mr. Dinning served as Chair of the Environmental Management Health & Safety Committee until May 2, 2013 and the number of meetings reflects those meetings held before this date. Mr. Dinning was appointed Chair of the Management Resources & Compensation Committee on May 2, 2013 and the number of meetings reflects those meetings held after this date.

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	97.28%	2.72%
2012	99.30%	0.70%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	15,000	\$447,150
DSUs ⁽²⁾⁽³⁾	15,725	468,762
Total Common Shares & DSUs⁽²⁾⁽³⁾	30,725	\$915,912
Convertible Debentures ⁽⁵⁾		\$ 30,495

JOHN A. HANNA



Age 71
Toronto, Ontario, Canada
Director since 03/May/2012
Independent⁽⁷⁾

Public Board Memberships:
INNERGEX Renewable Energy Inc.
Uni-Select Inc.

Mr. Hanna is a Corporate Director. Mr. Hanna was Chief Executive Officer of Rexel Canada Electrical Inc. (formerly Westburne Inc.) from 2003 until 2005 and Executive Vice President and CFO from 1992 to 2003. Prior to that he had been CFO of Hydro-Quebec and Via Rail Canada Inc.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
Audit – Regular / Quarterly	4 of 4
Audit - Special	1 of 1
Environmental Management and Health & Safety	2 of 2

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.72%	0.28%
2012	99.48%	0.52%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	0	\$ 0
DSUs ⁽²⁾⁽³⁾	6,230	185,716
Total Common Shares & DSUs⁽²⁾⁽³⁾	6,230	\$185,716
Convertible Debentures ⁽⁵⁾		\$121,980

BRIAN R. HEDGES



Age 61
Toronto, Ontario, Canada
Director since 12/May/2009
President and CEO
Not independent

Public Board Memberships:
None

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 contributed to 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 Chief Operating Officer of Russel Metals in 2008 and the President and CEO in 2009. Prior to joining Russel Metals, Mr. Hedges held the positions of CFO, President and CEO at Gandalf Technologies and CFO at Teleglobe Inc.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
No committee membership	

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.83%	0.17%
2012	99.78%	0.22%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	105,692	\$3,150,679
RSUs ⁽²⁾⁽⁴⁾	85,893	2,560,470
Total Common Shares and RSUs⁽²⁾⁽⁴⁾	191,585	\$5,711,149
Convertible Debentures ⁽⁵⁾		\$ 121,980
Unexercised Common Share Options ⁽⁶⁾	584,754	

ALICE D. LABERGE



Age 57

Vancouver, BC, Canada

Director since 30/Jul/2007

Independent⁽⁷⁾

Public Board Memberships:

Potash Corporation of Saskatchewan

Royal Bank of Canada

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 and CFO of Fincentric from 2000 to 2003. Prior to that she was with MacMillan Bloedel for over 18 years and was Senior Vice President, Finance and CFO at MacMillan Bloedel Limited from February 1998 to November 1999. Ms. Laberge is currently a Director of Delta Hotels Limited and SilverBirch Management Ltd.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	1 of 2
Audit (Chair) – Regular / Quarterly	4 of 4
Audit (Chair) - Special	1 of 1
Management Resources and Compensation	4 of 4

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.79%	0.21%
2012	99.65%	0.35%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	5,000	\$149,050
DSUs ⁽²⁾⁽³⁾	10,050	299,591
Total Common Shares & DSUs⁽²⁾⁽³⁾	15,050	\$448,641

LISE LACHAPELLE



Age 64

Ile-des-soeurs, Quebec, Canada

Director since 15/May/1996

Independent⁽⁷⁾

Public Board Memberships:

Industrial Alliance Insurance and Financial Services Inc.

INNERGEX Renewable Energy Inc.

SNC-Lavalin Inc.

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 policy, 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 2013:

Board – Regular / Quarterly	3 of 4
Board – Special	2 of 2
Audit – Regular / Quarterly	3 of 4
Audit – Special	1 of 1
Nominating and Corporate Governance (Chair)	4 of 5

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.74%	0.26%
2012	99.75%	0.25%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	5,000	\$149,050
DSUs ⁽²⁾⁽³⁾	15,725	468,762
Total Common Shares & DSUs⁽²⁾⁽³⁾	20,725	\$617,812

Mrs. Lachapelle was a Director of AbitibiBowater Inc. in 2009 at the time when 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. In December 2010, AbitibiBowater Inc. emerged from Chapter 11 Bankruptcy protection.

WILLIAM M. O'REILLY



Age 65
Toronto, Ontario, Canada
Director since 12/May/2009
Independent⁽⁷⁾

Public Board Memberships:
None

Mr. O'Reilly is a Corporate Director. Mr. O'Reilly was Managing Partner and a member of the Management Committee of Davies Ward Phillips & Vineberg LLP, a legal advisor to the Company, from 1996 until his retirement from those positions on May 31, 2010. He was a partner of that firm from 1976 to December 31, 2011, except for the period between August 1993 to January 1996 when he served as an executive officer of Russel Metals. Mr. O'Reilly was Secretary of Russel Metals from May 1994 to May 2009.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	4 of 4
Board – Special	2 of 2
Environmental Management and Health & Safety (Chair)	2 of 2*
Nominating and Corporate Governance	5 of 5

* Mr. O'Reilly served as a member of the Environmental Management and Health & Safety Committee since May 12, 2009 until May 2, 2013, at which time he was appointed Chair of the Environmental Management and Health & Safety Committee.

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.76%	0.24%
2012	92.01%	7.99%

SECURITIES HELD AS AT MARCH 7, 2014⁽¹⁾:

	NUMBER OUTSTANDING	TOTAL VALUE AS AT MARCH 7, 2014
Common Shares ⁽²⁾	4,000	\$119,240
DSUs ⁽²⁾⁽³⁾	11,289	336,525
Total Common Shares & DSUs⁽²⁾⁽³⁾	15,289	\$455,765
Convertible Debentures ⁽⁵⁾		\$121,980

JOHN R. TULLOCH



Age 66
Naperville, Illinois, United States
Director since 02/May/2013
Independent⁽⁷⁾

Public Board Memberships:
SSAB AB

Mr. Tulloch is a Corporate Director. Mr. Tulloch was Executive Vice President of SSAB AB and President of their North American Division from 2007 until his retirement in 2008. From 2004 until the takeover of IPSCO Inc. by SSAB, in 2007 he was Executive Vice President, Steel and Chief Commercial Officer of IPSCO. Prior to that he held various senior executive positions at IPSCO, including Vice President and General Manager of the Tubular Division. He is a past Director of various steel and energy industry associations, including the American Iron and Steel Institute, the Metal Service Center Institute, the Steel Manufacturers Association and the Interstate Natural Gas Association of America Foundation.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2013:

Board – Regular / Quarterly	3 of 3*
Board – Special	1 of 1*
Management Resources & Compensation	2 of 2*
Environmental Management and Health & Safety	1 of 1*

* Mr. Tulloch was elected as a director and appointed as a member of the Management Resources & Compensation Committee and Environmental Management and Health & Safety Committee on May 2, 2013 and the number of meetings reflects those meetings held after this date.

PREVIOUS VOTING RESULTS

	FOR	WITHHELD
2013	99.79%	0.21%
2012	N/A	N/A

SECURITIES HELD AS AT MARCH 7, 2014

	NUMBER OUTSTANDING	TOTAL VALUE AT AS MARCH 7, 2014
Common Shares ⁽²⁾	2,000	\$59,620
DSUs ⁽²⁾⁽³⁾	969	28,886
Total Common Shares & DSUs⁽²⁾⁽³⁾	2,969	\$88,506

- (1) *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 Non-Executive Directors" commencing on page 19 of this Circular. All Directors standing for reelection are in compliance with this policy requirement as of the date of this Circular.*
- (2) *The common share and the DSU values noted in the above table are based on the closing price of a common share on the Toronto Stock Exchange on March 7, 2014 of \$29.81.*
- (3) *For further information on DSUs, see "2013 Non-Executive Director Compensation" on page 18 of this Circular and "Deferred Share Unit Plan" commencing on page 18 of this Circular.*
- (4) *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 7, 2014, including those which have yet to vest. For further information on the RSUs owned by Mr. Hedges, see "Restricted Share Unit Plan" on page 35 of this Circular.*
- (5) *Represents convertible debentures owned or directly controlled by the 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 7, 2014 of \$121.98.*
- (6) *Mr. Hedges currently owns an aggregate of 584,754 unexercised common share options including options issued on February 19, 2014, of which 434,734 are currently vested. For further details regarding the share options owned by Mr. Hedges, see "Outstanding Share Based and Option Based Awards", commencing on page 35 of this Circular.*
- (7) *"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, in the view of the Board, reasonably be expected to interfere with the exercise by the Director of his or her independent judgment.*

DUPLICATION OF BOARD MEMBERSHIP

During 2013, Mrs. Lachapelle and Mr. Hanna were directors of INNERGEX Renewable Energy Inc., which is a publicly traded company.

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 NCG Committee and the Board of Directors shall consider the resignation and whether or not it should be accepted. We will accept resignations absent exceptional circumstances that 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 (see "Investor Relations" 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 the manner specified in your proxy. 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.

COMMITTEES OF THE BOARD OF DIRECTORS

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

Non-Executive Directors	Audit Committee	Management Resources and Compensation Committee	Nominating and Corporate Governance Committee	Environmental Management and Health & Safety Committee
A. Benedetti	X	X		
J.M. Clark	X	X		
J.F. Dinning		X (Chair)	X	
A.F. Griffiths ⁽¹⁾			X	X
J.A. Hanna	X			X
A.D. Laberge	X (Chair)	X		
L. Lachapelle	X		X (Chair)	
W.M. O'Reilly			X	X (Chair)
J.R. Tulloch		X		X

⁽¹⁾ A.F. Griffiths is not standing for reelection as a Director of the Company at the Meeting.

All committee mandates are described under "Statement of Corporate Governance Practices", commencing on page 41 of this Circular.

NUMBER OF BOARD AND COMMITTEE MEETINGS HELD AND ATTENDANCE

Meetings of Independent Directors

Our independent Board members hold an in camera session without management and non-independent board members 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 purposes, such as approvals related to acquisition or financing transactions. The Company's independent Board members met separately at four scheduled quarterly board meetings held during 2013.

The following table summarizes the meetings of the Board and its committees held in 2013.

BOARD / COMMITTEE	NO. OF MEETINGS FOR 2013
Board of Directors – Regular / Quarterly	4
Board of Directors – Special	2
Audit Committee – Regular / Quarterly	4
Audit Committee - Special	1
Environmental Management and Health & Safety Committee	2
Management Resources and Compensation Committee	4
Nominating and Corporate Governance Committee	5

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 2013. The Directors' attendance records are also included in the Board nominee table commencing on page 8 of this Circular.

DIRECTORS	2013 BOARD MEETINGS				2013 COMMITTEE MEETINGS		2013 TOTAL BOARD & COMMITTEE MEETINGS	
	REGULAR/QUARTERLY		SPECIAL		No. of Meetings	Attended	No. of Meetings	Attended
	No. of Meetings	Attended	No. of Meetings	Attended				
A. Benedetti	4 of 4	100%	2 of 2	100%	9 of 9	100%	15 of 15	100%
J.M. Clark	4 of 4	100%	2 of 2	100%	9 of 9	100%	15 of 15	100%
J. F. Dinning ⁽¹⁾	4 of 4	100%	2 of 2	100%	9 of 9	100%	15 of 15	100%
C.R. Fiora ⁽²⁾	2 of 2	100%	1 of 1	100%	3 of 3	100%	6 of 6	100%
A.F. Griffiths ⁽³⁾	4 of 4	100%	1 of 2	50%	8 of 8	100%	13 of 14	93%
J.A. Hanna	4 of 4	100%	2 of 2	100%	7 of 7	100%	13 of 13	100%
B.R. Hedges ⁽⁴⁾	4 of 4	100%	2 of 2	100%	n/a	n/a	6 of 6	100%
A.D. Laberge	4 of 4	100%	1 of 2	50%	9 of 9	100%	14 of 15	93%
L. Lachapelle	3 of 4	75%	2 of 2	100%	8 of 10	80%	13 of 16	81%
W.M. O'Reilly	4 of 4	100%	2 of 2	100%	7 of 7	100%	13 of 13	100%
J.R. Tulloch ⁽⁵⁾	3 of 3	100%	1 of 1	100%	3 of 3	100%	7 of 7	100%

⁽¹⁾ Mr. Dinning served as Chair of the EMH&S Committee until May 2, 2013 and the number of meetings reflects those held on or before this date. Mr. Dinning was appointed Chair of the MR&C Committee on May 2, 2013 and number of meetings reflects those held on or after this date.

⁽²⁾ Mr. Fiora chose to not stand for reelection as a Director and ceased to be a member of the MR&C Committee and EMH&S Committee on May 2, 2013. The number of meetings in the above table reflects those meetings held on or before this date.

⁽³⁾ Mr. Griffiths was a member of the MR&C Committee until May 2, 2013 and the number of meetings reflects those held on or before this date. Mr. Griffiths was appointed as a member of the EMH&S Committee on May 2, 2013 and the number of meetings reflects those held on or after this date.

⁽⁴⁾ As an executive Director of the Company, Mr. Hedges is not a member of any committee of the Board of Directors.

⁽⁵⁾ Mr. Tulloch was elected as a Director and appointed as a member of the MR&C Committee and EMH&S Committee on May 2, 2013. The number of meetings in the above table reflects those meetings held on or after this date.

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 NCG Committee uses a skills matrix to assist with reviewing the skill set of current Directors as well as identifying director candidates who best meet the needs of the Company. 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. Below is a matrix summarizing the number of Directors with skills and experience in the areas noted.

SKILLS/EXPERIENCE	NO. OF DIRECTORS WITH EXPERIENCE
Managing or Leading Growth experience driving strategic direction and leading growth of an organization	10
Business Climate familiarity with the geographic regions in which the Company carries on its business	10
CEO Experience experience as a CEO of a publicly listed company or major organization	8
Industry Experience experience in the steel industry, combined with a knowledge of market participants and key customer markets	7
Human Resources expertise in executive compensation programs including compensation, benefit and pension programs	10
Financial Literacy experience in financial accounting and reporting, and corporate finance (familiarity with internal financial controls, Canadian or US GAAP and / or IFRS)	9
Environmental and Health & Safety understanding of the requirements and leading practices of workplace safety, health and environmental practices	8
Operations Experience understanding of the plant operations, including quality	9
Governance knowledge of best practices in public companies	10

REPRESENTATION OF WOMEN

Women represent 29% of the Company's Board of Directors and Named Executive Officers. There are nine Directors standing for reelection at the Meeting and of those nine Directors two of them are women. Ms. Laberge and Mrs. Lachapelle have been Directors of the Company since 2007 and 1996, respectively. Of the Company's five Named Executive Officers two of them are women. Ms. Britton is the Executive Vice President, CFO and Secretary of the Company and has been with the Company since 1984. Ms. Kelly is the Vice President, Information Systems of the Company and has been with the Company since 1998.

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 fees payable to non-executive Directors during 2013.

FEE SCHEDULE		
Fee	Cash Compensation	Comments
Board of Directors		
Annual Retainer Fees		
• Chair of the Board	\$145,000	The Chair of the Board is paid annual compensation in the amount shown. This amount represents compensation for acting as Chair of the Board and is inclusive of all fees for attending Board and committee meetings during the year.
• Director	40,000	All non-executive Directors, except Chair of the Board.
Director Meeting Fee	2,000	Per meeting. All non-executive Directors, except Chair of the Board.
Committees		
Annual Retainer Fees		
• Audit Committee Chair	12,000	Chair of the Audit Committee.
• MR&C Committee Chair	8,500	Chair of the MR&C Committee.
• Other Committee Chair	6,000	Other Committee Chairs, except Chair of the Board.
• Committee Member	4,000	Payable to those committee members who are not Chair of said committee or Chair of the Board.
Committee Meeting Fee	2,000	Per meeting / per committee. All non-executive Directors, except Chair of the Board.
Other Fees		
Travel Fee	1,500	A flat fee of \$1,500 is payable to all non-executive Directors who travel outside of their province / state of residence in order to attend board and committee meetings or for travel 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.

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.

2013 Non-Executive Director Compensation

During the financial year ended December 31, 2013, we paid an aggregate of \$811,001 in compensation relating to annual retainers, meeting fees and travel fees to our non-executive Directors. Our Directors can choose to receive their annual retainer fees and / or meeting fees in cash, DSUs or a combination thereof. In 2013, we also made quarterly allocations of DSUs with an aggregate value of \$360,000 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 during the financial year ended December 31, 2013.

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	BOARD FEES		COMMITTEE FEES			TRAVEL FEE	SUB-TOTAL	DSUS IN LIEU OF CASH	CASH TOTAL	DSU ALLOCATIONS	TOTAL COMPENSATION ⁽¹⁾
	Retainer	Meeting Fees	Chair Retainer	Member Retainer	Meeting Fees						
A. Benedetti	\$ 40,000	\$ 12,000	\$ -	\$ 8,000	\$ 18,000	\$ 7,500	\$ 85,500	\$ 78,000	\$ 7,500	\$ 40,000	\$ 125,500
J.M. Clark	40,000	12,000	-	8,000	18,000	3,000	81,000	78,000	3,000	40,000	121,000
J.F. Dinning	40,000	12,000	7,655	4,000	18,000	6,000	87,655	-	87,655	40,000	127,655
C.R. Fiora	13,516	6,000	2,872	1,352	6,000	1,500	31,240	-	31,240	13,516	44,756
A.F. Griffiths	145,000	-	-	-	-	-	145,000	-	145,000	40,000	185,000
J.A. Hanna	40,000	12,000	-	8,000	14,000	3,000	77,000	74,000	3,000	40,000	117,000
A.D. Laberge	40,000	10,000	12,000	4,000	18,000	9,000	93,000	-	93,000	40,000	133,000
L. Lachapelle	40,000	10,000	6,000	4,000	16,000	6,000	82,000	-	82,000	40,000	122,000
W.M. O'Reilly	40,000	12,000	3,973	5,352	14,000	3,000	78,325	-	78,325	40,000	118,325
J.R. Tulloch	26,484	8,000	-	5,297	6,000	4,500	50,281	-	50,281	26,484	76,765
TOTALS	\$465,000	\$94,000	\$32,500	\$48,001	\$128,000	\$43,500	\$811,001	\$230,000	\$581,001	\$360,000	\$1,171,001

⁽¹⁾ 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

We have a Deferred Share Unit Plan ("DSU Plan") for non-executive Directors. 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 2013, the number of DSUs credited quarterly to each Director's account is the amount determined by dividing \$10,000 by the Market Price at the allocation date. A Director may elect to receive payment in DSUs, rather than cash, for all or a portion of his or her annual Board retainer, annual chair retainer and / or meeting fees, by providing the required notice to the Company in accordance with the DSU Plan.

Directors are credited with additional DSUs 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 the DSUs recorded in the Director's account on the record date for payment of the dividend and the Market Price of the common shares on such dividend payment date.

DSUs are redeemable only when a Director leaves the Board, thereby providing an ongoing equity stake throughout the Director's service. The DSU Plan provides Directors with flexibility to redeem their DSUs within a prescribed period of time following the date on which they cease to be Directors. A departing Director will receive a cash payment upon redemption which can be no later than December 15 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.

Deferred Share Units Held

As at March 7, 2014, the non-executive Directors held an aggregate of 104,415 DSUs, which were valued at an aggregate of \$3,112,611 as of such date. The number of DSUs held by each non-executive Director and their value as at March 7, 2014 is provided in the following table.

NON-EXECUTIVE DIRECTORS	NUMBER OF DSUS HELD AS AT MARCH 7, 2014	VALUE OF DSUS AS AT MARCH 7, 2014 ⁽¹⁾
A. Benedetti	22,249	\$ 663,243
J.M. Clark	6,453	192,364
J.F. Dinning	15,725	468,762
A.F. Griffiths	15,725	468,762
J.A. Hanna	6,230	185,716
A.D. Laberge	10,050	299,591
L. Lachapelle	15,725	468,762
W.M. O'Reilly	11,289	336,525
J.R. Tulloch	969	28,886
TOTAL	104,415	\$3,112,611

⁽¹⁾ Based on the closing price of a common share on the Toronto Stock Exchange on March 7, 2014 of \$29.81.

SHARE OWNERSHIP OF 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 2013 annual retainer of \$40,000, each Director (other than the Chair of the Board) must own common shares and deferred share units with a combined value of not less than \$120,000. The Chair of the Board, whose annual retainer is \$145,000, must own common shares and deferred share units with a combined value of not less than \$435,000. For purposes of this policy (i) common shares purchased by a Director are valued at any particular time at the higher of the then current market value and the cost of such shares to the Director; and (ii) DSUs are valued based on the higher of the 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 reelection 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 and their compliance with the foregoing policy as at December 31, 2013.

NON-EXECUTIVE DIRECTORS	2013 RETAINER	MULTIPLE	TARGET VALUE OF SHARE OWNERSHIP	NUMBER OF SHARES	NUMBER OF DSUS	COMBINED VALUE OF SHARES AND DSUS ⁽¹⁾	MEETS GUIDELINES
A. Benedetti	\$40,000	x3	\$120,000	17,500	22,249	\$1,247,721	yes
J.M. Clark	40,000	x3	120,000	-	6,453	202,560	yes
J. F. Dinning	40,000	x3	120,000	15,000	15,725	964,458	yes
A.F. Griffiths	145,000	x3	435,000	40,000	15,725	1,749,208	yes
J.A. Hanna	40,000	x3	120,000	-	6,230	195,560	yes
A.D. Laberge	40,000	x3	120,000	5,000	10,050	472,420	yes
L. Lachapelle	40,000	x3	120,000	5,000	15,725	650,558	yes
W.M. O'Reilly	40,000	x3	120,000	4,000	11,289	479,922	yes
J.R. Tulloch	40,000	x3	120,000	2,000	969	93,197	pending ⁽²⁾

⁽¹⁾ Based on the closing price of a common share on the Toronto Stock Exchange on December 31, 2013 of \$31.39.

⁽²⁾ Any new director is required to achieve the target value of share ownership within three years of first election. Mr. Tulloch was first elected to the Board of Directors on May 2, 2013; as such, he has until May 2, 2016 to reach the required target value of share ownership.

As at March 7, 2014, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 146,042 common shares, which number includes the common shares owned by our executive Director.

Increase in Non-Executive Directors' Combined Share / DSU Ownership

Together, the number of the common shares and DSUs owned by the non-executive members of the Board of Directors as at March 7, 2014 has increased 12% from the combined number of common shares and DSUs owned by the non-executive Directors as at March 6, 2013 (the disclosure date used in our Information Circular for our meeting held in 2013). The common share and DSU ownership as at March 6, 2013 and March 7, 2014 is summarized in the following table.

NON-EXECUTIVE DIRECTORS	COMMON SHARES		DSUS		TOTAL COMMON SHARES & DSUS	
	Mar. 6, 2013	Mar. 7, 2014	Mar. 6, 2013	Mar. 7, 2014	Mar. 6, 2013	Mar.7, 2014
A. Benedetti	17,500	9,350	16,988	22,249	34,488	31,599
J.M. Clark	-	-	1,972	6,453	1,972	6,453
J.F. Dinning	15,000	15,000	13,541	15,725	28,541	30,725
A.F. Griffiths	40,000	40,000	13,541	15,725	53,541	55,725
J.A. Hanna	-	-	1,898	6,230	1,898	6,230
A.D. Laberge	4,800	5,000	8,146	10,050	12,946	15,050
L. Lachapelle	5,000	5,000	13,541	15,725	18,541	20,725
W.M. O'Reilly	4,000	4,000	9,324	11,289	13,324	15,289
J.R. Tulloch	0	2,000	0	969	-	2,969
TOTALS	86,300	80,350	78,951	104,415	165,251	184,765

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In December 2013, 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, 2014 was \$312,000. 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 coverage 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 (a) the Company's compensation philosophy; (b) the decision making process relating to the Company's compensation policy; (c) 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, 2013; (d) compensation governance; and (e) the Company's assessment of the risks related to compensation policies and practices.

COMPENSATION PHILOSOPHY

The MR&C Committee reviews and makes recommendations to the Board for the specific compensation arrangements of the CEO, the Chief Operating Officer (the "COO") and 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 alignment with shareholder interests through the effective and judicious use of earnings-based and 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 achieve competitive compensation for key executives and ensure an appropriate balance between short-term and longer term incentives.

The Company's compensation structure consists of three main elements: (i) base salary; (ii) cash bonus; and (iii) equity incentives, mainly in the form of RSUs and share option grants. The compensation plan is more heavily weighted to the performance driven cash bonus and equity incentives with less weight on base salary.

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
Base Salary <i>(all executives and employees)</i>	<p>Base salary is a market-competitive, fixed level of compensation, which is reviewed annually. For the CEO, COO and CFO, less weight is given to base salary and a greater weight is allocated to performance-based incentives.</p>	<p>Attract and retain highly qualified leaders. Motivate strong business performance.</p>
Cash Bonus - Non-Equity Incentive <i>(all executives and a large percentage of employees)</i>	<p>Combined with base salary, the target level of performance driven cash bonus provides market competitive cash compensation.</p> <p>For head office employees in support functions such as information systems, purchasing, accounting and human resources the cash bonus is driven by earnings per share.</p> <p>For many employees in the Company's operating units, the cash bonus is driven by return on net assets of their operations.</p>	<p>Attract and retain highly qualified leaders. Motivate strong business performance. Vary compensation based on earnings performance. Align employee and shareholder interest. Reduce expense levels in periods of cyclical downturn.</p>

MID AND LONG-TERM INCENTIVES		
Compensation Element / Eligibility	Description	Linkage to Compensation Objectives
Equity Bonus – RSUs <i>(CEO, COO and CFO)</i>	<p>For the CEO, COO and CFO, RSUs are part of their performance-based incentive and are granted based on the values in the earnings per share table.</p> <p>Grant value is converted to a number of units by dividing the dollar value allocated to the employee by the Market Price (as defined in the RSU Plan) of common shares at time of grant.</p> <p>Vest one-third on each of the first, second and third anniversaries of the grant date and pay in cash on the third anniversary based on Market Price (as defined in the RSU Plan) of common shares. See "Restricted Share Unit Plan" on page 35 of the Circular.</p>	<p>Align employee and shareholder interests. Attract and retain highly qualified leaders. Motivate strong business performance. Encourage sustained growth by linking a portion of compensation to mid-term Company performance.</p>
Options <i>CEO, COO and CFO</i>	<p>Annual equity grants are based on specified values for each of the CEO, COO and CFO. See Incentive Compensation Tables on page 25 of this Circular.</p> <p>Options vest over a 4 year period commencing on the first anniversary after the date of the grant and have a term of 10 years.</p>	<p>Align employee and shareholder interest. Attract and retain highly qualified leaders. Motivate strong business performance. Encourage sustained growth by linking a portion of compensation to long-term Company performance.</p>
<i>Other Employees</i>	<p>The amount of the annual grant is dependent on the level and performance of the employee.</p>	

Annual Compensation Decision Making Process

We have developed a comprehensive process for making decisions about compensation arrangements for our executive officers and senior employees. 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.

	MANAGEMENT	MANAGEMENT RESOURCES & COMPENSATION COMMITTEE	BOARD OF DIRECTORS
CEO		Analyzes data and performance against objectives, confers with outside advisors and makes recommendations to the Board.	Final decision on all compensation.
COO and CFO	CEO analyzes data ⁽¹⁾ 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 on all compensation.
Other NEOs	CEO analyzes data and performance against objectives. Makes final decision.		Final decision on equity based compensation.
Other Employees	CEO, COO or CFO develops and approves in consultation with human resources and local management.	Annually receives a summary of fixed and variable compensation for 50 top paid executives, managers and sales staff.	Final decision on equity based compensation.

⁽¹⁾ Reviews data such as surveys, peer group information and internal equity platforms.

INCENTIVE COMPENSATION STRUCTURE OF NAMED EXECUTIVE OFFICERS

CEO, COO and CFO

The following tables disclose the reward structure for cash bonuses, RSUs and share options for the CEO, the COO and the CFO for 2013.

Following the 2013 compensation review: (a) Mr. Hedges' annual salary remains at \$740,000 for 2014, (b) Mr. Reid's annual salary increased from US\$500,000 to US\$540,000 for 2014 and (c) Ms. Britton's annual salary increased from \$357,000 to \$362,000 for 2014.

The cash bonus and RSU awards are tied to earnings per share of \$1.00 or more. The RSUs and share options will result in a different payout on the exercise or expiry dates, as the share value changes over the vesting period.

2013 – Incentive Compensation Tables

The following tables summarize the incentive compensation structure for the CEO, the COO and the CFO for 2013.

CEO – 2013					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	95%	159%	237%
RSU as % of Salary	0%	30%	95%	159%	237%
Share Option Value	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000

COO – 2013					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	80%	130%	230%
RSU as % of Salary	0%	30%	65%	100%	170%
Share Option Value	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

CFO – 2013					
Earnings per Share	< \$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 3.00
Cash Incentive as % of Salary	0%	30%	90%	150%	270%
RSU as % of Salary	0%	30%	55%	80%	130%
Share Option Value	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000

No cash bonus or RSU awards will be made 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. The incentive awards are capped at \$3.00 per share. Any additional bonus award for earnings in excess of \$3.00 per share is at 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. The grant for 2013 performance will be made on March 10, 2014 based on the Market Price of the common shares (see "Restricted Share Unit Plan", on page 35 of this Circular). One-third of such RSUs will vest on each of the first, second and third anniversaries of the date of grant.

The dollar values of option grants made to Mr. Hedges, Mr. Reid and Ms. Britton for 2013 were determined based on the incentive compensation tables above. The number of share options granted in each case was determined based on the dollar value specified 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 has in place a policy whereby the Board may require Mr. Hedges, Mr. Reid and Ms. Britton to reimburse any overpaid incentive compensation based on certain financial results which are later restated.

Other Named Executive Officers

Ms. Kelly, our Vice President, Information Systems earned an annual salary of \$269,623 in 2013. Mr. Halcrow, our Vice President, Purchasing and Inventory Management earned an annual salary of \$152,969 in 2013. Ms. Kelly and Mr. Halcrow 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. For 2013, the maximum net income for determining bonus awards for participants in this plan was set at \$200 million, which equates to \$3.28 per share. Actual basic earnings per share for 2013 was \$1.37. Based on basic earnings per share achieved and a pre-determined factor at various levels, a pool of funds is divided among all head office employees, other than the CEO, COO and the CFO. The percentage participation of each person in the plan, including Ms. Kelly and Mr. Halcrow, is determined on an annual basis by the CEO and the CFO based on a variety of relevant factors, including level of responsibility and performance in the year.

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 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. Due to a limited number of public Canadian companies operating in the metals industry, we include in our comparator group select public Canadian companies operating in industrial manufacturing, distribution, construction and resource businesses with annual revenues within that same target range.

Our executive compensation policies provide for total direct compensation levels which, at target earnings levels, are intended to be 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 included in our executive compensation comparator group were reviewed and updated in 2011. With the exception of Metals USA Holdings Corp. which merged with Reliance Steel and Aluminum Co. in mid-2013, our comparator group remains unchanged in 2013. The comparator group consists of:

Canada

Aecon Group Inc.
Canfor Corp.
Ensign Energy Services Inc.
Linamar Corp.
Martinrea International Inc.
Precision Drilling Corporation
Superior Plus Corp.
Toromont Industries Ltd.
Transcontinental Inc.
West Fraser Timber Co Ltd.

United States

Allegheny Technologies Inc.
AM Castle & Co.
Carpenter Technology Corp.
Gibraltar Industries Inc.
Olympic Steel Inc.
Reliance Steel & Aluminum Co.
Ryerson Holding Corporation
Schnitzer Steel Industries Inc.
Worthington Industries Inc.

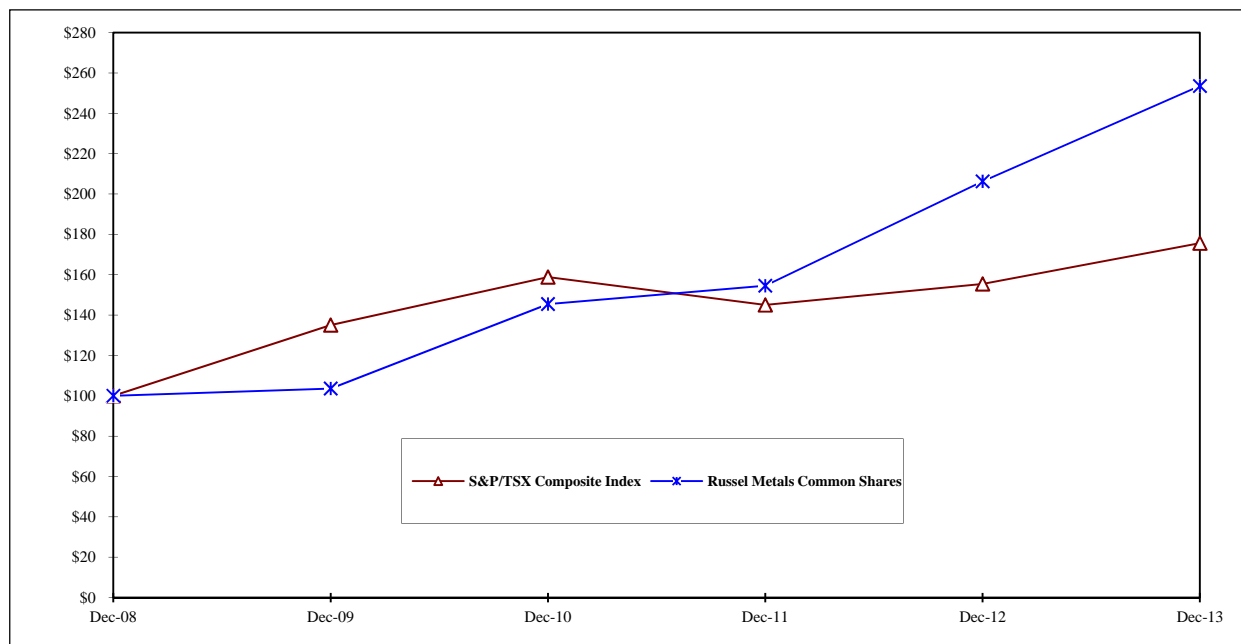
Succession Planning

On an annual basis, 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. The Board of Directors approves the appointment of the COO and CFO

and all other corporate officers.

PERFORMANCE GRAPH

The following graph shows a comparison over the five year period ended December 31, 2013 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-08	DEC-09	DEC-10	DEC-11	DEC-12	DEC-13
S&P/TSX Composite Index	\$100.00	\$135.05	\$158.83	\$145.00	\$155.42	\$175.61
Russel Metals Common Shares	\$100.00	\$103.59	\$145.45	\$154.51	\$206.25	\$253.47

As the above graph indicates, the Company's total return to shareholders has outperformed the S&P/TSX Composite Index over the five years ended December 31, 2013. At December 31, 2013 the total return for the Company's shareholders since December 31, 2008 was approximately 154%.

Actual basic earnings per share for 2013 were \$1.37 compared to earnings of \$1.64 per share reported for 2012, a decrease of 27%. The aggregate annual dollar value of total compensation awarded to the Named Executive Officers decreased by 6% for 2013 compared to 2012 while variable compensation decreased 20%. Our corporate incentive plans are earnings per share based and thus track changes in earnings. The final award for RSUs and options will be dependent on share performance. Shareholder return for the three years ended December 31, 2013 increased 74% while total compensation awarded to the Named Executive Officers decreased 16%. The decrease in total compensation to the Named Executive Officers is due in large part to the fact that basic earnings per share in 2011 were \$1.97 and decreased to \$1.37 in 2013 which decreases cash bonus and share-based awards that directly tie to earnings per share.

COMPENSATION GOVERNANCE

Management Resources & Compensation Committee – Members and Skills

Our MR&C Committee consists of five independent Directors as required by the MR&C Committee Charter, which is available on our website at www.russelmetals.com. The members of the MR&C Committee are Mr. Dinning (Chair), Mr. Benedetti, Mr. Clark, Ms. Laberge and Mr. Tulloch.

In order to ensure that the Board of Directors is kept constantly apprised of the activities of the MR&C Committee, the Committee Chair reports to the Board of Directors at its quarterly meetings. Cross-committee communication is achieved, in part through cross-committee membership, as three of five MR&C Committee members are also members of the Audit Committee.

The MR&C Committee members have a range of skills and experience which provides the expertise necessary to oversee the Company's executive compensation structure. These skills are supplemented with input from independent compensation consultants. The relevant experience of the MR&C Committee members is summarized below.

- | | |
|--------------|--|
| J.F. Dinning | <ul style="list-style-type: none">• Member of the compensation committee of Western Financial Group Inc., Liquor Stores N.A. Ltd. and Oncolytics Biotech Inc.• Director of Parkland Fuel Corporation• Former Executive Vice President of TransAlta Corporation• Former Alberta Provincial Treasurer |
| A. Benedetti | <ul style="list-style-type: none">• Director of Dorel Industries Inc.• Former Chair of the Board of Governors of Dynamic Mutual Funds• Former Director of Imperial Tobacco Canada Limited• Former Vice Chair and Canadian Area Managing Partner for Ernst & Young LLP |
| J.M. Clark | <ul style="list-style-type: none">• President of Investment and Technical Management Corp.• Member of Aizan Technologies Inc., Colio Estate Wines Inc. and Vista Gold Corp. compensation committees• Former member of Impact Energy Inc. compensation committee |
| A.D. Laberge | <ul style="list-style-type: none">• Former President, CEO and CFO of Fincentic Corporation• Former Senior Vice President of Finance and CFO of MacMillan Bloedel Limited• Member of the Royal Bank of Canada human resources committee• Former member of the B.C. Hydro human resources committee• Formerly had direct responsibility for human resource function at Fincentic Corporation |
| J.R. Tulloch | <ul style="list-style-type: none">• Member of SSAB AB Compensation Committee• Former President of SSAB North America• Formerly had direct responsibility for human resource function at IPSCO Inc. and SSAB North America |

Responsibilities of the Management Resources & Compensation Committee

The MR&C Committee's purpose is to assist Board oversight of executive and Director compensation. In doing so, the MR&C Committee is responsible for (i) independently reviewing and making recommendations to the Board on the CEO's total compensation; (ii) reviewing and making recommendations to the Board concerning total compensation of other executive officers and Directors; (iii) approving and monitoring share ownership policies; (iv) reviewing the risk implications of the Company's compensation policies and practices; and (v) reviewing compensation disclosure in public documents, including the Compensation Discussion and Analysis, for inclusion in this Circular in accordance with applicable rules and regulations.

Policies and Practices – Used to Determine Executive and Board Compensation

Our compensation policies and practices for our executive officers have been described under "Compensation Philosophy", commencing on page 22 of this Circular. The MR&C Committee reviews and makes recommendations to the Board regarding Director compensation with reference to director compensation of comparably sized Canadian companies. The most recent benchmarking analysis was conducted in 2012 and resulted in changes to Director compensation effective January 1, 2013. See "Compensation of Non-Executive Directors" commencing on page 17 of this Circular.

Authority of the Management Resources & Compensation Committee

The MR&C Committee has the authority to retain and terminate advisors to assist in the evaluation of Director, CEO or senior executive compensation. The MR&C Committee also has the authority to approve the fees and retention terms of any such advisors. The MR&C Committee may form and delegate authority to subcommittees that it deems appropriate. The MR&C Committee has the authority to make recommendations to the Board, but has no decision-making authority other than as set out above.

Hedging of Company Securities Prohibited

As set out in our Insider Trading Policy, the Company does not allow insiders to hedge their position in shares, options, deferred share units, restricted share units, debentures or other debt instruments by use of any financial instrument which would include but is not limited to puts, calls, warrants or short selling, designed to benefit the holder from a change in the market value of the stock of the Company.

Executive Compensation Consultant

The MR&C Committee receives periodic information and advice from Hugessen Consulting Inc. ("Hugessen"), an independent executive compensation consultant. Hugessen was first retained by the MR&C Committee in 2007.

The following table summarizes the executive compensation consulting and other fees charged by Hugessen for their services during each of the 2013 and 2012 fiscal years:

SERVICE	FISCAL YEAR 2013	FISCAL YEAR 2012
Executive Compensation	\$31,532	\$99,103
Other Related Services	-	-
TOTAL	\$31,532	\$99,103

Executive Compensation – Related Fees

In 2013, Hugessen earned \$31,532 for compensation consulting and advisory work related primarily to benchmarking the Company's compensation practices against its peers and advice on general compensation matters.

All Other Fees

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. In the fiscal years of 2013 and 2012, no additional services were undertaken by Hugessen.

RISKS RELATED TO COMPENSATION POLICIES & PRACTICES

The Company has had a pay for performance philosophy for a number of years. The compensation plans have evolved and are regularly reviewed to determine whether they reward participants for the desired outcome. This year, the MR&C Committee assessed how risk management is incorporated into the Company's incentive design and concluded that there are appropriate safeguards in place to protect against risks that could have materially adverse consequences for the Company. Set out below are some of the components of the Company's compensation policy and a description of how these components serve to safeguard against the taking of undue risk.

EXECUTIVE OFFICER COMPENSATION PLANS – RISK SAFEGUARDS	
Key Component	Description
Profit Driven	Variable compensation plans are either earnings per share-based or return on net assets-based. This design considers both earnings and capital requirements. As we are a working capital intensive company, profit sharing needs to consider cost of capital.
Plans are formula driven from financial statement results	Incentive plans have a formula which can be reviewed and determined based on actual results.
Plans have thresholds and maximum payout limits, subject to discretionary rewards above or below	The compensation plans for executive officers have thresholds and caps. The caps ensure that management is not incented to take undue risks.
Clawback policies that require reimbursement of overpaid incentives	The CEO, COO and CFO are subject to clawback provisions if the Company's results are later restated due to an error in reporting.
Mix of short and longer term incentives	The CEO, COO and CFO receive a significant portion of their variable compensation in RSUs which are subject to changes in the common share price for three years after the date they are granted.
Share ownership requirements help align executive officer interests with those of the shareholders	The CEO is required to own a combination of common shares and RSUs equal to three times his base salary, the COO is required to own a combination of common shares and RSUs equal to two times his base salary and the CFO is required to own a combination of common shares and RSUs equal to one times her base salary. Share ownership must be achieved within three years of appointment.
Role of MR&C Committee and the Board of Directors in Risk Assessment	<p>The MR&C Committee is composed of independent Directors. It reviews and evaluates the appropriateness of performance objectives and their alignment with compensation. The MR&C Committee annually reviews the compensation of the 50 top executives, managers and sales staff.</p> <p>The Board of Directors gives final approval for executive compensation.</p> <p>Communication is achieved, in part, by cross-committee membership. The MR&C Committee also reports regularly to the full Board of Directors.</p>

Management and the Board of Directors implemented a number of policies which mitigate undue risk taking by executive officers of the Company. These policies require Board approval of: (i) capital expenditures in excess of \$1 million; (ii) all changes to banking and debt agreements; (iii) all acquisitions; (iv) all derivatives other than back-to-back foreign exchange hedges on inventory purchases; and (v) the Company's investment policy.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE OF NAMED EXECUTIVE OFFICERS

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

NAME AND PRINCIPAL POSITION	YEAR	SALARY	SHARE BASED AWARDS ⁽³⁾	SHARE OPTIONS ⁽⁴⁾	NON-EQUITY INCENTIVE PLAN ⁽⁵⁾	PENSION VALUE	ALL OTHER COMP. ⁽⁶⁾	TOTAL COMPENSATION
B.R. Hedges <i>President and CEO</i>	2013	\$739,661	\$ 577,940	\$341,473	\$ 577,940	\$530,000 ⁽⁷⁾	\$22,454	\$2,789,468
	2012	709,236	818,670	355,774	818,670	200,000	21,948	2,924,298
	2011	629,429	1,144,080	362,748	1,153,530	170,000	20,431	3,480,218
J. G. Reid ⁽¹⁾⁽²⁾ <i>Executive Vice President and COO</i>	2013	513,069	287,913	243,907	345,084	9,683	8,483	1,408,139
	2012	443,964	336,600	254,121	423,000	9,194	214	1,467,093
	2011	293,461	-	170,750	983,876	9,102	212	1,457,401
M.E. Britton <i>Executive Vice President, CFO and Secretary</i>	2013	356,842	173,145	204,887	265,608	176,662	8,241	1,185,385
	2012	349,329	217,000	213,462	373,800	170,100	8,116	1,331,807
	2011	314,715	305,550	217,645	576,765	152,290	7,233	1,574,198
M.A. Kelly <i>Vice President, Information Systems</i>	2013	269,623	-	79,310	164,865	5,933	6,350	526,081
	2012	261,849	-	74,580	215,487	6,546	6,166	564,628
	2011	252,935	-	68,300	234,894	6,346	5,832	568,307
D.J. Halcrow <i>Vice President, Purchasing and Inventory Management</i>	2013	152,969	-	79,310	164,865	10,000	27,384	434,528
	2012	148,960	-	74,580	215,487	10,000	27,210	476,237
	2011	145,699	-	68,300	234,894	10,000	35,180	494,073

⁽¹⁾ Mr. Reid was promoted to Vice President and COO on February 21, 2013. Compensation shown for 2011 and 2012 relates to his position as Vice President Operations, Service Centers.

⁽²⁾ Salary and cash incentives paid to Mr. Reid were paid in U.S. dollars. These amounts have been converted to Canadian dollars using the U.S. dollar published average exchange rates for 2013, US\$1.00 = Cdn\$1.0301; 2012, US\$1.00 = Cdn\$0.9994; and 2011, US\$1.00 = Cdn\$0.9893.

⁽³⁾ RSUs will be issued to Mr. Hedges, Ms. Britton and Mr. Reid on March 10, 2014, as part of their 2013 year end incentive awards based on earnings per share achieved in 2013. RSUs were issued to Mr. Hedges, Ms. Britton and Mr. Reid on March 10, 2013 as part of their 2012 year end incentive awards based on earnings per share achieved in 2012. RSUs were issued to Mr. Hedges and Ms. Britton on March 10, 2012 as part of their 2011 year end incentive awards based on earnings per share achieved in 2011. The aggregate dollar value of the RSUs granted based on Market Price, (as defined in the RSU Plan) on the date of grant is equal to the amounts shown in the table. For information relating to the RSU Plan please see page 35 of this Circular.

⁽⁴⁾ These amounts represent the Black-Scholes valuation of share options granted using the following assumptions: dividend yield: 5% for 2013, 2012 and 2011; expected volatility (based on historical volatility over the last 5 years): 40% for 2013 and 41% for 2012 and 2011; expected life: 5 years; risk free rate of return: 3.5% for 2013 and 2012 and 4% for 2011; and weighted average fair value of options granted: \$7.21 for 2013, \$6.78 for 2012 and \$6.83 for 2011. The share options were priced 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 34 of this Circular.

⁽⁵⁾ Non-equity incentive plan compensation paid to the NEOs in 2014 is part of their 2013 year end incentive awards based on earnings per share achieved during the year and is paid annually in February after approval by the Board.

⁽⁶⁾ The amounts shown represent the Company's contributions to the Value Sharing Plan (as defined on page 32) for each of the CEO, CFO and the other Named Executive Officers; premiums for a life insurance policy for Mr. Hedges; premiums for Group Term Life Insurance for each of the Named Executive Officers; auto allowance (of \$18,330) for Mr. Halcrow. Mr. Hedges, Ms. Britton and Mr. Reid received an auto allowance during 2013, 2012 and 2011; 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 generally available to all employees.

⁽⁷⁾ The increase in Mr. Hedges' pension value for 2013 mainly relates to the increase in the cap on the supplementary retirement plan to \$350,000 from \$320,000. See "Pension Plan Benefits – Defined Benefits Plans" commencing on page 38 of this Circular.

SHARE OWNERSHIP REQUIREMENT FOR THE CEO, COO AND CFO

We have adopted a policy for our CEO, COO and CFO requiring them to own common shares and RSUs. The CEO is required to own in aggregate common shares and RSUs valued at not less than three times his annual salary within three years of appointment. The COO is required to own in aggregate common shares and RSUs valued at not less than two times his annual salary within three years of appointment. The CFO is required to 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 35 of this Circular).

The table below shows the number and value of shares and RSUs owned, as of March 7, 2014, by the Company's three senior executives.

Name	2013 Base Salary	Multiple	Target Value of Share Ownership	Number of Shares	Value of Shares ⁽²⁾	Number of RSUs	Value of RSUs Held ⁽²⁾	Combined Value of Shares and RSUs Held	Meets Guidelines
B.R. Hedges	\$740,000	x3	\$2,220,000	105,692	\$3,150,679	85,893	\$2,560,470	\$5,711,149	yes
J.G. Reid	500,000	x2	1,000,000	7,500	223,575	12,626	376,381	599,956	pending ⁽¹⁾
M.E. Britton	357,000	x1	357,000	81,937	2,442,542	25,155	749,871	3,192,413	yes

⁽¹⁾ On February 15, 2012 the Board resolved that Mr. Reid was subject to a minimum share ownership requirement equal to two times his base salary and that this ownership threshold would be achieved over a three year period. As such, Mr. Reid has until February 15, 2015 to reach this share ownership threshold.

⁽²⁾ The values of the shares and RSUs reflected above are based on the closing price of a common share on the Toronto Stock Exchange on March 7, 2014 of \$29.81.

SHARE BASED PLANS

The Company has the following share based compensation plans: Employee Share Purchase Plan, Share Option Plan, Restricted Share Unit Plan and a DSU Plan. These plans (other than the DSU Plan for non-executive Directors, which is described commencing on page 18 of this Circular) are discussed below.

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, further aligning participants 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 contributions to the Value Sharing Plan through payroll deductions. For employee contributions up to 5% of their base pay, we contribute an amount equal to one third of the employees' contributions.

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 the majority of our employees in Canada and the United States. The Value Sharing Plan is independently administered by Sun Life Financial for Canadian employees and by Solium Capital for U.S. employees.

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 3% of our employees, not including the Named Executive Officers, currently hold options. During 2013, an aggregate of 131,607 options were granted to the Named Executive Officers and 258,000 options were granted to other employees.

The Plan has a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance is set at a maximum of 4,498,909 common shares. At December 31, 2013, there were 1,555,846 common shares available for grant under the Plan. On February 19, 2014, an aggregate of 149,172 options were granted to the CEO, COO and CFO based on the values in the Compensation table. Share options were not granted to the other Named Executive Officers or other employees to date in 2014, as the Board of Directors is considering the possibility of granting RSUs in place of share options.

Options vest in accordance with terms determined by the Board. Options granted after May 2011 begin vesting on the first anniversary of the date of grant at a rate of 25% per year for four years. Options granted prior to May 2011, vest at the rate of 20% on the date of grant and each anniversary for four years from the date of grant. 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.

On termination of employment, unvested options are forfeited and vested options may be exercised within 30 days following the date of 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.

The Plan provides that (a) the number of common shares reserved for issuance pursuant to options granted under the Plan or otherwise granted under all other share compensation arrangements to insiders (as defined in the Plan) may not exceed 10% of the issued and outstanding common shares of the Company, and (b) the issuance of common shares to insiders under the Plan and under all share compensation arrangements within a one year period may not exceed 10% of the issued and outstanding common shares of the Company.

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 change the vesting or termination provisions of the plan or any option (provided it does not entail an extension beyond the originally scheduled expiry date for the given options other than in the case of a "trading blackout"). The Board of Directors may also suspend, discontinue or terminate the plan at any time.

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, COO and CFO whose options are based on the values disclosed in the 2013 Incentive Compensation Tables on page 25 of this Circular. The MR&C Committee also takes previous incentive awards into account when considering new awards. 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 considered by the CEO and the MR&C Committee when recommending grants.

Grant Rate

The table below sets forth the grant rate for share options issued in 2013 and 2012 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 ⁽¹⁾	No. of Share Options Granted	Percentage
2013	60,204,907	389,607	0.65%
2012	60,071,698	382,189	0.64%

⁽¹⁾ Number of shares outstanding as at February 15, 2012 and February 12, 2013 being the grant date of the options.

2013 Options Granted

The following table sets forth information relating to share options for 2013. As at December 31, 2013, an aggregate 2,606,430 common shares would be issued if all the outstanding options were exercised. An additional 1,155,846 common share options were available for grant as at December 31, 2013.

	NUMBER OF OPTIONED SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF ADDITIONAL SHARE OPTIONS AVAILABLE FOR GRANT AT DEC. 31, 2013
Balance, January 1, 2013	3,055,428	\$25.92	
Granted	389,607	28.99	
Exercised	(736,633)	24.24	
Expired or Forfeited	(101,972)	28.01	
BALANCE, DECEMBER 31, 2013	2,606,430	\$26.77	1,155,846

2013 & 2012 Year-End Dilution Levels

The following table sets forth information concerning share options outstanding as at December 31 for 2013 and 2012.

YEAR END DILUTION LEVELS			
Year	No. of Shares Outstanding	No. of Optioned Shares	Percentage
2013	60,946,393	2,606,430	4.28%
2012	60,204,636	3,055,428	5.08%

⁽¹⁾ All numbers are as at December 31.

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 was 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 full time employees to whom RSUs may be granted and the number of RSUs to be granted to any participant. RSUs are awarded to the CEO, COO and CFO annually in the first quarter of each year based on the prior year's earnings per share.

Under the RSU Plan, the expiry date for any RSU shall be the third anniversary of the grant date and RSUs shall vest as to one-third on each of the first, second and third anniversaries of the grant date. At the time of the grant, the Board has the authority to change both the grant date and the vesting period. If a participant ceases to be an employee for reasons other than death or retirement at or after normal retirement age (i) RSUs that are then vested will be paid within 15 days following the date the participant ceased to be an employee and in any event no later than December 31 of the year the participant ceased to be an employee; and (ii) RSUs that are not then vested 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 and will be paid within 15 days following the date of death or retirement but no later than December 31 of the year of death or retirement. The Board may, in its discretion, following the grant date but prior to a vesting date, designate an earlier vesting date for all or any portion of the RSUs then outstanding and granted to a participant.

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 daily 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.

OUTSTANDING SHARE BASED AND OPTION BASED AWARDS

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, 2013.

OPTION BASED AWARDS				
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Options Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾
B.R. Hedges	51,790	\$25.75	23-Feb-16	\$ 292,096
	38,210	26.30	03-May-16	194,489
	150,000	33.81	03-May-17	-
	84,588	26.70	18-Feb-18	396,718
	15,617	16.58	05-Aug-19	231,288
	27,146	19.84	12-May-20	313,536
	53,111	25.70	17-Feb-21	302,202
	52,474	26.18	15-Feb-22	273,390
	47,361	28.99	12-Feb-23	113,666
Total	520,297			\$2,117,385
J.G. Reid	5,000	\$26.70	18-Feb-18	\$ 23,450
	2,000	16.58	05-Aug-19	29,620
	3,000	19.84	12-May-20	34,650
	25,000	25.70	17-Feb-21	142,250
	37,481	26.18	15-Feb-22	195,276
	33,829	28.99	12-Feb-23	81,191
	106,310			\$506,436
M.E. Britton	14,000	\$15.85	27-Apr-15	\$ 217,560
	35,000	25.75	23-Feb-16	197,400
	35,000	33.81	03-May-17	-
	50,753	26.70	18-Feb-18	238,032
	46,850	16.58	05-Aug-19	693,849
	39,548	19.84	12-May-20	456,779
	31,866	25.70	17-Feb-21	181,318
	31,484	26.18	15-Feb-22	164,032
	28,417	28.99	12-Feb-23	68,201
312,918			\$2,217,171	
M.A. Kelly	25,000	\$15.85	27-Apr-15	\$ 388,500
	25,000	25.75	23-Feb-16	141,000
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	117,250
	10,000	16.58	05-Aug-19	148,100
	10,000	19.84	12-May-20	115,500
	10,000	25.70	17-Feb-21	56,900
	11,000	26.18	15-Feb-22	57,310
	11,000	28.99	12-Feb-23	26,400
152,000			\$1,050,960	
D.J. Halcrow	25,000	\$25.75	23-Feb-16	\$141,000
	25,000	33.81	03-May-17	-
	25,000	26.70	18-Feb-18	117,250
	10,000	16.58	05-Aug-19	148,100
	10,000	19.84	12-May-20	115,500
	10,000	25.70	17-Feb-21	56,900
	11,000	26.18	15-Feb-22	57,310
	11,000	28.99	12-Feb-23	26,400
Total	127,000			\$662,460

⁽¹⁾ Based on the closing price of a common share on the Toronto Stock Exchange on December 31, 2013 of \$31.39.

The following table summarizes (i) all RSUs that have not vested and their market value as at December 31, 2013; and (ii) the market value of all RSUs that have vested but have not been distributed as at December 31, 2013.

Name	No. of Not Vested RSUs	Value of Not Vested RSUs ⁽¹⁾	2013 Value of Vested (Not Distributed) ⁽¹⁾ RSUs
B.R. Hedges	63,970	\$2,008,018	\$688,143
J.G. Reid	12,626	396,330	-
M.E. Britton	17,783	558,208	231,395

⁽¹⁾ The value of the RSUs not vested and the value of the RSUs vested (but not distributed) are based on the closing price of \$31.39 per common share on the Toronto Stock Exchange on December 31, 2013.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes all incentive plan awards (common share options, RSUs and bonuses) vested or earned during 2013 for all Named Executive Officers.

Name	Options Based Awards - Value Vested During 2013 ⁽¹⁾	RSUs – Value Vested During 2013 ⁽²⁾⁽³⁾	Non-Equity Incentive Plan Compensation – Value Earned During 2013
B.R. Hedges	\$307,288	\$531,993	\$577,940
J.G. Reid	61,110	-	345,084
M.E. Britton	184,371	163,694	265,608
M.A. Kelly	46,538	-	164,865
D.J. Halcrow	46,538	-	164,865

⁽¹⁾ The option value vested is the difference between the closing price of a common share on the Toronto Stock Exchange at the close of the particular 2013 vesting date and the exercise price of the share option.

⁽²⁾ The RSUs value vested is based on the Market Price on the date the RSUs vested during 2013.

⁽³⁾ RSUs expire on the third anniversary of the grant date and RSUs vest as to one-third on each of the first, second and third anniversaries of the grant date.

PENSION PLAN BENEFITS

Russel Metals provides retirement benefits in various forms, including defined benefit plans, defined contribution plans and registered retirement savings plan contributions.

DEFINED BENEFITS PLANS

Mr. Hedges and Ms. Britton participate in a final average earnings plan, which plan includes other members of senior management of the Company. Due to their respective salary levels this plan provides the maximum benefit allowable, which in 2013 was \$2,697 per year of service under the Income Tax Act. The normal form of benefit for a member without a spouse at retirement is a pension payable for life and guaranteed for 120 months. For a member with a spouse at retirement, the normal form is a pension payable for life, reducing on the member's death to 60% and payable thereafter to the surviving spouse. There is an offset for Canada Pension Plan benefits.

Mr. Hedges also participates in a defined benefit individual supplementary retirement plan, which entitles him to a maximum annual pension at age 65 which, together with all other pension benefits (Canada Pension Plan benefits and amounts 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 60% of his average salary for the 36 consecutive month period during which Mr. Hedges experienced his highest salary including periods of permanent disability. The maximum annual payment from the supplementary plan is capped at \$350,000. This cap was increased from \$320,000 to \$350,000 as part of the 2013 compensation review. 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 supplemental monthly pension benefit, less any amount paid to Mr. Hedges 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 the purpose 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. No other Named Executive Officer participates in a defined benefit plan.

NAME	NO. OF YEARS CREDITED SERVICE	ANNUAL BENEFITS PAYABLE		OPENING PRESENT VALUE OF OBLIGATION AT START OF 2013	COMPENSATORY CHANGE ⁽¹⁾	NON-COMPENSATORY CHANGE ⁽²⁾	CLOSING PRESENT VALUE OF OBLIGATION AT END OF 2013
		At Year End	At Age 65				
B.R. Hedges	19.5	\$322,000	\$414,000	\$3,981,000	\$530,000	\$(88,000)	\$4,423,000
M.E. Britton	29.0	78,000	98,000	1,246,000	46,000	(38,000)	1,254,000

⁽¹⁾ Compensatory change represents the service cost for 2013 and any difference between estimated and actual earnings. During 2013, the cap for payments under Mr. Hedges supplementary plan was increased to \$350,000 which resulted in a higher compensatory change in 2013.

⁽²⁾ Non-compensatory change includes interest on beginning of year obligations, experience gains and losses and change 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 15 of the 2013 consolidated financial statements.

DEFINED CONTRIBUTION PLANS

Ms. Britton and Ms. Kelly participate in defined contribution plans. The following table sets out prescribed information concerning the accrued values of these plans and compensatory and non-compensatory payments under these plans for 2013. The respective plans are described in more detail below the table:

NAME	ACCUMULATED VALUE AT START OF 2013	COMPENSATORY ⁽¹⁾	ACCUMULATED VALUE AT END OF 2013
M.E. Britton	\$668,212	\$130,662	\$804,289
M.A. Kelly	0	5,933	25,300

⁽¹⁾ *Compensatory value represents the Company's aggregate contributions made during the year.*

Ms. Britton participates in a defined contribution individual supplementary retirement plan. This plan 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. 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 made by 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. Any funds remaining on the death of Ms. Britton and her spouse will be paid to her named beneficiary.

Ms. Kelly participates in a defined contribution plan covering our Canadian employees, which provides for an annual contribution of an amount equal to 2% of Ms. Kelly's base salary. In addition, we make contributions based on a percentage of the contributions made by Ms. Kelly. A contribution of \$5,933 was made in 2013.

401K PLAN AND REGISTERED RETIREMENT SAVINGS PLANS

Mr. Reid participates in a 401K defined contribution plan covering our U.S. employees. We make contributions based on a percentage of Mr. Reid's compensation and his personal contributions up to a maximum each year. The maximum contribution for 2013 was US\$9,400 (Cdn\$9,683). All contributions vest immediately. Mr. Halcrow has an amount contributed to his registered retirement savings plan. A contribution of \$10,000 was made on behalf of Mr. Halcrow during 2013.

CHANGE OF CONTROL AND OTHER AGREEMENTS

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, Ms. Britton and Mr. Reid described below.

CHANGE OF CONTROL EMPLOYMENT AGREEMENTS

We have entered into change of control employment agreements with Mr. Hedges, Ms. Britton and Mr. Reid 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 or 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 within 15 days from termination.

The following table sets out the payments to which each of the CEO, COO and the CFO would have been entitled had they been terminated on December 31, 2013 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	Amount on Account of Pension Benefits	Immediate Vesting of Options	Immediate Vesting of RSUs ⁽¹⁾
B.R. Hedges	\$5,095,662	\$1,060,000	\$591,853	\$2,008,025
J.R. Reid	3,040,819	19,366	301,873	396,340
M.E. Britton	2,243,987	356,984	355,110	558,208

⁽¹⁾ In addition, any vested but not distributed RSUs are also deemed payable upon a change of control.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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").

CORPORATE GOVERNANCE	
Disclosure Requirement	Practices of Russel Metals
Independence of the Board	<p>Majority (90%) of our current Directors, and a majority (89%) of the nominees for election as a Director at the Meeting, are independent.</p> <p>Mr. Hedges is not independent, as he is currently the President and CEO of the Company.</p>
Other Board Positions held by the Company's Directors	<p>Mr. Benedetti, Mr. Clark, Mr. Dinning, Mr. Griffiths, Mr. Hanna, Ms. Laberge, Mrs. Lachapelle and Mr. Tulloch are directors of other public companies.</p> <p>During 2013, Mr. Hanna and Mrs. Lachapelle were directors of INNERGEX Renewable Energy Inc., a public company. No other two Directors were members of the same board of another public company.</p>
In Camera Meetings	<p>Independent Directors meet in camera at each scheduled quarterly Board meeting.</p> <p>In 2013, there were four regular / quarterly board meetings with in camera sessions.</p>
Independent Chair	<p>Mr. Griffiths is the Chair of the Board and is independent. The current Directors have indicated that if reelected at the Meeting they propose to appoint James F. Dinning as Chair of the Board of the Company to succeed Mr. Griffiths. Mr. Dinning is also independent.</p>
Attendance Record	<p>During 2013, all of the Directors other than Mr. Griffiths, Ms. Laberge and Mrs. Lachapelle had 100% attendance at the Board and Committee meetings. Mr. Griffiths and Ms. Laberge had a 93% attendance record and Mrs. Lachapelle had an 81% attendance record at the 2013 Board and Committee meetings. For further information on attendance at the 2013 Board and Committee meetings see "Attendance of Board and Committee Meetings Held" on page 15 of this Circular.</p>
Board Charter	<p>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.</p> <p>The Board of Directors reviews and approves our strategic direction, annual business plan and capital expenditure budget.</p> <p>The Board of Directors approves acquisitions and all capital expenditures in excess of \$1 million.</p> <p>The Board of Directors reviews and approves changes in business focus, corporate financings and debt issues.</p> <p>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.</p> <p>The Board also expects management to advise it of any events that have or are likely to have a material effect on the Company.</p> <p>The interaction between the Board and management challenges management to proactively manage the cyclical nature of the business to ensure it maximizes shareholder value.</p> <p>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.</p> <p>The Board charter is included as Schedule A to this Circular, commencing on page 47.</p>
Size of Board	<p>The number of Directors to be elected at the Meeting is set at nine.</p> <p>This 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.</p> <p>Our articles require us to have a minimum of seven and a maximum of 12 Directors.</p>

CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
Board Committees	<p>Russel Metals' Board committees are Audit Committee, NCG Committee, MR&C Committee and EMH&S Committee.</p> <p>The members of these committees are all independent and are listed on page 14 of this Circular.</p> <p>The Board has adopted charters for each of these committees.</p>
Position Descriptions	<p>The Board has approved position descriptions for the Chair of the Board, the Chair of each committee of the Board and the CEO.</p> <p>Copies of the committee charters and the position descriptions referred to above are available from our website located at www.russelmetals.com (see "Investor Relations" and "Corporate Governance").</p>
Orientation Program	<p>All new Directors receive a comprehensive orientation on their election or appointment to the Board which includes:</p> <ul style="list-style-type: none"> • a detailed briefing with the Chair of the Board • a detailed briefing with the CEO, CFO and other members of senior management • participation in tours of our facilities and in small group sessions with senior management personnel • background and key 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 • a copy of all Board and Committee charters <p>Directors review and execute the Company's Code of Business Conduct and Ethics Policy and Insider Trading Policy.</p>
Attendance at Board Meetings	<p>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.</p>
Ongoing Education Program	<p>We provide our Directors with supplemental Company specific and industry general information designed to keep them current with respect to factors affecting the Company.</p> <p>We provide periodic tours of our facilities, and presentations by senior corporate and operating personnel.</p> <p>We provide presentations concerning legal and policy developments affecting Canadian public companies generally and the responsibilities of Directors.</p> <p>Management makes presentations when we are making key business decisions, during strategic planning meetings, on topical issues from time to time and in response to requests from the Board.</p> <p>During 2013, the Board increased its knowledge through the following ongoing education programs:</p> <p>a) 80% of the Board participated in the following programs:</p> <ul style="list-style-type: none"> • tour of our Russel Metals Plate Processing Center in Edmonton, Alberta • tour of pipe supplier facility in Edmonton, Alberta • tour of oil sands equipment manufacturing in Fort McMurray, Alberta • tour of oil sands in Fort McMurray, Alberta • operations presentation by senior management of Russel Metals – Alberta service center operations • operations presentation by senior management of Apex Distribution <p>b) 100% of the Board participated in the following sessions:</p> <ul style="list-style-type: none"> • information session on our information systems • industry articles on steel and oil and gas markets we service <p>Our Directors are encouraged to participate in external educational seminars, at the Company's expense, that are relevant to their role on the Board.</p>

CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
Culture of Ethical Business Conduct	<p>The Board has approved and adopted a Code of Business Conduct and Ethics Policy (the "Code of Conduct"), which applies to all our Directors, officers and employees.</p> <p>The Code of Conduct can be found on our website at www.russelmetals.com (see "Investor Relations" and "Corporate Governance") and on SEDAR (www.sedar.com).</p>
Monitoring Compliance with Code of Business Conduct and Ethics and other Policies	<p>Management provides the Board with a written compliance report on a quarterly basis.</p> <p>The Company has a confidential and anonymous reporting system that allows all employees to raise concerns free of discrimination, retaliation or harassment.</p> <p>The Company encourages the reporting of any complaints, concerns or questions relating to:</p> <ul style="list-style-type: none"> • accounting matters • internal controls • financial irregularities • compliance with the Company's policies • unethical business conduct, including but not limited to, safety, environmental, conflicts of interest, bribery, theft and / or fraud <p>The report of any complaints, concerns or questions relating to the foregoing matters may be made to a Whistleblower Hotline through an independent third party service provider by internet, telephone or by mail.</p> <p>The CEO and CFO investigate all reports submitted to the Whistleblower Hotline.</p> <p>The Audit Committee Chair and Vice President of Human Resources receive notice and have access to all reports submitted to the third party provider.</p>
Conflict of Interest	<p>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.</p> <p>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).</p>
Audit Committee	<p>The Audit Committee is responsible for reviewing our quarterly and annual financial statements, our management's discussion and analysis of financial condition and results of operations, other public disclosure and for monitoring our internal control procedures.</p> <p>The Audit Committee meets quarterly with our external auditors and with Internal Audit without management being present.</p> <p>All members of the Audit Committee are independent Directors.</p> <p>The Board annually appoints the Audit Committee and its Chair.</p> <p>Additional information with respect to the Audit Committee, including its charter, can be found under the headings "Audit Committee Information" and "Charter of the Audit Committee" in our annual information form, which is posted on our website at www.russelmetals.com (see "Investor Relations" and "Financial Reports").</p>
Nominating and Corporate Governance Committee	<p>The NCG Committee is responsible for:</p> <ul style="list-style-type: none"> • developing and recommending governance guidelines for the Company (and periodic review of those guidelines) • identifying individuals qualified to become members of the Board • recommending Director nominees to be put before the shareholders at each annual meeting • conducts an annual evaluation of the Board, the Committees of the Board and Chair of the Board <p>The NCG Committee is comprised of independent Directors.</p> <p>The Board annually appoints the NCG Committee and its Chair.</p> <p>As part of each meeting, members of the NCG Committee meet without any member of management present.</p>

CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
Nomination of New Directors	<p>The NCG Committee is responsible for making recommendations to the Board concerning new Director candidates.</p> <p>When new Directors are required, the NCG Committee determines the skill set of a potential Director that it believes would best suit the circumstances.</p> <p>The NCG Committee develops profiles of individuals whose background and skills would complement those of the existing Directors for consideration by the Board.</p>
Management Resources and Compensation Committee	<p>The responsibilities of the MR&C Committee include:</p> <ul style="list-style-type: none">• 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 share based plans• approving and monitoring share ownership policies• reviewing and considering the implications of the risks associated with our compensation policies and practices, specifically, situations that could potentially encourage an executive to expose Russel Metals to inappropriate or excessive risks• reviewing compensation disclosure in public documents, including the Compensation Discussion and Analysis, for inclusion in this Circular in accordance with applicable rules and regulations <p>The Board annually appoints a fully independent MR&C Committee and its Chair.</p> <p>The MR&C Committee considers matters within its mandate and makes recommendations to the full Board.</p> <p>As part of each meeting, the MR&C Committee members meet without any member of management present.</p>
Determining Director and Executive Officer Compensation	<p>The MR&C Committee recommends the compensation for the CEO, the CFO and the COO to the Board and reviews compensation policies and levels for other executive officers to ensure that their compensation is competitive and reasonably related to personal and corporate performance.</p> <p>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 our incentive plans in contributing to corporate performance.</p> <p>The MR&C Committee determines Director compensation with reference to board compensation of comparably sized Canadian companies.</p>
Environmental Management and Health & Safety Committee	<p>The mandate of the EMH&S 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.</p> <p>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.</p> <p>The EMH&S Committee is comprised of independent Directors.</p> <p>The Board annually appoints the EMH&S Committee and its Chair.</p> <p>Management reports quarterly to the Board on these areas and the EMH&S Committee meets with management involved in these areas at least once per year.</p>

CORPORATE GOVERNANCE

Disclosure Requirement	Practices of Russel Metals
Board, Committee and Individual Director Assessment	<p>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.</p> <p>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.</p> <p>Each Director also submits annually to the Chair a completed self assessment form, which is designed to improve individual Director performance through critical self evaluation.</p> <p>It is expected that individual and corporate goals can be more readily achieved as Directors are assisted in identifying areas that may be improved.</p> <p>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.</p> <p>Each Director also completes an annual assessment of the Chair of the Board. These assessments are submitted to the Chair of the NCG Committee, who discusses any issues raised with the Chair of the Board on a "without attribution" basis.</p>
Outside Advisors	<p>Each committee of the Board has the authority to retain and compensate any outside consultants and advisors it considers necessary to fulfill its mandate.</p> <p>Directors may engage advisors at our expense for other purposes with the concurrence of the Chair of the NCG Committee.</p> <p>In 2013, the MR&C Committee retained Hugessen to assist with work related primarily to benchmarking of the Company's compensation practices against peers and advising on general compensation matters.</p>

CERTIFICATE

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

DATED the 7th day of March, 2014.



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

SCHEDULE A – CHARTER OF THE BOARD OF DIRECTORS

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*

Directors whose principal employment or other business or professional circumstances change materially from that which they held when most recently elected to the Board (including retirement from their principal employment) must notify the Chairman of the Nominating and Corporate Governance Committee and tender a written offer to resign for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board; however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances and to consider whether such change may have an impact on the composition of the Board.

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. The Chair shall beneficially own directly or indirectly, Common Shares or deferred share units or a combination thereof valued at three times the annual Chair 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.

