

Form 51-102F3

MATERIAL CHANGE REPORT

**Section 7.1 of National Instrument 51-102
Continuous Disclosure Obligations**

ITEM 1: NAME AND ADDRESS OF COMPANY

Russel Metals Inc.
Suite 210, 1900 Minnesota Court
Mississauga, ON L5N 3C9

ITEM 2: DATE OF MATERIAL CHANGE

September 4, 2007

ITEM 3: NEWS RELEASE

A news release was issued on September 4, 2007 by Russel Metals Inc. ("Russel Metals"). A copy of the news release is attached hereto.

ITEM 4: SUMMARY OF MATERIAL CHANGE

On September 4, 2007, Russel Metals announced that it had entered into a share purchase agreement to acquire 100% of the outstanding capital stock of JMS Metal Services, Inc. and related companies ("JMS"), an American metals service center.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

On September 4, 2007, Russel Metals announced that it had entered into a share purchase agreement to acquire 100% of the outstanding capital stock of JMS Metal Services, Inc. and related companies ("JMS"), an American metals service center.

JMS was founded in July 1990 and is a full-line distributor of steel and aluminium products with eight strategically located processing and distribution facilities in Alabama, Arkansas, Georgia, Kentucky and Tennessee. JMS revenues are expected to be approximately CDN\$200 million for the current year ended December 31, 2007.

The transaction is expected to close at the end of the third quarter. The total transaction value will be approximately CDN\$125 million and will be funded from the \$207 million cash balance of Russel Metals as of June 30, 2007.

ITEM 6: RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7: OMITTED INFORMATION

Not applicable.

ITEM 8: EXECUTIVE OFFICER

For further information, please contact Brian R. Hedges, Executive Vice President and Chief Financial Officer of Russel Metals at (905) 819-7401.

DATED at Toronto, Ontario this 6th day of September, 2007.



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS INC. SIGNS PURCHASE AGREEMENT TO ACQUIRE JMS METAL SERVICES, INC.

TORONTO, CANADA – September 4, 2007 -- Russel Metals Inc. (TSX: RUS) announced today that it has entered into a share purchase agreement to acquire 100% of the outstanding capital stock of JMS Metals Services, Inc. and related companies ("JMS"), an American metals service center.

JMS was founded in July 1990 and is a full-line distributor of steel and aluminium products with eight strategically located processing and distribution facilities in Alabama, Arkansas, Georgia, Kentucky and Tennessee. JMS revenues are expected to be approximately CDN\$200 million for the current year ended December 31, 2007. The transaction is expected to close at the end of the third quarter.

Bud Siegel, President and CEO, stated, "The acquisition of JMS provides Russel Metals with a new geographic presence in the USA and a management team that will further grow our U.S. business, both organically and through further acquisitions. We have patiently waited for over four years to find a company such as JMS where we are completely comfortable that the culture and focus is similar to ours and that all parties feel the transition will be seamless in nature."

The total transaction value will be approximately CDN\$125 million and will be funded from the \$207 million cash balance of Russel Metals as of June 30, 2007. Brian Hedges, Executive Vice President and CFO, stated, "JMS is an excellent addition to our metals service center segment

and this immediately accretive investment will continue to strengthen our ability to pay our industry leading dividend."

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three distribution segments: metals service centers, energy tubular products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Milspec Industries, Pioneer Pipe, Russel Metals Williams Bahcall, Spartan Steel Products, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

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

The forward-looking statements in this document reflect management's current beliefs and are based on information currently available to management. The material assumptions applied in making the forward-looking statements in this document include the following: there will be steady demand in the manufacturing, resource and construction segments of the Canadian economy, oil and gas prices will not change materially, there will be continued consolidation of steel producers, the recent stability in the price of steel will continue, Russel Metals will be able to integrate JMS's business with its current business and the costs associated with such integration will be substantially as estimated, Russel Metals will be able to complete the transactions contemplated by the share purchase agreement to acquire JMS, Russel Metals will be able to realize the expected benefits of the transactions, and the Canadian dollar will maintain recent gains while not appreciating significantly. Although the forward-looking statements contained in this document are based upon what management believes to be reasonable estimates

and assumptions, Russel Metals cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements.

For further information, contact:

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