



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES A SIGNIFICANT INCREASE IN FIRST QUARTER RESULTS

TORONTO, CANADA – May 12, 2011 -- Russel Metals Inc. (RUS - TSX) today announced improved first quarter 2011 earnings of \$33 million, or \$0.55 per share on revenues of \$658 million. Our comparative first quarter 2010 results were earnings of \$9 million or \$0.15 per share on revenues of \$527 million.

Brian R. Hedges, President and CEO, stated “All of our operations capitalized on favourable market conditions as volumes increased and rising steel prices that began in the fourth quarter of 2010 continued into 2011. Strong oil prices led to increased drilling rig activity for oil in the energy sector and offset the lower conventional gas-related drilling activities due to continued low gas prices. We are focussed on keeping our inventory position low and our on-order position as short as possible due to concerns about price volatility.”

Revenues in our metals service centers increased 30% to \$364 million for the first quarter of 2011 compared to the first quarter of 2010. Rising steel prices resulted in gross margins increasing from 22.5% for the first quarter of 2010 to 25.0% for the first quarter of 2011. Operating profits in our metals service centers of \$36 million were more than double our 2010 operating profits of \$15 million.

Revenues in the energy tubular product segment increased 14% to \$224 million for the first quarter of 2011 compared to the 2010 first quarter. Margins improved to 15.1% from 12.4% for the comparable first quarter of 2010. Stronger pricing was caused by the correction of the elevated inventory levels in the sector, tightening supply and higher raw material costs for the pipe mills as the price of flat rolled steel used to produce oil country tubular goods increased. This segment experienced strong operating profits of \$18 million for the first quarter of 2011 compared to \$11 million for the 2010 first quarter.

Our steel distributor segment had a 40% increase in revenues for the first quarter of 2011 to \$70 million. Operating profits doubled to \$9 million, for the first quarter of 2011 over the 2010 first quarter, a result of stronger margins due to price and volume increases. The purchasing patterns of our customers are now balanced with their sales activity resulting in more demand.

Corporate expenses increased from \$4 million for the first quarter of 2010 to \$7 million for the 2011 first quarter, a result of the mark to market gains on certain stock-based compensation reflecting the increase in our share price.

On January 1, 2011 we commenced reporting our results under International Financial Reporting Standards (“IFRS”). On the conversion to IFRS, Marion E. Britton, Vice President and CFO, commented “Other than the effect of the cash conversion feature prior to maturity of our convertible debentures, which we proactively removed in December 2010, the move to IFRS did not have a significant effect on our results for the first quarter. The 2010 IFRS first quarter earnings included a charge of \$7 million from the valuation change in our convertible debenture call option.”

The Board of Directors approved a quarterly dividend of \$0.275 per common share payable June 15, 2011 to shareholders of record as of May 31, 2011.

The Company will be holding an Investor Conference Call on Friday, May 13, 2011 at 9:00 a.m. ET to review its first quarter 2011 results. 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, May 27, 2011. You will be required to enter pass code 5650285 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 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 have stabilized and these conditions will continue to slowly improve in the foreseeable future; and oil and gas prices, the price of steel and the value of the Canadian dollar relative to the U.S. dollar will be at similar levels with what we experienced in the first quarter of 2011. 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.

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CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(millions, except per share data)</i>	Quarter ended March 31	
	2011	2010
Revenues	\$ 657.7	\$ 526.8
Cost of materials	519.3	430.6
Employee expense	54.6	42.9
Other operating expenses	29.6	27.4
Earnings before the following	54.2	25.9
Interest expense	7.1	7.2
Interest income	(0.6)	(0.3)
Finance expense-convertible debentures	-	6.9
Other finance expense, net	0.4	(1.5)
Earnings before income taxes	47.3	13.6
Provision for income taxes	(14.3)	(4.5)
Net earnings for the period	\$ 33.0	\$ 9.1
Basic earnings per common share	\$ 0.55	\$ 0.15
Diluted earnings per common share	\$ 0.53	\$ 0.15

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(millions)</i>	Quarter ended March 31	
	2011	2010
Net earnings for the period	\$ 33.0	\$ 9.1
Other comprehensive income (loss)		
Unrealized foreign exchange losses on translation of foreign operations	(8.0)	(10.2)
Unrealized gains on items designated as net investment hedges	3.3	5.6
Unrealized losses on items designated as cash flow hedges	-	(2.2)
Gains (losses) on derivatives designated as cash flow hedges transferred to net income in the current period	0.3	(1.0)
Other comprehensive income (loss)	(4.4)	(7.8)
Total comprehensive income	\$ 28.6	\$ 1.3

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(millions)</i>	March 31 2011	December 31 2010	January 1 2010
ASSETS			
Current			
Cash and cash equivalents	\$ 286.1	\$ 323.7	\$ 359.6
Accounts receivable	381.2	301.4	217.8
Inventories	548.6	544.1	517.9
Prepaid expenses	5.0	3.0	4.9
Income taxes receivable	1.0	2.8	50.6
	1,221.9	1,175.0	1,150.8
Property, Plant and Equipment	202.4	205.2	221.9
Deferred Income Tax Assets	6.6	7.1	8.9
Pension and Benefits	0.7	0.7	-
Financial Assets	-	-	4.5
Other Assets	3.1	3.8	3.8
Goodwill and Intangibles	24.4	24.9	26.4
	\$ 1,459.1	\$ 1,416.7	\$ 1,416.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	\$ 315.3	\$ 272.8	\$ 245.4
Income taxes payable	9.5	14.4	-
Current portion long-term debt	1.2	1.2	1.3
	326.0	288.4	246.7
Derivatives	-	-	53.1
Long-Term Debt	314.9	318.5	333.1
Pensions and Benefits	17.4	17.9	20.8
Provision	5.5	5.6	5.5
Deferred Income Tax Liabilities	6.3	7.0	2.3
Other Non-Current Liabilities	2.2	6.5	3.9
	672.3	643.9	665.4
Shareholders' Equity			
Common shares	484.9	483.7	478.9
Retained earnings	274.0	257.5	259.9
Contributed surplus	14.6	13.9	13.2
Accumulated other comprehensive income (loss)	(15.4)	(11.0)	(1.1)
Equity component of convertible debenture	28.7	28.7	-
	786.8	772.8	750.9
	\$ 1,459.1	\$ 1,416.7	\$ 1,416.3

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(millions)</i>	Quarter ended March 31	
	2011	2010
Operating activities		
Net earnings for the period	\$ 33.0	\$ 9.1
Depreciation and amortization	6.0	6.3
Deferred income taxes	(0.5)	1.8
Gain on sale of property, plant and equipment	(0.1)	-
Stock-based compensation	0.9	0.2
Unrealized gain on investment	-	(1.5)
Loss on derivatives	-	6.9
Difference between pension expense and amount funded	(0.6)	-
Debt accretion, amortization and other	1.3	0.7
Cash from operating activities before non-cash working capital	40.0	23.5
Changes in non-cash working capital items		
Accounts receivable	(81.5)	(75.7)
Inventories	(8.2)	46.7
Accounts payable and accrued liabilities	35.3	9.0
Income tax receivable/payable	(3.3)	-
Other	(2.0)	0.5
Change in non-cash working capital	(59.7)	(19.5)
Cash (used in) from operating activities	(19.7)	4.0
Financing activities		
Issue of common shares	0.9	-
Dividends on common shares	(16.5)	(14.9)
Repayment of long-term debt	(0.3)	(0.4)
Swap termination	-	(35.2)
Cash used in financing activities	(15.9)	(50.5)
Investing activities		
Purchase of property, plant and equipment	(4.4)	(1.3)
Proceeds on sale of property, plant and equipment	0.7	-
Cash used in investing activities	(3.7)	(1.3)
Effect of change in exchange rates on cash and cash equivalents	1.7	(0.7)
Decrease in cash and cash equivalents	(37.6)	(48.5)
Cash and cash equivalents, beginning of the period	323.7	359.6
Cash and cash equivalents, end of the period	\$ 286.1	\$ 311.1
Supplemental cash flow information:		
Income taxes paid	\$ 18.3	\$ 2.7
Interest paid	\$ 12.2	\$ 12.8

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(millions)</i>	Common Shares	Contributed Surplus	Retained Earnings	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2011	\$ 483.7	\$ 13.9	\$ 257.5	\$ 28.7	\$ (11.0)	\$ 772.8
Payment of dividends	-	-	(16.5)	-	-	(16.5)
Net earnings for the period	-	-	33.0	-	-	33.0
Other comprehensive income for the period	-	-	-	-	(4.4)	(4.4)
Recognition of stock-based compensation	-	0.7	-	-	-	0.7
Stock options exercised	1.2	-	-	-	-	1.2
Balance, March 31, 2011	\$ 484.9	\$ 14.6	\$ 274.0	\$ 28.7	\$ (15.4)	\$ 786.8

<i>(millions)</i>	Common Shares	Contributed Surplus	Retained Earnings	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2010	\$ 478.9	\$ 13.2	\$ 259.9	\$ -	\$ (1.1)	\$ 750.9
Payment of dividends	-	-	(14.9)	-	-	(14.9)
Net earnings for the period	-	-	9.1	-	-	9.1
Other comprehensive income for the period	-	-	-	-	(7.8)	(7.8)
Recognition of stock-based compensation	-	0.1	-	-	-	0.1
Balance, March 31, 2010	\$ 478.9	\$ 13.3	\$ 254.1	\$ -	\$ (8.9)	\$ 737.4

<i>(millions)</i>	Common Shares	Contributed Surplus	Retained Earnings	Equity Component of Convertible Debentures	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2010	\$ 478.9	\$ 13.2	\$ 259.9	\$ -	\$ (1.1)	\$ 750.9
Payment of dividends	-	-	(59.7)	-	-	(59.7)
Net earnings for the period	-	-	57.3	-	-	57.3
Other comprehensive income for the period	-	-	-	-	(9.9)	(9.9)
Recognition of stock-based compensation	-	0.7	-	-	-	0.7
Stock options exercised	4.8	-	-	-	-	4.8
Equity component of convertible debentures	-	-	-	28.7	-	28.7
Balance, December 31, 2010	\$ 483.7	\$ 13.9	\$ 257.5	\$ 28.7	\$ (11.0)	\$ 772.8