INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

OCTOBER 31, 2012

Russel Metals

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October 31, 2012

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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 remains at current levels 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 during the third quarter of 2012. 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
OCTOBER 2012

1. Current demand lower than 2011 for metals service centers and steel distributors

2. Steel pricing under significant pressure driven by lower demand

3. Drilling activity in Canada and U.S. lower than 2011

4. Bright spots are large diameter line pipe projects in U.S. and oil sands activity, excluding large projects

Russel Metals

HIGHLIGHTS - 2012 THIRD QUARTER RESULTS

1. QTR-3 2012 - Earnings $23 million, EPS $0.37
   QTR-3 2011 - Earnings $26 million, EPS $0.43

2. Nine months September 30, 2012 - Earnings $78 million, EPS $1.30, adjusted EPS $1.37
   Nine months September 30, 2011 - Earnings $90 million, EPS $1.50
   2012 includes $0.07 charge for deferred costs, hedging costs and additional interest on redemption of U.S. Senior Notes

3. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   Nine months September 30, 2012 - $79 million or $1.31 per share
   Nine months September 30, 2011 - $100 million or $1.66 per share

4. Return on Equity – 13%

5. Cash and cash equivalents - $247 million

6. Signed agreement to purchase Apex Distribution for $225 million at closing plus 5 year earnout

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

	9 Months	<-------------------------Years ended------------------------->			
	Sept. 30, 2012	2011	2010	2009	2008
OPERATING RESULTS (millions)					
Revenues	**$2,234.2**	$2,693.3	$2,178.0	$1,971.8	$3,366.2
Net earnings (loss)	**78.4**	118.3	57.3	(92.0)	228.5
EBIT	**135.0**	194.9	110.8	(130.2)	355.2
Adjusted EBIT (Note)	**135.0**	194.9	111.5 (1)	63.9 (1)	392.9 (1)
EBIT as a % of revenue	**6.0%**	7.2%	5.1%	3.2%	11.7%
Adjusted EBITDA (Note)	**153.1**	218.4	136.8 (1)	89.6 (1)	416.3 (1)
EBITDA as a % of revenue	**6.9%**	8.1%	6.3%	4.5%	12.4%
Basic earnings (loss) per common share ($)	**$1.30**	$1.97	$0.96	($1.54)	$3.67
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$409.4**	$381.7	$300.5	$214.2	$425.9
Inventories	**722.5**	645.6	544.1	517.9	925.1
Prepaid expenses and other assets	**5.3**	4.3	2.9	4.6	7.6
Accounts payable and accruals	**(330.6)**	(343.6)	(259.8)	(231.2)	(393.7)
Net working capital - Metals	**806.6**	688.0	587.7	505.5	964.9
Fixed assets	**212.1**	184.1	187.2	213.1	230.4
Goodwill and intangibles	**50.2**	24.7	24.9	28.4	71.8
Net assets employed in metals operations	**1,068.9**	896.8	799.8	747.0	1,267.1
Other operating assets	**16.6**	17.1	17.6	18.9	19.4
Net income tax assets (liabilities)	**10.0**	(12.0)	(11.5)	47.7	(30.2)
Pension and benefit assets (liabilities)	**(44.3)**	(33.3)	(17.2)	2.1	0.7
Other corporate assets and liabilities	**(25.3)**	(22.1)	(11.9)	(39.9)	(38.0)
Total net assets employed	**$1,025.9**	$846.5	$776.8	$775.8	$1,219.0
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**($247.1)**	($270.7)	($323.7)	($359.6)	$20.0
Long-term debt (incl. current portion)	**452.7**	297.8	319.7	342.1	218.9
Total interest bearing debt, net of (cash)	**205.6**	27.1	(4.0)	(17.5)	238.9
Market capitalization	**1,655.5**	1,346.8	1,373.5	1,058.5	1,134.2
Total firm value	**$1,861.1**	$1,373.9	$1,369.5	$1,041.0	$1,373.1
OTHER INFORMATION (Notes)					
Common shareholders' equity (millions)	**$820.3**	$819.4	$772.8	$793.3	$980.1
Book value per share ($)	**$13.64**	$13.64	$12.88	$13.29	$16.42
Free cash flow (millions)	**$78.9**	$129.5	$85.7	$95.7	$235.9
Capital expenditures (millions)	**$26.4**	$18.1	$11.6	$18.6	$22.2
Depreciation and amortization (millions)	**$18.1**	$23.5	$25.3	$25.7	$23.4
Earnings multiple	**15.9**	11.4	23.9	-	5.2
Firm value as a multiple of EBIT	**10.3**	7.0	12.3 (1)	16.3 (1)	3.9 (1)
Firm value as a multiple of EBITDA	**9.1**	6.3	10.0 (1)	11.6 (1)	3.3 (1)
Interest bearing debt/EBITDA	**2.2**	1.4	2.3 (1)	3.8 (1)	0.5 (1)
Debt as a % of capitalization	**36%**	27%	29%	30%	18%
Market capitalization as a % of book value	**202%**	164%	178%	133%	116%
Return on equity	**13%**	14%	7%	(12%)	23%
Return on capital employed	**18%**	23%	14% (1)	8% (1)	29% (1)
COMMON SHARE INFORMATION					
Ending outstanding common shares	**60,155,948**	60,071,698	59,978,173	59,698,690	59,695,290
Average outstanding common shares	**60,110,769**	60,043,222	59,717,629	59,696,743	62,329,483
Dividend yield	**5.1%**	5.4%	4.8%	5.6%	5.3%
Dividend per share	**$1.40**	$1.20	$1.10	$1.00	$1.00
Share price - High	**$28.20**	$27.75	$23.94	$22.00	$31.36
Share price - Low	**$23.73**	$18.90	$16.25	$9.25	$15.01
Share price - Ending	**$27.52**	$22.42	$22.90	$17.73	$19.00

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) 2012, 2011 and 2010 are reported under IFRS. 2008 and 2009 represent actual results as reported under Canadian GAAP.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS *(UNAUDITED)*

(in millions of Canadian dollars, except per share data)	Quarters ended September 30 **2012**	2011	Nine months ended September 30 **2012**	2011
Revenues	**$ 712.6**	$ 705.4	**$ 2,234.2**	$ 1,981.7
Cost of materials	**589.5**	578.0	**1,836.7**	1,582.2
Employee expenses	**50.9**	49.6	**159.7**	152.6
Other operating expenses	**31.9**	32.9	**98.0**	95.7
Earnings before interest, finance and provision for income taxes	**40.3**	44.9	**139.8**	151.2
Interest expense	**9.0**	6.7	**25.1**	20.7
Interest income	**(0.5)**	(0.4)	**(1.5)**	(1.5)
Other finance expense	**-**	0.4	**4.8**	1.7
Earnings before provision for income taxes	**31.8**	38.2	**111.4**	130.3
Provision for income taxes	**9.3**	12.5	**33.0**	40.5
Net earnings for the period	**$ 22.5**	$ 25.7	**$ 78.4**	$ 89.8
Basic earnings per common share	**$ 0.37**	$ 0.43	**$ 1.30**	$ 1.50
Diluted earnings per common share	**$ 0.37**	$ 0.43	**$ 1.29**	$ 1.46

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended September 30 **2012**	2011	Nine months ended September 30 **2012**	2011
Net earnings for the period	**$ 22.5**	$ 25.7	**$ 78.4**	$ 89.8
Other comprehensive income (loss), net of tax				
Unrealized foreign exchange (losses) gains on translation of foreign operations	**(14.0)**	27.3	**(12.6)**	16.9
Unrealized (losses) gains on items designated as net investment hedges	**-**	(9.4)	**(0.9)**	(5.1)
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	**-**	0.2	**2.3**	0.8
Actuarial losses on pension and similar obligations	**(5.9)**	-	**(9.1)**	-
Other comprehensive (loss) income	**(19.9)**	18.1	**(20.3)**	12.6
Total comprehensive income	**$ 2.6**	$ 43.8	**$ 58.1**	$ 102.4

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

(in millions of Canadian dollars)	**September 30 2012**	December 31 2011
ASSETS		
Current		
Cash and cash equivalents	**$ 247.1**	$ 270.7
Accounts receivable	**410.3**	382.4
Inventories	**722.5**	645.6
Prepaid expenses	**5.3**	4.6
Income taxes receivable	**5.6**	0.5
	1,390.8	1,303.8
Property, Plant and Equipment	**228.7**	201.3
Deferred Income Tax Assets	**7.0**	5.3
Other Assets	**2.8**	3.3
Goodwill and Intangibles	**50.2**	24.7
	$ 1,679.5	$ 1,538.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 350.9**	$ 362.8
Income taxes payable	**0.4**	17.4
Current portion long-term debt	**1.3**	1.3
	352.6	381.5
Long-Term Debt	**451.4**	296.5
Pensions and Benefits	**44.3**	33.3
Deferred Income Tax Liabilities	**2.2**	0.4
Provisions	**5.1**	5.4
Other Non-Current Liabilities	**3.6**	1.9
	859.2	719.0
Shareholders' Equity		
Common shares	**487.1**	485.4
Retained earnings	**325.0**	306.7
Contributed surplus	**16.9**	15.7
Accumulated other comprehensive loss	**(37.4)**	(17.1)
Equity component of convertible debenture	**28.7**	28.7
	820.3	819.4
	$ 1,679.5	$ 1,538.4

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended September 30 2012	2011	Nine months ended September 30 2012	2011
Operating activities				
Net earnings for the period	**$ 22.5**	$ 25.7	**$ 78.4**	$ 89.8
Depreciation and amortization	**6.3**	5.8	**18.1**	17.7
Deferred income taxes	**0.7**	1.3	**1.0**	0.1
Loss on sale of property, plant and equipment	**-**	0.1	**-**	-
Stock-based compensation	**0.5**	0.3	**1.5**	1.6
Difference between pension expense and amount funded	**(0.7)**	(0.3)	**(1.7)**	(1.3)
Debt accretion, amortization and other	**1.1**	1.5	**8.0**	4.9
Cash from operating activities before non-cash working capital	**30.4**	34.4	**105.3**	112.8
Changes in non-cash working capital items				
Accounts receivable	**(20.0)**	(41.9)	**(21.4)**	(90.3)
Inventories	**(7.6)**	(5.6)	**(76.9)**	(99.5)
Accounts payable and accrued liabilities	**3.5**	28.7	**(16.9)**	55.5
Income tax receivable/payable	**(3.2)**	4.8	**(19.7)**	3.8
Other	**1.2**	1.6	**0.5**	(0.9)
Change in non-cash working capital	**(26.1)**	(12.4)	**(134.4)**	(131.4)
Cash (used in) from operating activities	**4.3**	22.0	**(29.1)**	(18.6)
Financing activities				
Issue of common shares	**0.5**	0.1	**1.4**	1.3
Dividends on common shares	**(21.1)**	(18.0)	**(60.1)**	(51.0)
Issuance of long-term debt (net)	**-**	-	**293.1**	-
Repayment of long-term debt	**(0.4)**	(8.8)	**(142.2)**	(25.9)
Deferred financing	**-**	-	**-**	(0.5)
Cash from (used in) financing activities	**(21.0)**	(26.7)	**92.2**	(76.1)
Investing activities				
Purchase of property, plant and equipment	**(5.7)**	(3.3)	**(26.4)**	(12.9)
Proceeds on sale of property, plant and equipment	**-**	-	**-**	0.7
Purchase of businesses	**(0.1)**	-	**(54.9)**	-
Cash used in investing activities	**(5.8)**	(3.3)	**(81.3)**	(12.2)
Effect of exchange rates on cash and cash equivalents	**(2.5)**	7.2	**(5.4)**	7.1
Decrease in cash and cash equivalents	**(25.0)**	(0.8)	**(23.6)**	(99.8)
Cash and cash equivalents, beginning of the period	**272.1**	224.7	**270.7**	323.7
Cash and cash equivalents, end of the period	**$ 247.1**	$ 223.9	**$ 247.1**	$ 223.9

Supplemental cash flow information:				
Income taxes paid	**$ 12.5**	$ 6.7	**$ 54.4**	$ 37.9
Interest paid (net)	**$ 1.0**	$ 12.3	**$ 15.1**	$ 25.0

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2011	$ 485.4	$ 306.7	$ 15.7	$ (17.1)	$ 28.7	$ 819.4
Payment of dividends	-	(60.1)	-	-	-	(60.1)
Net earnings for the period	-	78.4	-	-	-	78.4
Other comprehensive loss for the period	-	-	-	(20.3)	-	(20.3)
Recognition of stock-based compensation	-	-	1.2	-	-	1.2
Stock options exercised	1.7	-	-	-	-	1.7
Balance, September 30, 2012	**$ 487.1**	**$ 325.0**	**$ 16.9**	**$ (37.4)**	**$ 28.7**	**$ 820.3**

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2010	$ 483.7	$ 257.5	$ 13.9	$ (11.0)	$ 28.7	$ 772.8
Payment of dividends	-	(51.0)	-	-	-	(51.0)
Net earnings for the period	-	89.8	-	-	-	89.8
Other comprehensive loss for the period	-	-	-	12.6	-	12.6
Recognition of stock-based compensation	-	-	1.4	-	-	1.4
Stock options exercised	1.6	-	-	-	-	1.6
Balance, September 30, 2011	$ 485.3	$ 296.3	$ 15.3	$ 1.6	$ 28.7	$ 827.2

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

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 Interim Condensed Consolidated Financial Statements for the nine months ended September 30, 2012 including the notes thereto, and the Management's Discussion and Analysis and the audited Consolidated Financial Statements for the year ended December 31, 2011, including the notes thereto. In the opinion of management, such condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references 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 October 30, 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 Canadian generally accepted accounting principles (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 or 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 basic earnings per share were $0.37 for the quarter ended September 30, 2012 compared to $0.43 for the third quarter of 2011.

Our metals service centers segment volume declined by approximately 1% in the third quarter of 2012 compared to the third quarter of 2011. Our steel distributors segment volume declined in the third quarter of 2012 due to the drop in demand from their service center customers. Our energy tubular products segment activity increased due to large diameter pipe orders for mid-stream collection systems. The positive impact of volume increases in the energy tubular products segment compared to 2011 was reduced by lower gross margins.

For the nine months ended September 30, 2012 our basic earnings per share were $1.30 compared to $1.50 for the same period in 2011. The nine months ended September 30, 2012 earnings included a charge of $0.07 for deferred costs, hedging costs and additional interest related to the redemption of our U.S. Senior Notes.

On April 19, 2012, we issued $300 million of 6.0% Canadian Senior Notes and on May 25, 2012 we redeemed our U.S. Senior Notes.

On May 1, 2012, we completed the acquisition of Siemens Laserworks consisting of two service center facilities located in Saskatoon, Saskatchewan and Edmonton, Alberta for $27 million.

On May 28, 2012, we completed the acquisition of Alberta Industrial Metals consisting of two service center facilities in Red Deer, Alberta for $28 million.

On October 24, 2012, we signed a share purchase agreement to acquire Alberta-based Apex Distribution Inc. and related companies. We expect the acquisition to close in November 2012. The total purchase price will consist of a cash payment of approximately $225 million on closing and an earnout based on earnings before interest and taxes and return on net assets payable over the next five years.

RESULTS OF OPERATIONS

The following table provides revenues, 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 and operating profits as a percentage of revenues are also shown. The table shows the segments as they are reported to management and are consistent with the segment reporting in our condensed consolidated financial statements.

	Quarters Ended September 30			Nine Months Ended September 30		
(millions, except percentages)	**2012**	2011	change as a % of 2011	**2012**	2011	change as a % of 2011
Segment Revenues						
Metals service centers	**$ 382.3**	$ 390.4	(2%)	**$ 1,242.6**	$ 1,142.1	9%
Energy tubular products	**249.3**	223.3	12%	**715.8**	592.7	21%
Steel distributors	**78.4**	89.5	(12%)	**269.8**	241.9	12%
Other	**2.6**	2.2		**6.0**	5.0	
	$ 712.6	$ 705.4	1%	**$ 2,234.2**	$ 1,981.7	13%
Segment Operating Profits						
Metals service centers	**$ 22.5**	$ 24.2	(7%)	**$ 85.2**	$ 93.9	(9%)
Energy tubular products	**15.8**	15.1	5%	**45.2**	43.5	4%
Steel distributors	**5.9**	8.1	(27%)	**23.7**	27.3	(13%)
Corporate expenses	**(4.8)**	(3.1)	(55%)	**(15.7)**	(13.6)	(15%)
Other	**0.9**	0.6		**1.4**	0.1	
Operating profits	**$ 40.3**	$ 44.9	(10%)	**$ 139.8**	$ 151.2	(8%)
Segment Gross Margin as a % of Revenues						
Metals service centers	**20.1%**	20.6%		**20.6%**	23.0%	
Energy tubular products	**13.4%**	14.3%		**13.6%**	15.0%	
Steel distributors	**13.0%**	14.5%		**14.2%**	17.4%	
Total operations	**17.3%**	18.1%		**17.8%**	20.2%	
Segment Operating Profits as a % of Revenues						
Metals service centers	**5.9%**	6.2%		**6.9%**	8.2%	
Energy tubular products	**6.3%**	6.8%		**6.3%**	7.3%	
Steel distributors	**7.5%**	9.1%		**8.8%**	11.3%	
Total operations	**5.7%**	6.4%		**6.3%**	7.6%	

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 51 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, Alberta Industrial Metals, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel, Siemens Laserworks and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

Siemens Laserworks, which was acquired on May 1, 2012, has operations in Saskatchewan and Alberta. Alberta Industrial Metals, which was acquired on May 28, 2012, has operations in Alberta and was combined with our Red Deer operation. Our Red Deer facility was closed during the third quarter of 2012 and the sale of the facility is expected to be completed in November 2012 resulting in a small gain.

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 the third quarter of 2012 and 2011 is found in the sections that follow.

The price of steel fluctuates significantly throughout the steel cycle. Mill price reductions during the third quarter of 2012 put downward pressure on selling prices and gross margins. 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. Revenues and operating profits fluctuate 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.

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 diverse customer base of approximately 18,000 customers mean 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 change in the Canadian dollar in the third quarter of 2012 versus the same period in 2011 had no material impact on revenues and profits for our U.S. operations translated to Canadian dollars. Revenues and profits of our U.S. operations reported for the nine months ended September 30, 2012 were converted at $1.0021 per US$1 compared to $0.9780 per US$1 for the same period of 2011. The exchange rate at September 30, 2012 used to translate the balance sheet was $0.9837 per US$1 versus $1.0389 per US$1 at September 30, 2011.

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. Our Canadian customers that sell product to the United States, particularly in Ontario and Quebec, may be negatively impacted by the strong Canadian dollar which could make their products uncompetitive.

c) *Metals service centers segment results -- Three Months Ended September 30, 2012 Compared to September 30, 2011*

Revenues for the three months ended September 30, 2012 decreased 2% to $382 million compared to the same period in 2011. Tons shipped in the metals service centers segment in the third quarter of 2012 were approximately 1% lower than the third quarter of 2011. The average selling price of metal for the three months ended September 30, 2012 was approximately 4% lower than the average selling price for the three months ended September 30, 2011. Tons shipped for the third quarter of 2012 were 11% lower compared to the second quarter of 2012.

The Metals Service Center Institute reported a decrease in tons shipped for the industry for the third quarter of 2012 compared to 2011 of 7% for Canada and 2% for the U.S. Our 1% decrease in tons shipped indicates that we continue to capture market share.

Gross margin as a percentage of revenues decreased to 20.1% for the three months ended September 30, 2012 compared to 20.6% in the third quarter of 2011 and 20.4% for the second quarter of 2012. Reduced gross margins in the third quarter of 2012 were due to declining prices.

Operating expenses in the third quarter of 2012 decreased 3% compared to the third quarter of 2011, mainly related to lower variable compensation and freight costs due to decreased volumes. Operating expenses as a percentage of revenues were approximately the same as the third quarter of 2011.

On September 11, 2012, the unionized employees at our Boucherville, Quebec plant took strike action. The estimated impact on the third quarter earnings per share was approximately $0.01.

Metals service centers operating profit for the three months ended September 30, 2012 of $23 million compares to $24 million for the same period in 2011. The decrease mainly relates to lower margins in 2012 due to declining selling prices.

d) *Metals service centers segment results -- Nine Months Ended September 30, 2012 Compared to September 30, 2011*

Revenues for the nine months ended September 30, 2012 were $1.2 billion compared to $1.1 billion for the nine months ended September 30, 2011. The 9% increase was due to higher volumes in the first half of 2012 compared to the first half of 2011.

Tons shipped in the nine months ended September 30, 2012 were approximately 9% higher than for the same period of 2011. For the nine months ended September 30, 2012 compared to 2011, the Metals Service Center Institute reported a decrease in tons shipped for the industry of 1% for Canada and an increase of 3% for the U.S. Average selling price for the nine months ended September 30, 2012 was 1% lower than the average selling price for the nine months ended September 30, 2011.

Gross margin as a percentage of revenues was 20.6% for the nine months ended September 30, 2012 compared to 23.0% for the same period in 2011. Gross margin percentage was lower compared to the same period in 2011 due to the absence of inventory holding gains experienced in the first half of 2011.

Operating expenses for the nine months ended September 30, 2012 were approximately the same as the nine months ended September 30, 2011. Operating expenses as a percentage of revenues improved to 14% from 15% for the first nine months of 2011.

Metals service centers operating profit for the nine months ended September 30, 2012 was $85 million compared to $94 million for the same period in 2011. Lower gross margins in 2012 was the primary factor contributing to the decrease.

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 operations. More specific information on how these factors impacted the third quarter of 2012 and 2011 is found in the sections that follow.

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 returned to historically high levels during 2011 and remains high resulting in improved rig activity. Natural gas prices were at low levels and thus drilling activity related to gas remains below historical levels. Drilling activity in both Canada and the U.S. for the third quarter of 2012 was below the third quarter of 2011. Fracking technology enables producers to economically drill in the oil and gas-rich shale fields and remains the focus of our sales efforts.

Prices for pipe products 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 pipe produced in China, which remain in effect and reduce imports of these products.

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 historically peaks during the period from October to March.

c) *Energy tubular products segment results -- Three Months Ended September 30, 2012 Compared to September 30, 2011*

Energy tubular products segment revenues increased 12% to $249 million for the third quarter of 2012 compared to the same period in 2011. Our Canadian operations servicing the oil sands and our U.S. operations had increased revenues mainly related to increased tons shipped. Our U.S. operations had increased revenues related to pipe for large diameter transmission lines. Revenues from our Canadian operations servicing oil and gas drilling activity decreased by 31% compared to the third quarter of 2011.

Gross margin as a percentage of revenues for the three months ended September 30, 2012 was 13.4% compared to 14.3% for the same period in 2011 due to competitive price pressures.

Operating expenses were $1 million higher in the third quarter of 2012 compared to the third quarter of 2011, mainly due to higher variable compensation and freight costs. Operating expenses as a percentage of revenues were 7% versus 8% in the third quarter of 2011.

This segment generated an operating profit of $16 million for the three months ended September 30, 2012 compared to $15 million for the three months ended September 30, 2011.

d) Energy tubular products segment results -- Nine Months Ended September 30, 2012 Compared to September 30, 2011

Energy tubular products segment revenues increased 21% to $716 million for the nine months ended September 30, 2012 compared to the same period in 2011. Our U.S. operations and our Canadian operations servicing the oil sands both had improved volumes compared to 2011. Our operations servicing oil drilling customers in Western Canada had approximately 14% lower revenues for the nine months ended September 30, 2012 compared to the same period in 2011.

Gross margin as a percentage of revenue was 13.6% for the nine months ended September 30, 2012 compared to 15.0% for the same period in 2011 due to competitive pricing pressures from growing inventory positions throughout the industry and large volume orders.

Operating expenses increased $7 million for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 mainly due to higher variable compensation and freight costs.

Operating profits were $45 million for the nine months ended September 30, 2012 compared to $44 million for the same period in 2011.

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.

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 the third quarter of 2012 and 2011 is found in the sections that follow.

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. Lead times for deliveries from North American mills are currently short due to excess capacity reducing demand for imports.

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.

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 -- Three Months Ended September 30, 2012 Compared to September 30, 2011

Steel distributors revenues decreased 12% to $78 million for the three months ended September 30, 2012 compared to the three months ended September 30, 2011 due to reduced demand from steel service centers and large equipment manufacturers.

Gross margin as a percentage of revenues was 13.0% for the three months ended September 30, 2012 compared to 14.5% for the three months ended September 30, 2011 and 13.9% for the second quarter of 2012. The decline relates to steel pricing pressures from domestic mill price reductions in the third quarter of 2012.

Operating expenses for the third quarter of 2012 were approximately the same as the third quarter of 2011.

Operating profit for the three months ended September 30, 2012 was $6 million compared to $8 million for the three months ended September 30, 2011. The reduction is related to lower gross margins.

d) Steel distributors segment results -- Nine Months Ended September 30, 2012 Compared to September 30, 2011

Revenues for the nine months ended September 30, 2012 were 12% higher than the nine months ended September 30, 2011 mainly due to higher volumes during the first quarter of 2012. Increased shipments to the service center industry and large equipment manufacturers during the first half of 2012 resulted in increased demand for our steel distributor operations in both Canada and the U.S.

Gross margin as a percentage of revenues decreased to 14.2% from 17.4% in the comparable 2011 period. The 2011 gross margins were higher due to rising steel prices that have not occurred in 2012. Higher volumes at the lower gross margin resulted in a $4 million decline in gross margin dollars for the nine months ended September 30, 2012 compared to the same period in 2011.

Operating expenses were $15 million for the nine months ended September 30, 2012 and 2011.

Operating profits for the nine months ended September 30, 2012 were $24 million compared to $27 million for the nine months ended September 30, 2011. Reduced gross margin in 2012 was the primary factor contributing to the decrease.

Corporate Expenses -- Three and Nine Months Ended September 30, 2012 Compared to September 30, 2011

Corporate expenses for the three and nine months ended September 30, 2012 were $2 million higher than the same period in 2011. Corporate expenses were higher mainly due to increases in the value of deferred and restricted stock units, a result of increased share prices.

Consolidated Results -- Three and Nine Months Ended September 30, 2012 Compared to September 30, 2011

Operating profits decreased 10% to $40 million for the three months ended September 30, 2012 compared to $45 million for the three months ended September 30, 2011. Reduced gross margin in all three segments was the primary factor contributing to the decrease. Operating profits for the nine months ended September 30, 2012 were $140 million compared to $151 million for the same period in 2011. Improved volumes in 2012 were offset by lower margins in all segments due to higher cost of sales.

INTEREST EXPENSE AND INCOME

Net interest expense was $9 million for the three months ended September 30, 2012 compared to $6 million for the three months ended September 30, 2011. Net interest expense was $24 million for the nine months ended September 30, 2012 compared to $19 million for the same period in 2011. We issued $300 million of 6% Canadian Senior Notes on April 19, 2012 and a portion of the proceeds were used to redeem the outstanding US$139 million Senior Notes on May 25, 2012. Higher outstanding debt as well as the additional interest between the issue of the new debt and the redemption of the US$139 million Senior Notes resulted in higher interest expense.

OTHER FINANCE EXPENSE

Other finance expense was $5 million for the nine months ended September 30, 2012 compared to $2 million in the nine months ended September 30, 2011. We recorded a $4 million charge related to deferred costs and hedging costs on the redemption of the U.S. Senior Notes in the second quarter of 2012.

INCOME TAXES

We recorded a provision for income taxes of $9 million for the third quarter of 2012. Our effective income tax rate for the three months ended September 30, 2012 was 29% and for the nine months ended September 30, 2012 was 30%. The effective income tax rate increased due to non-deductible amounts included in the onetime charge on the redemption of the U.S. Senior Notes. We estimate our normalized effective income tax rate for 2012 to be similar to the year-to-date rate.

NET EARNINGS

Net earnings for the third quarter of 2012 were $23 million compared to $26 million for the third quarter of 2011. Basic earnings per share for the third quarter of 2012 were $0.37 per share compared to $0.43 for the third quarter of 2011. Basic earnings per share for the nine months ended September 30, 2012 were $1.30 compared to basic earnings per share of $1.50 for the nine months ended September 30, 2011.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the third quarter of 2012 was 60,139,308 compared to 60,062,831 for the third quarter of 2011. The weighted average number of common shares outstanding for the nine months ended September 30, 2012 was 60,110,769 compared to 60,035,321 for the nine months ended September 30, 2011. The average number of common shares outstanding has increased as a result of stock options being exercised. As at September 30, 2012, we had 60,155,948 common shares outstanding and as at October 30, 2012 we had 60,156,336 common shares outstanding.

We paid common share dividends of $21 million or $0.35 per share in the third quarter of 2012 as compared to $18 million or $0.30 per share in the third quarter of 2011.

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

During the second quarter of 2012, we issued $300 million 6.0% Senior Notes due April 19, 2022. The indenture for our Senior Notes has restrictions related to quarterly dividends in excess of $0.35 per share. We currently have a basket of approximately $100 million available for restricted payments, which is adjusted for 50% of net earnings or losses on a quarterly basis. This basket would be available for additional dividend payments. We do not believe these restrictions will impact our ability to pay dividends in the foreseeable 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 to EBITDA:

	Quarters ended September 30		Nine Months ended September 30	
(millions)	**2012**	2011	**2012**	2011
Net earnings for the period	**$ 22.5**	$ 25.7	**$ 78.4**	$ 89.8
Provision for income taxes	**9.3**	12.5	**33.0**	40.5
Interest expense, net	**8.5**	6.3	**23.6**	19.2
Earnings before interest and income taxes (EBIT)	**40.3**	44.5	**135.0**	149.5
Depreciation and amortization	**6.3**	5.8	**18.1**	17.7
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	**$ 46.6**	$ 50.3	**$ 153.1**	$ 167.2

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 $26 million for the nine months ended September 30, 2012 compared to $13 million in the same period of 2011. Depreciation expense was $17 million for both the nine months ended September 30, 2012 and September 30, 2011.

In the first quarter of 2012, we acquired land adjacent to our Comco Pipe's operation in Edmonton, Alberta for $6 million to allow us to expand our storage of pipe for large projects in the oil sands. In the second quarter of 2012, we purchased a leased facility from our landlord for $4 million.

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; however, due to lower expenditures on processing equipment over the last couple of years we anticipate higher expenditures in 2012. In addition, we have approval to add two lasers and upgrade four cut-to-length lines to improve our processing capabilities. Expenditures related to these projects have commenced and will be completed in 2013. These expenditures support our organic growth initiatives.

LIQUIDITY

At September 30, 2012, we had cash of $247 million compared to $271 million at December 31, 2011.

We generated $105 million from operations for the nine months ended September 30, 2012 and utilized $134 million in working capital to support our growth as well as $26 million for capital expenditures and $60 million for dividends to shareholders. We also generated $293 million from the issuance of our 6.0% Senior Notes offset by $141 million used to repay our 6.375% U.S. Senior Notes and $55 million used to acquire Siemens Laserworks and Alberta Industrial Metals. During the nine months ended September 30, 2011, we utilized $131 million in working capital, $26 million for repurchase of Senior Notes and $51 million for common share dividends. This use of cash for working capital as revenues increase is consistent with our business model.

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 $1.7 billion at September 30, 2012 and $1.5 billion at December 31, 2011. At September 30, 2012, current assets, excluding cash, represented 80% of our total assets, excluding cash, versus 81% at December 31, 2011.

Cash utilized for inventory was $77 million in the nine months ended September 30, 2012, mainly related to increased tons in all three segments. Inventories represented 43% of our total assets at September 30, 2012 and 42% at December 31, 2011.

Inventory by Segment	**Sept. 30 2012**	June 30 2012	Mar. 31 2012	Dec. 31 2011	Sept. 30 2011
Metals service centers	**$ 286**	$ 294	$ 300	$ 270	$ 264
Energy tubular products	**350**	341	308	304	295
Steel distributors	**87**	88	84	72	94
Total operations	**$ 723**	$ 723	$ 692	$ 646	$ 653

	Quarters Ended				
Inventory Turns by Segment	**Sept. 30 2012**	June 30 2012	Mar. 31 2012	Dec. 31 2011	Sept. 30 2011
Metals service centers	**4.3**	4.7	4.5	4.4	4.7
Energy tubular products	**2.5**	1.9	3.1	2.6	2.6
Steel distributors	**3.1**	3.6	4.0	4.8	3.2
Total operations	**3.3**	3.3	3.8	3.6	3.5

Our metals service centers had higher inventory tons at September 30, 2012, compared to December 31, 2011 in order to service higher sales volumes. Inventory dollars were down compared to second quarter of 2012 due to lower average price per ton on comparable volumes.

Our energy tubular products operations had higher inventory at September 30, 2012 compared to December 31, 2011 and June 30, 2012; however, higher revenues resulted in improved inventory turns compared to June 30, 2012.

At September 30, 2012, our steel distributors segment had increased inventory compared to December 31, 2011 to service higher volumes. Inventory was slightly lower compared to the second quarter of 2012 in an effort to align inventory with decreased activity.

Accounts receivable utilized cash of $21 million during the nine months ended September 30, 2012, due to increased revenues in our energy segment. Accounts receivable represented 24% of our total assets at September 30, 2012 and 25% of our total assets at December 31, 2011.

During the nine months ended September 30, 2012, we made income tax payments of $54 million compared to payments of $38 million for the nine months ended September 30, 2011.

The balances disclosed in our condensed 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)	**Quarters ended September 30** **2012**	2011	**Nine Months ended September 30** **2012**	2011
Cash from operating activities before non-cash working capital	**$ 30.4**	$ 34.4	**$ 105.3**	$ 112.8
Purchase of fixed assets	**(5.7)**	(3.3)	**(26.4)**	(12.9)
	$ 24.7	$ 31.1	**$ 78.9**	$ 99.9

We believe that 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

(millions)	**September 30 2012**	December 31 2011
Long-Term Debt		
6.0% $300 million Senior Notes due April 19, 2022	**$ 293**	$ -
7.75% $175 million convertible debentures due September 30, 2016	**157**	154
6.375% Senior Notes due March 1, 2014 (2011: US$138.9 million)	**-**	140
Finance lease obligations, maturing 2014 to 2017	**2**	4
	452	298
Current portion	**(1)**	(1)
	$ 451	$ 297

In April 2012, we issued $300 million of 6.0% Senior Notes for net proceeds of $293 million due on April 19, 2022.

The convertible debentures have been split between debt and equity. The amount allocated to equity represented the valuation of the holders' option to convert the convertible debentures into common shares and the fair value adjustments on the cash conversion feature were treated as a derivative prior to the amendment of the Trust Indenture in December 2010. The debt allocated to equity is accreted as a charge through interest expense over the life of the debentures.

Cash and Bank Credit Facilities

As at September 30, 2012 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ -	$ -	$ -
Cash net of outstanding cheques	227	20	247
Net cash	227	20	247
Letters of credit	(43)	(5)	(48)
	$ 184	$ 15	$ 199
Facilities			
Borrowings and letters of credit	$ 202	$ 30	$ 232
Letters of credit facility	50	-	50
Facilities availability	$ 252	$ 30	$ 282
Available line based on borrowing base	$ 252	$ 30	$ 282

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 2012, our U.S. subsidiary facility was renewed with an expiry of July 2013 and we reduced the availability to US$30 million.

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 September 30, 2012, we were entitled to borrow and issue letters of credit totaling $252 million under this facility. At September 30, 2012 and December 31, 2011, we had no borrowings. At September 30, 2012, we had letters of credit of $43 million compared to $12 million at September 30, 2011.

At September 30, 2012, the maximum borrowings including letters of credit under the U.S. subsidiary's facility was US$30 million. At September 30, 2012 and September 30, 2011, this subsidiary had no borrowings. At September 30, 2012, this subsidiary had letters of credit of US$5 million compared to US$12 million at September 30, 2011.

With our cash, cash equivalents and our bank facilities we have access to approximately $449 million of cash based on our September 30, 2012 balances. The use of our bank facilities has been predominantly to fund working capital requirements and trade letters of credit for inventory purchases. These lines may be used to support increases in working capital when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at September 30, 2012, 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. The following table sets forth such payments.

Contractual Obligations	Payments due in				
(millions)	2012	2013 and 2014	2015 and 2016	2017 and thereafter	Total
Debt	$ -	$ -	$ 175.0	$ 300.0	$ 475.0
Long-term debt interest	8.0	63.4	59.8	95.3	226.5
Finance lease obligations	0.4	2.1	0.4	-	2.9
Operating leases	3.2	16.4	6.7	6.1	32.4
Total	$ 11.6	$ 81.9	$ 241.9	$ 401.4	$ 736.8

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

We have obligations related to multiple defined benefit pension plans in Canada as disclosed in Note 9 of our interim consolidated financial statements for the nine months ended September 30, 2012. During the nine months ended September 30, 2012, we contributed $4 million to these plans. We expect to contribute approximately $1 million during the remainder of the year.

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 the contractual obligations table.

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 September 30, 2012 approximates our reserve at December 31, 2011; however, our accounts receivable balance is higher. Bad debt expense for the third quarter of 2012 as a percentage of revenue approximates that of 2011.

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. During the quarter ended September 30, 2012, we increased cost of sales and our inventory write-down reserve by $1 million related to the energy tubular products segment.

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 $90 million in plan assets at September 30, 2012 which is an increase of approximately $5 million from December 31, 2011. Due to a change in the discount rate used from 4.5% at December 31, 2011 to 3.75% at September 30, 2012, reflecting the current interest rate environment, our accrued benefit obligations increased by $16 million to $135 million at September 30, 2012 as compared to $119 million at December 31, 2011. An actuarial loss on employee future benefit plans of $8 million for the quarter ended September 30, 2012 and $13 million for the nine months ended September 30, 2012 was recorded, net of tax, through other comprehensive income.

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. The design 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.

No changes were made in our disclosure controls or our internal control over financial reporting during the third quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. The use of service centers 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 this strategy will result in higher profits throughout a cycle and we will 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 metals 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 completed two acquisitions totaling $55 million in the second quarter of 2012. On October 24, 2012 we entered into an agreement to acquire Apex Distribution Inc. and related companies, which is expected to close in November 2012. We continue to review other opportunities for acquisitions.

We believe that the steel-based pricing cycle will continue to be short and volatile, 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 our 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 returning to pre-2009 levels in all regions other than Ontario and the U.S. We will continue to make structural changes where necessary based on demand levels. Our Annual Information Form includes a summary of other risks.

OUTLOOK

The current pricing pressure experienced throughout all segments is expected to continue in the fourth quarter. No meaningful price increases are anticipated into the first quarter of 2013. We anticipate the metals service centers and steel distributor segments will both have lower volumes than the fourth quarter of 2011. Our energy tubular products volumes are anticipated to remain strong due to oil sands business and large diameter pipe sales for collection systems. The energy tubular products segment results will be further enhanced by the Apex Distribution acquisition which we expect to close in November 2012.

RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

($ millions)	Q3 2012	Q2 2012	Q1 2012	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	382.3	432.3	428.0	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	305.3	344.0	337.8	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	54.5	57.7	58.1	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	**22.5**	**30.6**	**32.1**	**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	5.5	5.3	4.8	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	**28.0**	**35.9**	**36.9**	**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%	79.6%	78.9%	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	14.3%	13.3%	13.6%	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	1.4%	1.2%	1.1%	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	5.9%	7.1%	7.5%	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	7.3%	8.3%	8.6%	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	249.3	191.7	274.8	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	216.0	165.0	237.1	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	17.5	16.2	18.8	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	**15.8**	**10.5**	**18.9**	**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	0.5	0.4	0.4	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	**16.3**	**10.9**	**19.3**	**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	86.6%	86.1%	86.3%	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	7.0%	8.5%	6.8%	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%	0.1%	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	6.3%	5.5%	6.9%	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	6.5%	5.7%	7.0%	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	78.4	92.0	99.4	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	68.2	79.2	84.1	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	4.3	4.7	5.6	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	**5.9**	**8.1**	**9.7**	**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	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA	**5.9**	**8.1**	**9.8**	**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	87.0%	86.1%	84.6%	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	5.5%	5.1%	5.6%	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	0.0%	0.0%	0.1%	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	7.5%	8.8%	9.8%	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	7.5%	8.8%	9.9%	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	2.6	2.7	0.7	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	1.7	1.5	1.4	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	**0.9**	**1.2**	**(0.7)**	**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	0.2	0.3	0.2	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	**1.1**	**1.5**	**(0.5)**	**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)**
CORPORATE																			
Expenses	4.7	3.9	6.7	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
Discontinued Operations																-	-	-	-
Depreciation & amortization	0.1	0.1	0.2	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	**(4.8)**	**(4.0)**	**(6.9)**	**(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	**(4.7)**	**(3.9)**	**(6.7)**	**(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	0.7%	0.5%	0.8%	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%	0.0%	0.0%	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	**$ 40.3**	**$ 46.4**	**$ 53.1**	**$ 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	**$ 46.6**	**$ 52.5**	**$ 58.8**	**$ 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	5.7%	6.5%	6.6%	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	6.5%	7.3%	7.3%	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

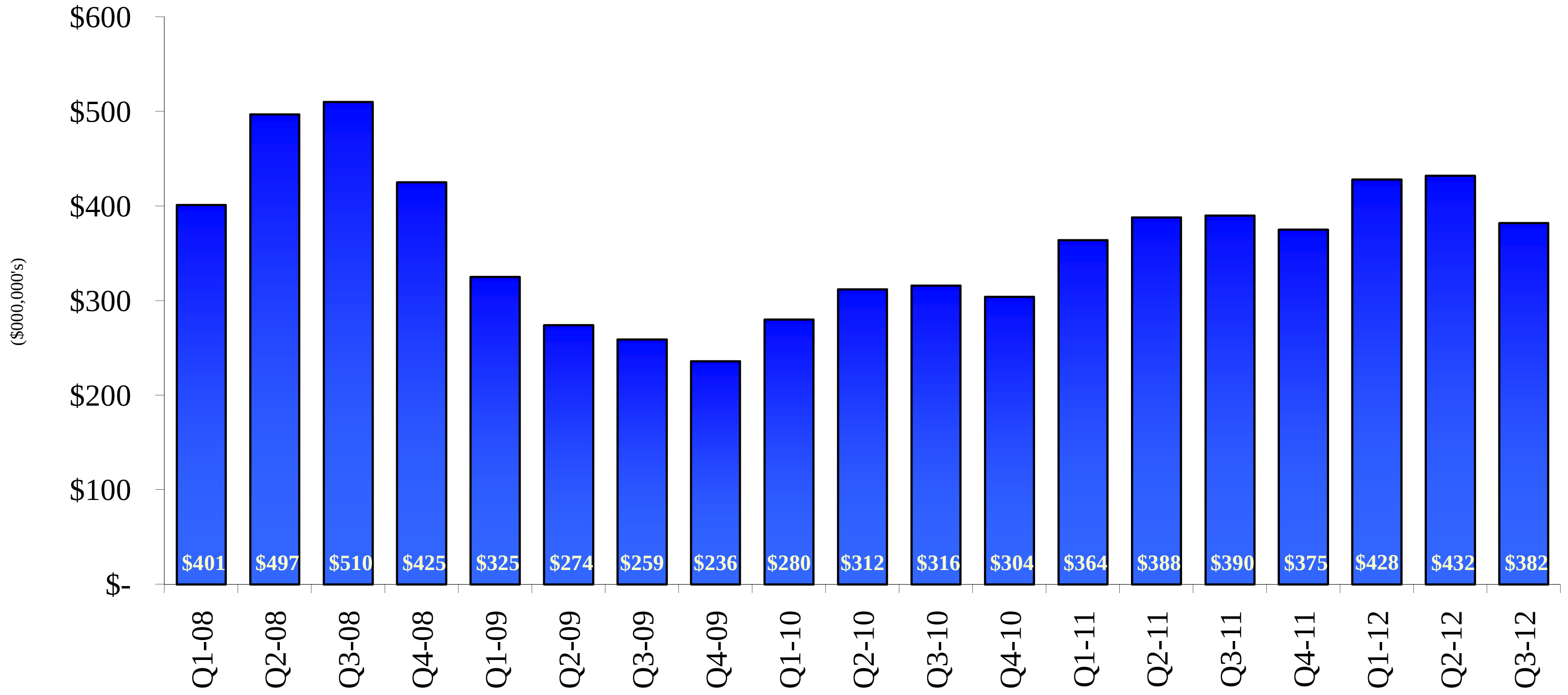
SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

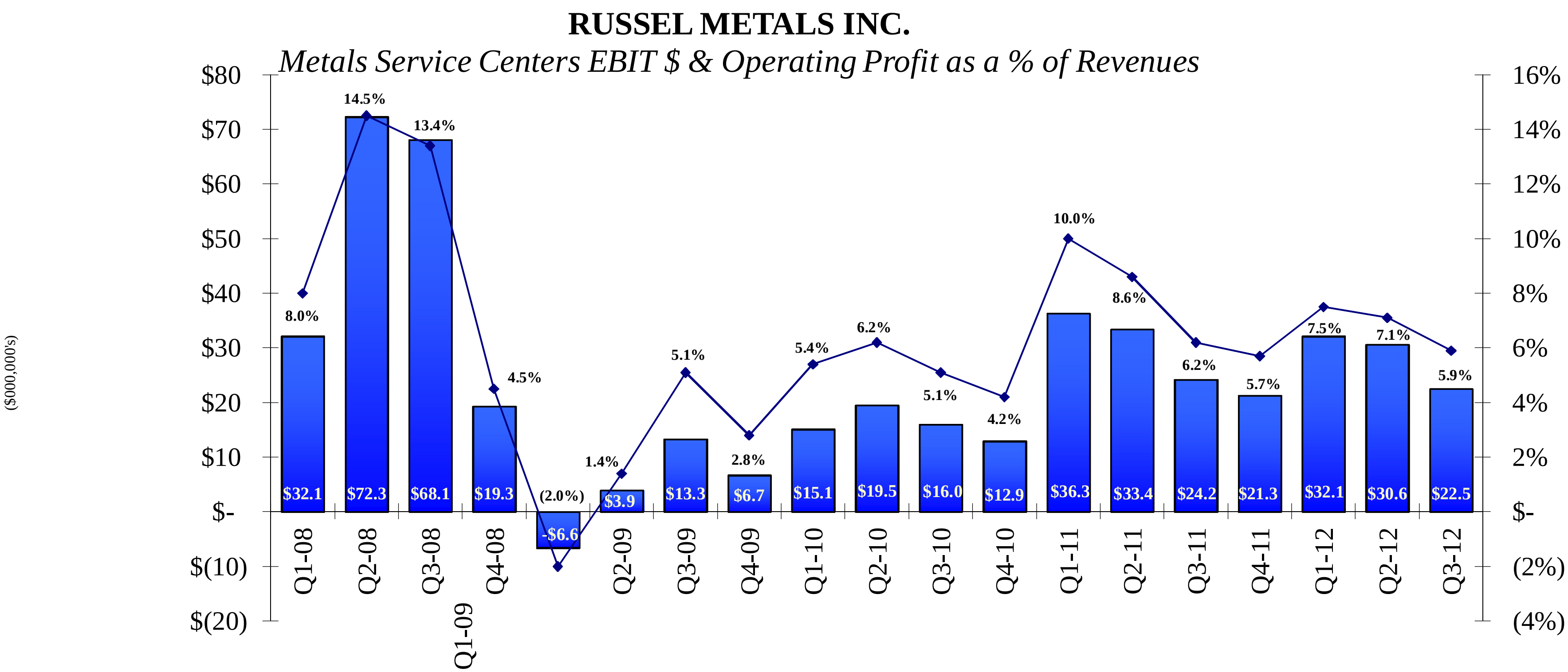
($ millions)	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Quarter ended:																			
Revenue	712.6	718.7	802.9	711.6	705.4	618.6	657.7	561.5	581.9	506.1	525.9	432.7	434.3	462.5	642.3	842.7	954.9	856.3	712.3
Cost of goods sold	589.5	588.2	659.0	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	78.0	80.1	83.9	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	4.8	4.0	6.9	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	**40.3**	**46.4**	**53.1**	**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	6.3	6.1	5.7	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	**46.6**	**52.5**	**58.8**	**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	-	4.4	0.4	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	**40.3**	**42.0**	**52.7**	**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	**46.6**	**48.1**	**58.4**	**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	2,945.8	2,938.6	2,838.5	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	2,422.5	2,411.0	2,307.7	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	337.2	336.9	334.4	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	**186.1**	**190.7**	**196.4**	**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	5.7	6.1	2.6	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	**180.4**	**184.6**	**193.8**	**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	23.9	23.4	23.2	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	**204.3**	**208.0**	**217.0**	**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.

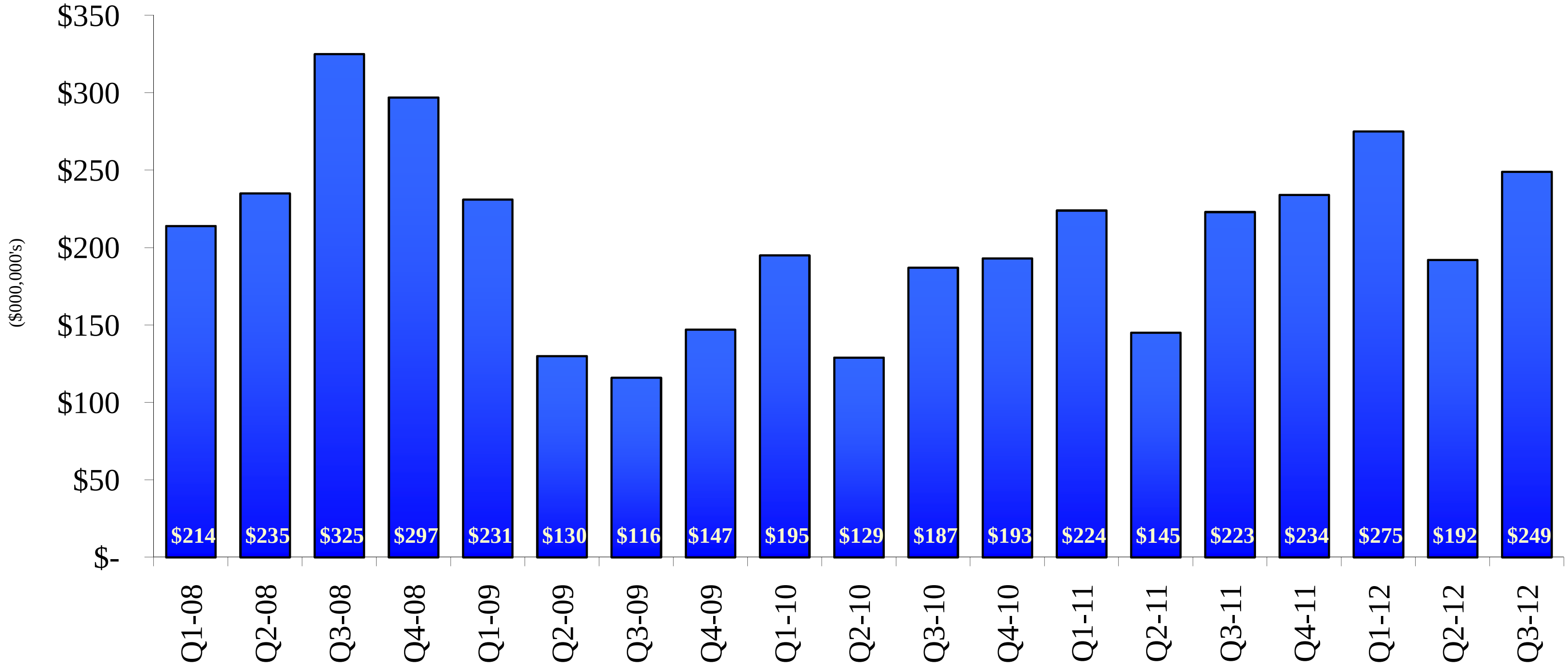
Metals Service Centers Revenues

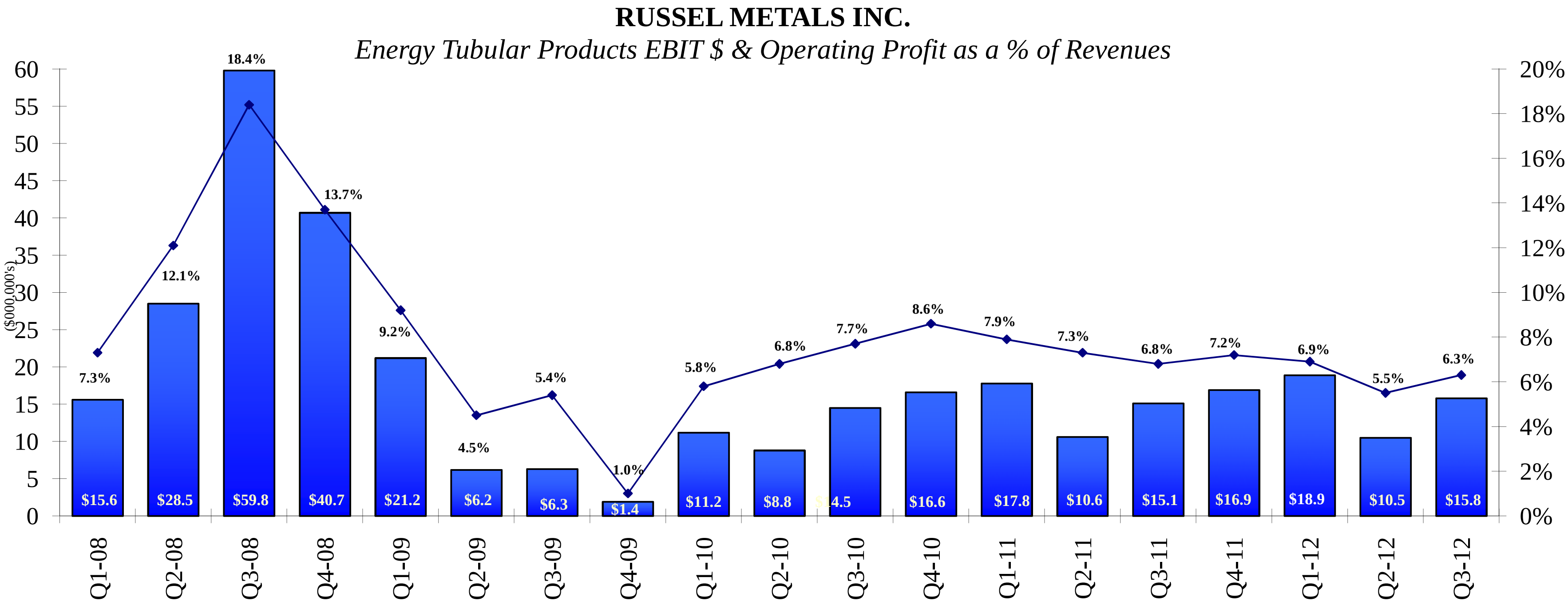




• *excluding inventory write-down of $5.8 Q4-08, $28.8 Q1-09, $1.6 Q2-09 and $2.6 closure reserves Q3-10*

RUSSEL METALS INC.
Energy Tubular Products Revenues

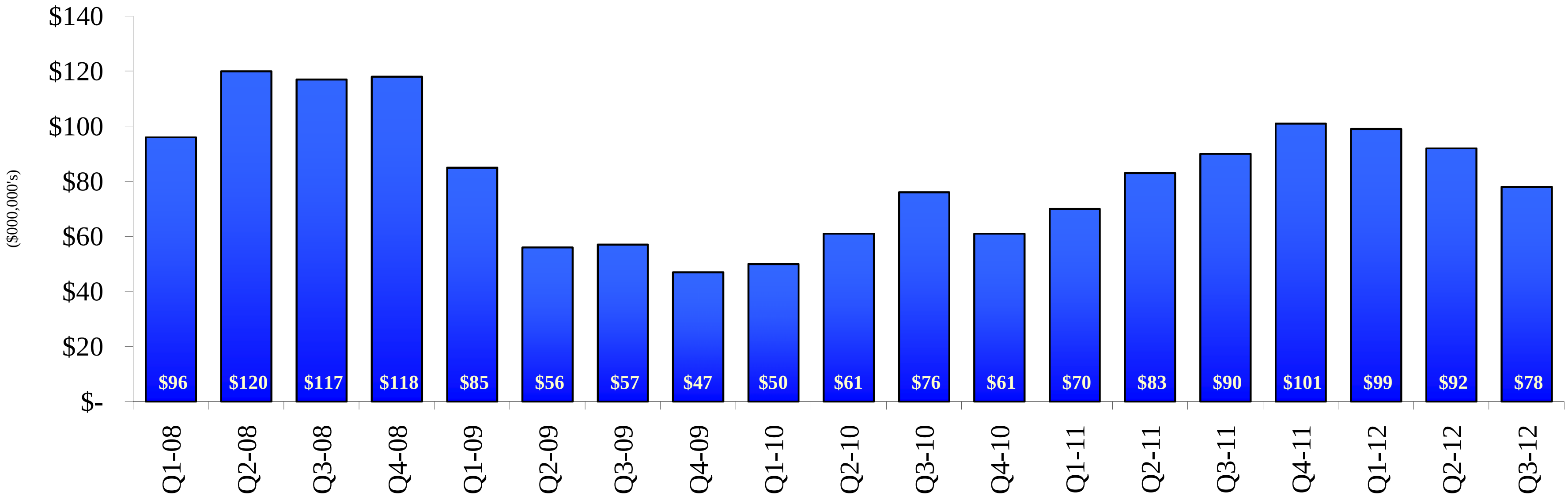




• *excluding inventory write-down (reversal) of $8.1 Q4-08, $16.3 Q1-09, $54.6 Q2-09, $2.6 Q3-09, $8.4 Q4-09 and ($1.9) Q2-10*

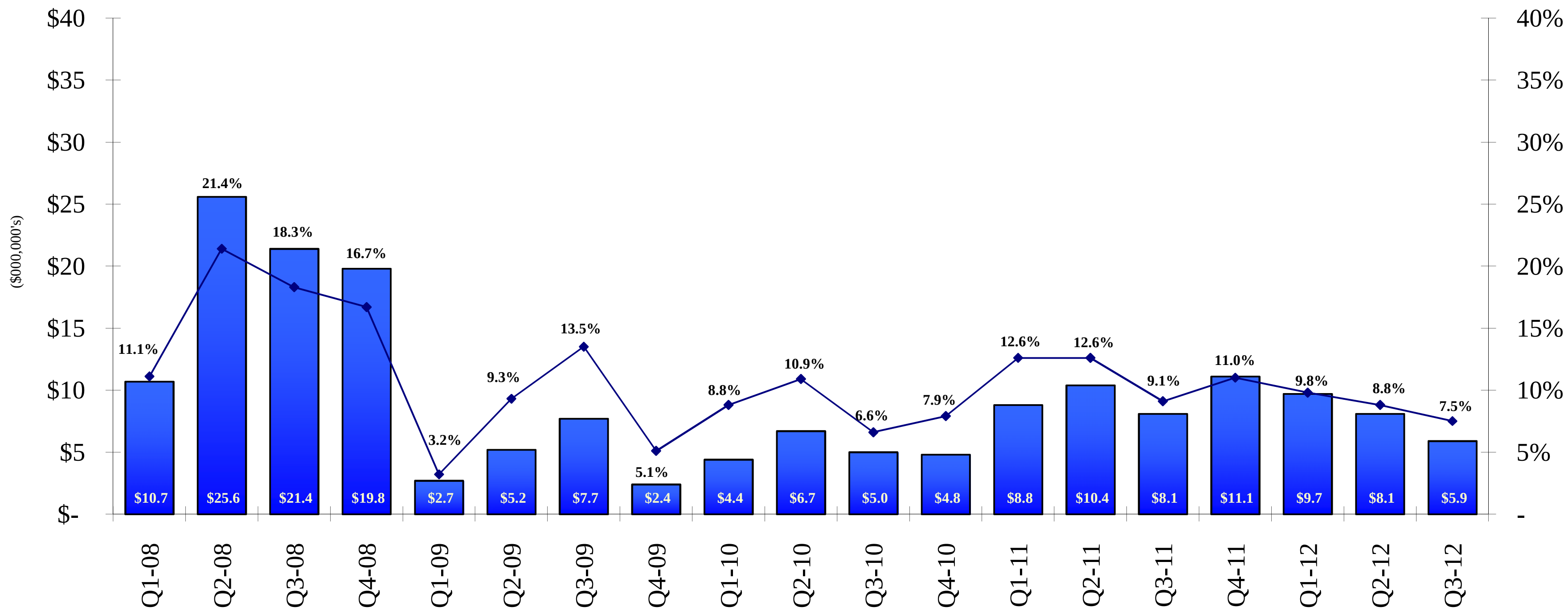
RUSSEL METALS INC.

Steel Distributors Revenues



RUSSEL METALS INC.

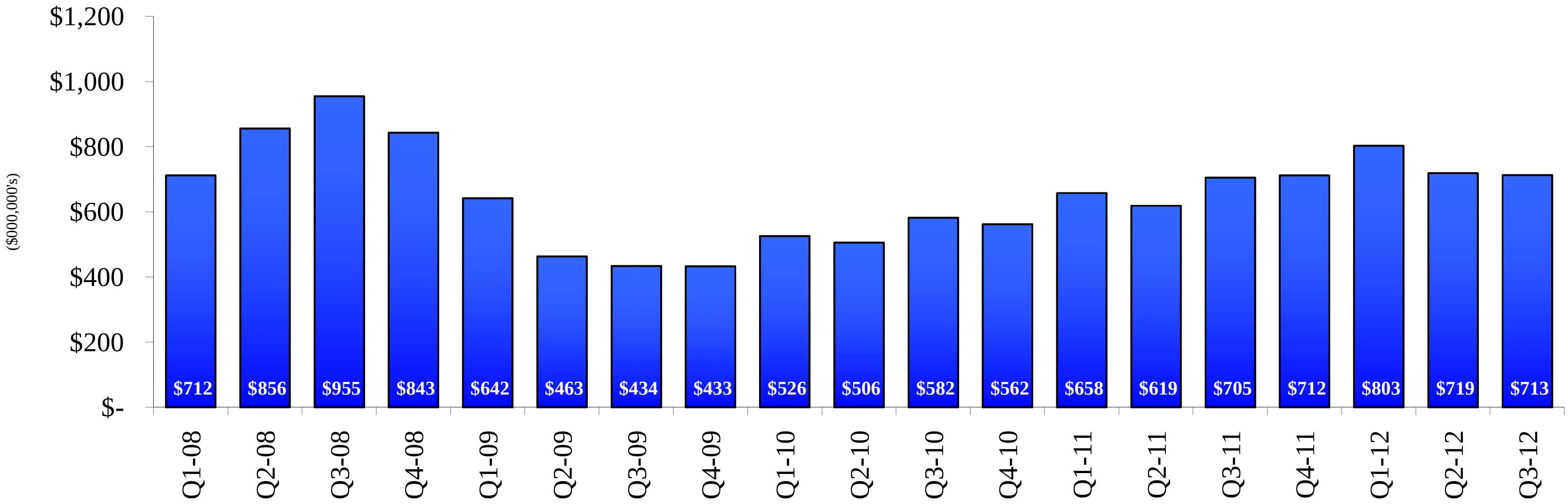
Steel Distributors EBIT $ & Operating Profit as a % of Revenues



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

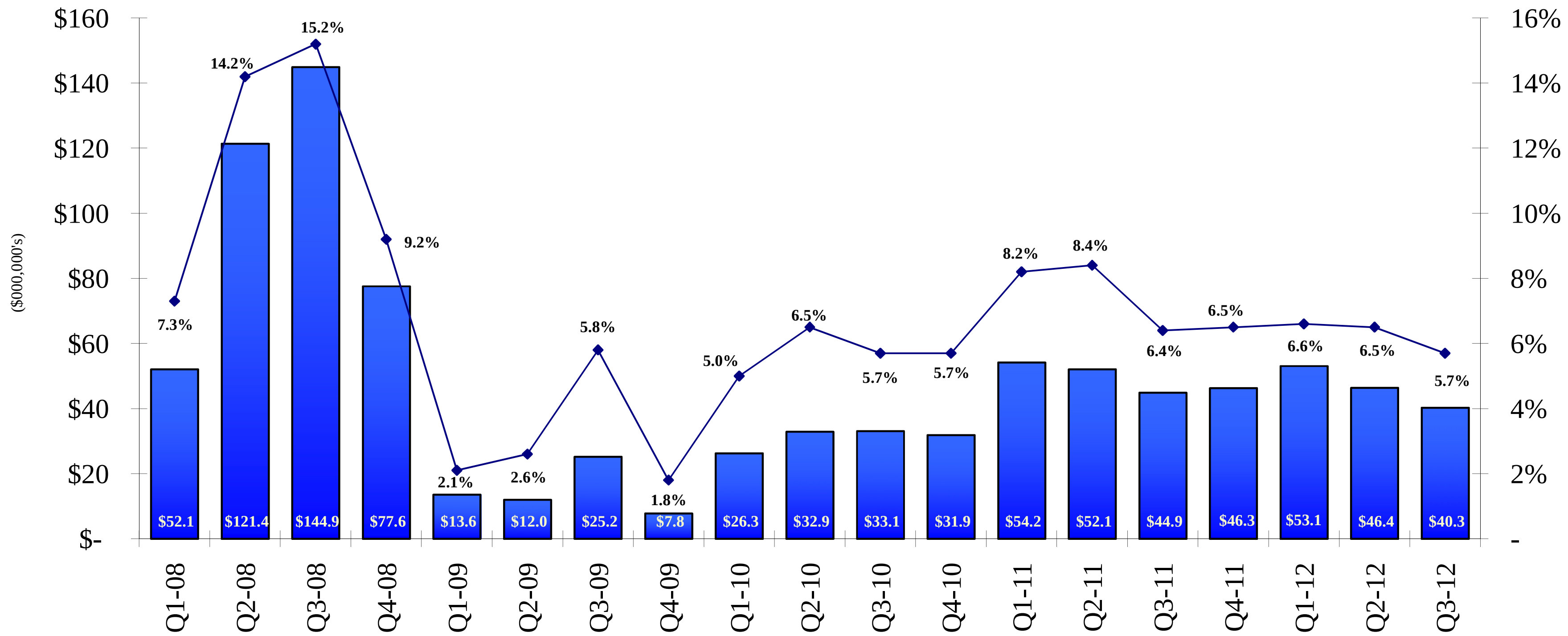
RUSSEL METALS INC.

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*