Russel Metals

INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

NOVEMBER 4, 2011

INFORMATION PACKAGE FOR INVESTOR CONFERENCE CALL
November 4, 2011

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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 have stabilized and these conditions will continue to slowly improve in the foreseeable future; and oil and gas prices, the price of steel and the value of the Canadian dollar relative to the U.S. dollar will be at similar levels with what we experienced at the end of the third quarter of 2011. 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 and does not intend to update any forward-looking statement other than required by law.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Adjusted EBIT and EBITDA – EBIT and EBITDA adjusted to exclude inventory write-downs in the amount of $38 million in 2008 and $159 million in 2009 and $35 million of asset impairment in 2009. 2010 excludes inventory reversal of $1.9 million and plant closure costs of $2.6 million.

Basic Earnings Per Common Share - Earnings divided by Average common shares outstanding in period.

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total net interest bearing debt excluding cash on hand divided by common shareholders' equity plus interest bearing debt excluding cash on hand.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from continuing operations before deduction of interest and income taxes.

EBITDA - Earnings from continuing operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less inventory write-downs and capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash on hand.

Return on Capital Employed - EBIT for period annualized over net assets employed.

COMMENTS RE MARKET CONDITIONS
NOVEMBER 2011

1. Demand levels stable
   Tons shipped up 3% over Q2 2011; up 13% over 2010

2. Steel pricing under downward pressure

3. Drilling activity up in both Canada and U.S.

Russel Metals

HIGHLIGHTS
2011 THIRD QUARTER RESULTS

1. QTR-3 2011 - Earnings $26 million, EPS $0.43
   QTR-3 2010 - Earnings $8 million, EPS $0.14

2. Nine months September 30, 2011 - Earnings $90 million, EPS $1.50
   Nine months September 30, 2010 - Earnings $42 million, EPS $0.71

3. Free Cash Flow
   QTR-3 2011 - $31 million or $0.52 per share
   QTR-3 2010 - $22 million or $0.37 per share
   Nine months September 30, 2011 - $100 million or $1.66 per share

4. Cash and cash equivalents - $224 million

5. Return on equity – 14%

FINANCIAL HIGHLIGHTS

	9 Months	<------------------------Years ended		------------------------>	
	Sept 30, 2011	2010	2009	2008	2007
OPERATING RESULTS (millions)					
Revenues	**$1,981.7**	$2,175.4	$1,971.8	$3,366.2	$2,559.2
Net earnings (loss)	**89.8**	69.7	(92.0)	228.5	111.2
EBIT	**149.5**	122.6	(130.2)	355.2	176.8
Adjusted EBIT (Note)	**149.5**	123.3 (1)	63.9 (1)	392.9 (1)	176.8
EBIT as a % of revenue	**7.5%**	5.7%	3.2%	11.7%	6.9%
Adjusted EBITDA (Note)	**167.2**	148.3 (1)	89.6 (1)	416.3 (1)	197.2
EBITDA as a % of revenue	**8.4%**	6.8%	4.5%	12.4%	7.7%
Basic earnings (loss) per common share ($)	**$1.50**	$1.17	($1.54)	$3.67	$1.77
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$395.6**	$300.5	$214.2	$425.9	$337.2
Inventories	**652.8**	544.1	517.9	925.1	572.6
Prepaid expenses and other assets	**4.1**	2.9	4.6	7.6	4.7
Accounts payable and accruals	**(328.8)**	(259.8)	(231.2)	(393.7)	(272.3)
Net working capital - Metals	**723.7**	587.7	505.5	964.9	642.2
Fixed assets	**185.4**	197.6	213.1	230.4	210.4
Goodwill and intangibles	**25.2**	26.9	28.4	71.8	53.4
Net assets employed in metals operations	**934.3**	812.2	747.0	1,267.1	906.0
Other operating assets	**16.8**	17.6	18.9	19.4	20.4
Net income tax assets (liabilities)	**(13.2)**	(16.5)	47.7	(30.2)	(3.7)
Pension and benefit assets (liabilities)	**(16.0)**	4.0	2.1	0.7	(1.4)
Other corporate assets and liabilities	**(15.3)**	(16.2)	(39.9)	(38.0)	(43.5)
Total net assets employed	**$906.6**	$801.1	$775.8	$1,219.0	$877.8
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**($223.9)**	($323.7)	($359.6)	$20.0	($181.8)
Long-term debt (incl. current portion)	**303.3**	326.7	342.1	218.9	175.8
Total interest bearing debt, net of (cash)	**79.4**	3.0	(17.5)	238.9	(6.0)
Market capitalization	**1,251.1**	1,373.5	1,058.5	1,134.2	1,605.0
Total firm value	**$1,330.5**	$1,376.5	$1,041.0	$1,373.1	$1,599.0
OTHER INFORMATION (Notes)					
Common shareholders' equity (millions)	**$827.2**	$798.1	$793.3	$980.1	$883.8
Book value per share ($)	**$13.77**	$13.31	$13.29	$16.42	$14.01
Free cash flow (millions)	**$99.9**	$85.0	$95.7	$235.9	$123.7
Capital expenditures (millions)	**$12.9**	$11.8	$18.6	$22.2	$16.6
Depreciation and amortization (millions)	**$17.7**	$25.0	$25.7	$23.4	$20.4
Earnings multiple	**10.4**	19.6	-	5.2	14.4
Firm value as a multiple of EBIT	**6.7**	11.2 (1)	16.3 (1)	3.9 (1)	9.0
Firm value as a multiple of EBITDA	**6.0**	9.3 (1)	11.6 (1)	3.3 (1)	8.1
Interest bearing debt/EBITDA	**1.4**	2.2 (1)	3.8 (1)	0.5 (1)	0.9
Debt as a % of capitalization	**27%**	29%	30%	18%	17%
Market capitalization as a % of book value	**151%**	172%	133%	116%	182%
Return on equity	**14%**	9%	(12%)	23%	13%
Return on capital employed	**22%**	15% (1)	8% (1)	29% (1)	20%
COMMON SHARE INFORMATION					
Ending outstanding common shares	**60,063,173**	59,978,173	59,698,690	59,695,290	63,066,092
Average outstanding common shares	**60,035,321**	59,717,629	59,696,743	62,329,483	62,835,303
Dividend yield	**5.8%**	4.8%	5.6%	5.3%	7.1%
Dividend per share	**$1.20**	$1.10	$1.00	$1.00	$1.80
Share price - High	**$27.75**	$23.94	$22.00	$31.36	$34.47
Share price - Low	**$19.28**	$16.25	$9.25	$15.01	$22.75
Share price - Ending	**$20.83**	$22.90	$17.73	$19.00	$25.45

Notes:

(1) Adjusted EBIT excludes inventory writedowns in the amount of $37.7 million in 2008 and $158.7 million in 2009 and $35.4 million for asset impairment. It excludes the inventory reversal of $1.9 million and plant closure costs of $2.6 million in 2010.

(2) 2011 is reported under IFRS. 2007 to 2010 represent actual results as reported under Canadian GAAP.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS *(UNAUDITED)*

(in millions of Canadian dollars, except per share data)	Quarters ended September 30 **2011**	2010	Nine months ended September 30 **2011**	2010
Revenues	**$ 705.4**	$ 582.5	**$ 1,981.7**	$ 1,615.9
Cost of materials	**578.0**	476.0	**1,582.2**	1,305.3
Employee expenses	**49.6**	45.6	**152.6**	132.4
Other operating expenses	**32.9**	30.9	**95.7**	87.2
Earnings before the following	**44.9**	30.0	**151.2**	91.0
Interest expense	**6.7**	7.9	**20.7**	22.1
Interest income	**(0.4)**	(0.5)	**(1.5)**	(1.1)
Finance expense convertible debentures	**-**	8.2	**-**	9.3
Other finance expense (income), net	**0.4**	-	**1.7**	(1.5)
Earnings before income taxes	**38.2**	14.4	**130.3**	62.2
Provision for income taxes	**(12.5)**	(6.2)	**(40.5)**	(20.1)
Net earnings for the period	**$ 25.7**	$ 8.2	**$ 89.8**	$ 42.1
Basic earnings per common share	**$ 0.43**	$ 0.14	**$ 1.50**	$ 0.71
Diluted earnings per common share	**$ 0.43**	$ 0.14	**$ 1.46**	$ 0.71

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in millions of Canadian dollars)	Quarters ended September 30 **2011**	2010	Nine months ended September 30 **2011**	2010
Net earnings for the period	**$ 25.7**	$ 8.2	**$ 89.8**	$ 42.1
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of foreign operations	**27.3**	(10.2)	**16.9**	(5.4)
Unrealized (losses) gains on items designated as net investment hedges	**(9.4)**	4.4	**(5.1)**	3.6
Unrealized losses on items designated as cash flow hedges	**-**	-	**-**	(2.5)
Gains (losses) on derivatives designated as cash flow hedges transferred to net income in the period	**0.2**	0.3	**0.8**	(0.1)
Other comprehensive income (loss)	**18.1**	(5.5)	**12.6**	(4.4)
Total comprehensive income	**$ 43.8**	$ 2.7	**$ 102.4**	$ 37.7

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

(in millions of Canadian dollars)	**September 30 2011**	December 31 2010
ASSETS		
Current		
Cash and cash equivalents	**$ 223.9**	$ 323.7
Accounts receivable	**396.4**	301.4
Inventories	**652.8**	544.1
Prepaid expenses	**3.9**	3.0
Income taxes receivable	**1.8**	2.8
	1,278.8	1,175.0
Property, Plant and Equipment	**202.7**	205.2
Deferred Income Tax Assets	**4.8**	7.1
Pensions and Benefits	**0.7**	0.7
Other Assets	**3.4**	3.8
Goodwill and Intangibles	**25.2**	24.9
	$ 1,515.6	$ 1,416.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 341.1**	$ 272.8
Income taxes payable	**15.2**	14.4
Current portion long-term debt	**1.3**	1.2
	357.6	288.4
Long-Term Debt	**302.0**	318.5
Pensions and Benefits	**16.7**	17.9
Provision	**5.4**	5.6
Deferred Income Tax Liabilities	**4.6**	7.0
Other Non-Current Liabilities	**2.1**	6.5
	688.4	643.9
Shareholders' Equity		
Common shares	**485.3**	483.7
Retained earnings	**296.3**	257.5
Contributed surplus	**15.3**	13.9
Accumulated other comprehensive income (loss)	**1.6**	(11.0)
Equity component of convertible debenture	**28.7**	28.7
	827.2	772.8
	$ 1,515.6	$ 1,416.7

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended September 30 **2011**	2010	Nine months ended September 30 **2011**	2010
Operating activities				
Net earnings for the period	**$ 25.7**	$ 8.2	**$ 89.8**	$ 42.1
Depreciation and amortization	**5.8**	6.3	**17.7**	18.9
Deferred income taxes	**1.3**	0.3	**0.1**	2.1
Loss (gain) on investment and sale of property, plant and equipment	**0.1**	1.4	**-**	(0.1)
Stock-based compensation	**0.3**	0.4	**1.6**	1.1
Loss on derivatives	**-**	8.6	**-**	10.0
Difference between pension expense and amount funded	**(0.3)**	(0.1)	**(1.3)**	(0.3)
Debt accretion, amortization and other	**1.5**	1.3	**4.9**	2.8
Cash from operating activities before non-cash working capital	**34.4**	26.4	**112.8**	76.6
Changes in non-cash working capital items				
Accounts receivable	**(41.9)**	(37.7)	**(90.3)**	(98.5)
Inventories	**(5.6)**	(12.3)	**(99.5)**	(31.0)
Accounts payable and accrued liabilities	**28.7**	33.5	**55.5**	49.2
Current income taxes receivable/ payable	**4.8**	54.7	**3.8**	58.3
Other	**1.6**	1.1	**(0.9)**	0.9
Change in non-cash working capital	**(12.4)**	39.3	**(131.4)**	(21.1)
Cash from (used in) operating activities	**22.0**	65.7	**(18.6)**	55.5
Financing activities				
Issue of common shares	**0.1**	0.1	**1.3**	0.1
Dividends on common shares	**(18.0)**	(15.0)	**(51.0)**	(44.8)
Repayment of long-term debt	**(8.8)**	(0.3)	**(25.9)**	(8.8)
Deferred financing	**-**	-	**(0.5)**	(0.7)
Swap termination	-	-	**-**	(35.2)
Cash used in financing activities	**(26.7)**	(15.2)	**(76.1)**	(89.4)
Investing activities				
Purchase of property, plant and equipment	**(3.3)**	(4.7)	**(12.9)**	(8.1)
Proceeds on sale of property, plant and equipment	**-**	0.2	**0.7**	0.5
Proceeds on sale of investment	**-**	-	**-**	6.0
Cash used in investing activities	**(3.3)**	(4.5)	**(12.2)**	(1.6)
Effect of exchange rates on cash and cash equivalents	**7.2**	(12.0)	**7.1**	(6.3)
(Decrease) increase in cash and cash equivalents	**(0.8)**	34.0	**(99.8)**	(41.8)
Cash and cash equivalents, beginning of the period	**224.7**	283.8	**323.7**	359.6
Cash and cash equivalents, end of the period	**$ 223.9**	$ 317.8	**$ 223.9**	$ 317.8
Supplemental cash flow information:				
Income taxes paid	**$ 6.7**	$ 39.4	**$ 37.9**	$ 34.4
Interest paid	**$ 12.3**	$ 12.7	**$ 25.0**	$ 26.2

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

(in millions of Canadian dollars)	Common Shares	Contributed Surplus	Retained Earnings	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2011	$ 483.7	$ 13.9	$ 257.5	$ 28.7	$ (11.0)	$ 772.8
Payment of dividends	-	-	(51.0)	-	-	(51.0)
Net earnings for the period	-	-	89.8	-	-	89.8
Other comprehensive income for the period	-	-	-	-	12.6	12.6
Recognition of stock-based compensation	-	1.4	-	-	-	1.4
Stock options exercised	1.6	-	-	-	-	1.6
Balance, September 30, 2011	**$ 485.3**	**$ 15.3**	**$ 296.3**	**$ 28.7**	**$ 1.6**	**$ 827.2**

(in millions of Canadian dollars)	Common Shares	Contributed Surplus	Retained Earnings	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2010	$ 478.9	$ 13.2	$ 259.9	$ -	$ (1.1)	$ 750.9
Payment of dividends	-	-	(44.8)	-	-	(44.8)
Net earnings for the period	-	-	42.1	-	-	42.1
Other comprehensive income for the period	-	-	-	-	(4.4)	(4.4)
Recognition of stock-based compensation	0.2	1.0	-	-	-	1.2
Balance, September 30, 2010	$ 479.1	$ 14.2	$ 257.2	$ -	$ (5.5)	$ 745.0

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

We adopted the International Financial Reporting Standards (IFRS) effective January 1, 2011. These standards required us to restate our January 1, 2010 opening balance sheet and prepare comparative 2010 IFRS financial statements to be presented when we report our 2011 results. The information disclosed for the nine months ended September 30, 2010 and as at December 31, 2010 has been restated for IFRS differences in the financial statements and in this Management's Discussion and Analysis of Financial Condition and Results of Operations. IFRS is considered Canadian generally accepted accounting principles (GAAP) for Canadian reporting issuers for reporting periods commencing on or after January 1, 2011.

This Management's Discussion and Analysis of Financial Condition and Results of Operations of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the Interim Consolidated Financial Statements for the nine months ended September 30, 2011, including the notes thereto, and the Management's Discussion and Analysis and the audited Consolidated Financial Statements for the year ended December 31, 2010, including the notes thereto. In the opinion of management, such interim consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained herein are as of November 3, 2011.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, among other things: no assurance future financing will be available; dilution; change of control; interest rate risk; foreign exchange risk; volatile metal prices; cyclicality of the metals industry and the industries that purchase our products; significant competition; interruption in sources of metals supply; integrating future acquisitions; collective agreements and work stoppages; environmental liabilities; changes in government regulations; failure of key computer-based systems; loss of key individuals; and the current economic climate. While we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward looking statements included herein should not be unduly relied upon. These statements speak only as of the date hereof. Except as required by law, we do not assume any obligation to update the aforementioned forward-looking statements. Our actual results could differ materially from those anticipated in the aforementioned forward-looking statements, as applicable, including as a result of the risk factors set forth elsewhere herein and in our filings with the securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of measures that are not prescribed by GAAP and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers; energy tubular products; and steel distributors.

For the third quarter of 2011 basic earnings per share were $0.43 compared to $0.14 for the third quarter of 2010. More tons shipped at higher selling prices in the third quarter of 2011 compared to the third quarter of 2010 resulted in an increase in gross margin dollars and operating profits.

For the nine months ended September 30, 2011 our basic earnings per share were $1.50 compared to $0.71 for the same period in 2010. Volume improvements in all three segments and higher steel pricing in 2011 were the main factors contributing to the significant increase in earnings.

IMPACT OF IFRS ON SEPTEMBER 30, 2010 RESULTS

Note 23 to the interim consolidated financial statements discloses the differences between IFRS and Canadian GAAP used prior to January 1, 2011. The most significant financial impact relates to the accounting treatment of the cash conversion feature of our convertible debentures which existed prior to the amendment of the Trust Indenture governing the debentures in December 2010. Prior to this amendment, the conversion feature in our convertible debentures that allowed us to settle the conversion of the debenture in cash or in a combination of cash and common shares in lieu of common shares prior to maturity was a derivative under IFRS. Under IFRS a derivative is fair valued at each reporting period with the net change impacting net earnings.

This table summarizes the impact of the restatement of 2010 to IFRS disclosing the impact of the finance expense of the derivative and the other adjustments for the third quarter and 2010 year:

(millions)	Quarter Ended September 30 2010	Year Ended December 31 2010
Net earnings previously reported under Canadian GAAP	$ 16.6	$ 69.7
Finance expense convertible debentures	(8.2)	(11.1)
	8.4	58.6
Other adjustments, net	(0.2)	(1.3)
Net earnings IFRS	$ 8.2	$ 57.3

See page 13 of this MD&A for more details on the differences.

The amendment of the Trust Indenture resulted in the removal of the charge to the income statement and a split in the convertible debenture between long-term debt and shareholders' equity.

RESULTS OF OPERATIONS

The following table provides operating profits before interest, taxes and other income or expense. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and they are consistent with the segment reporting in the consolidated financial statements.

	Quarters Ended September 30			Nine Months Ended September 30		
(millions, except percentages)	**2011**	2010	change as a % of 2010	**2011**	2010	change as a % of 2010
Segment Revenues						
Metals service centers	**$ 390.4**	$ 315.4	24%	**$ 1,142.1**	$ 906.8	26%
Energy tubular products	**223.3**	188.3	19%	**592.7**	514.3	15%
Steel distributors	**89.5**	75.5	19%	**241.9**	186.7	30%
Other	**2.2**	3.3		**5.0**	8.1	
	$ 705.4	$ 582.5	21%	**$ 1,981.7**	$ 1,615.9	23%
Segment Operating Profits(Loss)						
Metals service centers	**$ 24.2**	$ 13.7	77%	**$ 93.9**	$ 48.2	95%
Energy tubular products	**15.1**	14.4	5%	**43.5**	36.3	20%
Steel distributors	**8.1**	5.1	59%	**27.3**	16.2	68%
Corporate expenses	**(3.1)**	(4.8)	35%	**(13.6)**	(12.3)	(11%)
Other	**0.6**	1.6		**0.1**	2.6	
Operating profits	**$ 44.9**	$ 30.0	50%	**$ 151.2**	$ 91.0	66%
Segment Gross Margin as a % of Revenues						
Metals service centers	**20.6%**	21.1%		**23.0%**	22.0%	
Energy tubular products	**14.3%**	14.4%		**15.0%**	14.4%	
Steel distributors	**14.5%**	12.7%		**17.4%**	15.3%	
Total operations	**18.1%**	18.3%		**20.2%**	19.2%	
Segment Operating Profits as a % of Revenues						
Metals service centers	**6.2%**	4.3%		**8.2%**	5.3%	
Energy tubular products	**6.8%**	7.6%		**7.3%**	7.1%	
Steel distributors	**9.1%**	6.8%		**11.3%**	8.7%	
Total operations	**6.4%**	5.2%		**7.6%**	5.6%	

Note: 2010 comparatives restated for IFRS

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 28,000 end users through a network of 50 Canadian locations and 12 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted the third quarter of 2011 and 2010 is found in the sections that follow.

Steel pricing fluctuates significantly throughout the steel cycle. Steel pricing increased throughout the first quarter of 2011 due to mill price increases. Steel pricing peaked in April 2011 and declined during the second quarter of 2011. Steel pricing has been stable or slightly down during the third quarter of 2011. Although steel prices increased and peaked in the second quarter of both 2010 and 2011, the price increases in 2011 were larger resulting in higher pricing per ton in 2011 for most products.

Steel prices are influenced by overall demand, trade sanctions, iron ore pricing, scrap steel pricing and product availability. Supply side management, practiced by steel producers in North America, and international supply and demand, which impacts steel imports, affects product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America.

Demand is significantly affected by economic cycles, with revenues and operating profit fluctuating with the level of general business activity in the markets served. We are most impacted by the manufacturing, resource and construction segments of the Canadian economy. Tons shipped in the nine months of 2011 were approximately 13% higher than the same period in 2010. Demand has improved year to date in 2011, with tons shipped representing 85% of tons shipped in the first nine months of 2008, which was the year prior to the economic downturn in metal products. Tons shipped per day have been consistent for the second and third quarter of 2011.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our large market share and our diverse customer base of approximately 18,000 customers suggest that our results should mirror the performance of the regional economies of Canada. Our U.S. operations, which have approximately 10,000 customers, are impacted by the local economic conditions in the regions that they serve.

The change in the Canadian dollar in the first nine months of 2011 versus the same period in 2010 has decreased revenues and profits for our U.S. operations translated to Canadian dollars. Revenues and profits of our U.S. operations reported for the nine months ended September 30, 2011 were converted at $0.9780 per US$1 compared to $1.0359 per US$1 for the same period of 2010.

Our Canadian operations are affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory pricing.

c) Metals service centers segment results -- Three Months Ended September 30, 2011 compared to September 30, 2010

Revenues for the three months ended September 30, 2011, increased 24% to $391 million compared to the same period in 2010. This 24% increase in revenues was generated by a 13% increase in tons shipped and an 11% increase in selling prices for the third quarter 2011 compared to the same period in 2010. Revenues increased slightly versus the second quarter of 2011 as a volume increase of 3% was offset by a 2% decline in average selling prices.

Gross margin as a percentage of revenues decreased to 20.6% for the three months ended September 30, 2011 compared to 21.1% for the third quarter of 2010 and 23.7% for the second quarter of 2011. Higher cost of goods sold due to increased steel pricing during the first half of 2011 reduced gross margin as a percentage of revenues for the third quarter of 2011 compared to the first half of 2011. Competitive pressures did not allow us to pass the price increase on to our customers.

Operating expenses in the third quarter of 2011 were approximately $3 million or 7% higher than in the third quarter of 2010, mainly related to higher variable compensation and higher freight costs due to increased volumes.

Metals service centers operating profit for the three months ended September 30, 2011 of $24 million compares to $14 million for the same period in 2010. The increase mainly related to higher steel prices and volumes resulting in increased gross margin dollars.

d) Metals service centers segment results -- Nine Months Ended September 30, 2011 compared to September 30, 2010

Revenues for the nine months ended September 30, 2011, were $1.1 billion compared to $0.9 billion for the nine months ended September 30, 2010. The increase was a result of higher volumes and selling prices.

Tons shipped in the nine months ended September 30, 2011, were approximately 13% higher than for the same period of 2010. Average selling price for the nine months ended September 30, 2011 was approximately 12% higher than for the nine months ended to September 30, 2010.

Gross margin as a percentage of revenues was 23.0% for the nine months ended September 30, 2011 compared to 22.0% for the same period in 2010. Gross margin percentage was higher due to a larger per ton steel price increase in 2011 compared to 2010.

Operating expenses for the nine months ended September 30, 2011 increased 12% mainly related to higher variable compensation and higher freight costs due to increased volumes.

Metals service centers operating profit for the nine months ended September 30, 2011, almost doubled to $94 million as compared to $48 million for the same period in 2010. Increased volumes and higher steel prices in 2011 are the factors contributing to the increase.

ENERGY TUBULAR PRODUCTS

a) Description of operations

These operations distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. Our business units are clustered in Alberta in Canada and Colorado in the U.S. A large portion of our inventories are located in third party warehouses ready for distribution to customers in any region of North America. In addition, we operate from five Canadian and two U.S. facilities. We purchase our products either from the pipe processing arms of North American steel mills, independent manufacturers of pipe and pipe accessories or international steel mills. Our energy tubular products segment operates under the names Comco Pipe and Supply Company, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) Factors affecting results

The following is a general discussion of the factors affecting our energy tubular products segment operations. More specific information on how these factors impacted the third quarter of 2011 and 2010 is found in the sections that follow.

Pricing for natural gas and oil are factors that can impact rig count and drilling activities, particularly in Western Canada. Rig activity affects demand for our products. The price of oil increased during 2010 and remains high resulting in improved rig activity. Canadian rig activity increased in the third quarter of 2011 due to the seasonal pickup. Drilling rig counts, an indicator of demand for pipe product, were at higher levels in both Canada and the U.S. for the third quarter of 2011 compared to the third quarter of 2010. Natural gas prices were at low levels and thus drilling activity related to gas remained below historical levels, particularly in Canada.

Pricing of metal is influenced by overall demand, trade sanctions and product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America. Both Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect. These trade actions tend to reduce imports of these products as higher prices are paid at the time of import.

Our Canadian operations were affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar impacts the cost of inventory and cost of sales.

Drilling related to oil and natural gas in Western Canada usually peaks during the period from October to March.

c) Energy tubular products segment results -- Three Months Ended September 30, 2011 compared to September 30, 2010

Energy tubular products segment revenues increased 19% to $223 million for the third quarter of 2011 compared to the same period in 2010. Our operations servicing the oil sands had a revenue increase of approximately 21% mainly related to a return to more normal operating levels compared to the very slow third quarter in 2010. Our U.S. operations had a revenue increase of 27% due to increased activity. Our operations servicing oil drilling activity in Western Canada had an increase of 13% related to increased oil drilling activity.

Gross margin as a percentage of revenue for the three months ended September 30, 2011 was 14.3% compared to 14.4% for the same period in 2010.

Operating expenses were $4 million higher in the third quarter of 2011 compared to the third quarter of 2010, mainly due to higher freight, other volume related costs and bonus accruals.

This segment generated an operating profit of $15 million for the three months ended September 30, 2011 compared to $14 million for the same period in 2010. The additional gross margin from higher revenues was offset by higher expenses.

d) Energy tubular products segment results -- Nine Months Ended September 30, 2011 compared to September 30, 2010

The energy tubular products segment revenues increased 15% to $593 million for the nine months ended September 30, 2011 compared to the same period in 2010. All operations have increased volumes, with our U.S. operations and our Canadian operations servicing the oil sands experiencing the largest increases. Our operations servicing oil drilling customers in Western Canada had revenues for the nine months ended September 30, 2011 7% higher than for the same period in 2010 as the increases in the first and third quarter of 2011 related to increased drilling were offset by lower volume due to poor weather in the second quarter of 2011.

Gross margin as a percentage of revenue was 15.0% for the nine months ended September 30, 2011 compared to 14.4% for the same period in 2010 due to lower costs of goods sold in 2011.

Operating expenses increased $8 million for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 mainly due to higher variable compensation and freight costs.

Operating profits were $44 million for the nine months ended September 30, 2011 compared to $36 million for the same period in 2010. Strong results in the first quarter of 2011, related to higher volumes and gross margins compared to 2010, accounted for the improved earnings.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel, a division of Sunbelt Group, processes coils.

b) Factors affecting results

The following is a general discussion of the factors affecting our steel distributors. More specific information on how these factors impacted the third quarter of 2011 and 2010 is found in the sections that follow.

Steel pricing is influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. Mill capacity by product line in North America and international supply and demand impact steel imports and significantly affect product availability.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars. Movements in the Canadian dollar can result in some products that we have purchased being subsequently available in the marketplace at a lower cost. In addition, the change in the Canadian dollar in 2011 versus 2010 decreased revenues and profits for our U.S. operations translated to Canadian dollars.

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy from them on a periodic basis, which can result in large fluctuations in revenues reported from period to period.

c) *Steel distributors segment results -- Three Months Ended September 30, 2011 compared to September 30, 2010*

Steel distributors revenues increased 19% to $90 million for the three months ended September 30, 2011 compared to the three months ended September 30, 2010 due to greater demand and higher steel pricing. Our customers are purchasing more steel in 2011 as their inventory levels are balanced with demand.

Gross margin as a percentage of revenues was 14.5% for the three months ended September 30, 2011 compared to 12.7% for the three months ended September 30, 2010.

Operating expenses were slightly higher for the third quarter of 2011 compared to the third quarter of 2010, mainly related to higher variable compensation.

Operating profit for the three months ended September 30, 2011 was $8 million, compared to $5 million for the three months ended September 30, 2010. Our 2011 results reflect stronger revenues from higher volumes and steel pricing.

d) *Steel distributors segment results -- Nine Months Ended September 30, 2011 compared to September 30, 2010*

Revenues for the nine months ended September 30, 2011, were 30% higher than the nine months ended September 30, 2010 mainly due to higher volumes. Extended lead times for certain products from steel mills during the first six months of 2011 as well as higher steel purchases as customers have balanced inventory levels, resulted in increased demand and revenues in 2011.

Gross margin as a percentage of revenues increased to 17.4% from 15.3% in the comparable 2010 period. Gross margin is higher in 2011 due to rising steel prices in the first six month of 2011.

Operating expenses for the nine months ended September 30, 2011 of $15 million increased from $12 million in the same period was 2010 mainly due to higher variable compensation in 2011.

Operating profit for the nine months ended September 30, 2011 was $27 million compared to $16 million for the nine months ended September 30, 2010 as a result of higher volumes and gross margins.

Corporate Expenses -- Three and Nine Months Ended September 30, 2011 compared to September 30, 2010

Corporate expenses for the three months ended September 30, 2011 were $3 million, compared to $5 million for the three months ended September 30, 2010 due to the lower mark to market valuation of deferred and restricted stock units. For the nine months ended September 30, 2011 corporate expenses increased by $1 million compared to the same period in 2010, relating to higher bonus accruals in 2011 due to improved earnings per share.

Consolidated Results -- Three and Nine Months Ended September 30, 2011 compared to September 30, 2010

Operating profits increased 50% to $45 million for the three months ended September 30, 2011, compared to $30 million for the three months ended September 30, 2010. Operating profits for the nine months ended September 30, 2011 were $151 million compared to $91 million for the same period in 2010. Improved volumes and increased steel prices in 2011 were the most significant factors impacting the improved results.

INTEREST EXPENSE AND INCOME

Net interest expense for the three months ended September 30, 2011 was $6 million compared to $7 million for the three months ended September 30, 2010. Net interest expense was $19 million for the nine months ended September 30, 2011 compared to $21 million for the same period in 2010. The reduction in net interest expense related to lower interest on the Senior Notes as we have repurchased Senior Notes with cash.

OTHER FINANCE INCOME AND EXPENSE

Net financial expense was $0.4 million for the third quarter of 2011 compared to net financial expense of $8 million for the third quarter of 2010. The expense in 2011 mainly related to the repurchase of US$8 million of our Senior Notes. The cash conversion feature that was in our convertible debentures is a derivative under IFRS and has resulted in a fair value expense of $8 million for the third quarter of 2010. In December 2010, we amended the Trust Indenture governing our convertible debentures to remove this settlement option under the conversion feature prior to maturity, which eliminated the derivative and associated impact on earnings in 2011.

INCOME TAXES

We recorded a provision for income taxes of $13 million for the third quarter of 2011. Our effective income tax rate for the three months ended September 30, 2011 was 32.7% and 31.0% for the nine months ended September 30, 2011. We estimate our normalized effective income tax rate for 2011 to be similar to the year-to-date rate.

NET EARNINGS

Net earnings for the third quarter of 2011 were $26 million compared to $8 million for the third quarter of 2010. Basic earnings per share for the third quarter of 2011 were $0.43 compared to $0.14 per share for the third quarter of 2010. Basic earnings per share for the nine months ended September 30, 2011 were $1.50 compared to basic earnings per share of $0.71 for the nine months ended September 30, 2010.

Results improved due to rising steel prices, higher volumes and the removal of the cash conversion feature in our convertible debentures that created an expense in the third quarter and for the nine months in 2010.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the third quarter of 2011 was 60,062,831 compared to 59,700,907 for the third quarter of 2010. The weighted average number of common shares outstanding for the nine months ended September 30, 2011 was 60,035,321 compared to 59,699,462 for the nine months ended September 30, 2010. As at September 30, 2011 and November 3, 2011, we had 60,063,173 common shares outstanding. The number of common shares outstanding has increased as a result of options being exercised.

We paid common share dividends of $18 million or $0.30 per share in the third quarter of 2011 compared to $15 million or $0.25 per share in the third quarter of 2010.

We have $175 million of 7.75% convertible unsecured subordinated debentures outstanding which mature on September 30, 2016. Each debenture is convertible into common shares at the option of the holder at any time on or prior to the business day immediately preceding (i) the maturity date, or (ii) the date specified for redemption of the convertible debentures, at a conversion price of $25.75 per share being a conversion rate of 38.8350 common shares per $1,000 principal amount of convertible debentures.

Our U.S. Senior Notes indenture provides that any dividend payment in excess of $0.08 per common share per quarter is considered a restricted payment. We currently have a basket of approximately $260 million available for restricted payments. The basket is adjusted for 50% of net earnings or losses on a quarterly basis unless accumulated losses since March 2004 exceed earnings, in which case 100% of losses are deducted. Share buybacks deplete the basket and proceeds from shares issued increase the basket.

Under our syndicated bank facility the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay a dividend as our borrowing base, which is based on percentages of accounts receivable and inventories, has traditionally been in excess of borrowings plus four times the current dividend.

EBITDA

The following table shows the reconciliation of net earnings to EBITDA:

	Quarters Ended September 30		Nine Months Ended September 30	
(millions)	**2011**	2010	**2011**	2010
Net earnings for the period	**$ 25.7**	$ 8.2	**$ 89.8**	$ 42.1
Provision for income taxes	**12.5**	6.2	**40.5**	20.1
Interest expense, net	**6.3**	7.4	**19.2**	21.0
Earnings before interest and income taxes (EBIT)	**44.5**	21.8	**149.5**	83.2
Depreciation and amortization	**5.8**	6.3	**17.7**	18.9
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	**$ 50.3**	$ 28.1	**$ 167.2**	$ 102.1

We believe that EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

CAPITAL EXPENDITURES

Capital expenditures were $13 million for the nine months ended September 30, 2011 compared to $8 million in the same period of 2010 which are both below historical levels. Depreciation expense was $17 million for the nine months ended September 30, 2011 and $18 million for the nine months ended September 30, 2010.

In 2011, we relocated our Ontario structural steel business to our plant in Cambridge, Ontario. Our capital expenditure included $5 million for the cost of a new outside crane facility at this location.

Capital expenditures mainly relate to the replacement of capital items, the purchase of additional processing equipment across a broad base of our operations and upgrades to our existing facilities and computer systems. Our expectation is for capital expenditures to approximate depreciation expense over the long term.

LIQUIDITY

At September 30, 2011, we had cash of $224 million compared to $324 million at December 31, 2010.

Our operations generated $113 million for the nine months ended September 30, 2011. Our net cash position decreased due to $131 million used to finance increased working capital, $51 million utilized for dividend payments and $26 million for the repurchase of our Senior Notes.

Our metals distribution business experiences significant swings in working capital which impact cash flow. Inventory and accounts receivable represent a large percentage of our total assets employed and vary throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks. Our customers are impacted by the economic climate and thus it is possible to experience increased days outstanding for accounts receivable and additional bad debts, which may affect the timing of collections. Total assets were $1.5 billion at September 30, 2011 and $1.4 billion at December 31, 2010. At September 30, 2011, current assets excluding cash represented 82% of our total assets excluding cash, versus 78% at December 31, 2010.

Cash used in operating activities was $19 million for the nine months ended September 30, 2011 compared to cash generated from operating activities of $56 million for the nine months ended September 30, 2010. During the nine months ended September 30, 2011, we had a $131 million increase in working capital compared to an increase of $21 million for the nine months ended September 30, 2010. This use of cash for working capital as revenues increase is consistent with our business model.

Cash invested for inventory was $100 million in the nine months to September 30, 2011, mainly related to increased tons and steel pricing in all the three segments.

Inventory by Segment (millions)	**Sept. 30 2011**	**June 30 2011**	**Mar. 31 2011**	**Dec. 31 2010**	Sept. 30 2010
Metals service centers	**$ 264**	**$ 249**	**$ 238**	**$ 202**	$ 249
Energy tubular products	**295**	**300**	**257**	**290**	161
Steel distributors	**94**	**83**	**54**	**52**	66
Total operations	**$ 653**	**$ 632**	**$ 549**	**$ 544**	$ 476

Inventory Turns	Quarters Ended **Sept. 30 2011**	**June 30 2011**	**Mar. 31 2011**	**Dec. 31 2010**	Sept. 30 2010
Metals service centers	**4.7**	**4.8**	**4.6**	**4.8**	4.9
Energy tubular products	**2.6**	**1.6**	**3.0**	**2.3**	2.2
Steel distributors	**3.2**	**3.2**	**4.2**	**4.0**	5.2
Total operations	**3.5**	**3.1**	**3.8**	**3.4**	3.5

Inventory turns are calculated using annualized quarterly cost of sales dollars, excluding net inventory write-downs, divided by inventory in dollars at the end of the quarter.

At September 30, 2011, our metals service centers had more tons of inventory priced at a higher average price than at December 31, 2010. Inventory has been increased to align with increased sales as volumes increased compared to 2010.

Our energy tubular products operations had inventory at the end of the third quarter of 2011 consistent with the second quarter of 2011. Higher revenues in the quarter compared to the second quarter of 2011 resulted in increased inventory turns.

Our steel distributors segment has increased inventory to service higher demand.

As a result of higher volumes and selling prices, accounts receivable utilized cash of $90 million since December 31, 2010. Accounts receivable represented 26% of our total assets at September 30, 2011.

During the nine months ended September 30, 2011, we made income tax payments of $38 million compared to payments of $34 million for the nine months ended September 30, 2010 due to increased earnings.

During the nine months ended September 30, 2011, we utilized cash of $13 million for capital expenditures and $51 million in common share dividends. During the nine months ended September 30, 2010, we utilized $8 million for capital expenditures and $45 million for common share dividends.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	**Quarters Ended September 30** **2011**	2010	**Nine Months Ended September 30** **2011**	2010
Cash from operating activities before working capital	**$ 34.4**	$ 26.4	**$ 112.8**	$ 76.6
Purchase of fixed assets	**(3.3)**	(4.7)	**(12.9)**	(8.1)
	$ 31.1	$ 21.7	**$ 99.9**	$ 68.5

Free cash flow may be useful in assessing our ability to pay dividends, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies.

CASH, DEBT AND CREDIT FACILITIES

Debt

(millions)	**Sept. 30, 2011**	Dec. 31, 2010
Long-Term Debt		
6.375% US$142 million Senior Notes due March 1, 2014	**$ 146**	$ 164
7.75% $175 million convertible debentures due September 30, 2016	**153**	151
Finance lease obligations, maturing 2014 to 2017	**4**	5
	303	320
Current portion	**1**	1
	$ 302	$ 319

During the third quarter of 2011, we repurchased US$8 million of our U.S. Senior Notes. The face value of Notes outstanding at September 30, 2011 was US$142 million compared to US$167 million as at December 31, 2010.

Our convertible debentures have been split between debt and equity. The amount allocated to equity is $29 million representing the valuation of the holders' option to convert the convertible debentures into common shares and the fair value adjustments on the cash conversion feature that was a derivative under IFRS prior to the amendment of the Trust Indenture in December 2010.

Cash and Bank Credit Facilities

As at September 30, 2011 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ -	$ -	$ -
Cash net of outstanding cheques	214	10	224
Net cash	214	10	224
Letters of credit	(12)	(13)	(25)
	$ 202	$ (3)	$ 199
Facilities			
Borrowings and letters of credit	$ 202	$ 21	$ 223
Letters of credit facility	50	26	76
Facilities availability	$ 252	$ 47	$ 299
Cash availability	$ 416	$ 31	$ 447

We have a facility with a syndicate of Canadian and U.S. banks totaling $252 million which was extended to June 24, 2014 during the second quarter of 2011. In July 2011, our U.S. subsidiary facility of US$45 million was renewed with an expiry of July 2012.

The syndicated facility consists of availability of $202 million to be utilized for borrowings and letters of credit and $50 million to be utilized only for letters of credit. Letters of credit are issued under the $50 million line first and additional needs are issued under the $202 million line. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $252 million. As of September 30, 2011, we were entitled to borrow and issue letters of credit totaling $252 million under this facility. At September 30, 2011 and 2010, we had no borrowings. At September 30, 2011, we had letters of credit of $12 million compared to $25 million at September 30, 2010.

The maximum borrowings including letters of credit under the U.S. subsidiary's facility are US$45 million. At September 30, 2011, this subsidiary had no borrowings and had letters of credit of US$12 million. At September 30, 2010, this subsidiary had no borrowings and had letters of credit of US$12 million.

With our cash, cash equivalents and our bank facilities we have access to approximately $447 million of cash based on our September 30, 2011 balances. The use of our bank facilities has been predominantly to fund working capital requirements and trade letters of credit for inventory purchases. As steel prices and demand declined, cash generated from accounts receivable and inventory was utilized to reduce bank borrowings. These lines may be used to support increases in working capital when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at September 30, 2011, we were contractually obligated to make payments under our long-term debt agreements, finance leases and operating leases that come due in the future. See the notes to our interim condensed consolidated financial statements for future obligations by year.

We have disclosed our obligations related to environmental litigations, regulatory actions and remediation in our Annual Information Form. The obligations relate to previously divested or discontinued operations and do not relate to the metals distribution business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and operating lease obligations disclosed in the financial instruments note to the financial statements.

We have multiple defined benefit pension plans in Canada. During the nine months ended September 30, 2011, we contributed $3 million to these plans. We expect to contribute approximately $1 million during the remainder of the year.

ACCOUNTING AND REPORTING CHANGES

We adopted IFRS effective January 1, 2011, which required us to restate our January 1, 2010 opening balance sheet and prepare comparative 2010 IFRS financial statements to report with our 2011 financial statements. IFRS requires significantly more disclosure than the previous requirements under Canadian GAAP and during the first reporting year we are required to include a number of reconciliations compared to prior Canadian GAAP which are in Note 23.

Note 24 to our first quarter ended March 31, 2011 consolidated interim financial statements provides details on our exemption options on initial conversion to IFRS, key Canadian GAAP to IFRS differences, reconciliations of Canadian GAAP to IFRS for 2010, changes in accounting policies, presentation reclassifications and additional IFRS annual disclosures.

As a result of the IFRS conversion and the exemption options chosen, our January 1, 2010 opening shareholders' equity was reduced by $42 million. This reduction was as a result of the following:

- *Employee benefits* - charge to retained earnings for unamortized actuarial gains and losses and other adjustments relating to our pension plans,
- *Share based compensation* - change to graded vesting on stock options and restricted share units,
- *Financial instruments* - revaluation of the cash conversion feature on our convertible debentures,
- *Decommissioning liabilities* - realization of previously unrecognized constructive obligations for environmental cleanup,
- *Property, Plant and Equipment* - accelerated depreciation caused by componentization,
- *Asset impairment* - assessment of cash generating units at a lower level and discounting of expected cash flows, and
- *Income taxes* - on above items.

The above changes similarly impacted the 2010 earnings. The most significant item impacting our 2010 earnings was the cash conversion feature in our convertible debenture, which caused it to be a derivative. We removed this feature by amending our Trust Indenture governing the convertible debentures in December 2010.

The remaining items, representing a $1.3 million impact of 2010 earnings, relate to the following:

(millions)		Year ended December 31, 2010
Employee benefits - reduced pension expense as unamortized actuarial gains and losses were charged to opening retained earnings	$	0.5
Share based compensation - increased expense as graded vesting results in larger expense in earlier years		(0.2)
Financial instruments - increased accretion on revalued conversion option in convertible debentures		(0.8)
Decommissioning liabilities - expenses related to constructive obligations of prior environmental matters		(0.4)
Depreciation on plant and equipment - charge for accelerated depreciation rates on componentized assets		(0.4)
Foreign currency translation - change in 2010		(0.3)
Income taxes - tax effect of above items		0.3
Impact on earnings excluding cash conversion derivative expense	$	(1.3)

ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory net realizable value and obsolescence, useful lives of fixed assets, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials or credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at September 30, 2011 approximates our reserve at December 31, 2010; however, our accounts receivable balance is significantly higher.

Inventories

We review our inventory to ensure that the cost of inventory is not in excess of its estimated net realizable value and for obsolete and slow moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. The inventory reserve level at September 30, 2011 decreased compared to the level at December 31, 2010 mainly due to the sale of inventory that was written-down.

Other areas involving significant estimates and judgements include:

Income Taxes

We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Employee Benefit Plans

We perform a valuation, at least every three years, for each defined benefit plan to determine the actuarial present value of the accrued pension benefits. The valuation uses management's assumptions for the discount rate, expected long-term rate of return on plan assets, rate of compensation increase, health care cost trend and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan costs. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance over the working lives of the employees who benefit from the plans.

We had approximately $82 million in plan assets at September 30, 2011 a decline from $87 million at December 31, 2010.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President and Chief Executive Officer, and the Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. The design of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

No changes were made in our disclosure controls or our internal control over financial reporting during the third quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. The use of service centers and steel distributors by both manufacturers and end users of steel continues to grow. This is evidenced by the growth in the percentage of total steel shipments from steel producers to service centers. As the distribution segment's share of steel industry shipments continues to grow, service centers such as ours can grow their business over the course of a cycle.

We strive to deal with the cyclical nature of the business by operating with the lowest possible net assets throughout the course of a cycle. In order to achieve this, management emphasizes profitability rather than revenue growth. This intensive asset management reduces borrowings and therefore interest expense in declining periods in the economic cycle. This in turn creates higher, more stable returns on net assets over the course of the cycle. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management strongly believes that it is more prudent to be profitable throughout a cycle, without the spikes in earnings caused by less emphasis on asset management, and have average earnings over the full range of the cycle in the top deciles of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in businesses that have strong market niches or provide mass to our existing operations. We believe that our acquisition in 2008 added to our platform for growth in the Southeastern and Midwestern regions of the United States. We continue to review opportunities for acquisitions.

In both the energy tubular products and steel distributors segments, all of the business units have significant operations in the market niche that they service. Consistent with our acquisition philosophy, any new acquisitions in these areas would likely be either major stand-alone operations or those that complement our existing operations.

In the future, we believe that the length of the steel-based economic cycle will continue to shorten, and a management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in business systems to enable faster reaction times to changing business conditions. In addition, management believes the high level of service and flexibility provided by service centers will enable this distribution channel to capture an increasing percentage of total steel revenues to end users, allowing for increased growth within the sector.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the inherent cyclical nature of the steel industry. Demand for our products is at approximately 85% of pre-2009 levels and we cannot predict when or if it will return to pre-2009 levels. Our Annual Information Form includes a summary of risks.

OUTLOOK

Our improved results year to date reflect stronger demand levels which are expected to continue into the fourth quarter. Gross margin pressure experienced in the third quarter is expected to continue into the fourth quarter due to lower steel prices. We believe oil pricing and drilling activity will support strong revenues in our energy tubular products segment over the next two quarters. We believe our disciplined approach and strong balance sheet leave us well positioned in this uncertain environment.

RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(millions)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
METALS SERVICE CENTERS															
Revenue	$ 390.4	$ 387.9	$ 363.8	$ 304.3	$ 315.7	$ 312.2	$ 280.0	$ 235.9	$ 259.1	$ 274.3	$ 325.4	$ 424.7	$ 509.8	$ 497.3	$ 401.2
Cost of goods sold	310.1	296.1	272.8	243.4	249.3	241.9	217.1	186.4	201.7	223.4	281.3	345.8	376.9	361.1	312.9
Operating expenses	56.1	58.4	54.7	48.0	50.4	50.8	47.8	42.8	44.1	47.0	50.7	59.6	64.8	63.9	56.2
EBIT	**24.2**	**33.4**	**36.3**	**12.9**	**16.0**	**19.5**	**15.1**	**6.7**	**13.3**	**3.9**	**(6.6)**	**19.3**	**68.1**	**72.3**	**32.1**
Depreciation & amortization	4.8	4.9	5.0	5.1	5.2	5.1	5.2	5.0	5.4	5.5	5.7	5.3	5.1	4.9	4.9
EBITDA	**29.0**	**38.3**	**41.3**	**18.0**	**21.2**	**24.6**	**20.3**	**11.7**	**18.7**	**9.4**	**(0.9)**	**24.6**	**73.2**	**77.2**	**37.0**
Cost of goods sold	79.4%	76.3%	75.0%	80.0%	79.0%	77.5%	77.5%	79.0%	77.8%	81.4%	86.4%	81.4%	73.9%	72.6%	78.0%
Operating expenses	14.4%	15.1%	15.0%	15.8%	16.0%	16.3%	17.1%	18.1%	17.0%	17.1%	15.6%	14.0%	12.7%	12.8%	14.0%
Depreciation & amortization	1.2%	1.3%	1.4%	1.7%	1.6%	1.6%	1.9%	2.1%	2.1%	2.0%	1.8%	1.2%	1.0%	1.0%	1.2%
EBIT	6.2%	8.6%	10.0%	4.2%	5.1%	6.2%	5.4%	2.8%	5.1%	1.4%	-2.0%	4.5%	13.4%	14.5%	8.0%
EBITDA	7.4%	9.9%	11.4%	5.9%	6.7%	7.9%	7.3%	5.0%	7.2%	3.4%	-0.3%	5.8%	14.4%	15.5%	9.2%
ENERGY TUBULAR PRODUCTS															
Revenue	223.3	145.4	224.0	193.1	187.4	129.2	194.6	147.3	115.7	130.1	231.0	297.1	324.8	235.4	213.5
Cost of goods sold	191.4	121.9	190.2	163.5	160.8	109.0	171.6	136.8	99.9	114.4	193.9	228.8	231.1	187.1	185.0
Operating expenses	16.8	12.9	16.0	13.0	12.1	11.4	11.8	9.1	9.5	9.8	15.9	27.6	33.9	19.8	12.9
EBIT	**15.1**	**10.6**	**17.8**	**16.6**	**14.5**	**8.8**	**11.2**	**1.4**	**6.3**	**5.9**	**21.2**	**40.7**	**59.8**	**28.5**	**15.6**
Depreciation & amortization	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4
EBITDA	**15.5**	**11.0**	**18.2**	**17.0**	**14.9**	**9.2**	**11.7**	**1.8**	**6.8**	**6.3**	**21.7**	**41.1**	**60.2**	**28.9**	**16.0**
Cost of goods sold	85.7%	83.8%	84.9%	84.7%	85.8%	84.4%	88.2%	92.9%	86.3%	87.9%	83.9%	77.0%	71.2%	79.5%	86.7%
Operating expenses	7.5%	8.9%	7.1%	6.7%	6.5%	8.8%	6.1%	6.2%	8.2%	7.5%	6.9%	9.3%	10.4%	8.4%	6.0%
Depreciation & amortization	0.2%	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%	0.1%	0.1%	0.2%	0.2%
EBIT	6.8%	7.3%	7.9%	8.6%	7.7%	6.8%	5.8%	1.0%	5.4%	4.5%	9.2%	13.7%	18.4%	12.1%	7.3%
EBITDA	6.9%	7.6%	8.1%	8.8%	8.0%	7.1%	6.0%	1.2%	5.9%	4.8%	9.4%	13.8%	18.5%	12.3%	7.5%
STEEL DISTRIBUTORS															
Revenue	89.5	82.6	69.8	61.1	75.5	61.3	49.9	46.7	57.0	56.0	84.8	118.3	116.8	119.6	96.0
Cost of goods sold	76.5	67.1	56.2	52.0	66.0	49.9	42.3	40.5	47.1	46.6	76.9	97.4	89.2	85.3	78.5
Operating expenses	4.9	5.1	4.8	4.3	4.5	4.7	3.2	3.8	2.2	4.2	5.2	1.1	6.2	8.7	6.8
EBIT	**8.1**	**10.4**	**8.8**	**4.8**	**5.0**	**6.7**	**4.4**	**2.4**	**7.7**	**5.2**	**2.7**	**19.8**	**21.4**	**25.6**	**10.7**
Depreciation & amortization	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA	**8.2**	**10.5**	**8.9**	**4.9**	**5.1**	**6.8**	**4.5**	**2.5**	**7.9**	**5.3**	**2.8**	**19.9**	**21.5**	**25.7**	**10.8**
Cost of goods sold	85.5%	81.2%	80.5%	85.1%	87.4%	81.4%	84.8%	86.7%	82.6%	83.2%	90.7%	82.3%	76.4%	71.3%	81.8%
Operating expenses	5.5%	6.2%	6.9%	7.0%	6.0%	7.7%	6.4%	8.1%	3.9%	7.5%	6.1%	0.9%	5.3%	7.3%	7.1%
Depreciation & amortization	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
EBIT	9.1%	12.6%	12.6%	7.9%	6.6%	10.9%	8.8%	5.1%	13.5%	9.3%	3.2%	16.7%	18.3%	21.4%	11.1%
EBITDA	9.2%	12.7%	12.8%	8.0%	6.8%	11.1%	9.0%	5.4%	13.9%	9.5%	3.3%	16.8%	18.4%	21.5%	11.3%
TBTL															
Revenue	2.2	2.7	0.1	3.0	3.3	3.4	1.4	2.8	2.5	2.1	1.1	2.6	3.5	4.0	1.6
Cost of goods sold	-	(0.2)	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	1.6	1.7	1.7	1.3	1.7	1.9	1.9	1.7	1.6	1.7	1.8	2.1	2.1	2.2	2.0
EBIT	**0.6**	**1.2**	**(1.7)**	**1.7**	**1.6**	**1.5**	**(0.5)**	**1.1**	**0.9**	**0.4**	**(0.7)**	**0.5**	**1.4**	**1.8**	**(0.4)**
Depreciation & amortization	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.3	0.2	0.3
EBITDA	**0.8**	**1.5**	**(1.5)**	**1.9**	**1.8**	**1.8**	**(0.3)**	**1.4**	**1.1**	**0.7**	**(0.5)**	**0.7**	**1.7**	**2.0**	**(0.1)**
Cost of goods sold	0.0%	-7.4%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating expenses	72.7%	63.0%	1700.0%	43.3%	51.5%	55.9%	135.7%	60.7%	64.0%	81.0%	163.6%	80.8%	60.0%	55.0%	125.0%
Depreciation & amortization	9.1%	11.1%	200.0%	6.7%	6.1%	8.8%	14.3%	10.7%	8.0%	14.3%	18.2%	7.7%	8.6%	5.0%	18.8%
EBIT	27.3%	44.4%	-1700.0%	56.7%	48.5%	44.1%	-35.7%	39.3%	36.0%	19.0%	-63.6%	19.2%	40.0%	45.0%	-25.0%
EBITDA	36.4%	55.6%	-1500.0%	63.3%	54.5%	52.9%	-21.4%	50.0%	44.0%	33.3%	-45.5%	26.9%	48.6%	50.0%	-6.2%
CORPORATE															
Expenses	2.8	3.3	6.7	3.7	3.6	3.3	3.6	3.5	2.7	3.2	3.0	2.6	5.8	6.7	5.9
Depreciation & amortization	0.3	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2		0.1	-	0.1	-
EBIT	**(3.1)**	**(3.5)**	**(7.0)**	**(4.1)**	**(4.0)**	**(3.6)**	**(3.9)**	**(3.8)**	**(3.0)**	**(3.4)**	**(3.0)**	**(2.7)**	**(5.8)**	**(6.8)**	**(5.9)**
EBITDA	**(2.8)**	**(3.3)**	**(6.7)**	**(3.7)**	**(3.6)**	**(3.3)**	**(3.6)**	**(3.5)**	**(2.7)**	**(3.2)**	**(3.0)**	**(2.6)**	**(5.8)**	**(6.7)**	**(5.9)**
Expenses	0.4%	0.5%	1.0%	0.7%	0.6%	0.7%	0.7%	0.8%	0.6%	0.7%	0.5%	0.3%	0.6%	0.8%	0.8%
Depreciation & amortization	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating EBIT	**$ 44.9**	**$ 52.1**	**$ 54.2**	**$ 31.9**	**$ 33.1**	**$ 32.9**	**$ 26.3**	**$ 7.8**	**$ 25.2**	**$ 12.0**	**$ 13.6**	**$ 77.6**	**$ 144.9**	**$ 121.4**	**$ 52.1**
Operating EBITDA	**$ 50.7**	**$ 58.0**	**$ 60.2**	**$ 38.1**	**$ 39.4**	**$ 39.1**	**$ 32.6**	**$ 13.9**	**$ 31.8**	**$ 18.5**	**$ 20.1**	**$ 83.7**	**$ 150.8**	**$ 127.1**	**$ 57.8**
Operating EBIT	6.4%	8.4%	8.2%	5.7%	5.7%	6.5%	5.0%	1.8%	5.8%	2.6%	2.1%	9.2%	15.2%	14.2%	7.3%
Operating EBITDA	7.2%	9.4%	9.2%	6.8%	6.8%	7.7%	6.2%	3.2%	7.3%	4.0%	3.1%	9.9%	15.8%	14.8%	8.1%

* EBIT amd EBITDA exclude plant closure costs in Q3 2010, inventory writedowns (reversals) in Q2 2010, Q4 2009, Q3 2009, Q2 2009, Q1 2009, Q4 2008 and asset impairment Q4 2009.

SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(millions)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Quarter ended:								
Revenue	$ 705.4	$ 618.6	$ 657.7	$ 561.5	$ 581.9	$ 506.1	$ 525.9	$ 432.7
Cost of goods sold	578.0	484.9	519.3	458.9	476.1	400.8	431.0	363.7
Operating expenses	79.4	78.1	77.2	66.6	68.7	68.8	64.7	57.4
Corp. Expenses	3.1	3.5	7.0	4.1	4.0	3.6	3.9	3.8
Operating EBIT	**44.9**	**52.1**	**54.2**	**31.9**	**33.1**	**32.9**	**26.3**	**7.8**
Depreciation & amortization	5.8	5.9	6.0	6.2	6.3	6.2	6.3	6.1
Operating EBITDA	**50.7**	**58.0**	**60.2**	**38.1**	**39.4**	**39.1**	**32.6**	**13.9**
Unusual items exclude asset impairment	0.4	0.9	0.4	1.8	0.4	0.2	(1.5)	(1.0)
Gain on sale of asset	-	-	-	-	-	-	-	-
EBIT	**44.5**	**51.2**	**53.8**	**30.1**	**32.7**	**32.7**	**27.8**	**8.8**
EBITDA	**50.3**	**57.1**	**59.8**	**36.3**	**39.0**	**38.9**	**34.1**	**14.9**
Twelve months ended:								
Revenue	$ 2,543.2	$ 2,419.7	$ 2,307.2	$ 2,175.4	$ 2,046.6	$ 1,899.0	$ 1,855.4	$ 1,971.8
Cost of goods sold	2,041.1	1,939.2	1,855.1	1,766.8	1,671.6	1,544.2	1,527.8	1,648.9
Operating expenses	319.0	309.2	300.0	284.4	274.9	262.6	256.3	264.3
Operating EBIT	**183.1**	**171.3**	**152.1**	**124.2**	**100.1**	**92.2**	**71.3**	**58.6**
Unusual items exclude asset impairment	3.5	3.5	2.8	0.9	(1.9)	(2.3)	(2.5)	(1.0)
Gain on sale of asset	-	-	-	-	-	-	(4.3)	(4.3)
EBIT	**179.6**	**167.8**	**149.3**	**123.3**	**102.0**	**94.5**	**78.1**	**63.9**
Depreciation & amortization	23.9	24.4	24.7	25.0	24.9	25.2	25.5	25.7
EBITDA	**203.5**	**192.2**	**174.0**	**148.3**	**126.9**	**119.7**	**103.6**	**89.6**

(millions)	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Quarter ended:							
Revenue	$ 434.3	$ 462.5	$ 642.3	$ 842.7	$ 954.9	$ 856.3	$ 712.3
Cost of goods sold	348.7	384.4	552.1	672.0	697.2	633.5	576.4
Operating expenses	57.4	62.7	73.6	90.4	107.0	94.6	77.9
Corp. Expenses	3.0	3.4	3.0	2.7	5.8	6.8	5.9
Operating EBIT	**25.2**	**12.0**	**13.6**	**77.6**	**144.9**	**121.4**	**52.1**
Depreciation & amortization	6.6	6.5	6.5	6.1	5.9	5.7	5.7
Operating EBITDA	**31.8**	**18.5**	**20.1**	**83.7**	**150.8**	**127.1**	**57.8**
Unusual items exclude asset impairment	-	-	-	0.4	2.3	(0.7)	3.2
Gain on sale of asset	-	(4.3)	-	-	-	-	-
EBIT	**25.2**	**16.3**	**13.6**	**77.2**	**142.6**	**122.1**	**48.9**
EBITDA	**31.8**	**22.8**	**20.1**	**83.3**	**148.5**	**127.8**	**54.6**
Twelve months ended:							
Revenue	$ 2,381.8	$ 2,902.4	$ 3,296.2	$ 3,366.2	$ 3,121.9	$ 2,791.3	$ 2,587.8
Cost of goods sold	1,957.2	2,305.7	2,554.8	2,579.1	2,383.7	2,189.2	2,074.4
Operating expenses	296.2	348.6	383.9	391.1	382.2	344.2	328.0
Operating EBIT	**128.4**	**248.1**	**357.5**	**396.0**	**356.0**	**257.9**	**185.4**
Unusual items exclude asset impairment	0.4	2.7	2.0	5.2	5.7	5.0	5.7
Gain on sale of asset	(4.3)	(4.3)	-	-	-	-	-
EBIT	**132.3**	**249.7**	**355.5**	**390.8**	**350.3**	**252.9**	**179.7**
Depreciation & amortization	25.7	25.0	24.2	23.4	22.9	21.9	21.2
EBITDA	**158.0**	**274.7**	**379.7**	**414.2**	**373.2**	**274.8**	**200.9**

* EBIT amd EBITDA exclude plant closure costs in Q3 2010, inventory writedowns (reversals) in Q2 2010, Q4 2009, Q3 2009, Q2 2009, Q1 2009, Q4 2008 and asset impairment Q4 2009.

SUMMARY OF INTEREST EXPENSE AND DIVIDENDS PAID

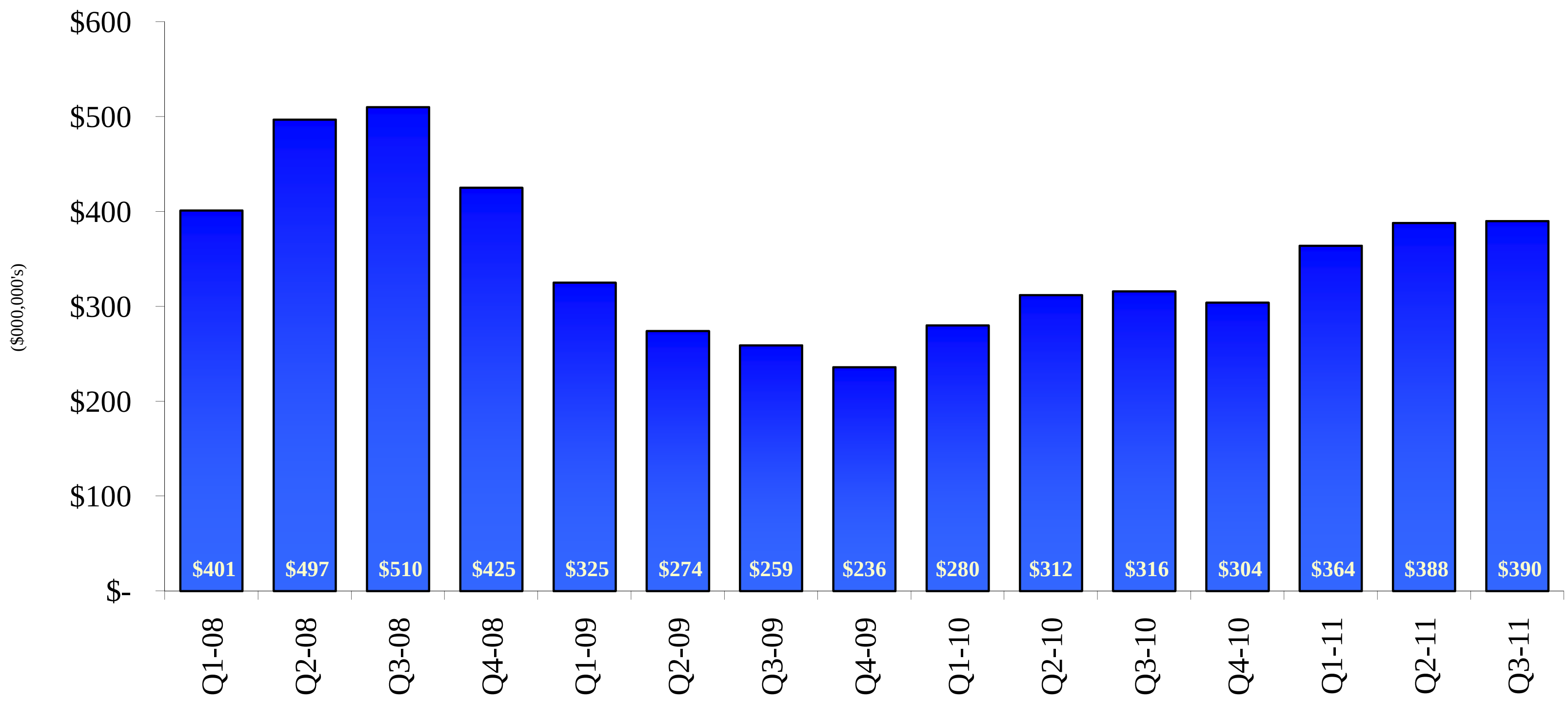
(millions)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Interest Expenses															
Long-term debt interest	$ 6.7	$ 6.9	$ 7.1	$ 7.0	$ 7.2	$ 6.9	$ 6.9	$ 7.5	$ 3.9	$ 4.1	$ 4.1	$ 4.1	$ 3.9	$ 3.8	$ 3.8
Other interest expense (income)	(0.4)	(0.5)	(0.6)	(0.7)		(0.4)	(0.2)	(0.5)	0.1	0.3	0.7	(0.2)	(1.6)	(1.5)	(1.7)
Total interest	**$ 6.3**	**$ 6.4**	**$ 6.5**	**$ 6.3**	**$ 7.2**	**$ 6.5**	**$ 6.7**	**$ 7.0**	**$ 4.0**	**$ 4.4**	**$ 4.8**	**$ 3.9**	**$ 2.3**	**$ 2.3**	**$ 2.1**
Dividends Paid															
Common share dividend	**$ 18.0**	**$ 16.5**	**$ 16.5**	**$ 14.9**	**$ 15.0**	**$ 14.9**	**$ 14.9**	**$ 14.9**	**$ 15.0**	**$ 14.9**	**$ 14.9**	**$ 26.9**	**$ 31.6**	**$ 28.5**	**$ 28.4**
Dividend per share	**30 cents**	**27.5 cents**	**27.5 cents**	**25 cents**	**25 cents**	**25 cents**	**25 cents**	**25 cents**	**25 cents**	**25 cents**	**25 cents**	**45 cents**	**45 cents**	**45 cents**	**45 cents**
Supplemental Dividend per share	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 cents**	**-**	**-**

RUSSEL METALS INC.
DEPRECIATION AND AMORTIZATION SCHEDULE

(millions)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
DEPRECIATION BY SEGMENT															
Metals Service Centers	$ 4.7	$ 4.8	$ 4.8	$ 5.0	$ 5.0	$ 5.0	$ 5.0	$ 4.8	$ 5.2	$ 5.3	$ 5.5	$ 5.2	$ 4.9	$ 4.8	$ 4.7
Energy Tubular Products	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4
Steel Distributors	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
TBTL	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.3	0.2	0.3
Corporate						-	-	-	-	-	-	-	-	-	-
TOTAL BY QTR	**5.4**	**5.6**	**5.5**	**5.7**	**5.7**	**5.8**	**5.8**	**5.6**	**6.1**	**6.1**	**6.3**	**5.9**	**5.7**	**5.5**	**5.5**
YTD TOTAL	***$ 16.5***	***$ 11.1***	***$ 5.5***	***$ 23.0***	***$ 17.3***	***$ 11.6***	***$ 5.8***	***$ 24.1***	***$ 18.5***	***$ 12.4***	***$ 6.3***	***$ 22.6***	***$ 16.7***	***$ 11.0***	***$ 5.5***
AMORTIZATION BY SEGMENT															
Metals Service Centers	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 0.2
Energy Tubular Products						-	-	-	-	-	-	-	-	-	-
Steel Distributors						-	-	-	-	-	-	-	-	-	-
TBTL						-	-	-	-	-	-	-	-	-	-
CORPORATE - amortization of banking	0.3	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2	-	0.1	-	0.1	-
TOTAL BY QTR	**0.4**	**0.3**	**0.5**	**0.5**	**0.6**	**0.4**	**0.5**	**0.5**	**0.5**	**0.4**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
YTD TOTAL	***$ 1.2***	***$ 0.8***	***$ 0.5***	***$ 2.0***	***$ 1.5***	***$ 0.9***	***$ 0.5***	***$ 1.6***	***$ 1.1***	***$ 0.6***	***$ 0.2***	***$ 0.8***	***$ 0.6***	***$ 0.4***	***$ 0.2***
DEPRECIATION / AMORTIZATION BY SEGMENT															
Metals Service Centers	$ 4.8	$ 4.9	$ 5.0	$ 5.1	$ 5.2	$ 5.1	$ 5.2	$ 5.0	$ 5.4	$ 5.5	$ 5.7	$ 5.3	$ 5.1	$ 4.9	$ 4.9
Energy Tubular Products	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4
Steel Distributors	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
TBTL	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.3	0.2	0.3
CORPORATE	0.3	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2	-	0.1	-	0.1	-
TOTAL BY QTR	**5.8**	**5.9**	**6.0**	**6.2**	**6.3**	**6.2**	**6.3**	**6.1**	**6.6**	**6.5**	**6.5**	**6.1**	**5.9**	**5.7**	**5.7**
YTD TOTAL	***$ 17.7***	***$ 11.9***	***$ 6.0***	***$ 25.0***	***$ 18.8***	***$ 12.5***	***$ 6.3***	***$ 25.7***	***$ 19.6***	***$ 13.0***	***$ 6.5***	***$ 23.4***	***$ 17.3***	***$ 11.4***	***$ 5.7***

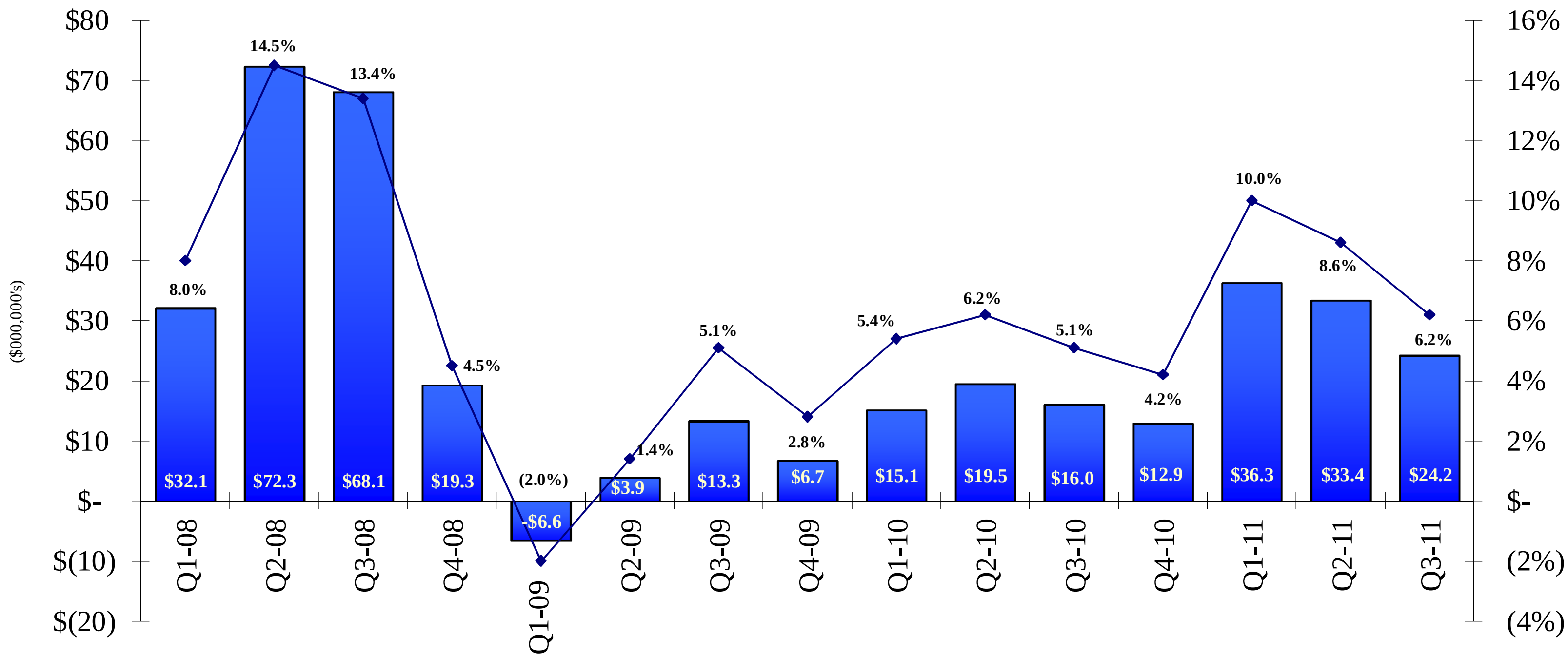
RUSSEL METALS INC.

Metals Service Centers Revenues



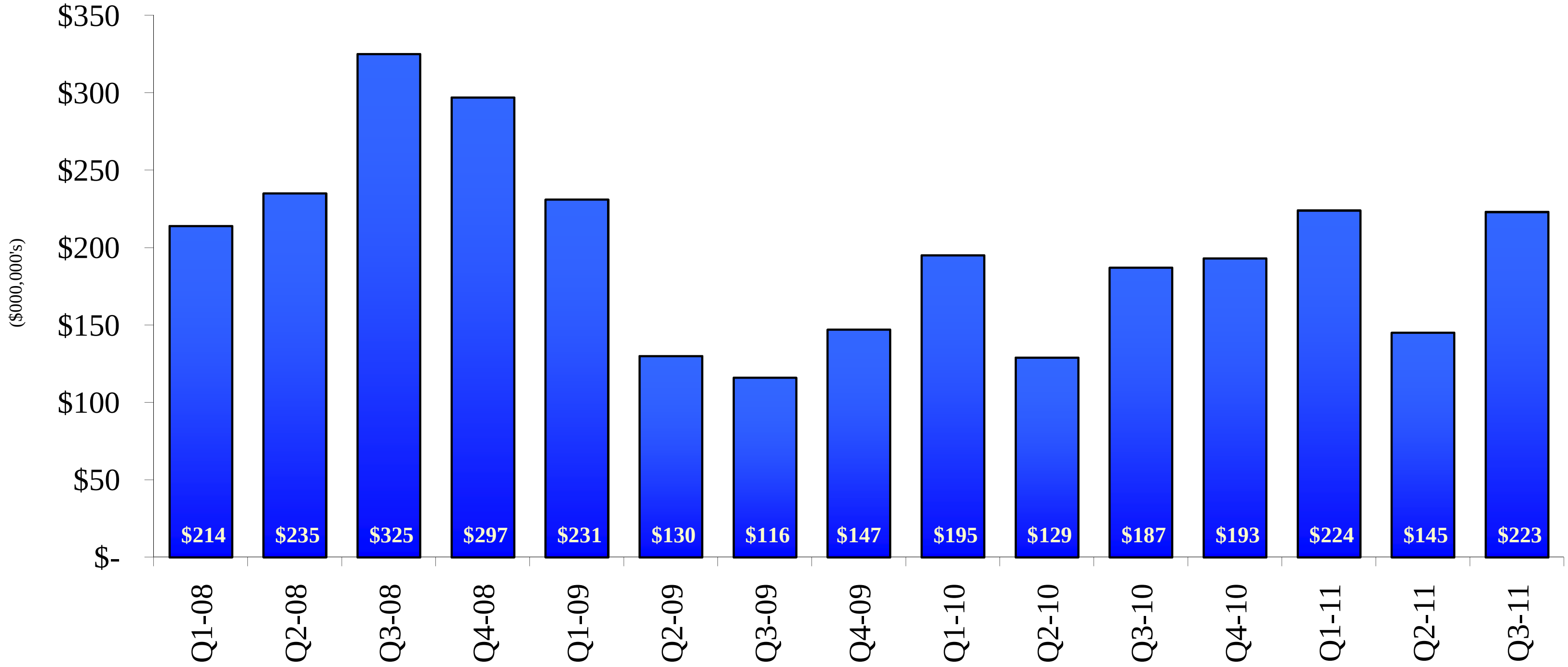
RUSSEL METALS INC.

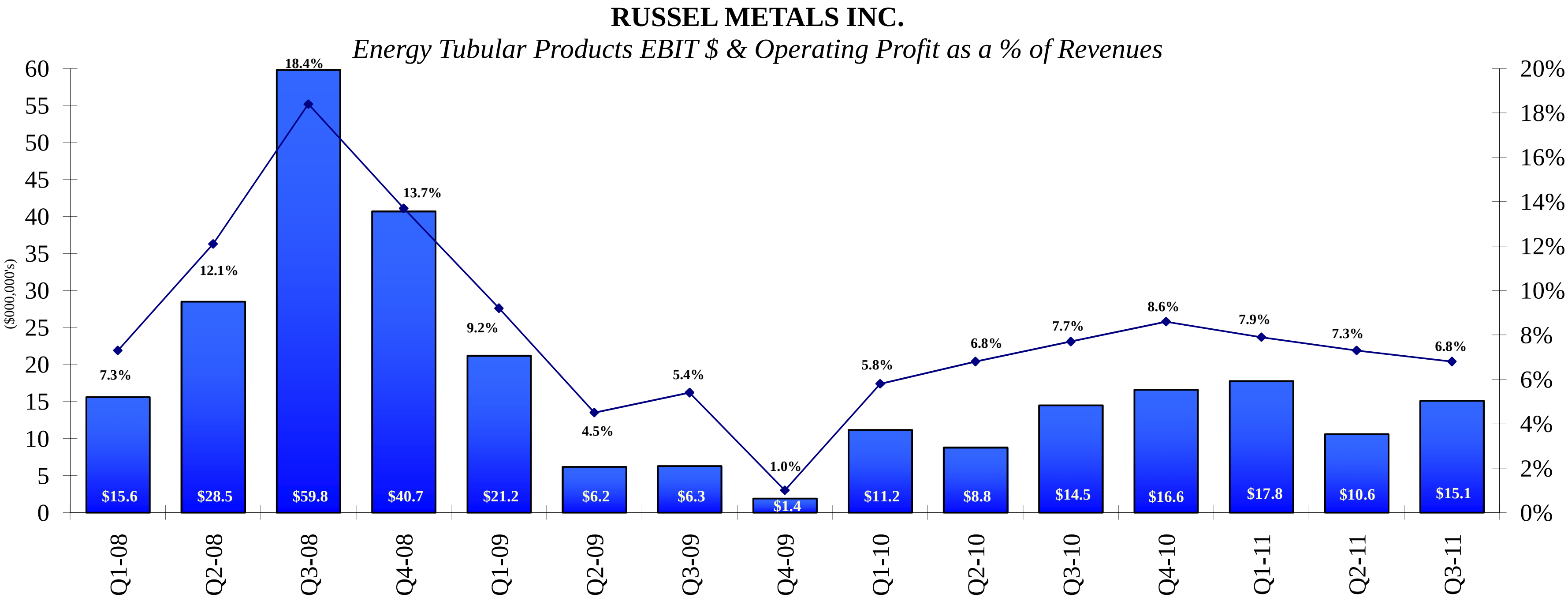
Metals Service Centers EBIT $ & Operating Profit as a % of Revenues



• *excluding inventory write-down of $5.8 Q4-08, $28.8 Q1-09, $1.6 Q2-09 and $2.6 closure reserves Q3-10*

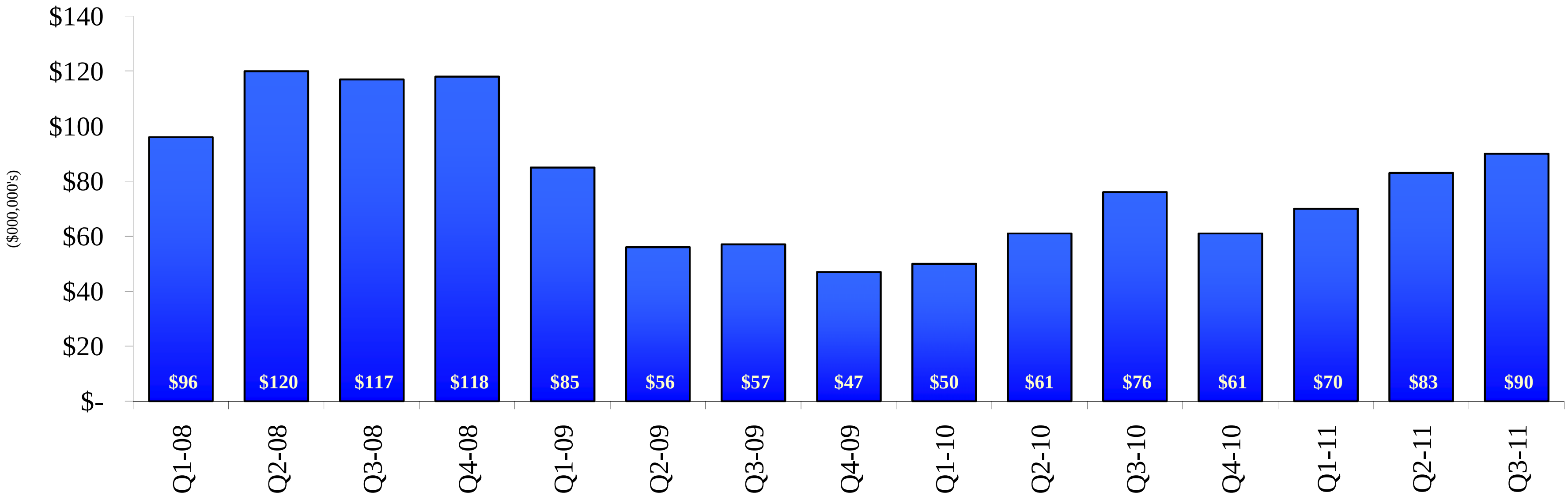
RUSSEL METALS INC.
Energy Tubular Products Revenues





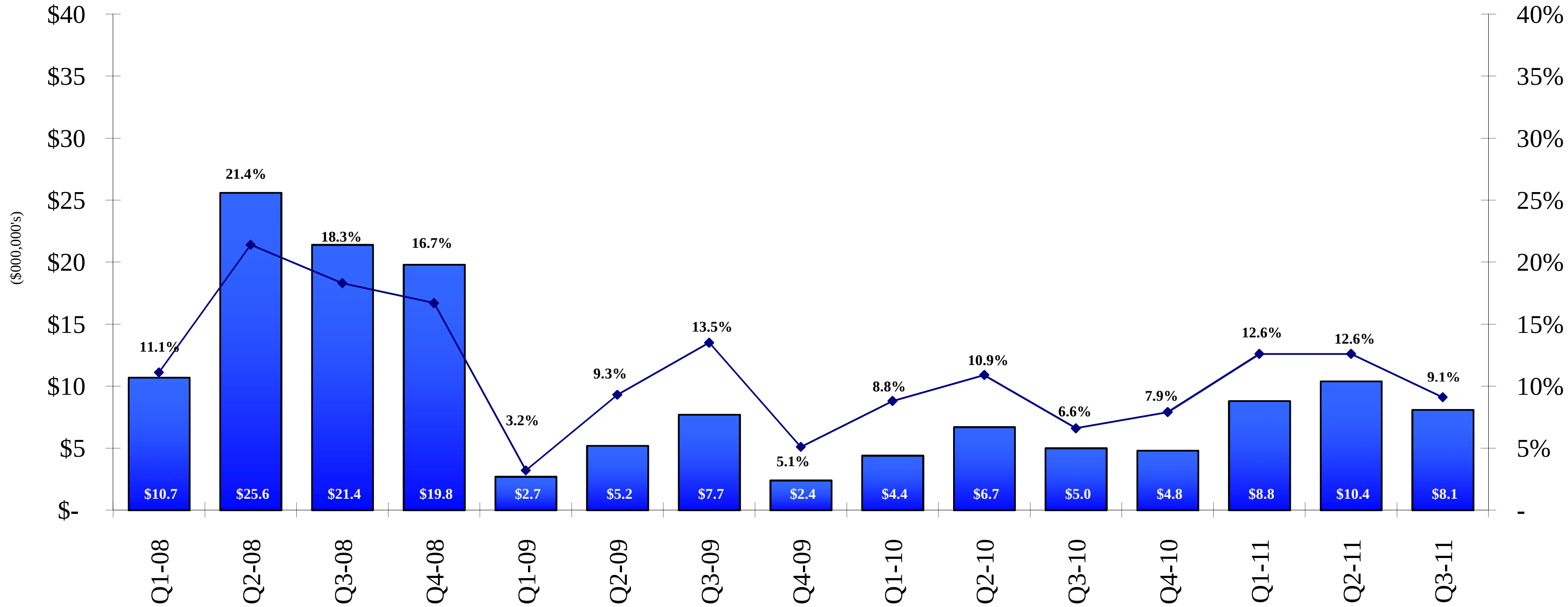
• *excluding inventory write-down (reversal) of $8.1 Q4-08, $16.3 Q1-09, $54.6 Q2-09, $2.6 Q3-09, $8.4 Q4-09 and ($1.9) Q2-10*

RUSSEL METALS INC.
Steel Distributors Revenues



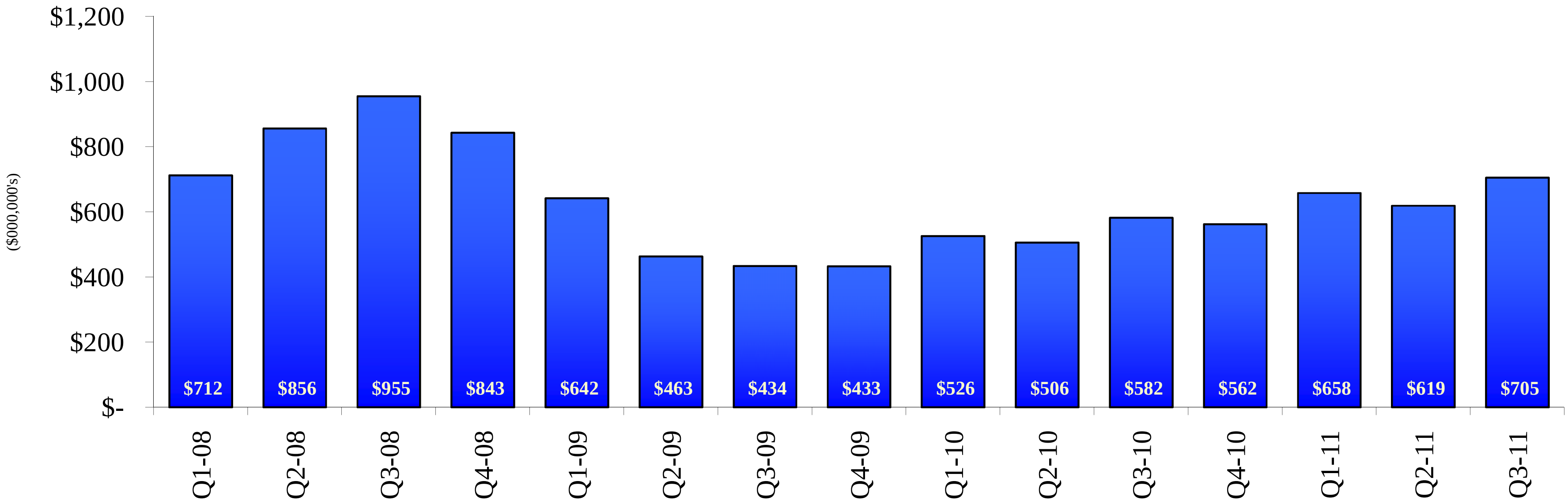
RUSSEL METALS INC.

Steel Distributors EBIT $ & Operating Profit as a % of Revenues



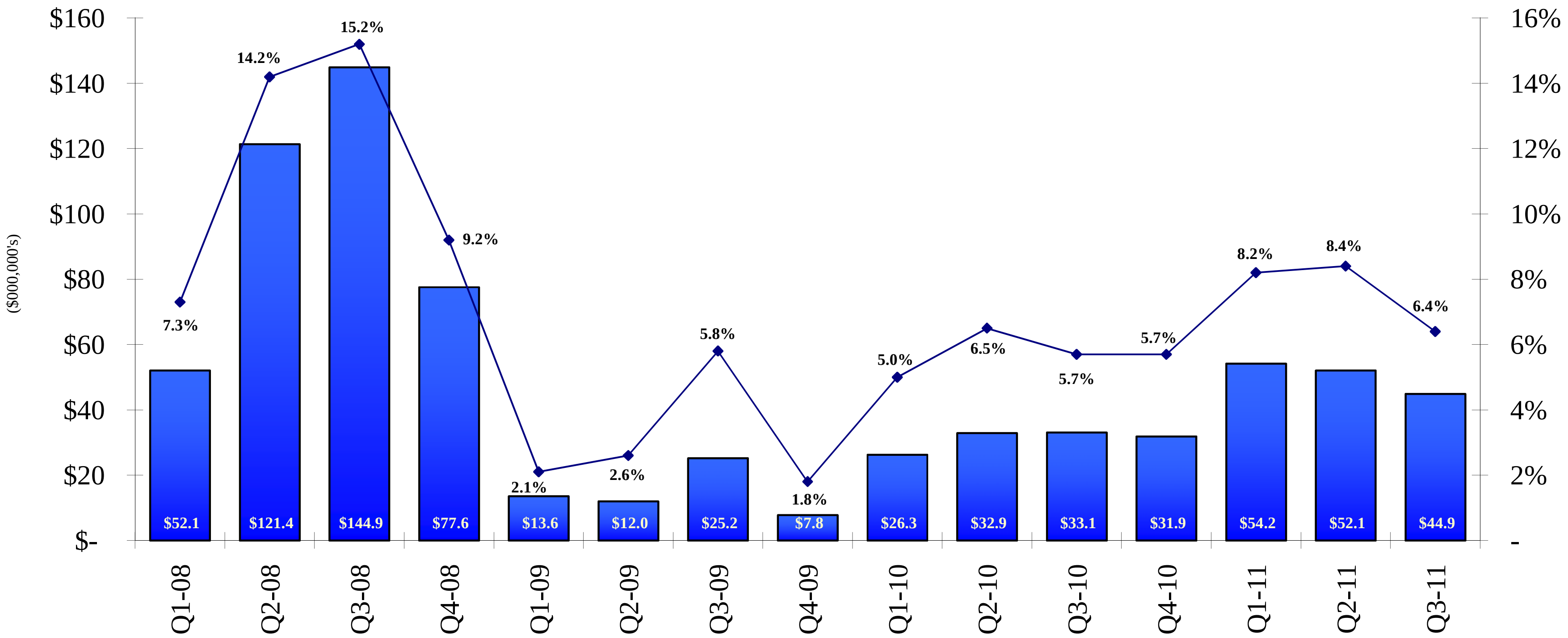
• *excluding inventory write-down (up) of $21.7 Q4-08, $49.4 Q1-09 and ($3.0) Q4-09*

RUSSEL METALS INC.
Total Revenues



RUSSEL METALS INC.

Total Operating EBIT $ & Operating EBIT as a % of Revenues



• *excluding inventory write-down (reversal) of $35.6 Q4-08, $94.5 Q1-09, $56.2 Q2-09, $2.6 Q3-09, $5.4 Q4-09, ($1.9) Q2-10 and $2.6 closure reserves Q3-10*