



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES STRONGER FIRST QUARTER 2010 NET EARNINGS**

TORONTO, CANADA – May 12, 2010 -- Russel Metals Inc. (RUS – TSX) today announced first quarter earnings of \$17 million or \$0.28 per share, an improvement from the results reported for the first and fourth quarters of 2009. Comparable net earnings reported in the first quarter of 2009 were \$0.10 per share, excluding inventory write-downs. Our reported results for the first quarter 2009 were a loss of \$0.92 per share due to inventory write-downs.

Consolidated revenues for the first quarter of 2010 were \$526 million, up from the fourth quarter of 2009. In the first quarter of 2009 revenues were \$642 million. Our volumes increased from the first and fourth quarters of 2009. Average selling price for the first quarter of 2010, while lower than the first quarter of 2009, generated stronger gross margins per ton.

We are encouraged by the improvement in our metals service centers results, despite a drop in revenue to \$280 million for the first quarter of 2010. Volumes increased 14% from the comparable quarter in 2009 and gross margins per ton have improved. Operating profits for our metals service centers for the first quarter of 2010 were \$15 million, compared to an operating loss of \$7 million in the first quarter of 2009, excluding inventory write-downs. Operating profit was \$7 million in the fourth quarter of 2009.

Energy tubular products revenues were up 32% to \$195 million in the first quarter of 2010 from the fourth quarter of 2009. The first quarter of 2009 was a strong quarter for this segment and we had revenues of \$231 million in that quarter. Excess inventory levels in the industry that led to the price declines and margin pressures have improved. Operating profits were \$11 million for the first quarter of 2010 compared to \$21 million, excluding inventory write-downs, for the first quarter of 2009.

Our steel distributors operations have continued to be very cautious with their inventory purchases as the current North American steel environment consists of strong product availability, lower steel prices and uncertainty of future pricing. Due to this, our steel distributors segment had revenues of \$50 million, a decline of 41% from the comparable quarter in 2009. Operating profits for the first quarter of 2010 were \$4 million, up from \$3 million in the first quarter of 2009 excluding inventory write-downs, due to increased selling prices for inventory on hand.

Brian R. Hedges, President and CEO, stated “Increasing steel prices have had a positive effect on our first quarter results. Our volumes are up 14% in our service center operations compared to the first quarter of 2009 and 17% compared to the fourth quarter of 2009. We are optimistic based on the current price of steel and the improving environment. Our balance sheet strength positions us to aggressively grow the business.”

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable June 15, 2010 to shareholders of record as of June 1, 2010.

The Company will be holding an Investor Conference Call on Thursday, May 13, 2010 at 9:00 a.m. ET to review its first quarter results for 2010. 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, Thursday, May 27, 2010. You will be required to enter pass code **8563364** 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 at a slow pace through out 2010; and the value of the Canadian dollar relative to the U.S. dollar will be close to par during the remainder of 2010. 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.

- 30 -

**For further information, contact:**

Marion E. Britton, C.A.

Vice President and

Chief Financial Officer

Russel Metals Inc.

(905) 819-7407

E-mail: [info@russelmetals.com](mailto:info@russelmetals.com)

Website: [www.russelmetals.com](http://www.russelmetals.com)

**CONSOLIDATED BALANCE SHEETS** (UNAUDITED)

<i>(millions)</i>	<b>March 31 2010</b>	December 31 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 311.1	\$ 359.6
Accounts receivable	291.7	217.8
Inventories	466.5	517.9
Prepaid expenses and other assets	10.5	4.9
Income taxes	50.7	53.0
	<b>1,130.5</b>	1,153.2
<b>Property, Plant and Equipment</b>	<b>225.9</b>	231.9
<b>Future Income Tax Assets</b>	<b>5.7</b>	5.9
<b>Pensions and Benefits</b>	<b>7.9</b>	8.0
<b>Other Assets</b>	<b>3.6</b>	8.3
<b>Goodwill and Intangibles</b>	<b>27.7</b>	28.4
	<b>\$ 1,401.3</b>	\$ 1,435.7
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 259.2	\$ 252.3
Income taxes payable	1.3	1.4
Current portion long-term debt	1.3	1.3
	<b>261.8</b>	255.0
<b>Derivatives</b>	<b>-</b>	30.9
<b>Long-Term Debt</b>	<b>335.5</b>	340.8
<b>Pensions and Benefits</b>	<b>6.0</b>	5.9
<b>Future Income Tax Liabilities</b>	<b>10.6</b>	9.9
	<b>613.9</b>	642.5
<b>Shareholders' Equity</b>		
Common shares	478.9	478.9
Retained earnings	316.9	315.3
Contributed surplus	11.8	11.4
Accumulated other comprehensive income (loss)	(31.8)	(24.0)
Equity component of convertible debenture	11.6	11.6
	<b>787.4</b>	793.2
	<b>\$ 1,401.3</b>	\$ 1,435.7

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

<i>(millions, except per share data)</i>	Quarters ended March 31	
	2010	2009
<b>Revenues</b>	\$ 525.9	\$ 642.3
Cost of sales	431.0	646.6
Gross margin	94.9	(4.3)
Operating expenses	68.6	76.6
<b>Earnings (loss) before the following</b>	<b>26.3</b>	<b>(80.9)</b>
Other income (expense)	1.5	-
Interest expense, net	(6.7)	(4.8)
<b>Earnings (loss) before income taxes</b>	<b>21.1</b>	<b>(85.7)</b>
(Provision for) recovery of income taxes	(4.6)	30.7
<b>Net earnings (loss) for the period</b>	<b>\$ 16.5</b>	<b>\$ (55.0)</b>
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.28</b>	<b>\$ (0.92)</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.28</b>	<b>\$ (0.92)</b>

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

<i>(millions)</i>	Quarters ended March 31	
	2010	2009
<b>Retained earnings, beginning of the period</b>	\$ 315.3	\$ 467.0
Net earnings (loss) for the period	16.5	(55.0)
Dividends on common shares	(14.9)	(14.9)
<b>Retained earnings, end of the period</b>	<b>\$ 316.9</b>	<b>\$ 397.1</b>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)** (UNAUDITED)

<i>(millions)</i>	Quarters ended March 31	
	2010	2009
<b>Net earnings (loss) for the period</b>	<b>\$ 16.5</b>	<b>\$ (55.0)</b>
Other comprehensive income (loss)		
Unrealized foreign exchange gains (losses) on translation of self-sustaining U.S. operations	(10.2)	13.6
Unrealized gains (losses) on items designated as net investment hedges	5.6	(1.9)
Unrealized gains (losses) on items designated as cash flow hedges	(2.2)	2.2
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	(1.0)	(3.0)
Other comprehensive income (loss)	(7.8)	10.9
<b>Comprehensive income (loss)</b>	<b>\$ 8.7</b>	<b>\$ (44.1)</b>

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

<i>(millions)</i>	Quarters ended March 31	
	2010	2009
Accumulated net unrealized foreign currency translation gains and losses		
Balance, beginning of period	\$ (30.0)	\$ 36.9
Unrealized foreign exchange gains (losses) on translation of self-sustaining U.S. operations	(10.2)	13.6
Balance, end of period	(40.2)	50.5
Accumulated net unrealized gains (losses) on cash flow and net investment hedges		
Balance, beginning of period	6.0	(12.0)
Transitional adjustment	-	5.4
Unrealized gains (losses) on items designated as net investment hedges	5.6	(1.9)
Unrealized gains (losses) on items designated as cash flow hedges	(2.2)	2.2
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	(1.0)	(3.0)
Balance, end of period	8.4	(9.3)
Accumulated other comprehensive income (loss)	\$ (31.8)	\$ 41.2

## CONSOLIDATED CASH FLOW STATEMENTS *(UNAUDITED)*

<i>(millions)</i>	Quarters ended March 31	
	2010	2009
Operating activities		
Net earnings (loss) for the period	\$ 16.5	\$ (55.0)
Depreciation and amortization	6.3	6.5
Future income taxes	1.8	2.1
Unrealized gain on investment	(1.5)	-
Stock-based compensation	0.4	0.4
Difference between pension expense and amount funded	0.2	(0.1)
Other	0.4	0.1
Cash from (used in) operating activities before non-cash working capital	24.1	(46.0)
Changes in non-cash working capital items		
Accounts receivable	(75.7)	105.2
Inventories	46.7	15.0
Inventories - net increase in NRV reserve	-	94.5
Accounts payable and accrued liabilities	8.2	(56.8)
Current income taxes	6.5	(68.7)
Other	0.5	1.1
Change in non-cash working capital	(13.8)	90.3
<b>Cash from operating activities</b>	<b>10.3</b>	<b>44.3</b>
Financing activities		
Decrease in bank borrowing	-	(24.9)
Dividends on common shares	(14.9)	(14.9)
Repayment of long-term debt	(0.4)	(0.4)
Swap termination	(35.2)	-
<b>Cash used in financing activities</b>	<b>(50.5)</b>	<b>(40.2)</b>
Investing activities		
Purchase of property, plant and equipment	(1.3)	(3.8)
Proceeds on sale of property, plant and equipment	-	0.6
<b>Cash used in investing activities</b>	<b>(1.3)</b>	<b>(3.2)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(7.0)</b>	<b>1.3</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(48.5)</b>	<b>2.2</b>
Cash and cash equivalents, beginning of the period	359.6	44.9
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 311.1</b>	<b>\$ 47.1</b>