



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2009 SECOND QUARTER LOSS

TORONTO, CANADA – August 5, 2009 -- Russel Metals Inc. (RUS – TSX) today announced a second quarter loss of \$0.41 per share. This includes an inventory write-down of \$0.59 per share. Excluding this write-down and a gain on sale of a property of \$4 million, adjusted earnings per share was \$0.10 for the quarter compared to \$1.25 per share for the second quarter of 2008.

The net loss for the second quarter was \$25 million compared to net earnings of \$79 million for the second quarter of 2008. The 2009 results include a pretax inventory write-down of \$56 million primarily in the energy tubular products segment. In addition, the 2009 results were impacted by volume declines in all three operating segments and lower margins due to pricing pressure from declining mill prices and excess inventory in the supply chain.

Metals service centers reported an operating profit of \$2 million for the quarter compared to an operating profit of \$72 million for the second quarter of 2008. Volumes were 40% lower in the second quarter of 2009 compared to 2008 and were consistent with the first quarter of 2009. A \$2 million inventory write-down was taken in this segment. The improvement in write-downs from the first quarter reflects that pricing for most products stabilized in the second quarter of 2009.

Our energy tubular products segment reported a second quarter operating loss of \$49 million including an inventory write-down of \$55 million. The segment operating profit was \$6 million before inventory write-downs compared to an operating profit of \$29 million for the second quarter of 2008. Revenues declined 45% from the second quarter of 2008 due to lower drilling activity driven by the low price of oil and natural gas. Excess inventory in the industry has resulted in price pressures and based on current activity, we have taken an inventory write-down.

Our steel distributors segment reported operating profit of \$5 million despite a revenue decline of 53% for the second quarter of 2009 compared to 2008. The segment operating profit was \$26 million for the second quarter of 2008.

Brian R. Hedges, President and CEO, stated, "I am encouraged by the results of our metals service centers as they have reported an operating profit for the quarter despite a 40% drop in demand from last year. As previously stated, we are managing operations as if the volume declines are permanent. Our managers are reacting to the challenging market and continue to reduce expenses in line with current volumes.

In the third quarter of 2009, the steel mills have announced price increases, which should result in margin improvements. Demand levels remain unchanged and this needs to improve for us to achieve more normalized profit levels."

Marion E. Britton, Vice President and CFO, stated "Operating expenses are \$40 million lower compared to the second quarter of 2008. Our highly variable compensation model has been a significant factor in reducing expenses in all segments."

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable September 15, 2009 to shareholders of record as of August 24, 2009.

The Company will be holding an Investor Conference Call on Thursday, August 6, 2009 at 9:00 a.m. ET to review its second 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, Thursday, August 20, 2009. You will be required to enter pass code **3284122** in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at www.russelmetals.com.

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

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

The forward-looking statements in this document reflect management's current beliefs and are based on information currently available to management. The material assumptions applied in making the forward-looking statements in this document include the following: demand from the manufacturing, resource and construction segments of the Canadian economy, oil and gas prices and the price of steel have all been significantly negatively impacted by the economic conditions and these conditions will impact these factors for the foreseeable future. The value of the Canadian dollar relative to the U.S. dollar will be consistent with what we experienced at the end of the second 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>	June 30 2009	December 31 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 113.7	\$ 44.9
Accounts receivable	243.7	429.3
Inventories	644.1	925.1
Prepaid expenses and other assets	6.2	8.1
Income taxes	65.7	7.1
	1,073.4	1,414.5
Property, Plant and Equipment	239.7	249.9
Future Income Tax Assets	1.0	1.0
Pensions and Benefits	6.9	6.5
Other Assets	8.5	7.0
Goodwill and Intangibles	68.4	71.8
	\$ 1,397.9	\$ 1,750.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 44.3	\$ 64.9
Accounts payable and accrued liabilities	245.5	420.7
Income taxes payable	2.4	30.3
Current portion long-term debt	1.4	1.4
	293.6	517.3
Derivatives	21.1	22.1
Long-Term Debt	205.9	217.5
Pensions and Benefits	5.9	5.8
Future Income Tax Liabilities	11.8	7.9
	538.3	770.6
Shareholders' Equity		
Common shares	478.8	478.8
Retained earnings	357.6	467.0
Contributed surplus	10.3	9.4
Accumulated other comprehensive income	12.9	24.9
	859.6	980.1
	\$ 1,397.9	\$ 1,750.7

CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (UNAUDITED)

<i>(millions, except per share data)</i>	Quarters ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Revenues	\$ 462.5	\$ 856.3	\$ 1,104.8	\$ 1,568.6
Cost of sales and operating expenses	506.7	734.9	1,229.9	1,395.1
(Loss) earnings before the following	(44.2)	121.4	(125.1)	173.5
Other income (expense)	4.3	0.7	4.3	(2.5)
Interest expense, net	(4.4)	(2.3)	(9.2)	(4.4)
(Loss) earnings before income taxes	(44.3)	119.8	(130.0)	166.6
Recovery of (provision for) income taxes	19.7	(41.0)	50.4	(58.6)
Net (loss) earnings for the period	\$ (24.6)	\$ 78.8	\$ (79.6)	\$ 108.0
Basic (loss) earnings per common share	\$ (0.41)	\$ 1.25	\$ (1.33)	\$ 1.71

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

<i>(millions)</i>	Quarters ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Retained earnings, beginning of the period	\$ 397.1	\$ 412.5	\$ 467.0	\$ 411.7
Net (loss) earnings for the period	(24.6)	78.8	(79.6)	108.0
Dividends on common shares	(14.9)	(28.5)	(29.8)	(56.9)
Retained earnings, end of the period	\$ 357.6	\$ 462.8	\$ 357.6	\$ 462.8

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(millions)	Quarters		Six months	
	Ended June 30 2009	2008	Ended June 30 2009	2008
Net (loss) earnings for the period	\$ (24.6)	\$ 78.8	\$ (79.6)	\$ 108.0
Other comprehensive (loss) income				
Unrealized foreign exchange (losses) gains on translation of self-sustaining foreign operations (U.S. subsidiaries)	(34.9)	(2.6)	(21.3)	9.6
Unrealized gains (losses) on items designated as net investment hedges	5.3	0.5	3.4	(1.6)
Unrealized gains (losses) on items designated as cash flow hedges	1.3	(2.2)	0.5	(2.7)
Other comprehensive (loss) income	(28.3)	(4.3)	(17.4)	5.3
Comprehensive (loss) income	\$ (52.9)	\$ 74.5	\$ (97.0)	\$ 113.3

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

(millions)	Quarters		Six months	
	Ended June 30 2009	2008	Ended June 30 2009	2008
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	\$ 50.5	\$ (33.5)	\$ 36.9	\$ (45.7)
Unrealized foreign exchange (losses) gains on translation of self-sustaining foreign operations	(34.9)	(2.6)	(21.3)	9.6
Balance, end of period	15.6	(36.1)	15.6	(36.1)
Accumulated net unrealized (loss) gain on cash flow and net investment hedges				
Balance, beginning of period	(9.3)	4.8	(12.0)	7.4
Transitional adjustment (net of tax of \$2.0)	-	-	5.4	-
Unrealized gains (losses) on items designated as net investment hedges	5.3	0.5	3.4	(1.6)
Unrealized gains (losses) on items designated as cash flow hedges	1.3	(2.2)	0.5	(2.7)
Balance, end of period	(2.7)	3.1	(2.7)	3.1
Accumulated other comprehensive income (loss)	\$ 12.9	\$ (33.0)	\$ 12.9	\$ (33.0)

CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

<i>(millions)</i>	Quarters ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Operating activities				
Net (loss) earnings from continuing operations	\$ (24.6)	\$ 78.8	\$ (79.6)	\$ 108.0
Depreciation and amortization	6.5	5.7	13.0	11.4
Future income taxes	1.9	1.2	4.0	1.3
(Gain) loss on sale of fixed assets	(4.3)	0.1	(4.5)	0.1
Stock-based compensation	0.5	0.4	0.9	2.9
Pension expense (funding)	(0.2)	-	(0.3)	(0.1)
Other	0.1	(0.7)	0.4	2.7
Cash (used in) from operating activities before non-cash working capital	(20.1)	85.5	(66.1)	126.3
Changes in non-cash working capital items				
Accounts receivable	77.0	(62.4)	182.2	(133.7)
Inventories - change in NRV reserve	56.2	-	150.7	-
Inventories	99.1	(55.3)	114.1	(42.6)
Accounts payable and accrued liabilities	(115.4)	90.1	(172.2)	145.8
Current income taxes	(16.2)	13.1	(84.9)	21.9
Other	0.8	(0.9)	1.9	0.2
Change in non-cash working capital	101.5	(15.4)	191.8	(8.4)
Cash from operating activities	81.4	70.1	125.7	117.9
Financing activities				
Increase (decrease) in bank borrowing	7.0	-	(17.9)	-
Issue of common shares	-	1.5	-	2.5
Dividends on common shares	(14.9)	(28.5)	(29.8)	(56.9)
Repayment of long-term debt	(0.3)	(0.2)	(0.7)	(0.4)
Deferred financing	(2.3)	-	(2.3)	-
Cash used in financing activities	(10.5)	(27.2)	(50.7)	(54.8)
Investing activities				
Purchase of fixed assets	(2.9)	(6.1)	(6.7)	(10.4)
Proceeds on sale of fixed assets	5.0	0.1	5.6	0.1
Other	(6.0)	(0.8)	(4.8)	(0.3)
Cash used in investing activities	(3.9)	(6.8)	(5.9)	(10.6)
Effect of exchange rate changes on cash and cash equivalents	(0.4)	(0.2)	(0.3)	1.2
Increase in cash and cash equivalents	66.6	35.9	68.8	53.7
Cash and cash equivalents, beginning of the period	47.1	199.6	44.9	181.8
Cash and cash equivalents, end of the period	\$ 113.7	\$ 235.5	\$ 113.7	\$ 235.5