



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES DECEMBER 31, 2008 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA -- February 23, 2009 -- Russel Metals Inc. today announced that its earnings for the year ended December 31, 2008 more than doubled to \$3.67 per share compared to \$1.77 per share in 2007. Earnings per share for the fourth quarter of 2008 were \$0.48. Earnings for the fourth quarter of 2007 were \$0.40 per share.

Net earnings for the fourth quarter of 2008 were \$29.0 million, including a \$35.7 million write-down of inventory to net realizable value due to the dramatic decline in steel prices. This write-down equated to \$0.39 per share and without this write-down, earnings per share would have been \$0.87 for the quarter and \$4.05 for the year. Notwithstanding the inventory write-down, earnings were up 14.6% from \$25.3 million in the fourth quarter of 2007 and net earnings for the year were a record \$228.5 million, more than double 2007 net earnings of \$111.2 million.

The Company experienced a decline in demand and steel pricing in the fourth quarter in both our metals service centers and steel distributors segment due to the general economic conditions impacting both Canada and the United States.

The energy tubular products segment earnings for the fourth quarter of 2008 were \$32.6 million, up from the fourth quarter of 2007 of \$12.8 million, notwithstanding the unprecedented drop in oil and gas prices late in the quarter.

Bud Siegel, President and CEO, stated, "We are proud of our record earnings for 2008, however, that is history and we are now completely focused on the current economy and how it impacts our customers and in turn, Russel Metals. We are taking action to preserve capital and position the Company to continue to be in a strong financial position when the recovery occurs."

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable March 16, 2009 to shareholders of record as of March 4, 2009.

The decision to reduce the quarterly dividend payment to \$0.25 per share in the first quarter reflects the abrupt and severe drop in demand experienced to date in 2009. The new annual dividend rate of \$1.00 represents a yield of 6.2% at last Friday's closing share price of \$16.14.

Brian Hedges, COO and Executive Vice-President stated, "We have reduced the dividend due to the drastic and unprecedented decline in our business levels. It continues to be our intention to reward our shareholders at a level our earnings and cash flow justify. Our shareholder base includes a large number of individual investors and the Company is aware of how important the dividend is to these owners. We have made this change with great reluctance. "

The Company will be holding an Investor Conference Call on Tuesday, February 24, 2009 at 9:00 a.m. ET to review its fourth quarter and year end results for 2008. The dial-in telephone numbers for the call are **416-641-6130** (Toronto and International callers) and **1-866-226-1793** (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, Tuesday, March 3, 2009. You will be required to enter pass code **3280534** 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.

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 December 2008. 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)
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<i>At December 31 (millions)</i>	2008	2007
ASSETS		
Current		
Cash and cash equivalents	\$ 44.9	\$ 181.8
Accounts receivable	429.3	341.8
Inventories	925.1	572.6
Prepaid expenses and other assets	8.1	8.5
Income taxes	7.1	3.9
	1,414.5	1,108.6
Property, Plant and Equipment	249.9	227.9
Future Income Tax Assets	1.0	1.0
Pensions and Benefits	6.5	4.4
Other Assets	7.0	12.4
Goodwill and Intangibles	71.8	53.4
	\$ 1,750.7	\$ 1,407.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 64.9	\$ -
Accounts payable and accrued liabilities	420.7	294.2
Income taxes payable	30.3	2.8
Current portion long-term debt	1.4	0.9
	517.3	297.9
Derivatives	22.1	39.5
Long-Term Debt	217.5	174.9
Pensions and Benefits	5.8	5.8
Future Income Tax Liabilities	7.9	5.8
	770.6	523.9
Shareholders' Equity		
Common shares	478.8	504.2
Retained earnings	467.0	411.7
Contributed surplus	9.4	6.2
Accumulated other comprehensive income (loss)	24.9	(38.3)
	980.1	883.8
	\$ 1,750.7	\$ 1,407.7

Consolidated Statements of Earnings (unaudited)
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<i>(millions, except per share data)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Revenues	\$ 842.7	\$ 598.4	\$ 3,366.2	\$ 2,559.2
Cost of sales and operating expenses	800.7	560.8	3,005.8	2,379.9
Earnings before the following	42.0	37.6	360.4	179.3
Other expense	0.4	0.9	5.2	2.5
Interest expense, net	3.9	2.2	10.6	7.1
Earnings before income taxes	37.7	34.5	344.6	169.7
Provision for income taxes	8.7	10.8	116.1	60.1
Earnings from continuing operations	29.0	23.7	228.5	109.6
Income from discontinued operations	-	1.6	-	1.6
Net earnings	\$ 29.0	\$ 25.3	\$ 228.5	\$ 111.2
Basic earnings per common share				
--continuing operations	\$ 0.48	\$ 0.38	\$ 3.67	\$ 1.74
Basic earnings per common share	\$ 0.48	\$ 0.40	\$ 3.67	\$ 1.77
Diluted earnings per common share				
--continuing operations	\$ 0.48	\$ 0.37	\$ 3.65	\$ 1.73
Diluted earnings per common share	\$ 0.48	\$ 0.40	\$ 3.65	\$ 1.76

Consolidated Statements of Retained Earnings (unaudited)

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Retained earnings, beginning of the period, as previously reported	\$ 485.3	\$ 414.7	\$ 411.7	\$ 411.1
Transitional adjustment - financial instruments	-	-	-	(0.5)
Retained earnings, beginning of the period as restated	485.3	414.7	411.7	410.6
Net earnings for the period	29.0	25.3	228.5	111.2
Amount related to common shares purchased for cancellation	(20.4)	-	(57.8)	-
Dividends on common shares	(26.9)	(28.3)	(115.4)	(110.1)
Retained earnings, end of the period	\$ 467.0	\$ 411.7	\$ 467.0	\$ 411.7

Consolidated Statements of Comprehensive Income (unaudited)
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<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Net earnings	\$ 29.0	\$ 25.3	\$ 228.5	\$ 111.2
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of self sustaining foreign operations (U.S. subsidiaries)	58.3	(3.4)	82.6	(34.5)
Unrealized (losses) gains on items designated as net investment hedges	(8.1)	(1.6)	(12.0)	9.1
Unrealized (losses) gains on items designated as cash flow hedges	(5.6)	4.6	(7.4)	7.6
Other comprehensive income (loss)	44.6	(0.4)	63.2	(17.8)
Comprehensive income	\$ 73.6	\$ 24.9	\$ 291.7	\$ 93.4

Consolidated Statements of Accumulated Other Comprehensive Income (Loss) (unaudited)

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	\$ (21.4)	\$ (42.3)	\$ (45.7)	\$ (11.2)
Net unrealized gain (loss) on translation of self sustaining foreign operations	58.3	(3.4)	82.6	(34.5)
Balance, end of the period	36.9	(45.7)	36.9	(45.7)
Accumulated net unrealized loss on cash flow and net investment hedges				
Balance, beginning of period	1.7	4.4	7.4	-
Transitional adjustment	-	-	-	(9.3)
Unrealized (losses) gains on items designated as net investment hedges	(8.1)	(1.6)	(12.0)	9.1
Unrealized (losses) gains on items designated as cash flow hedges	(5.6)	4.6	(7.4)	7.6
Balance, end of the period	(12.0)	7.4	(12.0)	7.4
Accumulated other comprehensive income (loss)	\$ 24.9	\$ (38.3)	\$ 24.9	\$ (38.3)

Consolidated Statements of Cash Flow (unaudited)

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2008	2007	2008	2007
Operating activities				
Net earnings from continuing operations	\$ 29.0	\$ 23.7	\$ 228.5	\$ 109.6
Depreciation and amortization	6.1	5.6	23.4	20.4
Future income taxes	(3.2)	1.8	(1.8)	4.2
Gain (loss) on sale of fixed assets	0.2	0.1	0.5	(0.5)
Stock-based compensation	0.4	0.4	3.7	4.8
Pension expense (funding)	(1.8)	(0.1)	(2.1)	(1.3)
Other	0.6	1.2	5.9	3.2
Cash from operating activities before non-cash working capital	31.3	32.7	258.1	140.4
Changes in non-cash working capital items				
Accounts receivable	129.9	63.9	(62.9)	(5.0)
Inventories	(107.7)	16.7	(266.0)	89.1
Accounts payable and accrued liabilities	(116.8)	5.0	99.6	4.7
Current income taxes	(10.3)	(5.6)	30.1	(17.6)
Other	(3.5)	(1.7)	(2.3)	(0.9)
Change in non-cash working capital	(108.4)	78.3	(201.5)	70.3
Cash from operating activities	(77.1)	111.0	56.6	210.7
Financing activities				
Increase in bank borrowing	57.6	-	64.9	-
Issue of common shares	0.1	-	2.8	10.9
Purchase of common shares	(37.7)	-	(86.4)	-
Dividends on common shares	(26.9)	(28.3)	(115.4)	(110.1)
Deferred financing	(0.1)	(0.2)	(0.1)	(0.2)
Repayment of long-term debt	(1.6)	(0.3)	(2.3)	(0.3)
Cash used in financing activities	(8.6)	(28.8)	(136.5)	(99.7)
Investing activities				
Purchase of fixed assets	(8.1)	(3.6)	(22.2)	(16.6)
Proceeds on sale of fixed assets	0.1	0.1	0.2	1.5
Purchase of business	(30.9)	-	(30.9)	(109.0)
Reclassification of cash equivalents to other assets	-	-	-	(11.0)
Other	(3.3)	1.2	(5.0)	1.6
Cash used in investing activities	(42.2)	(2.3)	(57.9)	(133.5)
Effect of exchange rates on cash	(0.8)	(1.7)	0.9	(5.6)
Decrease in cash and cash equivalents	(128.7)	78.2	(136.9)	(28.1)
Cash and cash equivalents beginning of the period	173.6	103.6	181.8	209.9
Cash and cash equivalents, end of the period	\$ 44.9	\$ 181.8	\$ 44.9	\$ 181.8