



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES SEQUENTIALLY STRONGER THIRD QUARTER 2009 NET EARNINGS**

TORONTO, CANADA – November 3, 2009 -- Russel Metals Inc. (RUS – TSX) today announced improved third quarter earnings of \$13 million or \$0.21, per share an increase from the results reported for the first two quarters of 2009. Excluding inventory write-downs quarterly earnings were \$0.24 per share. Net earnings reported in the comparative third quarter of 2008 were \$92 million or \$1.45 per share.

Year to date net earnings, excluding inventory write-downs and a gain on sale of a property, were \$0.44 per share. The inclusion of these items results in a loss of \$67 million or \$1.12 per share for the nine months ended September 30, 2009. The comparable results for 2008 were net earnings of \$200 million or \$3.16 per share for the nine months. Lower demand and steel pricing has significantly reduced our revenues and operating profits in all three segments compared to 2008.

Consolidated revenues for the third quarter of 2009 were \$434 million, a decrease of 55% from the third quarter of 2008 revenues of \$955 million and a decrease of 6% from \$463 million reported in the second quarter of 2009.

Revenues in our metals service centers segment decreased 49% to \$259 million for the third quarter of 2009 compared to the third quarter of 2008. Operating profits for our metals service centers for the third quarter of 2009 were \$13 million, compared to \$68 million in the third quarter of 2008.

Revenues for our energy tubular products segment dropped 64% to \$116 million for the third quarter of 2009 compared to \$325 million for the third quarter of 2008. Low natural gas drilling activity continued into the third quarter of 2009. Operating profits of \$7 million for the third quarter of 2009

excludes an inventory write-down of \$3 million and compares to operating profits of \$60 million for the third quarter of 2008.

Our steel distributors segment produced operating profits of \$8 million for the third quarter of 2009 on revenues of \$57 million. For the third quarter of 2008 steel distributors reported operating profits of \$21 million on revenues of \$117 million.

Marion E. Britton, Vice President and CFO, stated, "Our service center gross margins per ton in dollars improved and were much closer to historical levels. Earnings before interest and taxes as a percentage of revenues increased to 5% due to more stable pricing during this quarter. Operating and corporate expenses have been reduced by \$107 million in the first nine months due to pro-active expense reductions and highly variable compensation plans based on performance."

Brian R. Hedges, President and CEO, stated "Demand remains a challenge in all three segments but the fact that all three segments were profitable is very encouraging. The issuance of the convertible debentures in October 2009 provides liquidity to grow the balance sheet whether it is additional working capital as demand improves or acquisitions as opportunities arise. We believe many of our competitors will be unable to find sufficient funding to allow them to grow their working capital to support improved levels of business or to make opportunistic acquisitions. We believe that if a liquidity crunch was to occur it would be a catalyst for further consolidation in the service center industry."

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable December 15, 2009 to shareholders of record as of November 23, 2009.

The Company will be holding an Investor Conference Call on Wednesday, November 4, 2009 at 9:00 a.m. ET to review its third quarter results for 2009. The dial-in telephone numbers for the call are **416-340-8018** (Toronto and International callers) and **1-866-223-7781** (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at **416-695-5800** (Toronto and International callers) and **1-800-408-3053** (U.S. and Canada) until midnight, Wednesday, November 18, 2009. You will be required to enter pass code **7138076** in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at [www.russelmetals.com](http://www.russelmetals.com).

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, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec Industries, Norton Metals, Pioneer Pipe, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Spartan Steel Products, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

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

The forward-looking statements in this document reflect management's current beliefs and are based on information currently available to management. The material assumptions applied in making the forward-looking statements in this document include the following: demand from the manufacturing, resource and construction segments of the Canadian economy, oil and gas prices and the price of steel have all been significantly negatively impacted by the economic conditions and these conditions will impact these factors for the foreseeable future. The value of the Canadian dollar relative to the U.S. dollar will be consistent with what we experienced at the end of the third quarter of 2009. 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.

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**CONSOLIDATED BALANCE SHEETS** (UNAUDITED)

<i>(millions)</i>	<b>September 30 2009</b>	December 31 2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 120.2	\$ 44.9
Accounts receivable	237.7	429.3
Inventories	557.6	925.1
Prepaid expenses and other assets	4.5	8.1
Income taxes	56.3	7.1
	<b>976.3</b>	<b>1,414.5</b>
<b>Property, Plant and Equipment</b>	<b>236.6</b>	<b>249.9</b>
<b>Future Income Tax Assets</b>	<b>1.0</b>	<b>1.0</b>
<b>Pensions and Benefits</b>	<b>7.0</b>	<b>6.5</b>
<b>Other Assets</b>	<b>8.1</b>	<b>7.0</b>
<b>Goodwill and Intangibles</b>	<b>63.7</b>	<b>71.8</b>
	<b>\$ 1,292.7</b>	<b>\$ 1,750.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ -	\$ 64.9
Accounts payable and accrued liabilities	220.2	420.7
Income taxes payable	2.9	30.3
Current portion long-term debt	1.3	1.4
	<b>224.4</b>	<b>517.3</b>
<b>Derivatives</b>	<b>28.2</b>	<b>22.1</b>
<b>Long-Term Debt</b>	<b>189.4</b>	<b>217.5</b>
<b>Pensions and Benefits</b>	<b>6.0</b>	<b>5.8</b>
<b>Future Income Tax Liabilities</b>	<b>13.5</b>	<b>7.9</b>
	<b>461.5</b>	<b>770.6</b>
<b>Shareholders' Equity</b>		
Common shares	478.8	478.8
Retained earnings	355.4	467.0
Contributed surplus	11.0	9.4
Accumulated other comprehensive (loss) income	(14.0)	24.9
	<b>831.2</b>	<b>980.1</b>
	<b>\$ 1,292.7</b>	<b>\$ 1,750.7</b>

**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)** (UNAUDITED)

<i>(millions, except per share data)</i>	Quarters ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Revenues</b>	\$ 434.3	\$ 954.9	\$ 1,539.1	\$ 2,523.5
Cost of sales and operating expenses	411.7	810.0	1,641.6	2,205.1
<b>Earnings (loss) before the following</b>	<b>22.6</b>	144.9	<b>(102.5)</b>	318.4
Other income (expense)	-	(2.3)	4.3	(4.8)
Interest expense, net	(4.0)	(2.3)	(13.2)	(6.7)
<b>Earnings (loss) before income taxes</b>	<b>18.6</b>	140.3	<b>(111.4)</b>	306.9
(Provision for) recovery of income taxes	(5.8)	(48.8)	44.6	(107.4)
<b>Net earnings (loss) for the period</b>	<b>\$ 12.8</b>	\$ 91.5	<b>\$ (66.8)</b>	\$ 199.5
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.21</b>	\$ 1.45	<b>\$ (1.12)</b>	\$ 3.16
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.21</b>	\$ 1.44	<b>\$ (1.12)</b>	\$ 3.15

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS** (UNAUDITED)

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Retained earnings, beginning of the period	\$ 357.6	\$ 462.8	\$ 467.0	\$ 411.7
Net earnings (loss) for the period	12.8	91.5	(66.8)	199.5
Amount related to common shares purchased for cancellation	-	(37.4)	-	(37.4)
Dividends on common shares	(15.0)	(31.6)	(44.8)	(88.5)
<b>Retained earnings, end of the period</b>	<b>\$ 355.4</b>	\$ 485.3	<b>\$ 355.4</b>	\$ 485.3

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME** (UNAUDITED)

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Net earnings (loss) for the period</b>	<b>\$ 12.8</b>	<b>\$ 91.5</b>	<b>\$ (66.8)</b>	<b>\$ 199.5</b>
Other comprehensive (loss) income				
Unrealized foreign exchange (losses) gains on translation of self-sustaining foreign operations (U.S. subsidiaries)	<b>(34.1)</b>	14.7	<b>(55.4)</b>	24.3
Unrealized gains (losses) on items designated as net investment hedges	<b>4.8</b>	(2.2)	<b>8.2</b>	(3.9)
Unrealized gains (losses) on items designated as cash flow hedges	<b>2.4</b>	0.8	<b>2.9</b>	(1.8)
Other comprehensive (loss) income	<b>(26.9)</b>	13.3	<b>(44.3)</b>	18.6
<b>Comprehensive (loss) income</b>	<b>\$ (14.1)</b>	<b>\$ 104.8</b>	<b>\$ (111.1)</b>	<b>\$ 218.1</b>

**CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS** (UNAUDITED)

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	<b>\$ 15.6</b>	\$ (36.1)	<b>\$ 36.9</b>	\$ (45.7)
Unrealized foreign exchange (losses) gains on translation of self-sustaining foreign operations	<b>(34.1)</b>	14.7	<b>(55.4)</b>	24.3
Balance, end of period	<b>(18.5)</b>	(21.4)	<b>(18.5)</b>	(21.4)
Accumulated net unrealized (loss) gain on cash flow and net investment hedges				
Balance, beginning of period	<b>(2.7)</b>	3.1	<b>(12.0)</b>	7.4
Transitional adjustment (net of income tax of \$2.0)	-	-	<b>5.4</b>	-
Unrealized gains (losses) on items designated as net investment hedges	<b>4.8</b>	(2.2)	<b>8.2</b>	(3.9)
Unrealized gains (losses) on items designated as cash flow hedges	<b>2.4</b>	0.8	<b>2.9</b>	(1.8)
Balance, end of period	<b>4.5</b>	1.7	<b>4.5</b>	1.7
Accumulated other comprehensive loss	<b>\$ (14.0)</b>	\$ (19.7)	<b>\$ (14.0)</b>	\$ (19.7)

**CONSOLIDATED CASH FLOW STATEMENTS** (UNAUDITED)

(millions)	Quarters ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
<b>Operating activities</b>				
Net earnings (loss) for the period	\$ 12.8	\$ 91.5	\$ (66.8)	\$ 199.5
Depreciation and amortization	6.6	5.9	19.6	17.3
Future income taxes	2.4	0.1	6.4	1.4
(Gain) loss on sale of fixed assets	-	0.2	(4.5)	0.3
Stock-based compensation	0.7	0.4	1.6	3.3
Pension expense (funding), net	-	(0.2)	(0.3)	(0.3)
Other	0.1	2.6	0.5	5.3
<b>Cash (used in) from operating activities before non-cash working capital</b>	<b>22.6</b>	<b>100.5</b>	<b>(43.5)</b>	<b>226.8</b>
<b>Changes in non-cash working capital items</b>				
Accounts receivable	0.4	(59.1)	182.6	(192.8)
Inventories - net increase in NRV reserve	2.6	-	153.3	-
Inventories	56.2	(115.7)	170.3	(158.3)
Accounts payable and accrued liabilities	(19.7)	70.6	(191.9)	216.4
Current income taxes	7.9	18.5	(77.0)	40.4
Other	1.7	1.0	3.6	1.2
<b>Change in non-cash working capital</b>	<b>49.1</b>	<b>(84.7)</b>	<b>240.9</b>	<b>(93.1)</b>
<b>Cash from operating activities</b>	<b>71.7</b>	<b>15.8</b>	<b>197.4</b>	<b>133.7</b>
<b>Financing activities</b>				
(Decrease) increase in bank borrowing	(47.0)	7.3	(64.9)	7.3
Issue of common shares	-	0.2	-	2.7
Purchase of common shares	-	(48.7)	-	(48.7)
Dividends on common shares	(15.0)	(31.6)	(44.8)	(88.5)
Repayment of long-term debt	(0.4)	(0.3)	(1.1)	(0.7)
Deferred financing	(0.2)	-	(2.5)	-
<b>Cash used in financing activities</b>	<b>(62.6)</b>	<b>(73.1)</b>	<b>(113.3)</b>	<b>(127.9)</b>
<b>Investing activities</b>				
Purchase of fixed assets	(7.8)	(3.6)	(14.5)	(14.1)
Proceeds on sale of fixed assets	-	-	5.6	0.1
Other	5.2	(1.5)	0.4	(1.7)
<b>Cash used in investing activities</b>	<b>(2.6)</b>	<b>(5.1)</b>	<b>(8.5)</b>	<b>(15.7)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>0.5</b>	<b>(0.3)</b>	<b>1.7</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>6.5</b>	<b>(61.9)</b>	<b>75.3</b>	<b>(8.2)</b>
Cash and cash equivalents, beginning of the period	113.7	235.5	44.9	181.8
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 120.2</b>	<b>\$ 173.6</b>	<b>\$ 120.2</b>	<b>\$ 173.6</b>