



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2009 FIRST QUARTER LOSS

TORONTO, CANADA – May 12, 2009 -- Russel Metals Inc. (RUS – TSX) today announced that its results for the first quarter of 2009 were a loss of \$0.92 per share which includes an inventory write-down of \$1.02 per share. Excluding this write-down, earnings would have been \$0.10 per share for the first quarter of 2009 compared to \$0.46 per share for the first quarter of 2008.

The net loss for the first quarter of 2009 was \$55 million, including a \$94 million pre-tax write-down of inventory to net realizable value due to the continued dramatic decline in steel prices in the first quarter of 2009. Net earnings for the first quarter of 2008 were \$29 million.

The metals service centers segment experienced a broad based end user decline in volume of 37% from the same period in 2008 and a 16% volume decline from the fourth quarter of 2008. Steel distributors were similarly impacted by volume declines as OEM and service center customers reduced inventory positions in reaction to lower end user demand. Declines in volume resulted in price reductions as our service center competitors reduced their inventories in line with demand and the mills also cut production levels by over 50% in an effort to match supply and demand. These price reductions led to first quarter inventory write-downs of \$29 million in our metals service centers and \$49 million for our steel distributors. Steel distributors segment operating profit was \$3 million excluding inventory write-downs and metals service centers recorded an operating loss of \$7 million before inventory write-downs.

The energy tubular products segment operating earnings for the first quarter of 2009 were \$5 million. The segment operating profit was \$21 million before inventory write-downs as end user pricing remained strong at the start of the quarter. The drop in gas prices adversely impacted customer

exploration activities late in the quarter and there was pricing softness in commodity pipe products which resulted in a \$16 million inventory write-down.

Bud Siegel, President and CEO, stated, “A decline in demand of 37% year over year in our metals service center segment has never been experienced before. Our decline is consistent with the metals service center industry in North America. The general economic conditions impacting the metals industry in North America and the world have resulted in significant inventory holding losses. The almost instantaneous change in demand for steel resulted in an equally rapid decline in pricing. Inventory write-downs in our metals service centers and steel distributors segments taken in the first quarter will improve gross margins in these segments as our average cost of inventory declines. We will continue to manage our operations as if the volume reduction is permanent; however, we believe volumes will improve as the inventory levels of our customers shrink to support their sales levels and they begin to replenish their low inventory.”

Brian Hedges, Executive Vice President and COO stated “We are confident that demand for our products and those of steel producers will improve but the timing of the turnaround can not be forecast with any degree of certainty. Our compensation expense reductions announced in the first quarter of 2009 will be in full effect for the second quarter.”

Marion Britton, Vice President and CFO stated “The recent increase in our bank facility to \$253 million and the change in the fixed charge coverage ratio provided for in our amended credit agreement allows the Company to better react to current economic conditions.”

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable June 15, 2009 to shareholders of record as of June 1, 2009.

The Company will be holding an Investor Conference Call on Wednesday, May 13, 2009 at 9:00 a.m. ET to review its first quarter results for 2009. 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, Wednesday, May 27, 2009. You will be required to enter pass code **2473237** 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 in the first quarter of 2009. Although the forward-looking statements contained in this document are based upon what management believes to be

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

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CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<i>(millions)</i>	March 31, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 47.1	\$ 44.9
Accounts receivable	326.6	429.3
Inventories	827.4	925.1
Prepaid expenses and other assets	6.9	8.1
Income taxes	47.4	7.1
	1,255.4	1,414.5
Property, Plant and Equipment	248.8	249.9
Future Income Tax Assets	1.0	1.0
Pensions and Benefits	6.6	6.5
Other Assets	7.1	7.0
Goodwill and Intangibles	73.5	71.8
	\$ 1,592.4	\$ 1,750.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 41.6	\$ 64.9
Accounts payable and accrued liabilities	367.6	420.7
Income taxes payable	3.5	30.3
Current portion long-term debt	1.5	1.4
	414.2	517.3
Derivatives	11.7	22.1
Long-Term Debt	223.7	217.5
Pensions and Benefits	5.8	5.8
Future Income Tax Liabilities	10.1	7.9
	665.5	770.6
Shareholders' Equity		
Common shares	478.8	478.8
Retained earnings	397.1	467.0
Contributed surplus	9.8	9.4
Accumulated other comprehensive income	41.2	24.9
	926.9	980.1
	\$ 1,592.4	\$ 1,750.7

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

<i>(millions, except per share data)</i>	Quarters ended March 31,	
	2009	2008
Revenues	\$ 642.3	\$ 712.3
Cost of sales and operating expenses	723.2	660.2
(Loss) earnings before the following	(80.9)	52.1
Other expense	-	(3.2)
Interest expense, net	(4.8)	(2.1)
(Loss) earnings before income taxes	(85.7)	46.8
Recovery of (provision for) income taxes	30.7	(17.6)
Net (loss) earnings for the period	\$ (55.0)	\$ 29.2
Basic (loss) earnings per common share	\$ (0.92)	\$ 0.46

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS *(UNAUDITED)*

<i>(millions)</i>	Quarters ended March 31,	
	2009	2008
Retained earnings, beginning of the period	\$ 467.0	\$ 411.7
Net (loss) earnings for the period	(55.0)	29.2
Dividends on common shares	(14.9)	(28.4)
Retained earnings, end of the period	\$ 397.1	\$ 412.5

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

<i>(millions)</i>	Quarters ended March 31,	
	2009	2008
Net (loss) earnings for the period	\$ (55.0)	\$ 29.2
Other comprehensive income (loss)		
Unrealized foreign exchange gains on translation of self-sustaining foreign operations (U.S. subsidiaries)	13.6	12.2
Unrealized losses on items designated as net investment hedges (net of tax of \$0.2 (2008: \$0.2))	(1.9)	(2.1)
Unrealized losses on items designated as cash flow hedges (net of tax of \$0.3 (2008: \$0.2))	(0.8)	(0.5)
Other comprehensive income	10.9	9.6
Comprehensive (loss) income	\$ (44.1)	\$ 38.8

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

<i>(millions)</i>	Quarters ended March 31,	
	2009	2008
Accumulated net unrealized foreign currency translation gains and losses		
Balance, beginning of period	\$ 36.9	\$ (45.7)
Net unrealized gain on translation of self-sustaining foreign operations	13.6	12.2
Balance, end of period	50.5	(33.5)
Accumulated net unrealized (loss) gain on cash flow and net investment hedges		
Balance, beginning of period	(12.0)	7.4
Transitional adjustment (net of tax of \$2.0)	5.4	-
Unrealized losses on items designated as net investment hedges (net of tax of \$0.2 (2008: \$0.2))	(1.9)	(2.1)
Unrealized losses on items designated as cash flow hedges (net of tax of \$0.3 (2008: \$0.2))	(0.8)	(0.5)
Balance, end of period	(9.3)	4.8
Accumulated other comprehensive income (loss)	\$ 41.2	\$ (28.7)

CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

<i>(millions)</i>	Quarters ended March 31,	
	2009	2008
Operating activities		
Net (loss) earnings from continuing operations	\$ (55.0)	\$ 29.2
Depreciation and amortization	6.5	5.7
Future income taxes	2.1	0.1
Gain (loss) on sale of fixed assets	(0.2)	-
Stock-based compensation	0.4	2.5
Pension expense (funding)	(0.1)	(0.1)
Other	0.3	3.4
Cash (used in) from operating activities before non-cash working capital	(46.0)	40.8
Changes in non-cash working capital items		
Accounts receivable	105.2	(71.3)
Inventories - non-cash change in NRV reserve	94.5	(0.2)
Inventories	15.0	12.9
Accounts payable and accrued liabilities	(56.8)	55.7
Current income taxes	(68.7)	8.8
Other	1.1	1.1
Change in non-cash working capital	90.3	7.0
Cash from operating activities	44.3	47.8
Financing activities		
Decrease in bank borrowing	(24.9)	-
Issue of common shares	-	1.0
Dividends on common shares	(14.9)	(28.4)
Repayment of long-term debt	(0.4)	(0.2)
Cash used in financing activities	(40.2)	(27.6)
Investing activities		
Purchase of fixed assets	(3.8)	(4.3)
Proceeds on sale of fixed assets	0.6	-
Other	1.2	0.5
Cash used in investing activities	(2.0)	(3.8)
Effect of exchange rates on cash	0.1	1.4
Increase in cash and cash equivalents	2.2	17.8
Cash and cash equivalents, beginning of the period	44.9	181.8
Cash and cash equivalents, end of the period	\$ 47.1	\$ 199.6