



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES THIRD QUARTER 2010 NET EARNINGS

TORONTO, CANADA – November 2, 2010 -- Russel Metals Inc. (RUS – TSX) today announced third quarter earnings of \$17 million or \$0.28 per share, in line with the results reported for the second quarter of 2010 of \$0.31 per share. These results were stronger than the comparable net earnings for the 2009 third quarter of \$0.21 per share. For the nine months ended September 30, 2010 net earnings were \$52 million or \$0.87 per share on revenues of \$1.6 billion.

Consolidated revenues for the third quarter of 2010 were \$582 million, up 15% from the second quarter of 2010. Our volumes increased sequentially from the second quarter of 2010 and the comparable third quarter of 2009. Margins of 18.2%, however, were down from the second quarter margins of 20.8%.

Metals service centers tons shipped increased 16% from the comparable quarter in 2009 and 1% from the second quarter of 2010 resulting in revenues for the quarter of \$316 million. Gross margin dollars due to higher cost inventory declined and resulted in a segment operating profit of \$13 million for the third quarter of 2010 compared to \$13 million in the third quarter of 2009 and \$20 million in the second quarter of 2010. During the quarter, the Company announced plans for the closure of its Port Robinson facility and to combine its Ontario structural steel and other long products operations at its Cambridge facility. Costs relating to the closure of Port Robinson, including severance and fixed asset write-downs of \$3 million or \$0.03 per share, were charged to earnings in the quarter.

Brian R. Hedges, President and CEO, commented, “We have reacted to reduced volumes and have produced earnings at current business levels to support our dividend. We believe that the short and medium term economic outlook is for modest growth in the markets that we serve. Our decision to resize, move and combine our structural steel operations in Ontario with our long product operations was a proactive step to reflect the reduced activity of the Ontario manufacturing base.”

Energy tubular products revenues were \$187 million in the third quarter of 2010, an increase from the second quarter of 2010 due to improved seasonal activity and from the third quarter of 2009. Operating profits in this segment were \$15 million for the third quarter of 2010 compared to \$11 million in the second quarter of 2010.

Mr. Hedges said, “In the first three quarters of 2010, we have been encouraged by the strength of the drilling activity in Canada and the U.S. as the shale drilling activity has increased and conventional drilling for oil has also been strong. For our energy operations the next two quarters should be stronger than the last year despite weakness in oil country tubular product pricing due to low flat rolled steel pricing.”

Revenues for our steel distributors operations increased to \$76 million, the highest level for any quarter in the past year. Operating profits for the third quarter of 2010 were \$5 million, down from \$7 million in the second quarter of 2010 as gross margins decreased from 18.6% in the second quarter to 12.6% in the third quarter. A large volume sale at low margins contributed to the margin decline.

Our cash position remains strong with cash of \$318 million at September 30, 2010. Cash generated from operating activities in the quarter was \$57 million and \$55 million for the nine months ended September 30, 2010. Cash generated from operations prior to working capital was \$77 million for the nine months then ended. Cash of \$130 million has been utilized year to date to support higher accounts receivable and inventory due to higher revenues. Cash generated from income tax was \$59 million including cash received due to the application of 2009 losses to prior years.

Mr. Hedges commented further on growth opportunities, “We are starting to see some earnings accretive acquisition opportunities. We have engaged in some discussions but, to date, the acquisition prices have exceeded our comfort levels. We will continue to be patient and evaluate each opportunity as it is presented.”

The Board of Directors approved a quarterly dividend of \$0.25 per common share payable December 15, 2010 to shareholders of record as of November 23, 2010.

The Company will be holding an Investor Conference Call on Wednesday, November 3, 2010 at 9:00 a.m. ET to review its third quarter results for 2010. The dial-in telephone numbers for the call are **416-340-2216** (Toronto and International callers) and **1-866-226-1792** (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, November 17, 2010. You will be required to enter pass code **4501206** 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, 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 and oil and gas prices have all been significantly negatively impacted by the economic conditions and these conditions will improve at a slow pace throughout 2010; the price of steel will remain stable or decline during the fourth quarter due to lack of demand; and the value of the Canadian dollar relative to the U.S. dollar will be range bound consistent with the third quarter 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.

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CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<i>(millions)</i>	September 30 2010	December 31 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 317.8	\$ 359.6
Accounts receivable	315.5	217.8
Inventories	546.0	517.9
Prepaid expenses and other assets	4.3	4.9
Income taxes	1.9	53.0
	1,185.5	1,153.2
Property, Plant and Equipment	219.9	231.9
Future Income Tax Assets	5.2	5.9
Pensions and Benefits	7.9	8.0
Other Assets	3.5	8.3
Goodwill and Intangibles	27.7	28.4
	\$ 1,449.7	\$ 1,435.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 300.1	\$ 252.3
Income taxes payable	4.3	1.4
Current portion long-term debt	1.3	1.3
	305.7	255.0
Derivatives	-	30.9
Long-Term Debt	331.0	340.8
Pensions and Benefits	6.1	5.9
Future Income Tax Liabilities	9.6	9.9
	652.4	642.5
Shareholders' Equity		
Common shares	479.1	478.9
Retained earnings	322.3	315.3
Contributed surplus	12.9	11.4
Accumulated other comprehensive income (loss)	(28.6)	(24.0)
Equity component of convertible debenture	11.6	11.6
	797.3	793.2
	\$ 1,449.7	\$ 1,435.7

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) (UNAUDITED)

<i>(millions, except per share data)</i>	Quarters ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Revenues	\$ 581.9	\$ 434.3	\$ 1,613.9	\$ 1,539.1
Cost of sales	476.1	351.1	1,306.0	1,438.4
Gross margin	105.8	83.2	307.9	100.7
Operating expenses	75.3	60.6	216.3	203.2
Earnings (loss) before the following	30.5	22.6	91.6	(102.5)
Other income (expense)	(0.4)	-	0.9	4.3
Interest expense, net	(7.2)	(4.0)	(20.4)	(13.2)
Earnings (loss) before income taxes	22.9	18.6	72.1	(111.4)
(Provision for) recovery of income taxes	(6.3)	(5.8)	(20.3)	44.6
Net earnings (loss) for the period	\$ 16.6	\$ 12.8	\$ 51.8	\$ (66.8)
Basic earnings (loss) per common share	\$ 0.28	\$ 0.21	\$ 0.87	\$ (1.12)
Diluted earnings (loss) per common share	\$ 0.28	\$ 0.21	\$ 0.87	\$ (1.12)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Retained earnings, beginning of the period	\$ 320.7	\$ 357.6	\$ 315.3	\$ 467.0
Net earnings (loss) for the period	16.6	12.8	51.8	(66.8)
Dividends on common shares	(15.0)	(15.0)	(44.8)	(44.8)
Retained earnings, end of the period	\$ 322.3	\$ 355.4	\$ 322.3	\$ 355.4

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Net earnings (loss) for the period	\$ 16.6	\$ 12.8	\$ 51.8	\$ (66.8)
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of self-sustaining U.S. operations	(10.4)	(34.1)	(5.6)	(55.4)
Unrealized gains (losses) on items designated as net investment hedges	4.4	4.8	3.6	8.2
Unrealized gains (losses) on items designated as cash flow hedges	-	7.6	(2.5)	12.8
Losses (gains) on derivatives designated as cash flow hedges transferred to net income in the current period	0.3	(5.2)	(0.1)	(9.9)
Other comprehensive income (loss)	(5.7)	(26.9)	(4.6)	(44.3)
Comprehensive income (loss)	\$ 10.9	\$ (14.1)	\$ 47.2	\$ (111.1)

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

<i>(millions)</i>	Quarters ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	\$ (25.2)	\$ 15.6	\$ (30.0)	\$ 36.9
Unrealized foreign exchange gains (losses) on translation of self-sustaining U.S. operations	(10.4)	(34.1)	(5.6)	(55.4)
Balance, end of period	(35.6)	(18.5)	(35.6)	(18.5)
Accumulated net unrealized gains (losses) on cash flow and net investment hedges				
Balance, beginning of period	2.3	(2.7)	6.0	(12.0)
Transitional adjustment	-	-	-	5.4
Unrealized gains (losses) on items designated as net investment hedges	4.4	4.8	3.6	8.2
Unrealized gains (losses) on items designated as cash flow hedges	-	7.6	(2.5)	12.8
Losses (gains) on derivatives designated as cash flow hedges transferred to net income in the current period	0.3	(5.2)	(0.1)	(9.9)
Balance, end of period	7.0	4.5	7.0	4.5
Accumulated other comprehensive income (loss)	\$ (28.6)	\$ (14.0)	\$ (28.6)	\$ (14.0)

CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

(millions)	Quarters ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Operating activities				
Net earnings (loss) for the period	\$ 16.6	\$ 12.8	\$ 51.8	\$ (66.8)
Depreciation and amortization	6.3	6.6	18.8	19.6
Future income taxes	(0.9)	2.4	2.1	6.4
Loss (gain) on investment and long-lived assets	1.2	-	(0.3)	(4.5)
Stock-based compensation	0.4	0.7	1.5	1.6
Difference between pension expense and amount funded	0.1	-	0.3	(0.3)
Debt accretion, amortization and other	1.5	0.1	2.8	0.5
Cash from (used in) operating activities before non-cash working capital	25.2	22.6	77.0	(43.5)
Changes in non-cash working capital items				
Accounts receivable	(37.7)	0.4	(98.5)	182.6
Inventories	(12.3)	58.8	(31.0)	323.6
Accounts payable and accrued liabilities	33.3	(19.7)	48.4	(191.9)
Current income taxes	47.3	7.9	58.5	(77.0)
Other	1.0	1.7	0.8	3.6
Change in non-cash working capital	31.6	49.1	(21.8)	240.9
Cash from operating activities	56.8	71.7	55.2	197.4
Financing activities				
Decrease in bank borrowings	-	(47.0)	-	(64.9)
Dividends on common shares	(15.0)	(15.0)	(44.8)	(44.8)
Repayment of long-term debt	(0.3)	(0.4)	(8.8)	(1.1)
Deferred financing	-	(0.2)	(0.7)	(2.5)
Swap termination	-	-	(35.2)	-
Issue of common shares	0.1	-	0.1	-
Cash used in financing activities	(15.2)	(62.6)	(89.4)	(113.3)
Investing activities				
Purchase of property, plant and equipment	(4.7)	(7.8)	(8.1)	(14.5)
Proceeds on sale of property, plant and equipment	0.2	-	0.5	5.6
Proceeds on sale of investment	-	-	6.0	-
Cash used in investing activities	(4.5)	(7.8)	(1.6)	(8.9)
Effect of exchange rates on cash and cash equivalents	(3.1)	5.2	(6.0)	0.1
Increase (decrease) in cash and cash equivalents	34.0	6.5	(41.8)	75.3
Cash and cash equivalents, beginning of the period	283.8	113.7	359.6	44.9
Cash and cash equivalents, end of the period	\$ 317.8	\$ 120.2	\$ 317.8	\$ 120.2