



## NEWS

### FOR IMMEDIATE RELEASE

#### **RUSSEL METALS ANNOUNCES 2009 ANNUAL AND FOURTH QUARTER RESULTS**

TORONTO, CANADA – February 18, 2010 -- Russel Metals Inc. (RUS – TSX) today announced a fourth quarter loss of \$25 million, or \$0.42 per share. These results include a pre-tax net inventory write-down of \$5 million and an asset impairment charge of \$35 million. Excluding these items adjusted quarterly earnings were \$0.05 per share. Net earnings reported in the fourth quarter of 2008 were \$29 million or \$0.48 per share. The 2008 results include a pre-tax inventory write-down of \$36 million.

For the year we reported a loss of \$92 million or \$1.54 per share. Excluding inventory write-downs, the asset impairment charge and a gain on the sale of a property, our net earnings were \$0.49 per share. The comparable results for 2008 were net earnings of \$229 million or \$3.67 per share. Lower demand and steel pricing have significantly reduced our revenues and operating profits for 2009 in all three of our business segments compared to 2008.

The asset impairment charge of \$35 million relates to goodwill, intangibles and buildings of businesses acquired in the U.S. in 2007 and 2008. This charge taken in the fourth quarter of 2009, resulted from significant volume and price declines in the U.S. service center industry in 2009 and lowered expectations for future earnings potential at these operations.

Consolidated revenues for the fourth quarter of 2009 were \$433 million, a decrease of 49% from the fourth quarter of 2008 revenues of \$843 million, and were approximately the same as the third quarter of 2009.

Revenues in our metals service centers segment decreased 44% to \$236 million for the fourth quarter of 2009 compared to the fourth quarter of 2008 and decreased 9% compared to the third quarter of 2009. Operating profits for our metals service centers for the fourth quarter of 2009 were \$7 million, compared to \$19 million excluding inventory write-downs in the fourth quarter of 2008. We reported operating profits of \$13 million for the third quarter of 2009.

Revenues for our energy tubular products segment dropped 50% to \$147 million for the fourth quarter of 2009 compared to \$297 million for the fourth quarter of 2008. Revenues increased 27% compared to the third quarter 2009 due to a few large low margin orders. Low natural gas drilling activity continued into the fourth quarter of 2009. Operating profits excluding inventory write-downs were \$1 million for the fourth quarter of 2009 compared to operating profits of \$41 million for the fourth quarter of 2008 and \$6 million for the third quarter of 2009.

Our steel distributors segment had a decline in revenues of 61% to \$47 million for the fourth quarter of 2009 compared to the fourth quarter of 2008 and 18% compared to the third quarter of 2009. Operating profits excluding inventory write-downs were \$2 million for the fourth quarter of 2009 compared to \$20 million for 2008 and \$8 million for the third quarter of 2009.

Brian R. Hedges, President and CEO, stated “I am glad 2009 is behind us. Early 2010 activity levels have increased for both our metals service center and energy tubular products operations compared to the end of 2009. The mill price increases announced for the first quarter of 2010 have firmed pricing in the market. Our capital structure is well positioned to support growth during 2010.”

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable March 15, 2010 to shareholders of record as of March 2, 2010.

The Company will be holding an Investor Conference Call on Friday, February 19, 2010 at 9:00 a.m. ET to review its fourth quarter and annual results for 2009. The dial-in telephone numbers for the call are 416-340-8018 (Toronto and International callers) and 1-866-223-7781 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-695-5800 (Toronto and International callers) and 1-800-408-3053 (U.S. and Canada) until midnight, Friday, March 5, 2010. You will be required to enter pass code 7257554 in order to access the call.

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

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three distribution segments: metals service centers, energy tubular products and steel

distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, 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 improve slowly in the foreseeable future; and the value of the Canadian dollar relative to the U.S. dollar will be consistent with what we experienced at the end 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

<i>At December 31 (millions)</i>	<b>2009</b>	2008
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 359.6	\$ 44.9
Accounts receivable	217.8	429.3
Inventories	517.9	925.1
Prepaid expenses and other assets	4.9	8.1
Income taxes	53.0	7.1
	<b>1,153.2</b>	1,414.5
<b>Property, Plant and Equipment</b>	<b>231.9</b>	249.9
<b>Future Income Tax Assets</b>	<b>5.9</b>	1.0
<b>Pensions and Benefits</b>	<b>8.0</b>	6.5
<b>Other Assets</b>	<b>8.3</b>	7.0
<b>Goodwill and Intangibles</b>	<b>28.4</b>	71.8
	<b>\$ 1,435.7</b>	\$ 1,750.7
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ -	\$ 64.9
Accounts payable and accrued liabilities	252.3	420.7
Income taxes payable	1.4	30.3
Current portion long-term debt	1.3	1.4
	<b>255.0</b>	517.3
<b>Derivatives</b>	<b>30.9</b>	22.1
<b>Long-Term Debt</b>	<b>340.8</b>	217.5
<b>Pensions and Benefits</b>	<b>5.9</b>	5.8
<b>Future Income Tax Liabilities</b>	<b>9.9</b>	7.9
	<b>642.5</b>	770.6
<b>Shareholders' Equity</b>		
Common shares	478.9	478.8
Retained earnings	315.3	467.0
Contributed surplus	11.4	9.4
Accumulated other comprehensive income (loss)	(24.0)	24.9
Equity component of convertible debenture	11.6	-
	<b>793.2</b>	980.1
	<b>\$ 1,435.7</b>	\$ 1,750.7

## CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

<i>(millions, except per share data)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
<b>Revenues</b>	<b>\$ 432.7</b>	\$ 842.7	<b>\$ 1,971.8</b>	\$ 3,366.2
Cost of sales	<b>369.2</b>	707.6	<b>1,807.6</b>	2,614.7
Gross margin	<b>63.5</b>	135.1	<b>164.2</b>	751.5
Operating expenses	<b>61.1</b>	93.1	<b>264.3</b>	391.1
<b>Earnings (loss) before the following</b>	<b>2.4</b>	42.0	<b>(100.1)</b>	360.4
Other income (expense)	<b>1.0</b>	(0.4)	<b>5.3</b>	(5.2)
Impairment of goodwill and intangibles	<b>(33.8)</b>	-	<b>(33.8)</b>	-
Impairment of property, plant and equipment	<b>(1.6)</b>	-	<b>(1.6)</b>	-
Interest expense, net	<b>(7.0)</b>	(3.9)	<b>(20.2)</b>	(10.6)
<b>Earnings (loss) before income taxes</b>	<b>(39.0)</b>	37.7	<b>(150.4)</b>	344.6
(Provision for) recovery of income taxes	<b>13.8</b>	(8.7)	<b>58.4</b>	(116.1)
<b>Net earnings (loss)</b>	<b>\$ (25.2)</b>	\$ 29.0	<b>\$ (92.0)</b>	\$ 228.5
<b>Basic earnings (loss) per common share</b>	<b>\$ (0.42)</b>	\$ 0.48	<b>\$ (1.54)</b>	\$ 3.67

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
<b>Retained earnings, beginning of the period,</b>	<b>\$ 355.4</b>	\$ 485.3	<b>\$ 467.0</b>	\$ 411.7
Net earnings (loss) for the period	<b>(25.2)</b>	29.0	<b>(92.0)</b>	228.5
Amount related to common shares purchased for cancellation	<b>-</b>	(20.4)	<b>-</b>	(57.8)
Dividends on common shares	<b>(14.9)</b>	(26.9)	<b>(59.7)</b>	(115.4)
<b>Retained earnings, end of the period</b>	<b>\$ 315.3</b>	\$ 467.0	<b>\$ 315.3</b>	\$ 467.0

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	<b>2009</b>	2008	<b>2009</b>	2008
<b>Net earnings (loss)</b>	<b>\$ (25.2)</b>	\$ 29.0	<b>\$ (92.0)</b>	\$ 228.5
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of self sustaining U.S. subsidiaries	<b>(11.5)</b>	58.3	<b>(66.9)</b>	82.6
Unrealized gains (losses) on items designated as net investment hedges	<b>1.3</b>	(8.1)	<b>9.5</b>	(12.0)
Unrealized gains (losses) on items designated as cash flow hedges	<b>0.2</b>	(5.6)	<b>3.1</b>	(7.4)
Other comprehensive income (loss)	<b>(10.0)</b>	44.6	<b>(54.3)</b>	63.2
<b>Comprehensive income (loss)</b>	<b>\$ (35.2)</b>	\$ 73.6	<b>\$ (146.3)</b>	\$ 291.7

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

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	<b>2009</b>	2008	<b>2009</b>	2008
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	<b>\$ (18.5)</b>	\$ (21.4)	<b>\$ 36.9</b>	\$ (45.7)
Unrealized foreign exchange gains (losses) on translation of self sustaining U.S. operations	<b>(11.5)</b>	58.3	<b>(66.9)</b>	82.6
Balance, end of the period	<b>(30.0)</b>	36.9	<b>(30.0)</b>	36.9
Accumulated net unrealized gain (loss) on cash flow and net investment hedges				
Balance, beginning of period	<b>4.5</b>	1.7	<b>(12.0)</b>	7.4
Transitional adjustment (net of income tax \$2.0)	-	-	<b>5.4</b>	-
Unrealized gains (losses) on items designated as net investment hedges	<b>1.3</b>	(8.1)	<b>9.5</b>	(12.0)
Unrealized gains (losses) on items designated as cash flow hedges	<b>0.2</b>	(5.6)	<b>3.1</b>	(7.4)
Balance, end of the period	<b>6.0</b>	(12.0)	<b>6.0</b>	(12.0)
Accumulated other comprehensive income (loss)	<b>\$ (24.0)</b>	\$ 24.9	<b>\$ (24.0)</b>	\$ 24.9

## CONSOLIDATED STATEMENTS OF CASH FLOW

<i>(millions)</i>	Quarters Ended December 31,		Years Ended December 31,	
	2009	2008	2009	2008
<b>Operating activities</b>				
Net earnings (loss) for the period	\$ (25.2)	\$ 29.0	\$ (92.0)	\$ 228.5
Depreciation and amortization	6.1	6.1	25.7	23.4
Future income taxes	(16.5)	(3.2)	(10.1)	(1.8)
(Gain) loss on sale of property, plant and equipment	0.2	0.2	(4.3)	0.5
Stock-based compensation	0.5	0.4	2.1	3.7
Difference between pension expense and amount funded	(1.1)	(1.8)	(1.4)	(2.1)
Asset impairment	35.4	-	35.4	-
Other	(0.3)	0.6	0.2	5.9
<b>Cash (used in) from operating activities before non-cash working capital</b>	<b>(0.9)</b>	31.3	<b>(44.4)</b>	258.1
<b>Changes in non-cash working capital items</b>				
Accounts receivable	17.5	129.9	200.1	(62.9)
Inventories - net increase in NRV reserve	5.4	35.6	158.7	37.7
Inventories	27.5	(143.3)	197.8	(303.7)
Accounts payable and accrued liabilities	35.2	(116.8)	(156.7)	99.6
Current income taxes	9.4	(10.3)	(67.6)	30.1
Other	(0.4)	(3.5)	3.2	(2.3)
<b>Change in non-cash working capital</b>	<b>94.6</b>	(108.4)	<b>335.5</b>	(201.5)
<b>Cash from operating activities</b>	<b>93.7</b>	(77.1)	<b>291.1</b>	56.6
<b>Financing activities</b>				
(Decrease) increase in bank borrowing	-	57.6	(64.9)	64.9
Issue of common shares	-	0.1	-	2.8
Purchase of common shares	-	(37.7)	-	(86.4)
Issuance of long-term debt	167.1	-	167.1	-
Dividends on common shares	(14.9)	(26.9)	(59.7)	(115.4)
Repayment of long-term debt	(0.4)	(1.6)	(1.5)	(2.3)
Deferred financing	-	(0.1)	(2.5)	(0.1)
<b>Cash from (used in) financing activities</b>	<b>151.8</b>	(8.6)	<b>38.5</b>	(136.5)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(6.4)	(8.1)	(18.6)	(22.2)
Proceeds on sale of property, plant and equipment	-	0.1	5.6	0.2
Purchase of business	-	(30.9)	-	(30.9)
<b>Cash used in investing activities</b>	<b>(6.4)</b>	(38.9)	<b>(13.0)</b>	(52.9)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>0.3</b>	(4.1)	<b>(1.9)</b>	(4.1)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>239.4</b>	(128.7)	<b>314.7</b>	(136.9)
Cash and cash equivalents, beginning of the period	120.2	173.6	44.9	181.8
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 359.6</b>	\$ 44.9	<b>\$ 359.6</b>	\$ 44.9