Russel Metals

INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

FEBRUARY 16, 2012

Russel Metals

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February 16, 2012

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Statements contained on this 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 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 at the end 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.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Adjusted EBIT and EBITDA – EBIT and EBITDA adjusted to exclude inventory write-downs in the amount of $38 million in 2008 and $159 million in 2009 and $35 million of asset impairment in 2009. 2010 excludes inventory reversal of $1.9 million and plant closure costs of $2.6 million.

Basic Earnings Per Common Share - Earnings divided by Average common shares outstanding in period.

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from operations before deduction of interest and income taxes.

EBITDA - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less inventory write-downs and capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash.

Return on Capital Employed - EBIT for period annualized over net assets employed.

Comments Re Market Conditions
February 2012

1. Metal Service Centers demand levels stable
   QTR-4 2011 tons shipped seasonally down 4% over QTR-3 2011; up 12% over 2010

2. Steel pricing stable, visibility poor

3. Drilling activity strong in both Canada and U.S., margin pressures remain

HIGHLIGHTS
2011 FOURTH QUARTER & YEAR END RESULTS

1. QTR-4 2011 - Earnings $29 million, EPS $0.47
   QTR-4 2010 - Earnings $15 million, EPS $0.26

2. Year ended December 31, 2011 - Earnings $118 million, EPS $1.97
   Year ended December 31, 2010 - Earnings $57 million, EPS $0.96

3. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   Year ended December 31, 2011- $130 million or $2.16 per share
   Year ended December 31, 2010 - $86 million or $1.44 per share

4. Cash and cash equivalents - $271 million

5. 2011 year Return on Equity – 14%

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

		<-------------------------Years ended------------------------->			
	2011	2010	2009	2008	2007
OPERATING RESULTS (millions)					
Revenues	**$2,693.3**	$2,178.0	$1,971.8	$3,366.2	$2,559.2
Net earnings (loss)	**118.3**	57.3	(92.0)	228.5	111.2
EBIT	**194.9**	110.8	(130.2)	355.2	176.8
Adjusted EBIT (Note)	**194.9**	111.5 (1)	63.9 (1)	392.9 (1)	176.8
EBIT as a % of revenue	**7.2%**	5.1%	3.2%	11.7%	6.9%
Adjusted EBITDA (Note)	**218.4**	136.8 (1)	89.6 (1)	416.3 (1)	197.2
EBITDA as a % of revenue	**8.1%**	6.3%	4.5%	12.4%	7.7%
Basic earnings (loss) per common share ($)	**$1.97**	$0.96	($1.54)	$3.67	$1.77
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$381.7**	$300.5	$214.2	$425.9	$337.2
Inventories	**645.6**	544.1	517.9	925.1	572.6
Prepaid expenses and other assets	**4.3**	2.9	4.6	7.6	4.7
Accounts payable and accruals	**(343.6)**	(259.8)	(231.2)	(393.7)	(272.3)
Net working capital - Metals	**688.0**	587.7	505.5	964.9	642.2
Fixed assets	**184.1**	187.2	213.1	230.4	210.4
Goodwill and intangibles	**24.7**	24.9	28.4	71.8	53.4
Net assets employed in metals operations	**896.8**	799.8	747.0	1,267.1	906.0
Other operating assets	**17.1**	17.6	18.9	19.4	20.4
Net income tax assets (liabilities)	**(12.0)**	(11.5)	47.7	(30.2)	(3.7)
Pension and benefit assets (liabilities)	**(33.3)**	(17.2)	2.1	0.7	(1.4)
Other corporate assets and liabilities	**(22.1)**	(11.9)	(39.9)	(38.0)	(43.5)
Total net assets employed	**$846.5**	$776.8	$775.8	$1,219.0	$877.8
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**($270.7)**	($323.7)	($359.6)	$20.0	($181.8)
Long-term debt (incl. current portion)	**297.8**	319.7	342.1	218.9	175.8
Total interest bearing debt, net of (cash)	**27.1**	(4.0)	(17.5)	238.9	(6.0)
Market capitalization	**1,346.8**	1,373.5	1,058.5	1,134.2	1,605.0
Total firm value	**$1,373.9**	$1,369.5	$1,041.0	$1,373.1	$1,599.0
OTHER INFORMATION (Notes)					
Common shareholders' equity (millions)	**$819.4**	$772.8	$793.3	$980.1	$883.8
Book value per share ($)	**$13.64**	$12.88	$13.29	$16.42	$14.01
Free cash flow (millions)	**$129.5**	$85.7	$95.7	$235.9	$123.7
Capital expenditures (millions)	**$18.1**	$11.6	$18.6	$22.2	$16.6
Depreciation and amortization (millions)	**$23.5**	$25.3	$25.7	$23.4	$20.4
Earnings multiple	**11.4**	23.9	-	5.2	14.4
Firm value as a multiple of EBIT	**7.0**	12.3 (1)	16.3 (1)	3.9 (1)	9.0
Firm value as a multiple of EBITDA	**6.3**	10.0 (1)	11.6 (1)	3.3 (1)	8.1
Interest bearing debt/EBITDA	**1.4**	2.3 (1)	3.8 (1)	0.5 (1)	0.9
Debt as a % of capitalization	**27%**	29%	30%	18%	17%
Market capitalization as a % of book value	**164%**	178%	133%	116%	182%
Return on equity	**14%**	7%	(12%)	23%	13%
Return on capital employed	**23%**	14% (1)	8% (1)	29% (1)	20%
COMMON SHARE INFORMATION					
Ending outstanding common shares	**60,071,698**	59,978,173	59,698,690	59,695,290	63,066,092
Average outstanding common shares	**60,043,222**	59,717,629	59,696,743	62,329,483	62,835,303
Dividend yield	**5.4%**	4.8%	5.6%	5.3%	7.1%
Dividend per share	**$1.20**	$1.10	$1.00	$1.00	$1.80
Share price - High	**$27.75**	$23.94	$22.00	$31.36	$34.47
Share price - Low	**$18.90**	$16.25	$9.25	$15.01	$22.75
Share price - Ending	**$22.42**	$22.90	$17.73	$19.00	$25.45

Notes:

(1) Adjusted EBIT excludes inventory writedowns in the amount of $37.7 million in 2008 and $158.7 million in 2009 and $35.4 million for asset impairment. It excludes the inventory reversal of $1.9 million and plant closure costs of $2.6 million in 2010.

(2) 2011 and 2010 are reported under IFRS. 2007 to 2009 represent actual results as reported under Canadian GAAP.

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except per share data)	Quarters ended December 31 **2011**	2010	Years ended December 31 **2011**	2010
Revenues	**$ 711.6**	$ 562.1	**$ 2,693.3**	$ 2,178.0
Cost of materials	**585.8**	458.3	**2,168.0**	1,763.6
Employee expenses	**49.7**	44.7	**202.3**	177.1
Other operating expenses	**29.8**	29.7	**125.5**	116.9
Earnings before interest, finance and income tax expense	**46.3**	29.4	**197.5**	120.4
Interest expense	**6.8**	7.1	**27.5**	29.2
Interest income	**(0.5)**	(0.5)	**(2.0)**	(1.6)
Finance expense convertible debentures	**-**	1.8	**-**	11.1
Other finance expense (income)	**0.9**	-	**2.6**	(1.5)
Earnings before income taxes	**39.1**	21.0	**169.4**	83.2
Provision for income taxes	**10.6**	5.8	**51.1**	25.9
Net earnings for the year	**$ 28.5**	$ 15.2	**$ 118.3**	$ 57.3
Basic earnings per common share	**$ 0.47**	$ 0.26	**$ 1.97**	$ 0.96
Diluted earnings per common share	**$ 0.46**	$ 0.26	**$ 1.92**	$ 0.96

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)	Quarters ended December 31 **2011**	2010	Years ended December 31 **2011**	2010
Net earnings for the year	**$ 28.5**	$ 15.2	**$ 118.3**	$ 57.3
Other comprehensive income (loss) net of tax				
Unrealized foreign exchange gains (losses) on translation of foreign operations	**(7.8)**	(11.8)	**9.1**	(17.2)
Reclassification of adjustment for realized foreign exchange gain included in net earnings	**-**	0.1	**-**	0.1
Unrealized (losses) gains on items designated as net investment hedges	**2.6**	5.2	**(2.5)**	8.8
Unrealized losses on items designated as cash flow hedges	**-**	-	**-**	(2.5)
Losses on derivatives designated as cash flow hedges transferred to net earnings during the year	**0.3**	0.2	**1.1**	0.1
Actuarial (losses) gains on pension and similar obligations	**(13.8)**	0.8	**(13.8)**	0.8
Other comprehensive loss	**(18.7)**	(5.5)	**(6.1)**	(9.9)
Total comprehensive income	**$ 9.8**	$ 9.7	**$ 112.2**	$ 47.4

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)	**December 31 2011**	December 31 2010
ASSETS		
Current		
Cash and cash equivalents	**$ 270.7**	$ 323.7
Accounts receivable	**382.4**	301.4
Inventories	**645.6**	544.1
Prepaid expenses	**4.6**	3.0
Income taxes receivable	**0.5**	2.8
	1,303.8	1,175.0
Property, Plant and Equipment	**201.3**	205.2
Deferred Income Tax Assets	**5.3**	7.1
Pensions and Benefits	**-**	0.7
Other Assets	**3.3**	3.8
Goodwill and Intangibles	**24.7**	24.9
	$ 1,538.4	$ 1,416.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 362.8**	$ 272.8
Income taxes payable	**17.4**	14.4
Current portion long-term debt	**1.3**	1.2
	381.5	288.4
Long-Term Debt	**296.5**	318.5
Pensions and Benefits	**33.3**	17.9
Deferred Income Tax Liabilities	**5.4**	7.0
Provisions	**0.4**	5.6
Other Non-Current Liabilities	**1.9**	6.5
	719.0	643.9
Shareholders' Equity		
Common shares	**485.4**	483.7
Retained earnings	**306.7**	257.5
Contributed surplus	**15.7**	13.9
Accumulated other comprehensive income (loss)	**(17.1)**	(11.0)
Equity component of convertible debenture	**28.7**	28.7
	819.4	772.8
	$ 1,538.4	$ 1,416.7

CONSOLIDATED STATEMENTS OF CASHFLOW

(in millions of Canadian dollars)	Quarters ended December 31 **2011**	2010	Years ended December 31 **2011**	2010
Operating activities				
Net earnings for the period	**$ 28.5**	$ 15.2	**$ 118.3**	$ 57.3
Depreciation and amortization	**5.8**	6.4	**23.5**	25.3
Deferred income taxes	**(0.3)**	(1.5)	**(0.2)**	0.6
Loss on sale of property, plant and equipment	**0.1**	0.9	**0.1**	0.8
Stock-based compensation	**0.5**	0.4	**2.1**	1.5
Loss on derivatives	**-**	1.2	**-**	11.2
Difference between pension expense and amount funded	**(1.3)**	(2.8)	**(2.6)**	(3.1)
Debt accretion, amortization and other	**1.5**	0.9	**6.4**	3.7
Cash from operating activities before non-cash working capital	**34.8**	20.7	**147.6**	97.3
Changes in non-cash working capital items				
Accounts receivable	**11.7**	12.2	**(78.6)**	(86.3)
Inventories	**2.0**	(3.8)	**(97.5)**	(34.8)
Accounts payable and accrued liabilities	**23.5**	(15.9)	**79.0**	33.3
Current income taxes receivable/ payable	**3.4**	15.5	**7.2**	73.8
Other	**(0.6)**	1.2	**(1.5)**	2.1
Change in non-cash working capital	**40.0**	9.2	**(91.4)**	(11.9)
Cash from operating activities	**74.8**	29.9	**56.2**	85.4
Financing activities				
Issue of common shares	**0.1**	3.9	**1.4**	4.0
Dividends on common shares	**(18.1)**	(14.9)	**(69.1)**	(59.7)
Repayment of long-term debt	**(3.4)**	(0.4)	**(29.3)**	(9.2)
Swap termination	**-**	-	**-**	(35.2)
Deferred financing	**(0.1)**	-	**(0.6)**	(0.7)
Cash used in financing activities	**(21.5)**	(11.4)	**(97.6)**	(100.8)
Investing activities				
Purchase of property, plant and equipment	**(5.2)**	(3.5)	**(18.1)**	(11.6)
Proceeds on sale of property, plant and equipment	**0.1**	0.9	**0.8**	1.4
Proceeds on sale of investment	**-**	-	**-**	6.0
Other	**-**	(0.5)	**-**	(0.5)
Cash used in investing activities	**(5.1)**	(3.1)	**(17.3)**	(4.7)
Effect of exchange rates on cash and cash equivalents	**(1.4)**	(9.5)	**5.7**	(15.8)
Increase (decrease) in cash and cash equivalents	**46.8**	5.9	**(53.0)**	(35.9)
Cash and cash equivalents, beginning of the year	**223.9**	317.8	**323.7**	359.6
Cash and cash equivalents, end of the year	**$ 270.7**	$ 323.7	**$ 270.7**	$ 323.7
Supplemental cash flow information:				
Income taxes paid (received)	**$ 7.9**	$ (71.2)	**$ 45.8**	$ (36.8)
Interest paid (net)	**$ 0.5**	$ -	**$ 25.5**	$ 26.2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Total
Balance, January 1, 2011	$ 483.7	$ 257.5	$ 13.9	$ (11.0)	$ 28.7	$ 772.8
Payment of dividends	-	(69.1)	-	-	-	(69.1)
Net earnings for the year	-	118.3	-	-	-	118.3
Other comprehensive loss for the year	-	-	-	(6.1)	-	(6.1)
Recognition of stock-based compensation	-	-	1.8	-	-	1.8
Stock options exercised	1.7	-	-	-	-	1.7
Balance, December 31, 2011	$ 485.4	$ 306.7	$ 15.7	$ (17.1)	$ 28.7	$ 819.4

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Total
Balance, January 1, 2010	$ 478.9	$ 259.9	$ 13.2	$ (1.1)	$ -	$ 750.9
Payment of dividends	-	(59.7)	-	-	-	(59.7)
Net earnings for the year	-	57.3	-	-	-	57.3
Other comprehensive loss for the year	-	-		(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	$ 257.5	$ 13.9	$ (11.0)	$ 28.7	$ 772.8

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2011

This Management's Discussion and Analysis of Financial Condition and Results of Operations of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the audited Consolidated Financial Statements for the year ended December 31, 2011, including the notes thereto. We adopted the International Financial Reporting Standards (IFRS) effective January 1, 2011. These standards required us to restate our January 1, 2010 opening statement of financial position and prepare comparative 2010 IFRS financial statements to be presented with our 2011 results. The information disclosed for the year ended December 31, 2010 has been restated for IFRS differences in the financial statements and in this Management's Discussion and Analysis of Financial Condition and Results of Operations. IFRS is considered Canadian generally accepted accounting principles (GAAP) for Canadian reporting issuers for reporting periods commencing on or after January 1, 2011. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained herein are as of February 15, 2012.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements or information within the meaning of applicable securities laws. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, among other things: no assurance future financing will be available; dilution; change of control; interest rate risk; foreign exchange risk; volatile metal prices; cyclicality of the metals industry and the industries that purchase our products; significant competition; interruption in sources of metals supply; integrating future acquisitions; collective agreements and work stoppages; environmental liabilities; changes in government regulations; failure of key computer-based systems; loss of key individuals; and the current economic climate. While we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward looking statements included herein should not be unduly relied upon. These statements speak only as of the date hereof. Except as required by law, we do not assume any obligation to update the aforementioned forward-looking statements. Our actual results could differ materially from those anticipated in the aforementioned forward-looking statements, as applicable, including as a result of the risk factors set forth elsewhere herein and in our filings with the securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of measures that are not prescribed by GAAP and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers; energy tubular products; and steel distributors.

Our 2011 results reflect an increase in volumes and gross margins compared to 2010. Our earnings for 2011 were $118 million compared to $57 million in 2010. Earnings per share were $1.97 for 2011 compared to $0.96 for 2010. Our return on equity was 14%.

All three operating segments had volume increases compared to 2010. These volume increases along with improved gross margins related to higher steel prices significantly increased our operating profits in the metals service centre and steel distributor segments. Increased drilling activity mainly for oil, improved the operating results of our energy tubular products segment.

IMPACT OF IFRS ON DECEMBER 31, 2010 RESULTS

Note 26 to the audited consolidated financial statements discloses the differences between IFRS and Canadian GAAP used prior to January 1, 2011. The most significant financial impact relates to the accounting treatment of the cash conversion feature of our convertible debentures which existed prior to the amendment of the Trust Indenture governing the debentures in December 2010. Prior to this amendment, the conversion feature allowed us to settle the conversion of the debentures in cash or in a combination of cash and common shares in lieu of common shares prior to maturity, and was a derivative under IFRS. Under IFRS, a derivative is fair valued at each reporting period with the net change impacting net earnings. The amendment of the Trust Indenture resulted in the removal of the charge to the income statement and a split in the convertible debenture between long-term debt and shareholders' equity.

This table summarizes the impact of the restatement of 2010 to IFRS disclosing the impact of the finance expense of the derivative and the other adjustments for the 2010 year:

(millions)	Year Ended December 31, 2010
Net earnings previously reported under Canadian GAAP	$ 69.7
Finance expense convertible debentures	(11.1)
	58.6
Other adjustments, net	(1.3)
Net earnings IFRS	$ 57.3

See Accounting and Reporting Changes in this MD&A for more details on the differences.

SUMMARIZED FINANCIAL INFORMATION

The table discloses selected information related to revenues, earnings and common share information over the last eight quarters.

2011

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	**$ 657.7**	**$ 618.6**	**$ 705.4**	**$ 711.6**	**$ 2,693.3**
Earnings from operations	**54.2**	**52.1**	**44.9**	**46.3**	**197.5**
Net earnings	**33.0**	**31.1**	**25.7**	**28.5**	**118.3**
Basic earnings per common share	**$ 0.55**	**$ 0.52**	**$ 0.43**	**$ 0.47**	**$ 1.97**
Diluted earnings per common share	**$ 0.53**	**$ 0.50**	**$ 0.43**	**$ 0.46**	**$ 1.92**
Market price of common shares					
High	**$ 27.70**	**$ 27.75**	**$ 24.99**	**$ 24.28**	**$ 27.75**
Low	**$ 21.90**	**$ 22.35**	**$ 19.28**	**$ 18.90**	**$ 18.90**
Shares outstanding end of quarter	**60,043,673**	**60,062,473**	**60,063,173**	**60,071,698**	**60,071,698**
Number of common shares traded	**13,803,753**	**9,338,536**	**9,204,553**	**9,765,696**	**42,112,538**

2010

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 526.8	$ 506.6	$ 582.5	$ 562.1	$ 2,178.0
Earnings from operations	25.9	35.1	30.0	29.4	120.4
Net earnings	9.1	24.8	8.2	15.2	57.3
Basic earnings per common share	$ 0.15	$ 0.41	$ 0.14	$ 0.26	$ 0.96
Diluted earnings per common share	$ 0.15	$ 0.41	$ 0.14	$ 0.26	$ 0.96
Market price of common shares					
High	$ 20.40	$ 22.25	$ 21.31	$ 23.94	$ 23.94
Low	$ 16.59	$ 16.25	$ 17.67	$ 19.75	$ 16.25
Shares outstanding end of quarter	59,698,690	59,698,840	59,705,240	59,978,173	59,978,173
Number of common shares traded	12,412,200	15,424,843	9,071,721	9,272,683	46,181,447

Demand for our product has increased in 2011 compared to 2010, this along with higher metal prices resulted in higher revenues and earnings in 2011. Rising metal prices resulted in stronger earnings for the first half of 2011.

RESULTS OF OPERATIONS

The following table provides operating profits before interest, taxes and other income or expense. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in the consolidated financial statements.

(in millions, except percentages)	**2011**	2010	**2011 Change as a % of 2010**
Segment Revenues			
Metals service centers	**$ 1,517.2**	$ 1,210.7	**25%**
Energy tubular products	**826.2**	708.3	**17%**
Steel distributors	**342.9**	247.8	**38%**
Other	**7.0**	11.2	
	$ 2,693.3	$ 2,178.0	**24%**
Segment Operating Profits			
Metals service centers	**$ 115.2**	$ 59.4	**94%**
Energy tubular products	**60.4**	52.9	**14%**
Steel distributors	**38.4**	20.9	**84%**
Corporate expenses	**(17.0)**	(17.0)	**0%**
Other	**0.5**	4.2	
Operating profits	**$ 197.5**	$ 120.4	**64%**
Segment Gross Margin as a % of Revenues			
Metals service centers	**22.3%**	21.5%	
Energy tubular products	**14.8%**	14.8%	
Steel distributors	**16.9%**	15.2%	
Total operations	**19.5%**	19.0%	
Segment Operating Profit as a % of Revenues			
Metals service centers	**7.6%**	4.9%	
Energy tubular products	**7.3%**	7.5%	
Steel distributors	**11.2%**	8.4%	
Total operations	**7.3%**	5.5%	

METALS SERVICE CENTERS

a) *Description of operations*

We provide processing and distribution services to a broad base of approximately 33,000 end users through a network of 49 Canadian locations and 12 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

b) *Factors affecting results*

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted 2011 and 2010 is found in the section that follows.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices increased throughout the first quarter of 2011 due to mill price increases. Steel prices peaked in April 2011 and declined for the remainder of 2011. Steel prices have increased slightly at the start of 2012 and additional increases have been announced for the first quarter of 2012. Although steel prices increased and peaked in the second quarter of both 2010 and 2011, the price increases in 2011 were larger resulting in higher average prices per ton in 2011 for most products.

Steel prices are influenced by overall demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Supply side management, practiced by steel producers in North America, and international supply and demand, which impacts steel imports, affects product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America.

Demand for our product is significantly affected by economic cycles, with revenues and operating profit fluctuating with the level of general business activity in the markets served. We are most impacted by the manufacturing, resource and construction segments of the Canadian economy. Tons shipped in 2011 were approximately 12% higher than that in 2010. Demand improved in 2011, with tons shipped representing approximately 86% of volumes prior to the economic downturn in 2008. The recovery in Canada has been uneven with our operations in the Prairies stronger than before the downturn while our Ontario operations have been experiencing a slower recovery.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our large market share and our diverse customer base of approximately 18,000 customers means that our results tend to mirror the performance of the regional economies of Canada. Our U.S. operations, which have approximately 15,000 customers, are impacted by the local economic conditions in the regions that they serve.

The strength of the Canadian dollar in 2011 versus 2010 has decreased revenues and profits for our U.S. operations translated to Canadian dollars. Revenues and profits of our U.S. operations reported for 2011 were converted at $0.9893 per US$1 compared to $1.0301 per US$1 for 2010. The exchange rate at December 31, 2011 used to translate the balance sheet was $1.0170 per US$1 versus $0.9946 per US$1 at December 31, 2010.

Our Canadian operations are affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

c) *Metals service centers segment results -- 2011 compared to 2010*

Revenues for 2011 increased 25% to $1.5 billion compared to 2010 revenues of $1.2 billion. Overall tons shipped in metals service centers were approximately 12% higher than those shipped in 2010. Tons shipped per day have been consistent throughout 2011. Average selling price of metal for 2011 was approximately 12% higher than the average for 2010.

Gross margin as a percentage of revenues, was 22.3% for 2011 compared to 21.5% for 2010. Gross margin percentage was higher due to larger metal price increases in the first half of 2011 which generated higher inventory holding gains.

Our average revenue per invoice for 2011 was approximately $1,772 compared to $1,453 for 2010, reflecting higher average orders in tons. We handled approximately 3,426 transactions per day in 2011 compared to 3,337 per day for 2010, an increase of 3%.

Operating expenses for 2011 increased $22 million, or by 11%, from 2010 mainly related to higher variable compensation and higher freight costs due to increased volumes, orders delivered and fuel costs. Operating expenses as a percentage of revenue improved by 2% to 15% for 2011.

Metals service centers operating profits for 2011 increased by 94% to $115 million from $59 million in 2010. The significant increase was due to the rise in volumes and gross margins compared to 2010 and lower operating expenses as a percentage of revenue.

ENERGY TUBULAR PRODUCTS

a) Description of operations

These operations distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. Our business units are clustered in Alberta in Canada and Colorado and Texas in the U.S. A large portion of our inventories are located in third party warehouses ready for distribution to customers throughout North America. In addition, we operate from five Canadian and two U.S. facilities. We purchase our products either from the pipe division of North American steel mills, independent manufacturers of pipe and pipe accessories, international steel mills or other distributors. Our energy tubular products segment operates under the names Comco Pipe and Supply Company, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) Factors affecting results

The following is a general discussion of the factors affecting our energy tubular products segment results. More specific information on how these factors impacted 2011 and 2010 is found in the section that follows.

The price of natural gas and oil can impact rig count and drilling activities, particularly in Western Canada. Rig activity affects demand for our products. The price of oil increased during 2010 and remained high during 2011 resulting in improved rig activity. Drilling rig counts, an indicator of demand for pipe product, were at higher levels in both Canada and the U.S. in 2011 compared to 2010. Natural gas prices were at low levels and thus drilling activity related to gas remained below historical levels, particularly in Canada. Fracking technology enables producers to economically drill in the oil and gas-rich shale fields, which has offset the drop in conventional gas drilling.

Prices for metal are influenced by overall demand, trade sanctions and product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect. These trade actions tend to reduce imports of these products as higher prices are paid at the time of import.

Our Canadian operations were affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar impacts the cost of inventory and cost of sales.

Drilling related to oil and natural gas in Western Canada usually peaks during the period from October to March.

c) Energy tubular products segment results -- 2011 compared to 2010

Revenues increased 17% for 2011 to $826 million compared to 2010. Our U.S. operations had a revenue increase of 35% due to increased activity. Our operations servicing oil drilling activity in Western Canada had an increase of 5% related to increased oil drilling activity. Our operations servicing the oil sands had a revenue increase of 19% mainly related to a return to more normal operating levels.

Gross margin as a percentage of revenue was 14.8% for both 2011 and 2010. Prices for pipe have been relatively constant during 2011.

Operating expenses were $10 million higher in 2011 compared to 2010, mainly due to higher freight on increased volumes, other volume related costs and variable compensation.

This segment generated operating profits of $60 million for 2011 compared to $53 million for 2010. The increase related to additional gross margin dollars from higher revenues.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel, a division of Sunbelt Group, processes coils.

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b) Factors affecting results

The following is a general discussion of the factors affecting our steel distributors. More specific information on how these factors impacted 2011 and 2010 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. Mill capacity by product line in North America and international supply and demand impact steel imports and significantly affect product availability.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars. Movements in the Canadian dollar can result in some products that we have purchased being subsequently available in the marketplace at a lower cost. In addition, the change in the Canadian dollar in 2011 versus 2010 decreased revenues and profits for our U.S. operations translated to Canadian dollars.

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy from them on a periodic basis, which can result in large fluctuations in revenues reported from period to period.

c) Steel distributors segment results -- 2011 compared to 2010

Revenues for 2011 were 38% higher than that of 2010 mainly due to higher volumes. Extended lead times for certain products from steel mills during the first half of 2011, as well as higher steel purchases as customers have balanced inventory levels, resulted in increased demand and revenues in 2011.

Gross margin as a percentage of revenues was 16.9% for 2011 compared to 15.2% for 2010. Gross margin is higher in 2011 due to rising steel prices in the first half of 2011.

Operating expenses were $3 million higher for 2011 compared to 2010, mainly due to higher variable compensation in 2011. Operating expenses as a percentage of revenue improved by 1% to 6%.

Operating profit for 2011 was $38 million, $18 million higher than 2010. The increase in operating profit over 2010 was mainly a result of higher volumes and gross margins.

CORPORATE EXPENSES -- 2011 COMPARED TO 2010

Corporate expenses were $17 million for both 2011 and 2010. Higher bonus accruals in 2011 due to improved earnings per share were offset by a lower expense in 2011 for mark to market valuation of deferred and restricted stock units.

OTHER -- 2011 COMPARED TO 2010

Other revenues and income represents the results of our bulk commodities handling terminal in Thunder Bay, Ontario. Revenues and operating profits have decreased due to lower volumes of metallurgical coal and potash in 2011.

CONSOLIDATED RESULTS -- 2011 COMPARED TO 2010

Operating profits from operations were $198 million for 2011, compared to $120 million in 2010. Improved volumes and increased steel prices in 2011 were the main contributors to the significantly improved results.

INTEREST EXPENSE AND INCOME

Net interest expense was $26 million for 2011 compared to $28 million for 2010. The reduction in net interest expense related to lower interest after we repurchased a portion of our U.S. Senior Notes.

OTHER FINANCE INCOME AND EXPENSE

Net finance expense was $3 million for 2011 compared to net finance expense of $10 million for 2010. The expense in 2011 mainly related to the repurchase of US$28 million of our Senior Notes. The cash conversion feature that was in our convertible debentures is a derivative under IFRS and resulted in a fair value expense of $11 million in 2010. In December 2010, we amended the Trust Indenture governing our convertible debentures to remove the settlement option under the conversion feature prior to maturity, which eliminated the derivative treatment and associated impact on earnings in 2011.

INCOME TAXES

We recorded a provision for income taxes of $51 million for 2011. Our effective income tax rate for 2011 was 30.2% compared to 31.1% for 2010. We estimate our normalized effective income tax rate to be 29% for 2012.

NET EARNINGS

Net earnings for 2011 were $118 million compared to $57 million for 2010. Basic earnings per common share for 2011 were $1.97 compared to $0.96 per common share in 2010.

Results improved due to rising steel prices, higher volumes and the removal of the cash conversion feature in our convertible debentures that created an expense in 2010.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for 2011 was 60,043,222 compared to 59,717,629 for 2010. As at December 31, 2011 and February 15, 2012, we had 60,071,698 common shares outstanding. The number of common shares outstanding has increased as a result of options being exercised.

We paid common share dividends of $69 million or $1.15 per share in 2011 as compared to $60 million or $1.00 per share in 2010.

We have $175 million of 7.75% convertible unsecured subordinated debentures outstanding which mature on September 30, 2016. Each debenture is convertible into common shares at the option of the holder at any time on or prior to the business day immediately preceding (i) the maturity date, or (ii) the date specified for redemption of the convertible debentures, at a conversion price of $25.75 per share being a conversion rate of 38.8350 common shares per $1,000 principal amount of convertible debentures

Our U.S. Senior Notes indenture provides restrictions on dividend payments. We currently have a basket of approximately $263 million available for restricted payments which is adjusted for 50% of net earnings or losses on a quarterly basis. We do not believe this will restrict our ability to pay dividends in the forseeable future.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay a dividend as our borrowing base, which is based on percentages of accounts receivable and inventories, has traditionally been in excess of borrowings plus four times the current dividend.

EBITDA

The following table shows the reconciliation of net earnings (loss) to EBITDA and adjusted EBITDA:

(millions)	**2011**	2010
Net earnings	**$ 118.3**	$ 57.3
Provision for income taxes	**51.1**	25.9
Interest expense, net	**25.5**	27.6
Earnings before interest and income taxes (EBIT)	**194.9**	110.8
Depreciation and amortization	**23.5**	25.3
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	**$ 218.4**	$ 136.1

We believe that EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

CAPITAL EXPENDITURES

Capital expenditures were $18 million for 2011 compared to $12 million for 2010. Depreciation expense was $22 million in 2011 and $24 million in 2010.

In 2011, we relocated our Ontario structural steel business to our plant in Cambridge, Ontario. Our capital expenditures included $5 million for the cost of a new outside crane facility in Cambridge.

Capital expenditures mainly relate to the replacement of capital items, the purchase of additional processing equipment across a broad base of our operations and upgrades to our existing facilities and computer systems. Our expectation is for capital expenditures to approximate depreciation expense over the long term which is higher than our current expenditures.

LIQUIDITY

At December 31, 2011, we had cash of $271 million compared to $324 million at December 31, 2010, a decrease of $53 million in the year. Our operations generated $148 million before working capital changes in 2011. In 2011, we invested $91 million in working capital to support our growth and $18 million for capital expenditures. We repurchased $29 million of our U.S. Senior Notes, reducing our long-term debt, and distributed $69 million in dividends to shareholders.

Our metals distribution business experiences significant swings in working capital which impact cash flow. Inventory and accounts receivable represent a large percentage of our total assets employed and vary throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks. Our customers are impacted by the economic climate and thus it is possible to experience additional bad debts and increased days outstanding for accounts receivable, which may affect the timing of collections. Total assets were $1.5 billion at December 31, 2011 and $1.4 billion at December 31, 2010. At December 31, 2011, current assets excluding cash represented 81% of our total assets excluding cash, versus 78% at December 31, 2010.

Cash generated from operating activities was $56 million for 2011 compared to $85 million for 2010. During 2011, we had a $91 million increase in working capital compared to a decrease of $12 million in 2010. This use of cash for working capital as revenues increase is consistent with our business model.

Cash utilized for inventory was $98 million in 2011, mainly related to increased tons and steel prices in all the three segments. Inventories represented 42% of our total assets at December 31, 2011 and 38% at December 31, 2010.

Inventory by Segment *(millions)*	**Dec. 31 2011**	Sept. 30 2011	June 30 2011	Mar. 31 2011	Dec. 31 2010
Metals service centers	**$ 270**	$ 264	$ 249	$ 238	$ 202
Energy tubular products	**304**	295	300	257	290
Steel distributors	**72**	94	83	54	52
Total	**$ 646**	$ 653	$ 632	$ 549	$ 544

Inventory turns are calculated using annualized quarterly cost of sales dollars, divided by inventory in dollars at the end of the quarter.

	Quarters Ended				
Inventory Turns	**Dec. 31 2011**	Sept. 30 2011	June 30 2011	Mar. 31 2011	Dec. 31 2010
Metals service centers	**4.4**	4.7	4.8	4.6	4.8
Energy tubular products	**2.6**	2.6	1.6	3.0	2.3
Steel distributors	**4.8**	3.2	3.2	4.2	4.0
Total	**3.6**	3.5	3.1	3.8	3.4

At December 31, 2011, our metals service centers had more tons of inventory priced at a higher average price than at December 31, 2010. Inventory has been increased to align with increased sales as volumes increased compared to 2010.

Our energy tubular products operations had inventory at the end of 2011 slightly higher then 2010; however, higher revenues resulted in increased inventory turns for 2011.

Our steel distributors segment had increased inventory to service higher demand. These tons were at higher prices resulting in more inventory dollars than December 2010.

As a result of higher volumes and selling prices, accounts receivable utilized cash of $79 million in 2011. Accounts receivable represented 25% of our total assets at December 31, 2011 compared to 21% of our total assets at December 31, 2010.

During 2011, we made income tax payments of $46 million. During 2010, we received income tax refunds, net of payments, of $37 million due to 2009 losses.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	**2011**	2010
Cash from operating activities before non-cash working capital	**$ 147.6**	$ 97.3
Purchase of fixed assets	**(18.1)**	(11.6)
	$ 129.5	$ 85.7

Free cash flow may be useful in assessing our ability to pay dividends, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies

CASH, DEBT AND CREDIT FACILITIES

Debt *As at December 31 (millions)*	**2011**	2010
Long-term debt		
6.375% US$138.9 million Senior Notes due March 1, 2014		
(2010: US$167.2 million)	**$ 140**	$ 164
7.75% $175 million convertible debentures due September 30, 2016	**154**	151
Finance leases	**4**	5
	298	320
Current portion	**(1)**	(1)
	$ 297	$ 319

During 2011, we repurchased US$28 million of our U.S. Senior Notes. The face value of Notes outstanding at December 31, 2011 was US$139 million compared to US$167 million as at December 31, 2010.

Our convertible debentures have been split between debt and equity. The amount allocated to equity was $29 million representing the valuation of the holders' option to convert the convertible debentures into common shares and the fair value adjustments on the cash conversion feature that was a derivative under IFRS prior to the amendment of the Trust Indenture in December 2010.

Cash and Bank Credit Facilities *As at December 31, 2011 (millions)*	**Russel Metals Facility**	**U.S. Subsidiary Facility**	**Total**
Bank loans	**$ -**	**$ -**	**$ -**
Cash net of outstanding cheques	**254**	**17**	**271**
Net cash	**254**	**17**	**271**
Letters of credit	**(44)**	**(6)**	**(50)**
	$ 210	**$ 11**	**$ 221**
Facilities			
Borrowings and letters of credit	**$ 202**	**$ 20**	**$ 222**
Letters of credit	**50**	**25**	**75**
Facilities availability	**$ 252**	**$ 45**	**$ 297**
Available line based on borrowing base	**$ 252**	**$ 45**	**$ 297**

We have a credit facility with a syndicate of Canadian and U.S. banks totaling $252 million which was extended to June 24, 2014 during the second quarter of 2011. In July 2011, our U.S. subsidiary facility of US$45 million was renewed with an expiry of July 2012.

The syndicated facility consists of availability of $202 million to be utilized for borrowings and letters of credit and $50 million to be utilized only for letters of credit. Letters of credit are issued under the $50 million line first and additional needs are issued under the $202 million line. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $252 million. As of December 31, 2011, we were entitled to borrow and issue letters of credit totaling $252 million under this facility. At December 31, 2011 and 2010, we had no borrowings. At December 31, 2011, we had letters of credit of $44 million compared to $14 million at December 31, 2010.

The maximum borrowings including letters of credit under the U.S. subsidiary's facility are US$45 million. At December 31, 2011, this subsidiary had no borrowings and had letters of credit of US$6 million. At December 31, 2010, this subsidiary had no borrowings and had letters of credit of US$13 million.

With our cash, cash equivalents and our bank facilities we have access to approximately $493 million of cash based on our December 31, 2011 balances. The use of our bank facilities has been predominantly to fund working capital requirements and trade letters of credit for inventory purchases. As steel prices and demand declined, cash generated from accounts receivable and inventory was utilized to reduce bank borrowings. These lines may be used to support increases in working capital when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at December 31, 2011, we were contractually obligated to make payments under our long-term debt agreements, finance lease obligations and operating leases that come due in the future.

Contractual Obligations	Payments due in				
(millions)	**2012**	**2013 and 2014**	**2015 and 2016**	**2017 and thereafter**	**Total**
Debt	**$ -**	**$ 141.3**	**$ 175.0**	**$ -**	**$ 316.3**
Long-term debt interest	**22.8**	**37.9**	**23.8**	**-**	**84.5**
Finance lease obligations	**1.6**	**2.2**	**0.4**	**-**	**4.2**
Operating leases	**12.9**	**16.4**	**6.7**	**6.1**	**42.1**
Total	**$ 37.3**	**$ 197.8**	**$ 205.9**	**$ 6.1**	**$ 447.1**

We have disclosed our obligations related to environmental litigations, regulatory actions and remediation in our Annual Information Form. The obligations relate to previously divested or discontinued operations and do not relate to the metals distribution business.

We have multiple defined benefit pension plans in Canada, as disclosed in Note 13 of our 2011 consolidated financial statements. During 2011, we contributed $5.1 million to these plans. We expect to contribute approximately $4.4 million to these plans during 2012.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and operating lease obligations disclosed in Note 23 to the financial statements.

ACCOUNTING AND REPORTING CHANGES

We adopted IFRS effective January 1, 2011, which required us to restate our January 1, 2010 statement of financial position and prepare comparative 2010 IFRS financial statements to report with our 2011 financial statements. IFRS requires significantly more disclosure than the previous requirements under Canadian GAAP and during the first reporting year we are required to include a number of reconciliations compared to prior Canadian GAAP.

Note 26 of our consolidated financial statements provides details on our exemption options on initial conversion to IFRS, key Canadian GAAP to IFRS differences, reconciliations of Canadian GAAP to IFRS for 2010, changes in accounting policies, presentation reclassifications and additional IFRS annual disclosures.

As a result of the IFRS conversion and the exemption options chosen, our January 1, 2010 opening shareholders' equity was reduced by $42 million. This reduction resulted from the following:

- *Employee future benefits* - charge to retained earnings for unamortized actuarial gains and losses and other adjustments relating to our pension plans,
- *Share based compensation* - change to graded vesting on stock options and restricted share units,
- *Financial instruments* - revaluation of the cash conversion feature on our convertible debentures,
- *Decommissioning liabilities* - realization of previously unrecognized constructive obligations for environmental cleanup,

- *Property, plant and equipment* - accelerated depreciation caused by componentization,
- *Asset impairment* - assessment of cash generating units at a lower level and discounting of expected cash flows,
- *Foreign currency translation* - one time exemption to set the foreign currency cumulative translation adjustment to zero, and
- *Income taxes* - on above items.

The above changes similarly impacted the 2010 earnings. The most significant item impacting our 2010 earnings was the cash conversion feature in our convertible debenture, which caused it to be a derivative. We removed this feature by amending our Trust Indenture governing the convertible debentures in December 2010.

The remaining items, represented a $1.3 million impact on 2010 earnings:

(millions)		Year ended December 31, 2010
Employee future benefits - reduced pension expense as unamortized actuarial gains and losses were charged to opening retained earnings	$	0.5
Share based compensation - increased expense as graded vesting results in larger expense in earlier years		(0.2)
Financial instruments - increased accretion on revalued conversion option in convertible debentures		(0.8)
Decommissioning liabilities - expenses related to constructive obligations of prior environmental matters		(0.4)
Depreciation on plant and equipment - charge for accelerated depreciation rates on componentized assets		(0.4)
Foreign currency translation - change in 2010		(0.3)
Income taxes - tax effect of above items		0.3
Impact on earnings excluding cash conversion derivative expense	$	(1.3)

ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory net realizable value and obsolescence, useful lives of fixed assets, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable
An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials or credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at December 31, 2011 approximates our reserve at December 31, 2010; however, our accounts receivable balance is significantly higher. Bad debt expense for 2011 as a percentage of revenue approximates that of 2010.

Inventories
We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. The inventory reserve level at December 31, 2011 decreased compared to the level at December 31, 2010 mainly due to the sale of inventory that had been written-down.

Other areas involving significant estimates and judgements include:

Income Taxes
We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Employee Benefit Plans
We perform a valuation, at least every three years, for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the discount rate, expected long-term rate of return on plan assets, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan costs. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance over the working lives of the employees who benefit from the plans.

We had approximately $85 million in plan assets at December 31, 2011, which is a decrease of approximately $2 million from December 31, 2010. Due to a change in the discount rate used from 5.25% in 2010 to 4.5% in 2011, which reflects the current interest rate environment, our accrued benefit obligations increased by $14 million to $119 million at December 31, 2011 as compared to $105 million at December 31, 2010. Our projected 2012 pension expense has also increased by approximately $1 million.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and

(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President and Chief Executive Officer and the Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting.

An evaluation of the design and operating effectiveness of the disclosure controls and internal controls over financial reporting was conducted as at December 31, 2011. The design and evaluation of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation, we have concluded that our disclosure controls and procedures and our internal controls over financial reporting were effective to provide reasonable assurance that information related to our consolidated results and decisions to be made based on those results were appropriate.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. The use of service centers and steel distributors by both manufacturers and end users of steel continues to grow. This is evidenced by the growth in the percentage of total steel shipments from steel producers to service centers. As the distribution segment's share of steel industry shipments continues to grow, service centers such as ours can grow their business over the course of a cycle.

We strive to deal with the cyclical nature of the business by operating with the lowest possible net assets throughout the course of a cycle. This intensive asset management reduces borrowings and therefore interest expense in declining periods in the economic cycle. This in turn creates higher, more stable returns on net assets over the course of the cycle. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management strongly believes that it is more prudent to be profitable throughout a cycle, without the spikes in earnings caused by less emphasis on asset management, and have average earnings over the full range of the cycle in the top deciles of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in businesses that have strong market niches or provide mass to our existing operations. Any new acquisitions could be either major stand-alone operations or ones that complement our existing operations. We continue to review opportunities for acquisitions.

We believe that the length of the steel-based economic cycle will continue to be short, and a management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in business systems to enable faster reaction times to changing business conditions. In addition, management believes the high level of service and flexibility provided by service centers will enable this distribution channel to capture an increasing percentage of total metal revenues to end users, allowing for increased growth within the sector.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the inherent cyclical nature of the steel industry. Demand for our products is at approximately 86% of pre-2009 levels and we cannot predict when or if it will return to pre-2009 levels across the regions we serve. Our Annual Information Form includes a summary of risks.

FOURTH QUARTER RESULTS

The following table provides operating profit before interest, taxes and other income or expense in a format consistent with our annual results.

	Quarters Ended December 31,		
(millions, except percentages)	**2011**	2010	2011 change as a % of 2010
Segment Revenues			
Metals service centers	**$ 375.1**	$ 303.9	**23%**
Energy tubular products	**233.5**	194.0	**20%**
Steel distributors	**101.0**	61.1	**65%**
Other	**2.0**	3.1	
	$ 711.6	$ 562.1	**27%**
Segment Operating Profits			
Metals service centers	**$ 21.3**	$ 12.3	**73%**
Energy tubular products	**16.9**	16.6	**2%**
Steel distributors	**11.1**	4.7	**136%**
Corporate expenses	**(3.4)**	(5.8)	**41%**
Other	**0.4**	1.6	
Operating profits	**$ 46.3**	$ 29.4	**57%**
Segment Gross Margin as a % of Revenues			
Metals service centers	**20.1%**	20.1%	
Energy tubular products	**14.0%**	15.7%	
Steel distributors	**15.6%**	14.9%	
Total operations	**17.7%**	18.4%	
Segment Operating Profit as a % of Revenues			
Metals service centers	**5.7%**	4.0%	
Energy tubular products	**7.2%**	8.6%	
Steel distributors	**11.0%**	7.7%	
Total operations	**6.5%**	5.2%	

Fourth quarter results for 2011 were strong compared to the 2011 third quarter and the 2010 fourth quarter. Our earnings per share for the fourth quarter of 2011 were $0.47 compared to fourth quarter of 2010 of $0.26 and third quarter of 2011 of $0.43. The seasonal pick up in our energy tubular segment and higher volumes in our steel distributors segment contributed to our strong results. Tons shipped in the fourth quarter of 2011 for metals service centers were approximately 4% lower than for the third quarter of 2011 while selling prices were consistent.

OUTLOOK

2011 was a successful year with demand for our products and operating profits improving in all three metals segments. We believe that 2012 will be another positive year and the manufacturing and energy sectors will again lead economic growth.

RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(millions)	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
METALS SERVICE CENTERS																
Revenue	$ 375.1	$ 390.4	$ 387.9	$ 363.8	$ 304.3	$ 315.7	$ 312.2	$ 280.0	$ 235.9	$ 259.1	$ 274.3	$ 325.4	$ 424.7	$ 509.8	$ 497.3	$ 401.2
Cost of goods sold	299.8	310.1	296.1	272.8	243.4	249.3	241.9	217.1	186.4	201.7	223.4	281.3	345.8	376.9	361.1	312.9
Operating expenses	54.0	56.1	58.4	54.7	48.0	50.4	50.8	47.8	42.8	44.1	47.0	50.7	59.6	64.8	63.9	56.2
EBIT	**21.3**	**24.2**	**33.4**	**36.3**	**12.9**	**16.0**	**19.5**	**15.1**	**6.7**	**13.3**	**3.9**	**(6.6)**	**19.3**	**68.1**	**72.3**	**32.1**
Depreciation & amortization	4.9	4.8	4.9	5.0	5.1	5.2	5.1	5.2	5.0	5.4	5.5	5.7	5.3	5.1	4.9	4.9
EBITDA	**26.2**	**29.0**	**38.3**	**41.3**	**18.0**	**21.2**	**24.6**	**20.3**	**11.7**	**18.7**	**9.4**	**(0.9)**	**24.6**	**73.2**	**77.2**	**37.0**
Cost of goods sold	79.9%	79.4%	76.3%	75.0%	80.0%	79.0%	77.5%	77.5%	79.0%	77.8%	81.4%	86.4%	81.4%	73.9%	72.6%	78.0%
Operating expenses	14.4%	14.4%	15.1%	15.0%	15.8%	16.0%	16.3%	17.1%	18.1%	17.0%	17.1%	15.6%	14.0%	12.7%	12.8%	14.0%
Depreciation & amortization	1.3%	1.2%	1.3%	1.4%	1.7%	1.6%	1.6%	1.9%	2.1%	2.1%	2.0%	1.8%	1.2%	1.0%	1.0%	1.2%
EBIT	5.7%	6.2%	8.6%	10.0%	4.2%	5.1%	6.2%	5.4%	2.8%	5.1%	1.4%	-2.0%	4.5%	13.4%	14.5%	8.0%
EBITDA	7.0%	7.4%	9.9%	11.4%	5.9%	6.7%	7.9%	7.3%	5.0%	7.2%	3.4%	-0.3%	5.8%	14.4%	15.5%	9.2%
ENERGY TUBULAR PRODUCTS																
Revenue	233.5	223.3	145.4	224.0	193.1	187.4	129.2	194.6	147.3	115.7	130.1	231.0	297.1	324.8	235.4	213.5
Cost of goods sold	200.7	191.4	121.9	190.2	163.5	160.8	109.0	171.6	136.8	99.9	114.4	193.9	228.8	231.1	187.1	185.0
Operating expenses	15.9	16.8	12.9	16.0	13.0	12.1	11.4	11.8	9.1	9.5	9.8	15.9	27.6	33.9	19.8	12.9
EBIT	**16.9**	**15.1**	**10.6**	**17.8**	**16.6**	**14.5**	**8.8**	**11.2**	**1.4**	**6.3**	**5.9**	**21.2**	**40.7**	**59.8**	**28.5**	**15.6**
Depreciation & amortization	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4
EBITDA	**17.3**	**15.5**	**11.0**	**18.2**	**17.0**	**14.9**	**9.2**	**11.7**	**1.8**	**6.8**	**6.3**	**21.7**	**41.1**	**60.2**	**28.9**	**16.0**
Cost of goods sold	86.0%	85.7%	83.8%	84.9%	84.7%	85.8%	84.4%	88.2%	92.9%	86.3%	87.9%	83.9%	77.0%	71.2%	79.5%	86.7%
Operating expenses	6.8%	7.5%	8.9%	7.1%	6.7%	6.5%	8.8%	6.1%	6.2%	8.2%	7.5%	6.9%	9.3%	10.4%	8.4%	6.0%
Depreciation & amortization	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%	0.1%	0.1%	0.2%	0.2%
EBIT	7.2%	6.8%	7.3%	7.9%	8.6%	7.7%	6.8%	5.8%	1.0%	5.4%	4.5%	9.2%	13.7%	18.4%	12.1%	7.3%
EBITDA	7.4%	6.9%	7.6%	8.1%	8.8%	8.0%	7.1%	6.0%	1.2%	5.9%	4.8%	9.4%	13.8%	18.5%	12.3%	7.5%
STEEL DISTRIBUTORS																
Revenue	101.0	89.5	82.6	69.8	61.1	75.5	61.3	49.9	46.7	57.0	56.0	84.8	118.3	116.8	119.6	96.0
Cost of goods sold	85.2	76.5	67.1	56.2	52.0	66.0	49.9	42.3	40.5	47.1	46.6	76.9	97.4	89.2	85.3	78.5
Operating expenses	4.7	4.9	5.1	4.8	4.3	4.5	4.7	3.2	3.8	2.2	4.2	5.2	1.1	6.2	8.7	6.8
EBIT	**11.1**	**8.1**	**10.4**	**8.8**	**4.8**	**5.0**	**6.7**	**4.4**	**2.4**	**7.7**	**5.2**	**2.7**	**19.8**	**21.4**	**25.6**	**10.7**
Depreciation & amortization	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA	**11.2**	**8.2**	**10.5**	**8.9**	**4.9**	**5.1**	**6.8**	**4.5**	**2.5**	**7.9**	**5.3**	**2.8**	**19.9**	**21.5**	**25.7**	**10.8**
Cost of goods sold	84.4%	85.5%	81.2%	80.5%	85.1%	87.4%	81.4%	84.8%	86.7%	82.6%	83.2%	90.7%	82.3%	76.4%	71.3%	81.8%
Operating expenses	4.7%	5.5%	6.2%	6.9%	7.0%	6.0%	7.7%	6.4%	8.1%	3.9%	7.5%	6.1%	0.9%	5.3%	7.3%	7.1%
Depreciation & amortization	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
EBIT	11.0%	9.1%	12.6%	12.6%	7.9%	6.6%	10.9%	8.8%	5.1%	13.5%	9.3%	3.2%	16.7%	18.3%	21.4%	11.1%
EBITDA	11.1%	9.2%	12.7%	12.8%	8.0%	6.8%	11.1%	9.0%	5.4%	13.9%	9.5%	3.3%	16.8%	18.4%	21.5%	11.3%
TBTL																
Revenue	2.0	2.2	2.7	0.1	3.0	3.3	3.4	1.4	2.8	2.5	2.1	1.1	2.6	3.5	4.0	1.6
Cost of goods sold	0.1	-	(0.2)	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	1.5	1.6	1.7	1.7	1.3	1.7	1.9	1.9	1.7	1.6	1.7	1.8	2.1	2.1	2.2	2.0
EBIT	**0.4**	**0.6**	**1.2**	**(1.7)**	**1.7**	**1.6**	**1.5**	**(0.5)**	**1.1**	**0.9**	**0.4**	**(0.7)**	**0.5**	**1.4**	**1.8**	**(0.4)**
Depreciation & amortization	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.3	0.2	0.3
EBITDA	**0.7**	**0.8**	**1.5**	**(1.5)**	**1.9**	**1.8**	**1.8**	**(0.3)**	**1.4**	**1.1**	**0.7**	**(0.5)**	**0.7**	**1.7**	**2.0**	**(0.1)**
Cost of goods sold	5.0%	0.0%	-7.4%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating expenses	75.0%	72.7%	63.0%	1700.0%	43.3%	51.5%	55.9%	135.7%	60.7%	64.0%	81.0%	163.6%	80.8%	60.0%	55.0%	125.0%
Depreciation & amortization	15.0%	9.1%	11.1%	200.0%	6.7%	6.1%	8.8%	14.3%	10.7%	8.0%	14.3%	18.2%	7.7%	8.6%	5.0%	18.8%
EBIT	20.0%	27.3%	44.4%	-1700.0%	56.7%	48.5%	44.1%	-35.7%	39.3%	36.0%	19.0%	-63.6%	19.2%	40.0%	45.0%	-25.0%
EBITDA	35.0%	36.4%	55.6%	-1500.0%	63.3%	54.5%	52.9%	-21.4%	50.0%	44.0%	33.3%	-45.5%	26.9%	48.6%	50.0%	-6.2%
CORPORATE																
Expenses	3.3	2.8	3.3	6.7	3.7	3.6	3.3	3.6	3.5	2.7	3.2	3.0	2.6	5.8	6.7	5.9
Depreciation & amortization	0.1	0.3	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2		0.1	-	0.1	-
EBIT	**(3.4)**	**(3.1)**	**(3.5)**	**(7.0)**	**(4.1)**	**(4.0)**	**(3.6)**	**(3.9)**	**(3.8)**	**(3.0)**	**(3.4)**	**(3.0)**	**(2.7)**	**(5.8)**	**(6.8)**	**(5.9)**
EBITDA	**(3.3)**	**(2.8)**	**(3.3)**	**(6.7)**	**(3.7)**	**(3.6)**	**(3.3)**	**(3.6)**	**(3.5)**	**(2.7)**	**(3.2)**	**(3.0)**	**(2.6)**	**(5.8)**	**(6.7)**	**(5.9)**
Expenses	0.5%	0.4%	0.5%	1.0%	0.7%	0.6%	0.7%	0.7%	0.8%	0.6%	0.7%	0.5%	0.3%	0.6%	0.8%	0.8%
Depreciation & amortization	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating EBIT	**$ 46.3**	**$ 44.9**	**$ 52.1**	**$ 54.2**	**$ 31.9**	**$ 33.1**	**$ 32.9**	**$ 26.3**	**$ 7.8**	**$ 25.2**	**$ 12.0**	**$ 13.6**	**$ 77.6**	**$ 144.9**	**$ 121.4**	**$ 52.1**
Operating EBITDA	**$ 52.1**	**$ 50.7**	**$ 58.0**	**$ 60.2**	**$ 38.1**	**$ 39.4**	**$ 39.1**	**$ 32.6**	**$ 13.9**	**$ 31.8**	**$ 18.5**	**$ 20.1**	**$ 83.7**	**$ 150.8**	**$ 127.1**	**$ 57.8**
Operating EBIT	6.5%	6.4%	8.4%	8.2%	5.7%	5.7%	6.5%	5.0%	1.8%	5.8%	2.6%	2.1%	9.2%	15.2%	14.2%	7.3%
Operating EBITDA	7.3%	7.2%	9.4%	9.2%	6.8%	6.8%	7.7%	6.2%	3.2%	7.3%	4.0%	3.1%	9.9%	15.8%	14.8%	8.1%

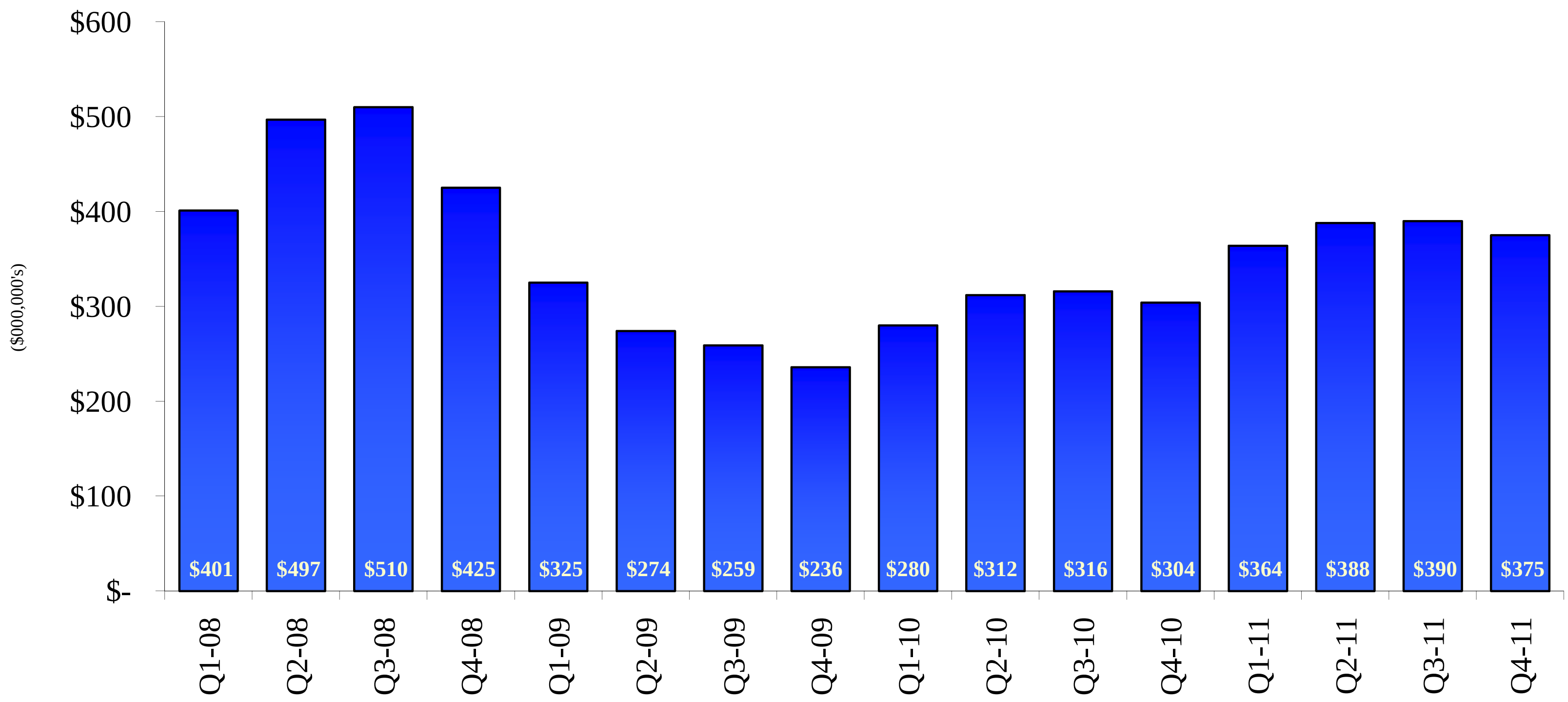
Note: 2010 and prior are reported under previous Canadian GAAP

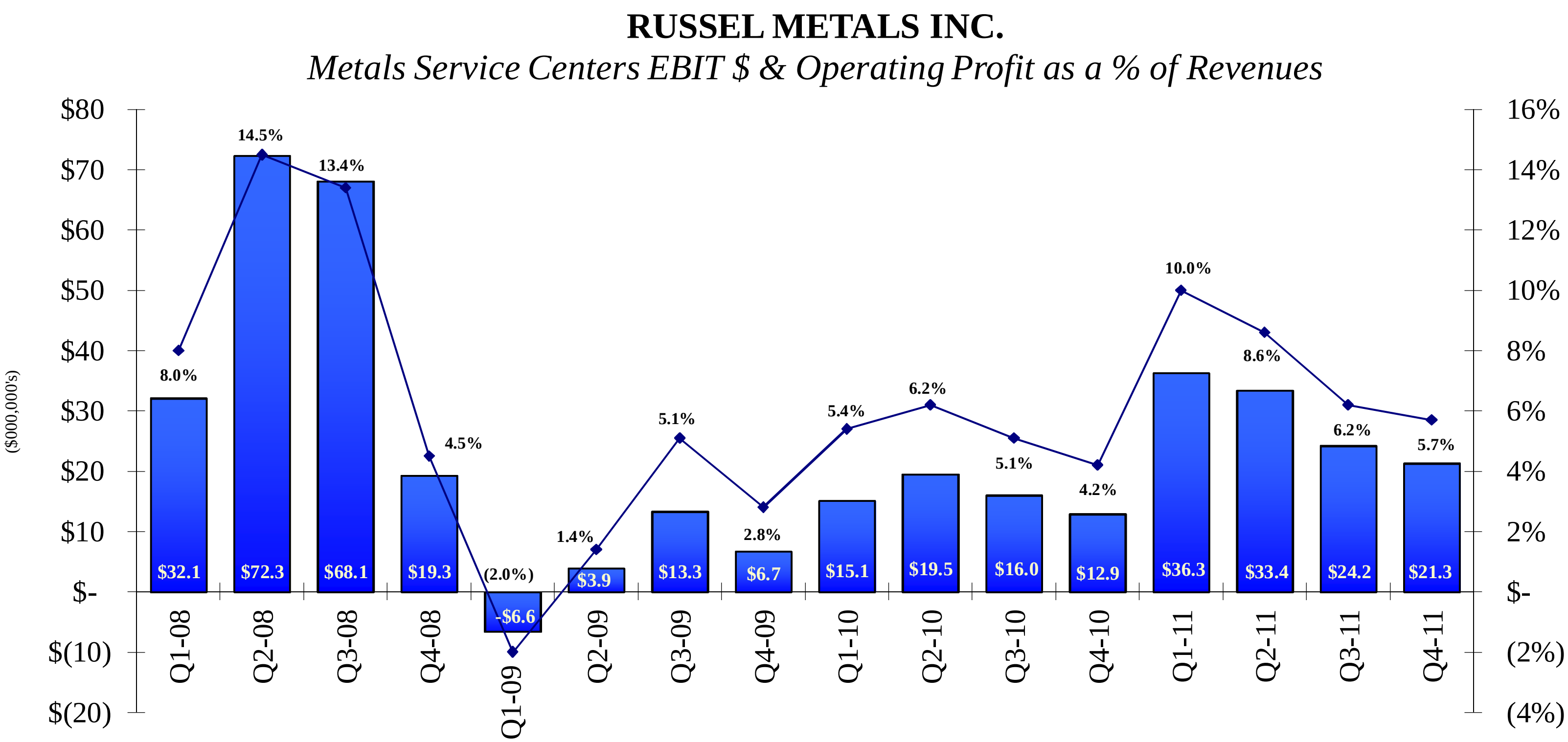
SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

(millions)	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Quarter ended:																
Revenue	$ 711.6	$ 705.4	$ 618.6	$ 657.7	$ 561.5	$ 581.9	$ 506.1	$ 525.9	$ 432.7	$ 434.3	$ 462.5	$ 642.3	$ 842.7	$ 954.9	$ 856.3	$ 712.3
Cost of goods sold	585.8	578.0	484.9	519.3	458.9	476.1	400.8	431.0	363.7	348.7	384.4	552.1	672.0	697.2	633.5	576.4
Operating expenses	76.1	79.4	78.1	77.2	66.6	68.7	68.8	64.7	57.4	57.4	62.7	73.6	90.4	107.0	94.6	77.9
Corp. Expenses	3.4	3.1	3.5	7.0	4.1	4.0	3.6	3.9	3.8	3.0	3.4	3.0	2.7	5.8	6.8	5.9
Operating EBIT	**46.3**	**44.9**	**52.1**	**54.2**	**31.9**	**33.1**	**32.9**	**26.3**	**7.8**	**25.2**	**12.0**	**13.6**	**77.6**	**144.9**	**121.4**	**52.1**
Depreciation & amortization	5.8	5.8	5.9	6.0	6.2	6.3	6.2	6.3	6.1	6.6	6.5	6.5	6.1	5.9	5.7	5.7
Operating EBITDA	**52.1**	**50.7**	**58.0**	**60.2**	**38.1**	**39.4**	**39.1**	**32.6**	**13.9**	**31.8**	**18.5**	**20.1**	**83.7**	**150.8**	**127.1**	**57.8**
Finance and other	0.9	0.4	0.9	0.4	1.8	0.4	0.2	(1.5)	(1.0)	-	-	-	0.4	2.3	(0.7)	3.2
Gain on sale of asset	-	-	-	-	-	-	-	-	-	-	(4.3)	-	-	-	-	-
EBIT	**45.4**	**44.5**	**51.2**	**53.8**	**30.1**	**32.7**	**32.7**	**27.8**	**8.8**	**25.2**	**16.3**	**13.6**	**77.2**	**142.6**	**122.1**	**48.9**
EBITDA	**51.2**	**50.3**	**57.1**	**59.8**	**36.3**	**39.0**	**38.9**	**34.1**	**14.9**	**31.8**	**22.8**	**20.1**	**83.3**	**148.5**	**127.8**	**54.6**
Twelve months ended:																
Revenue	$ 2,693.3	$ 2,543.2	$ 2,419.7	$ 2,307.2	$ 2,175.4	$ 2,046.6	$ 1,899.0	$ 1,855.4	$ 1,971.8	$ 2,381.8	$ 2,902.4	$ 3,296.2	$ 3,366.2	$ 3,121.9	$ 2,791.3	$ 2,587.8
Cost of goods sold	2,168.0	2,041.1	1,939.2	1,855.1	1,766.8	1,671.6	1,544.2	1,527.8	1,648.9	1,957.2	2,305.7	2,554.8	2,579.1	2,383.7	2,189.2	2,074.4
Operating expenses	327.8	319.0	309.2	300.0	284.4	274.9	262.6	256.3	264.3	296.2	348.6	383.9	391.1	382.2	344.2	328.0
Operating EBIT	**197.5**	**183.1**	**171.3**	**152.1**	**124.2**	**100.1**	**92.2**	**71.3**	**58.6**	**128.4**	**248.1**	**357.5**	**396.0**	**356.0**	**257.9**	**185.4**
Finance and other	2.6	3.5	3.5	2.8	0.9	(1.9)	(2.3)	(2.5)	(1.0)	0.4	2.7	2.0	5.2	5.7	5.0	5.7
Gain on sale of asset	-	-	-	-	-	-	-	(4.3)	(4.3)	(4.3)	(4.3)	-	-	-	-	-
EBIT	**194.9**	**179.6**	**167.8**	**149.3**	**123.3**	**102.0**	**94.5**	**78.1**	**63.9**	**132.3**	**249.7**	**355.5**	**390.8**	**350.3**	**252.9**	**179.7**
Depreciation & amortization	23.5	23.9	24.4	24.7	25.0	24.9	25.2	25.5	25.7	25.7	25.0	24.2	23.4	22.9	21.9	21.2
EBITDA	**218.4**	**203.5**	**192.2**	**174.0**	**148.3**	**126.9**	**119.7**	**103.6**	**89.6**	**158.0**	**274.7**	**379.7**	**414.2**	**373.2**	**274.8**	**200.9**

Note: 2010 and prior are reported under previous Canadian GAAP

RUSSEL METALS INC.
Metals Service Centers Revenues

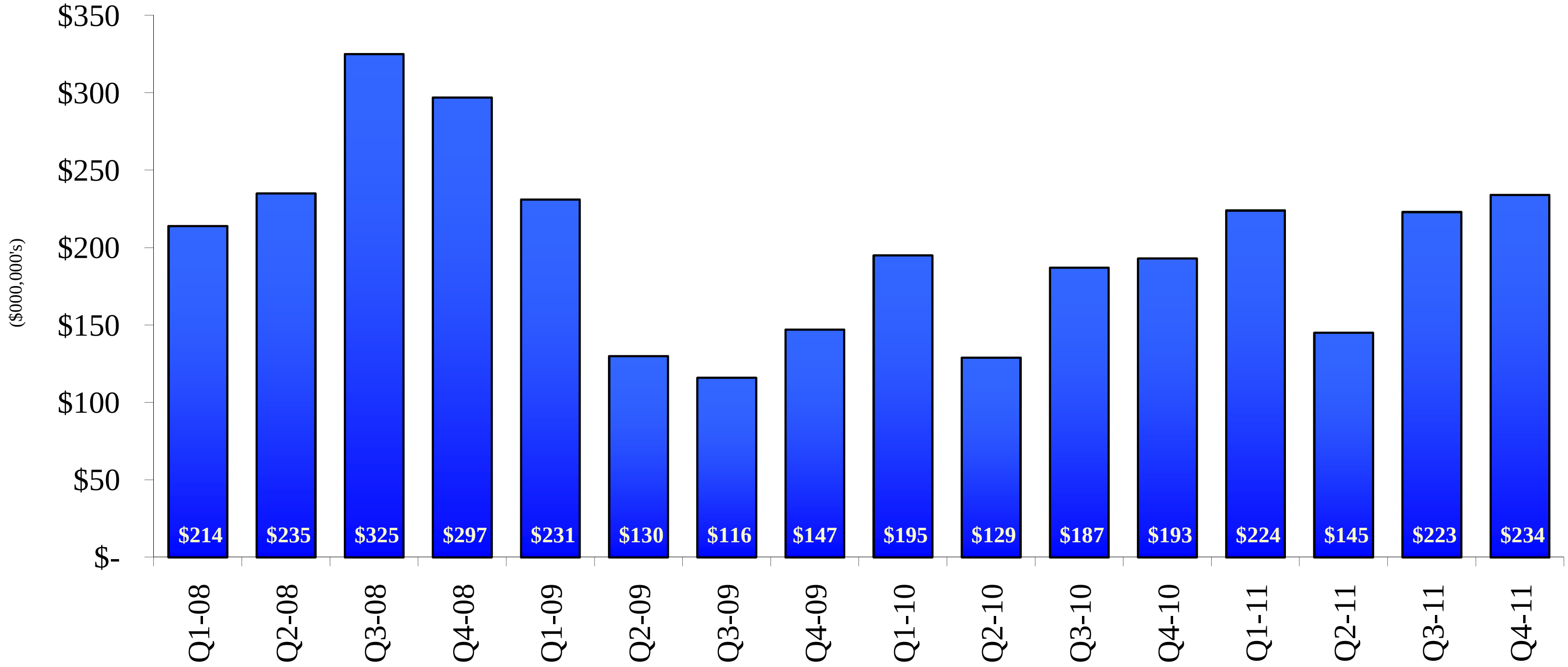


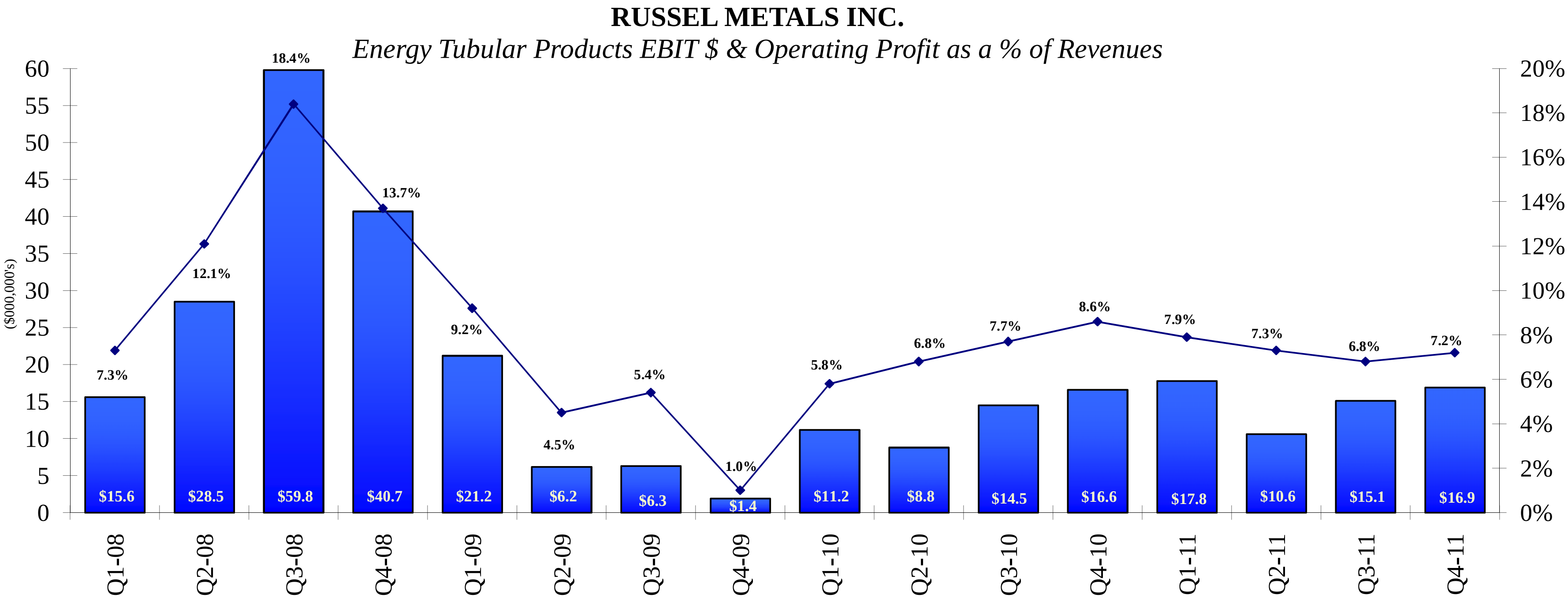


• *excluding inventory write-down of $5.8 Q4-08, $28.8 Q1-09, $1.6 Q2-09 and $2.6 closure reserves Q3-10*

RUSSEL METALS INC.

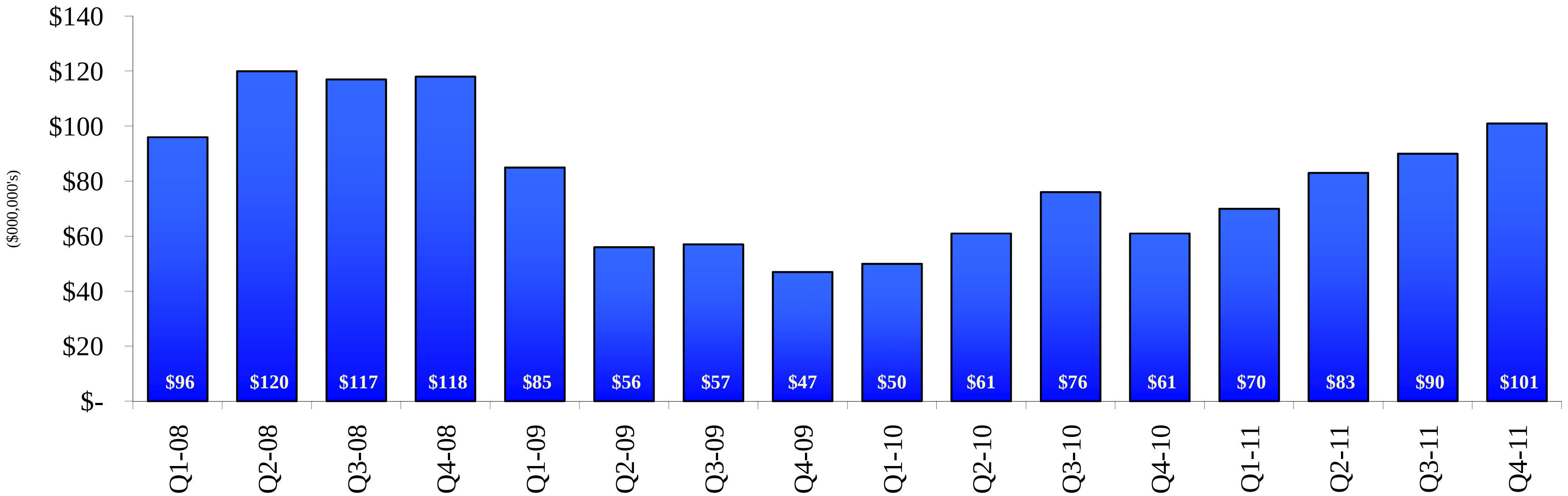
Energy Tubular Products Revenues





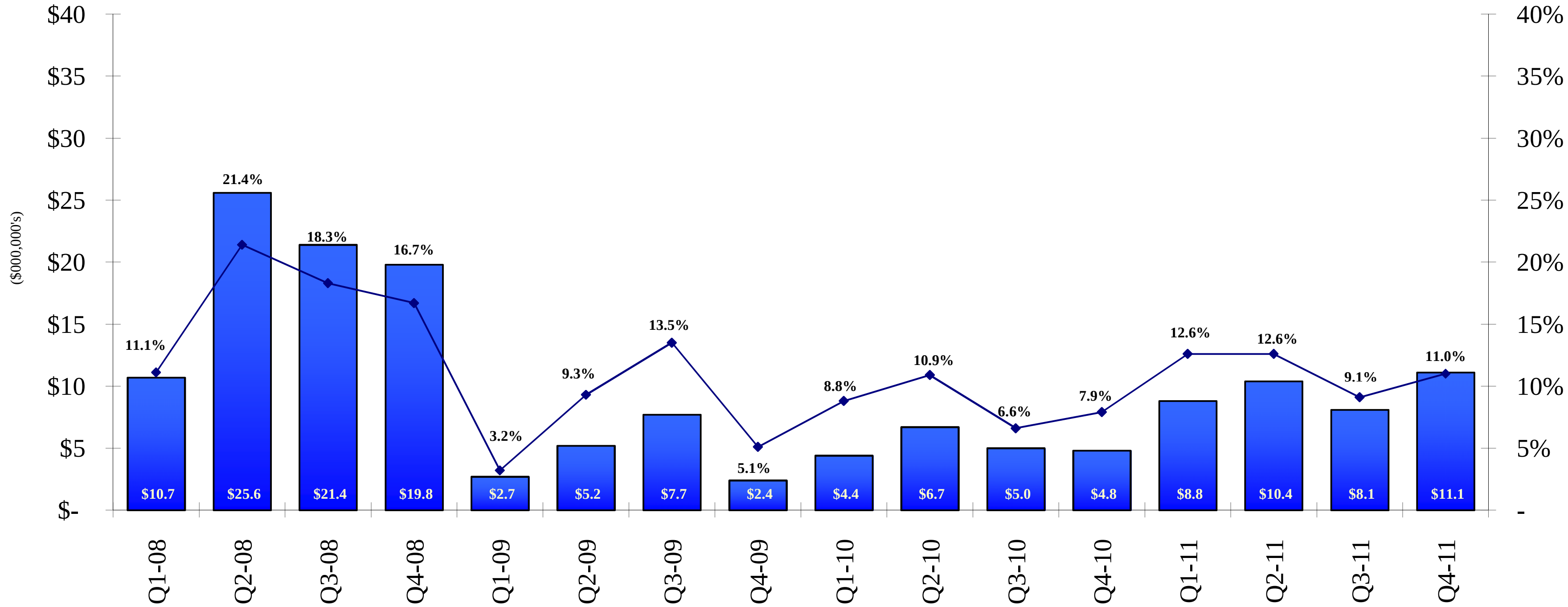
• *excluding inventory write-down (reversal) of $8.1 Q4-08, $16.3 Q1-09, $54.6 Q2-09, $2.6 Q3-09, $8.4 Q4-09 and ($1.9) Q2-10*

RUSSEL METALS INC.
Steel Distributors Revenues



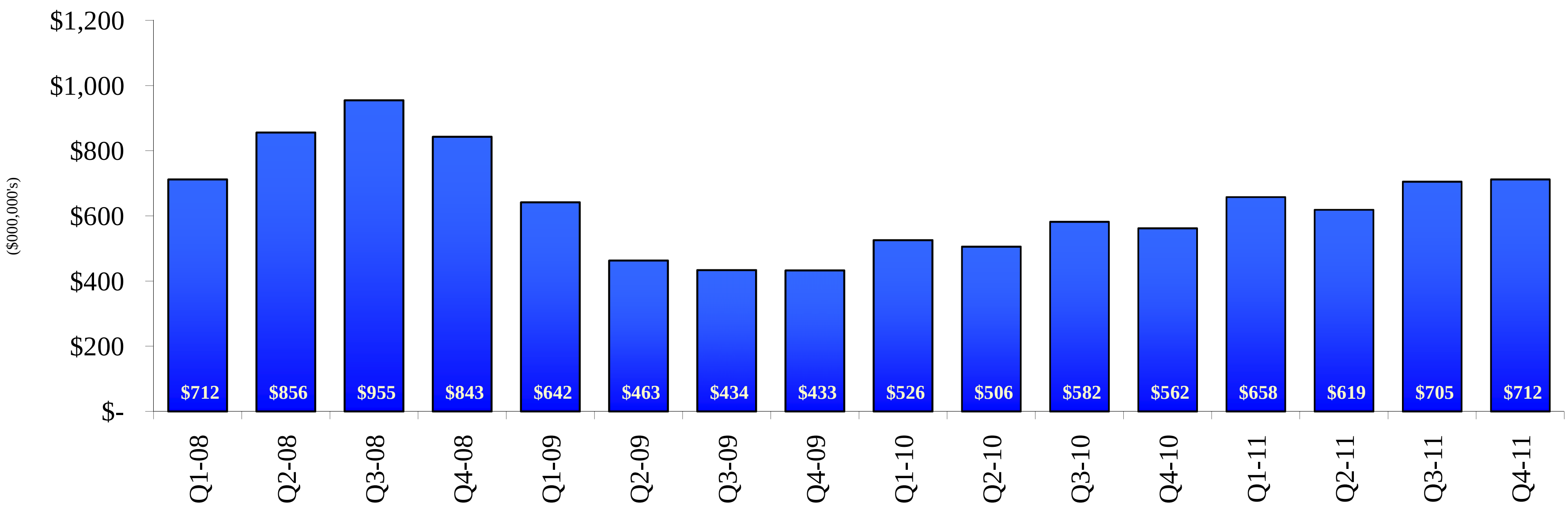
RUSSEL METALS INC.

Steel Distributors EBIT $ & Operating Profit as a % of Revenues



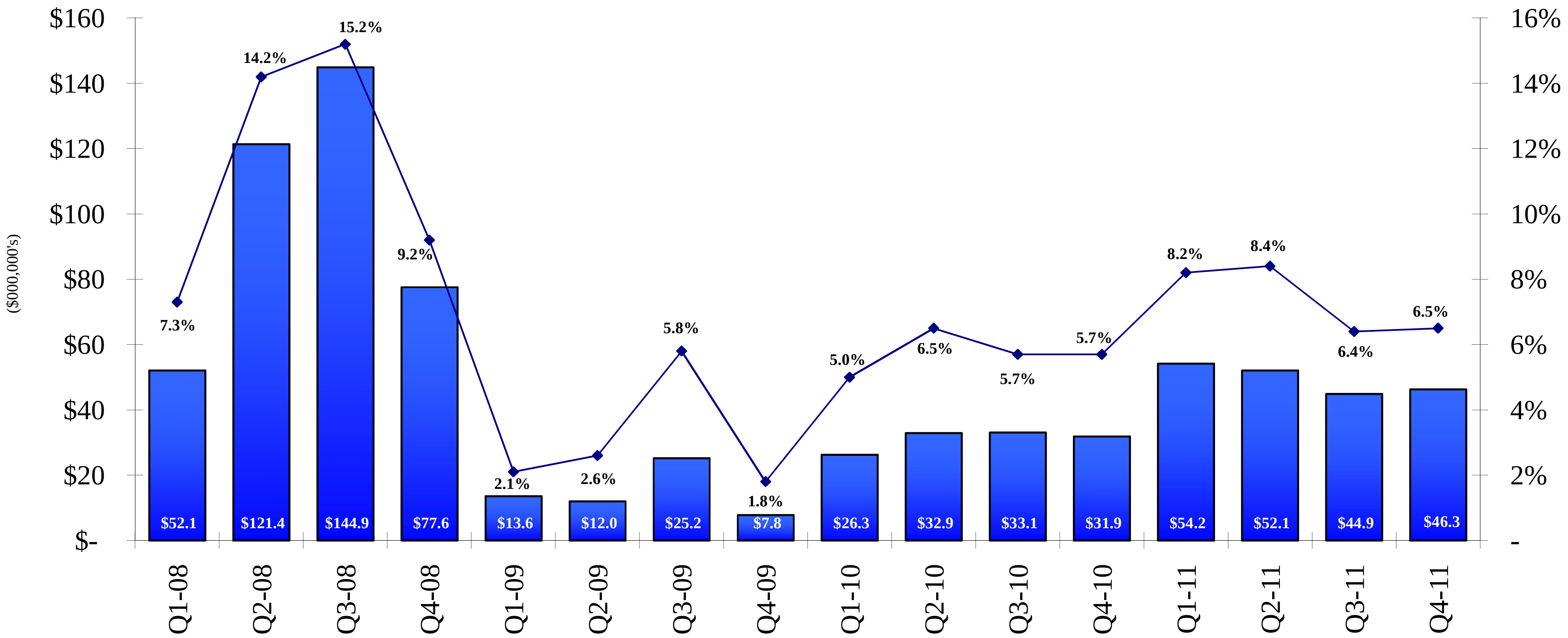
• *excluding inventory write-down (up) of $21.7 Q4-08, $49.4 Q1-09 and ($3.0) Q4-09*

RUSSEL METALS INC.
Total Revenues



RUSSEL METALS INC.

Total Operating EBIT $ & Operating EBIT as a % of Revenues



• *excluding inventory write-down (reversal) of $35.6 Q4-08, $94.5 Q1-09, $56.2 Q2-09, $2.6 Q3-09, $5.4 Q4-09, ($1.9) Q2-10 and $2.6 closure reserves Q3-10*