



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES 2010 ANNUAL AND FOURTH QUARTER RESULTS**

TORONTO, CANADA – February 17, 2011 -- Russel Metals Inc. (RUS - TSX) today announced fourth quarter 2010 earnings of \$18 million, or \$0.30 per share on revenues of \$562 million. These results reflect a significant turnaround from the fourth quarter 2009 loss per share of \$0.42 and compare favourably to the 2010 third quarter earnings of \$17 million or \$0.28 per share.

For the year, we reported earnings of \$70 million or \$1.17 per share on revenues of \$2.2 billion. This compares to a loss of \$92 million or \$1.54 per share reported for 2009.

Revenues in our metals service centers increased 29% to \$304 million in the fourth quarter of 2010 compared to the fourth quarter of 2009. The fourth quarter is seasonally slower than the third quarter, however, in 2010 the fourth quarter revenues were down only slightly from the third quarter. This reflects improved volumes and the start of steel price increases, which has continued into the 2011 first quarter. Operating profits in our metals service centers of \$13 million were almost double our 2009 operating profits of \$7 million.

Revenues in the energy tubular product segment increased 31% to \$193 million in the fourth quarter of 2010 compared to the 2009 fourth quarter and increased 3% over the 2010 third quarter. Strong operating profits continued in the 2010 fourth quarter increasing to \$17 million from the \$15 million profit in the third quarter and \$1 million reported in the 2009 fourth quarter. For energy tubular products the fourth quarter is a historically stronger quarter as the winter drilling season opens in Canada and continues into the first quarter.

Our steel distributor segment had a 31% increase in 2010 fourth quarter revenues to \$61 million from the 2009 fourth quarter. In the fourth quarter of 2010 operating profits doubled over the 2009 fourth quarter to \$5 million. Volumes were down from the 2010 third quarter but stronger margins provided operating profits consistent with the third quarter.

Brian R. Hedges, President and CEO, stated “I am pleased with the results in our operations for the fourth quarter, which is traditionally a slower quarter. Our energy tubular products operations in particular had strong results as improved rig counts and advances in horizontal drilling technology resulted in increased activity in the energy sector. The increases in steel flat rolled prices are starting to be reflected in other steel prices and we remain cautiously optimistic that we will see continued improved results during the first half of 2011 from all three of our business segments.”

The Board of Directors approved an increase in our quarterly dividend of 10% to \$0.275 per common share payable March 15, 2011 to shareholders of record as of February 28, 2011.

The Company will be holding an Investor Conference Call on Friday, February 18, 2011 at 9:00 a.m. ET to review its fourth quarter and annual results for 2010. The dial-in telephone numbers for the call are 416-340-8530 (Toronto and International callers) and 1-877-240-9772 (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 4, 2011. 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](http://www.russelmetals.com).

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals 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 slowly improved from 2009 and these conditions will continue to slowly improve 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 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 and does not intend to update any forward-looking statement other than required by law.

**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

<i>At December 31 (millions)</i>	<b>2010</b>	2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 323.7	\$ 359.6
Accounts receivable	301.4	217.8
Inventories	544.1	517.9
Prepaid expenses and other assets	3.0	4.9
Income taxes	4.8	53.0
	<b>1,177.0</b>	1,153.2
<b>Property, Plant and Equipment</b>	<b>215.7</b>	231.9
<b>Future Income Tax Assets</b>	<b>3.8</b>	5.9
<b>Pensions and Benefits</b>	<b>9.9</b>	8.0
<b>Other Assets</b>	<b>3.8</b>	8.3
<b>Goodwill and Intangibles</b>	<b>26.9</b>	28.4
	<b>\$ 1,437.1</b>	\$ 1,435.7
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 281.3	\$ 252.3
Income taxes payable	15.4	1.4
Current portion long-term debt	1.2	1.3
	<b>297.9</b>	255.0
<b>Derivatives</b>	<b>-</b>	30.9
<b>Long-Term Debt</b>	<b>325.5</b>	340.8
<b>Pensions and Benefits</b>	<b>5.9</b>	5.9
<b>Future Income Tax Liabilities</b>	<b>9.7</b>	9.9
	<b>639.0</b>	642.5
<b>Shareholders' Equity</b>		
Common shares	483.7	478.9
Retained earnings	325.3	315.3
Contributed surplus	12.5	11.4
Accumulated other comprehensive income (loss)	(35.0)	(24.0)
Equity component of convertible debenture	11.6	11.6
	<b>798.1</b>	793.2
	<b>\$ 1,437.1</b>	\$ 1,435.7

## CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

<i>(millions, except per share data)</i>	Quarters Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
<b>Revenues</b>	\$ 561.5	\$ 432.7	\$ 2,175.4	\$ 1,971.8
Cost of sales	458.9	369.2	1,764.9	1,807.6
Gross margin	102.6	63.5	410.5	164.2
Operating expenses	70.7	61.1	287.0	264.3
<b>Earnings (loss) before the following</b>	<b>31.9</b>	2.4	<b>123.5</b>	(100.1)
Other income (expense)	(1.8)	1.0	(0.9)	5.3
Impairment of goodwill and intangibles	-	(33.8)	-	(33.8)
Impairment of property, plant and equipment	-	(1.6)	-	(1.6)
Interest expense, net	(6.3)	(7.0)	(26.7)	(20.2)
<b>Earnings (loss) before income taxes</b>	<b>23.8</b>	(39.0)	<b>95.9</b>	(150.4)
(Provision for) recovery of income taxes	(5.9)	13.8	(26.2)	58.4
<b>Net earnings (loss)</b>	<b>\$ 17.9</b>	\$ (25.2)	<b>\$ 69.7</b>	\$ (92.0)
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.30</b>	\$ (0.42)	<b>\$ 1.17</b>	\$ (1.54)
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.29</b>	\$ (0.42)	<b>\$ 1.16</b>	\$ (1.54)

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(millions)</i>	Quarters Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
<b>Retained earnings, beginning of the period</b>	\$ 322.3	\$ 355.4	\$ 315.3	\$ 467.0
Net earnings (loss) for the year	17.9	(25.2)	69.7	(92.0)
Dividends on common shares	(14.9)	(14.9)	(59.7)	(59.7)
<b>Retained earnings, end of the year</b>	<b>\$ 325.3</b>	\$ 315.3	<b>\$ 325.3</b>	\$ 315.3

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(millions)</i>	Quarters Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
<b>Net earnings (loss)</b>	\$ 17.9	\$ (25.2)	\$ 69.7	\$ (92.0)
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of self sustaining U.S. operations	(11.9)	(12.0)	(17.5)	(67.4)
Reclassification adjustment for realized foreign exchange gain included in net income	0.1	0.5	0.1	0.5
Unrealized gains (losses) on items designated as net investment hedges	5.2	1.3	8.8	9.5
Unrealized gains (losses) on items designated as cash flow hedges	-	(2.2)	(2.5)	(12.1)
Gains (losses) on derivatives designated as cash flow hedges transferred to net income in the current period	0.2	2.4	0.1	15.2
Other comprehensive income (loss)	(6.4)	(10.0)	(11.0)	(54.3)
<b>Comprehensive income (loss)</b>	\$ 11.5	\$ (35.2)	\$ 58.7	\$ (146.3)

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

<i>(millions)</i>	Quarters Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
Accumulated net unrealized foreign currency translation gains and losses				
Balance, beginning of period	\$ (35.6)	\$ (18.5)	\$ (30.0)	\$ 36.9
Unrealized foreign exchange gains (losses) on translation of self sustaining U.S. operations	(11.9)	(12.0)	(17.5)	(67.4)
Reclassification adjustment for realized foreign exchange gain included in net income	0.1	0.5	0.1	0.5
Balance, end of the year	(47.4)	(30.0)	(47.4)	(30.0)
Accumulated net unrealized gain (loss) on cash flow and net investment hedges				
Balance, beginning of period	7.0	4.5	6.0	(12.0)
Transitional adjustment (net of income tax of \$2.0)	-	-	-	5.4
Unrealized gains (losses) on items designated as net investment hedges	5.2	1.3	8.8	9.5
Unrealized gains (losses) on items designated as cash flow hedges	-	(2.2)	(2.5)	(12.1)
Gains (losses) on derivatives designated as cash flow hedges transferred to net income in the current period	0.2	2.4	0.1	15.2
Balance, end of the year	12.4	6.0	12.4	6.0
Accumulated other comprehensive income (loss)	\$ (35.0)	\$ (24.0)	\$ (35.0)	\$ (24.0)

## CONSOLIDATED STATEMENTS OF CASH FLOW

(millions)	Quarters Ended December 31		Years Ended December 31	
	2010	2009	2010	2009
<b>Operating activities</b>				
Net earnings (loss) for the year	\$ 17.9	\$ (25.2)	\$ 69.7	\$ (92.0)
Depreciation and amortization	6.2	6.1	25.0	25.7
Future income taxes	(1.5)	(16.5)	0.6	(10.1)
Loss (gain) on sale of property, plant and equipment	1.0	0.2	0.7	(4.3)
Stock-based compensation	0.4	0.5	1.9	2.1
Difference between pension expense and funded amount funded	(2.2)	(1.1)	(1.9)	(1.4)
Asset impairment	-	35.4	-	35.4
Debt accretion, amortization and other	(0.1)	(0.3)	2.7	0.2
<b>Cash from (used in) operating activities before non-cash working capital</b>	<b>21.7</b>	<b>(0.9)</b>	<b>98.7</b>	<b>(44.4)</b>
<b>Changes in non-cash working capital items</b>				
Accounts receivable	12.2	17.5	(86.3)	200.1
Inventories	(3.8)	32.9	(34.8)	356.5
Accounts payable and accrued liabilities	(16.6)	35.2	31.8	(156.7)
Current income taxes	10.7	9.4	69.2	(67.6)
Other	1.3	(0.4)	2.1	3.2
<b>Change in non-cash working capital</b>	<b>3.8</b>	<b>94.6</b>	<b>(18.0)</b>	<b>335.5</b>
<b>Cash from operating activities</b>	<b>25.5</b>	<b>93.7</b>	<b>80.7</b>	<b>291.1</b>
<b>Financing activities</b>				
Decrease in bank borrowing	-	-	-	(64.9)
Issue of common shares	3.9	-	4.0	-
Swap termination	-	-	(35.2)	-
Issuance of long-term debt	-	167.1	-	167.1
Dividends on common shares	(14.9)	(14.9)	(59.7)	(59.7)
Repayment of long-term debt	(0.4)	(0.4)	(9.2)	(1.5)
Deferred financing	-	-	(0.7)	(2.5)
<b>Cash (used in) from financing activities</b>	<b>(11.4)</b>	<b>151.8</b>	<b>(100.8)</b>	<b>38.5</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(3.7)	(6.4)	(11.8)	(18.6)
Proceeds on sale of property, plant and equipment	1.0	-	1.5	5.6
Proceeds on sale of investment	-	-	6.0	-
Other	(0.5)	-	(0.5)	-
<b>Cash used in investing activities</b>	<b>(3.2)</b>	<b>(6.4)</b>	<b>(4.8)</b>	<b>(13.0)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(5.0)</b>	<b>0.3</b>	<b>(11.0)</b>	<b>(1.9)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>5.9</b>	<b>239.4</b>	<b>(35.9)</b>	<b>314.7</b>
Cash and cash equivalents, beginning of the period	317.8	120.2	359.6	44.9
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 323.7</b>	<b>\$ 359.6</b>	<b>\$ 323.7</b>	<b>\$ 359.6</b>