NOTICE AND MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
OF RUSSEL METALS INC.

MONDAY, MAY 12, 2008

THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR
SHAREHOLDERS
Notice is hereby given that the annual and special meeting of shareholders (the "Meeting") of Russel Metals Inc. (the "Company") will be held:

**Date:** Monday, May 12, 2008

**Time:** 4:30 p.m. (Toronto Time)

**Place:** The Westin Bristol Place Hotel, 950 Dixon Road, Toronto, Ontario, Canada

**BUSINESS OF THE MEETING**

The purpose of the Meeting is:

1. To receive and consider the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2007 together with the report of the auditors thereon;

2. To elect Directors;

3. To reappoint Deloitte & Touche LLP as auditors and to authorize the Directors to fix their remuneration;

4. To consider and, if thought advisable, pass a resolution to approve amendments to the Share Option Plan of the Company;

5. To consider and, if thought advisable, pass a resolution to approve unallocated options, rights and other entitlements to purchase common shares under the Share Option Plan; and

6. To transact such further or other business as may properly come before the Meeting or any postponement or adjournment thereof.

If you are a shareholder and cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying management proxy circular. To be valid, CIBC Mellon Trust Company must receive proxies no later than 4:30 p.m. on Thursday, May 8, 2008 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.

By Order of the Board,

WILLIAM M. O'REILLY,
Secretary

Mississauga, Ontario
February 29, 2008
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GENERAL

INTERPRETATION

Unless the context otherwise requires, references to "Company", "Corporation", "Russel Metals", "we", "us" or "our" as used herein refer to Russel Metals Inc. and its subsidiaries. All dollar references are in Canadian dollars unless otherwise stated. Unless otherwise indicated, the financial information contained in this Circular is presented as of December 31, 2007 and all other information is current to February 29, 2008.

SHAREHOLDER PROPOSALS

In 2007, a shareholder proposal was submitted and subsequently withdrawn requesting a report to shareholders describing how we are assessing the impact of climate change on the Company as well as plans to disclose such an assessment. We have agreed to meet this request through participation in the Carbon Disclosure Project in 2008.

A shareholder who will be entitled to vote at the 2009 annual meeting of shareholders of the Company and who intends to raise a proposal at such meeting, must deliver the proposal to the Company not later than December 1, 2008.

NORMAL COURSE ISSUER BID

We have a normal course issuer bid ("issuer bid") in place on the Toronto Stock Exchange ("TSX") which allows for the purchase and cancellation of up to 6,000,000 common shares at market price over a twelve month period. The issuer bid expires on February 21, 2009 or such earlier date as the Company may complete its purchases thereunder. A copy of our Notice of Intention to make an issuer bid filed with the TSX can be found on our website at www.russelmetals.com or on SEDAR at www.sedar.com.

FINANCIAL STATEMENT REQUESTS

Financial information is provided in our annual financial statements and related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A").

If you are a non-registered beneficial shareholder and you wish to receive our annual or quarterly financial statements and MD&A, you must mark the appropriate request boxes on the accompanying voting instruction form provided by your financial intermediary, and return it in the envelope provided.

If you are a registered shareholder and you wish to receive our quarterly financial statements and related MD&A you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us. If you are a registered shareholder and you do not wish to receive our annual financial statements and MD&A, you must mark the appropriate request box on the reverse side of the enclosed form of proxy, and return it to us.

Our results are announced by news release. Our financial statements, MD&A and other disclosure documents are available on our website at www.russelmetals.com or on SEDAR at www.sedar.com.

AVAILABILITY OF DISCLOSURE DOCUMENTS

We will provide to any shareholder, upon request to our Investor Relations Department, a copy of:

(i) our most recent Annual Information Form together with any document or pertinent pages of any document incorporated therein by reference;

(ii) our audited consolidated financial statements for our last financial year together with the auditors' report thereon and the related MD&A;
(iii) our Management Proxy Circular for our last annual meeting of shareholders;
(iv) any material change reports (other than confidential reports) which we have filed with the various securities regulatory authorities; and
(v) our Notice of Intention to make an issuer bid.

CONTACT INFORMATION

Russel Metals Inc.  
Investor Relations Department  
Telephone: (905) 816-5178  
Fax: (905) 819-7409  
Email: info@russelmetals.com  
Suite 210, 1900 Minnesota Court  
Mississauga, Ontario  L5N 3C9

CIBC Mellon Trust Company  
Proxy Department  
P.O. Box 721  
Agincourt, Ontario  M1S 0A1  
Telephone: (800) 387-0825
BUSINESS OF THE MEETING

RECEIPT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our financial statements for the year ended December 31, 2007, together with the auditors' report thereon, will be sent, together with a copy of this circular, to all registered shareholders, except shareholders who have waived receipt, and to beneficial shareholders who have requested a copy.

ELECTION OF THE BOARD OF DIRECTORS

There are eight nominees for election to the Board of Directors. All nominees are currently Directors of the Company. Detailed information regarding each nominee is located commencing on page 9, including Director attendance in 2007. If elected, each nominee will serve for a term of one year, until the 2009 annual meeting of shareholders. We have adopted a Majority Voting Policy for the election of our Directors. A description of this policy is located on page 14 of this Circular.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP ("Deloitte") has been our auditors for over 49 years. Management proposes that they be reappointed for the 2008 fiscal year. If a ballot is demanded at the Meeting, the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Deloitte as auditors of the Company, unless a shareholder has specified in a proxy that his or her shares are to be withheld from voting in the appointment of auditors. To be effective, the resolution to appoint Deloitte as auditors of the Company and to authorize the Directors to fix their remuneration must be passed by a majority of the votes cast at the Meeting in person or by proxy by shareholders entitled to vote thereon.

DELOITTE FEES AND SERVICES

Fees Charged By Deloitte

The following table summarizes the audit and other fees charged by Deloitte for their services during each of the 2007 and 2006 fiscal years:

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>FISCAL YEAR 2007</th>
<th>FISCAL YEAR 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services</td>
<td>$1,305,000</td>
<td>$1,071,000</td>
</tr>
<tr>
<td>Audit Related Services</td>
<td>$68,000</td>
<td>$494,000</td>
</tr>
<tr>
<td>Tax Services</td>
<td>$352,000</td>
<td>$188,000</td>
</tr>
<tr>
<td>Other Services</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Total</td>
<td>$1,725,000</td>
<td>$1,753,000</td>
</tr>
</tbody>
</table>

Audit Services

The fees charged by Deloitte for audit services include the audit of our annual financial statements and work on our regulatory filings.

Audit Related Services

The fees charged by Deloitte for audit related services include work on offering documents, work related to our internal controls and audit of our employee benefit plans.

Tax Services

Tax services conducted by Deloitte relate to U.S. tax compliance and planning work.

Other Services

In fiscal 2007, Deloitte did not charge fees for any services other than those set out above.
SHARE OPTION PLAN

We have a Share Option Plan (the "Plan") for officers and full-time employees, which has been in place for many years. Under the Plan, one common share of Russel Metals may be purchased at a price equal to the prevailing market price at the date of the grant for each option that has vested. The principal features of the Plan can be found on page 25 of this Circular.

On February 18, 2008, in response to the revised policies of the TSX, our Board of Directors approved amendments to the Plan, subject to shareholder approval. The proposed amendments allow for the extension of the expiry date for options to purchase common shares ("options") which expire during a trading blackout and replace the existing general amendment provision of the Plan. At the Meeting, you will be asked to consider, and if thought advisable, to pass the resolution in Appendix "A" to this Circular.

1. AMENDMENTS TO THE SHARE OPTION PLAN

Summary of the Proposed Changes to the Share Option Plan

(a) Extension of the Expiry Date for Options Expiring During Trading Blackout

Under the current terms of our Insider Trading Policy, our directors, senior officers and certain employees are prohibited from trading in securities of Russel Metals during the period that commences on the last day of a fiscal quarter and that ends at the close of business on the second trading day following the release of the financial results. The period during which our directors, officers and certain employees are prohibited from trading under our Insider Trading Policy is referred to as a "trading blackout". In addition, the Insider Trading Policy and securities laws provide for the imposition of trading blackouts at other periods during the year for individuals with knowledge of pending material developments that have not been disclosed to the public.

Pursuant to a TSX Staff Notice issued on June 6, 2006 (the "TSX Notice"), TSX Staff have recognized the appropriateness of such trading blackouts by public companies, as well as the issue arising in the event that an option or other share compensation arrangement expires while the holder is subject to such a trading blackout or shortly thereafter. In the TSX Notice, TSX Staff have indicated that the TSX is prepared, subject to shareholder approval, to permit amendments to option plans and other share compensation arrangements that extend those arrangements for options or share arrangements that would otherwise expire during or shortly after a trading blackout. We believe that an amendment to our Plan that would provide for an extension of the expiry date for options in such circumstances is appropriate. This would enable an option holder to exercise options after a trading blackout, thereby avoiding an inappropriate and unintended loss of the benefit of the options as a result of the trading blackout.

Accordingly, we propose to amend our Plan to provide for the extension of the expiry date of any option outstanding under the Plan. After amendment, any option that expires during or within 10 business days following a trading blackout will expire on the 10th business day following a trading blackout.

As of February 29, 2008, our directors and executive officers beneficially held 1,836,341 options. If the amendment to the Plan regarding the blackout period is approved, the expiry dates for the options granted thereunder to our directors and officers will potentially have a temporary extension if such expiry dates would otherwise occur during or within 10 business days following a trading blackout.

(b) Amendment Procedure

Pursuant to the TSX Notice, TSX Staff have recommended that issuers amend their option plans and other share compensation arrangements to specify the type of amendments to those plans and arrangements and any shares granted thereunder that do not require shareholder approval in order to be effective. After June 30, 2007, issuers who have "general amendment" provisions in their security based compensation arrangements will no longer be permitted to make any amendments to such compensation arrangements, including minor amendments of a "housekeeping" nature, without obtaining shareholder approval.
Accordingly, we propose an amendment to our Plan that replaces the existing general amendment provision in Section 8.1 of the Plan with a new provision that specifies the types of amendments to the Plan or any outstanding option that may be made by the Board of Directors without shareholder approval.

Under the proposed amendments, the Board of Directors may amend, suspend, discontinue or terminate the Plan and any outstanding options granted thereunder, in whole or in part, at any time without notice to or approval by the shareholders (provided that, in the case of any action taken in respect of an outstanding option, the optionee's consent to such action shall be required unless the Board of Directors determines that the action would not materially or adversely affect such optionee), for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders.

Examples of the types of amendments that the Board of Directors could make without shareholder approval include, without limitation, the following:

(i) amendments to ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental authority or any stock exchange;

(ii) amendments of a "housekeeping" nature, which include amendments to eliminate any ambiguity or correct or supplement any provision which may be incorrect or incompatible with any other provision;

(iii) changes to the vesting provisions of our Plan or any option;

(iv) changes to the termination provisions of our Plan or any option which does not entail an extension beyond the originally scheduled expiry date for that option other than the amendment for blackout periods; or

(v) adding a cashless exercise feature, payable in cash or common shares, which provides for a full deduction of the number of underlying shares from our Plan reserve. A cashless exercise feature allows the optionee to exercise options without using cash to purchase shares by the simultaneous purchase and sale of common shares.

Notwithstanding the foregoing, no amendment to our Plan requiring shareholder approval under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition, shareholder approval shall be required for any amendment that:

(i) increases the number of common shares reserved for issuance from treasury under the Plan (including the cancellation and reissue of any option constituting a reduction of the exercise price);

(ii) would reduce the exercise price;

(iii) would extend the period during which an option may be exercised other than the amendment for blackout periods;

(iv) would permit the introduction or reintroduction of non-employee directors to participate under the Plan on a discretionary basis; or

(v) would permit options to be transferred or assigned other than for normal estate settlement purposes.

The shareholders' approval of an amendment shall be given by approval of the holders of a majority of the common shares present and voting in person or by proxy at a duly called meeting of the shareholders. Options may be granted under the Plan prior to the approval of the amendment, provided that no common shares may be issued pursuant to the amended terms of the Plan until shareholders' approval of the amendment has been obtained.
2. **APPROVAL OF UNALLOCATED OPTIONS, RIGHTS AND OTHER ENTITLEMENTS**

The Plan does not have a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance thereunder at any time, subject to adjustment in the event of a capital reorganization or a share reorganization, is limited to 5% of the outstanding common shares (on an undiluted basis). In accordance with the requirements of the TSX, every three years after implementation, all unallocated options, rights and other entitlements under a share based compensation arrangement which does not have a fixed maximum number of shares issuable thereunder, must be approved by a majority of the issuer's directors and shareholders. The Plan was last amended and restated on April 27, 2005. Accordingly, to enable the Plan to continue to operate in accordance with its terms, shareholders are being asked to pass at the Meeting the resolution in Appendix "B" to this Circular, approving all unallocated options, rights or other entitlements under the Plan. On February 18, 2008, the Board of Directors approved unallocated options, rights and other entitlements under the Plan.

If the resolution approving all unallocated options, rights and other entitlements under the Plan is not approved by the shareholders, then any outstanding options will continue in full force and be unaffected. However, in that event no new grants of options will be made and any outstanding options that are cancelled or terminated will not be available to be regranted under the Plan. Accordingly, we propose that the shareholders approve the unallocated options under the Plan. If the unallocated options under the Plan are approved at the Meeting, such approval will remain valid until the third anniversary of the date of the Meeting.
Voting Information

Principal Holders of Voting Shares
To the knowledge of our Directors and officers, no person beneficially owns or exercises control or direction over more than 10% of our common shares.

Questions and Answers

Q: Who is soliciting my proxy?
A: Russel Metals' Management is soliciting your proxy for use at the Meeting or at any postponement or adjournment thereof. The solicitation of proxies for the Meeting will be made primarily by mail, but our officers, employees and agents may also solicit proxies personally or by telephone. The cost of the solicitation of proxies will be borne by Russel Metals.

Q: Who is entitled to vote?
A: Only holders of common shares may vote at the Meeting. As of February 29, 2008, there were 63,113,092 common shares outstanding. Each shareholder is entitled to one vote for each common share registered in his or her name as of the close of business on March 19, 2008, the record date for our Meeting. If you purchased common shares from a registered shareholder after the record date, you may vote those shares at the Meeting by requesting CIBC Mellon Trust Company to include your name on the list of shareholders eligible to vote at the Meeting. In that case, you will have to provide properly endorsed share certificates or other documentation that establishes your ownership. This request must be made at least ten days before the Meeting. The contact information for our transfer agent is located on page 2 of this Circular.

Q: How do I vote?
A: Registered Shareholders

If you are eligible to vote and your shares are registered in your name, you can vote your shares by proxy or in person at the Meeting. If you cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying management proxy circular. To be valid, CIBC Mellon Trust Company must receive proxies no later than 4:30 p.m. on Thursday, May 8, 2008 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.

Non-Registered Beneficial Shareholders
If your shares are held in an account with a trust company, securities broker or other financial institution (an “Intermediary”), you are considered to be a non-registered beneficial shareholder. The Intermediary is the legal entity entitled to vote your common shares for you, in the manner that you direct them. Non-registered beneficial shareholders should not complete the form of proxy being circulated by Management. Instead, you should follow the instructions and complete the form that your Intermediary delivered to you with this Circular. This form will provide the necessary instructions to your Intermediary as to how you would like to vote your common shares. If you plan on attending the Meeting in person, you will not be entitled to vote in person unless the proper documentation is completed. You should contact your Intermediary well in advance of the Meeting and follow its instructions if you want to vote in person.
Q: **HOW DO I APPOINT A PROXYHOLDER?**

A: The Chairman and the President and Chief Executive Officer of Russel Metals are the persons designated in the enclosed form of proxy who will represent Management at the Meeting. **You have the right, as a shareholder, to appoint a different person to attend and to act for you on your behalf at the Meeting.** You may exercise this right by inserting in the space provided in the form of proxy the name of the other person you would like to appoint as nominee. To be valid, CIBC Mellon Trust Company must receive proxies no later than 4:30 p.m. on Thursday, May 8, 2008 and, in the case of any postponement or adjournment of the Meeting, not less than 48 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.

If there is a ballot called for at the Meeting, the shares represented by proxies in favour of the persons named by Management on the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions specified by shareholders in the forms of proxy.

If you have not specified in the form of proxy how to vote on a particular matter, your proxyholder is entitled to vote your common shares as he or she sees fit. If your proxy form does not specify how to vote on a particular matter and if you have authorized our Chairman or our President and Chief Executive Officer to act as your proxyholder, your common shares will be voted in favour of the particular matter.

Q: **WHAT IF THERE ARE AMENDMENTS OR OTHER MATTERS BROUGHT BEFORE THE MEETING?**

A: The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to the matters identified in the notice of Meeting or other matters that may properly come before the Meeting. Management is not aware of any such amendments or other matters.

Q: **WHAT IF I CHANGE MY MIND AND WANT TO REVOKE MY PROXY?**

A: If you change your mind and want to revoke your proxy after you have delivered it to CIBC Mellon Trust Company, you (or your attorney if one has been authorized; or if a corporation, an officer thereof) may revoke it by completing another properly executed form of proxy or instrument in writing, bearing a later date and delivering it to CIBC Mellon Trust Company or to our registered office located at Suite 210, 1900 Minnesota Court, Mississauga, Ontario L5N 3C9. You may also deposit your revocation with the Chair of the Meeting on the day of the Meeting, or in the case of any postponement or adjournment of the meeting, not less than 24 hours before commencement of the postponed Meeting or recommencement of the adjourned Meeting.
THE BOARD OF DIRECTORS

NUMBER OF DIRECTORS

Our articles provide that the number of persons that may be elected to our Board of Directors is not fewer than seven and not more than 12. The Board of Directors presently consists of eight Directors, and the Board has determined that the same number of Directors will be elected at the Meeting. The current Directors are: A. Benedetti, J. F. Dinning, C. R. Fiora, A. F. Griffiths, A.D. Laberge, L. Lachapelle, J. W. Robinson and E. M. Siegel, Jr. All of the Directors are being nominated for re-election.

Mr. Robbert Hartog, a long term director and former audit committee chair passed away on January 27, 2008. Mr. Hartog joined our Board on May 14, 1997 and his guidance and counsel was invaluable throughout his tenure. He will be sadly missed.

If elected, each Director will hold office until the next annual meeting of shareholders or until his or her successor is elected or appointed.

NOMINEES FOR THE ELECTION OF DIRECTORS

The following table sets out information about the Board nominees, including his or her principal occupation or employment for at least the last five years, committee memberships, meeting attendance during 2007, other public board memberships, and the number of common shares, options and deferred share units (DSUs) held. The Nominating and Corporate Governance Committee has recommended each Board nominee for election as a Director.

<table>
<thead>
<tr>
<th>ALAIN BENEDETTI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Benedetti is a Corporate Director. In addition, he is Chairman of the Canadian Institute of Chartered Accountants. From 1998 to his retirement in June 2004, he was Vice Chairman and Canadian Area Managing Partner of Ernst &amp; Young LLP.</td>
</tr>
<tr>
<td><strong>BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:</strong></td>
</tr>
<tr>
<td>Board</td>
</tr>
<tr>
<td>Audit (Chair)</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
</tr>
<tr>
<td><strong>OTHER PUBLIC BOARD MEMBERSHIPS:</strong></td>
</tr>
<tr>
<td>Dorel Industries Inc., Birks &amp; Mayors Inc. and Governor of Dynamic Mutual Funds.</td>
</tr>
<tr>
<td><strong>SECURITIES HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS</strong></td>
</tr>
<tr>
<td>Common Shares</td>
</tr>
<tr>
<td>DSUs**</td>
</tr>
<tr>
<td><strong>Total Number of Common Shares and DSUs</strong></td>
</tr>
<tr>
<td>Value of Common Shares and DSUs as at February 29, 2008</td>
</tr>
<tr>
<td><strong>SHARE OPTIONS:</strong></td>
</tr>
<tr>
<td>None</td>
</tr>
</tbody>
</table>
Mr. Dinning is Chairman of the Board of Western Financial Group Inc. (insurance, investment and banking). From 1998 to 2004, Mr. Dinning was Executive Vice President of TransAlta Corporation and from 1997 to 1998 was Senior Vice President. Prior to 1997, Mr. Dinning held several key positions during his 11 years as a member of the Legislative Assembly in Alberta, including Provincial Treasurer from 1992 to 1997.

**BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:**

<table>
<thead>
<tr>
<th>Board</th>
<th>Audit</th>
<th>Environmental Management and Health &amp; Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 of 6</td>
<td>4 of 4</td>
<td>1 of 1</td>
</tr>
</tbody>
</table>

**OTHER PUBLIC BOARD MEMBERSHIPS:**

Liquor Stores Income Fund, Oncolytics Biotech Inc. and Parkland Income Fund. Mr. Dinning is also Chairman of the Board of Export Development Canada.

**SECURITIES HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,000</td>
<td>4,320</td>
<td>19,320</td>
<td>$493,620</td>
</tr>
</tbody>
</table>

**SHARE OPTIONS:**

None

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Mr. Fiora is a Corporate Director. At the time of his retirement on November 30, 1990, Mr. Fiora was the President and Chief Executive Officer of Armco Steel Company L.P., a steel manufacturing company.

**BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:**

<table>
<thead>
<tr>
<th>Board</th>
<th>Audit</th>
<th>Management Resources and Compensation (Chair)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 of 6</td>
<td>2 of 2</td>
<td>9 of 9</td>
</tr>
</tbody>
</table>

**OTHER PUBLIC BOARD MEMBERSHIPS:**

None

**SECURITIES HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19,000</td>
<td>4,320</td>
<td>23,320</td>
<td>$595,820</td>
</tr>
</tbody>
</table>

**SHARE OPTIONS:**

Mr. Fiora has 3,333 options, which expire on April 24, 2013. The value of these options as at February 29, 2008 is $66,927.00.
Mr. Griffiths is a Corporate Director. From 1993 to present, Mr. Griffiths has been associated with various companies acting as an independent consultant. From 1985 to 1993, Mr. Griffiths served in several capacities at Mitel Corporation, including Chief Executive Officer and Chairman.

**Board and Committee Meeting Attendance During 2007:**
- Board (Chairman): 6 of 6
- Nominating and Corporate Governance (Chair): 4 of 4
- Management Resources and Compensation: 9 of 9

**Other Public Board Memberships:**

**Securities Held As At February 29, 2008: Exceeds Minimum Share Ownership Requirement For Directors**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>80,000</td>
<td>4,320</td>
<td>84,320</td>
<td>$2,154,370</td>
</tr>
</tbody>
</table>

**Share Options:**
- None

Mr. Griffiths was a director of Brazilian Resources, Inc. ("BZI") until June 29, 2005. On June 10, 2001, BZI was issued a temporary cease trading order by the Ontario Securities Commission relating to management and insiders. This order was rescinded on July 30, 2001. In addition, on June 12, 2003, the Ontario Securities Commission and the British Columbia Securities Commission, respectively, issued temporary cease trade orders relating to the securities of BZI. As a result of these orders, the TSX Venture Exchange suspended the trading of BZI shares on June 30, 2003. These cease trade orders were rescinded on July 8, 2003 by the British Columbia Securities Commission and July 29, 2003 by the Ontario Securities Commission. Mr. Griffiths was a director of Consumers Packaging Inc. at the time it was placed into liquidation under the protection of the CCAA (2001) and cease trade orders were issued against management and insiders due to failure to file financial statements. Mr. Griffiths was a director of Slater Steel Inc., when it operated under the protection of the CCAA in an orderly wind-down (2003).

Ms. Laberge is a Corporate Director. She was President and Chief Executive Officer of Fincentric Corporation (a global provider of software solutions to financial institutions) from December 2003 to July 2005. Prior to this appointment, she was Chief Financial Officer of Fincentric. Prior to joining Fincentric in October, 2000, Ms. Laberge was Senior Vice President, Finance and Chief Financial Officer at MacMillan Bloedel Limited from February 1998 to November 1999 and was with MacMillan Bloedel for over 18 years.

**Board and Committee Meeting Attendance During 2007:**
- Board: 3 of 3*
- Audit: 1 of 1*

*Ms. Laberge became a director and member of the Audit Committee on July 30, 2007.
Ms. Laberge became a member of the Management Resources and Compensation Committee on February 18, 2008.

**Other Public Board Memberships:**
- Ms. Laberge is currently a director of the Royal Bank of Canada and Potash Corporation of Saskatchewan.

**Securities Held As At February 29, 2008: Exceeds Minimum Share Ownership Requirement For Directors**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000</td>
<td>319</td>
<td>3,319</td>
<td>$84,811</td>
</tr>
</tbody>
</table>

**Share Options:**
- None
Mrs. Lachapelle is a Corporate Director and a consultant in corporate strategy. She was the President and Chief Executive Officer of the Forest Products Association of Canada and a consultant in corporate strategy from September 1994 to December 2001. Prior to September 1994, she was President of Strategico Inc., a consulting firm specializing in public policies, for one year and a consultant with Strategico for three years.

**BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:**
- Board: 6 of 6
- Audit: 2 of 2*
- Environmental Management and Health & Safety: 1 of 1
- Nominating and Corporate Governance: 4 of 4

*Mrs. Lachapelle became a member of the Audit Committee on May 3, 2007.

**OTHER PUBLIC BOARD MEMBERSHIPS:**
- AbitibiBowater Inc.
- Industrial Alliance Insurance and Financial Services Inc.
- INNERGEX Power Income Fund
- Mirabaud Canada Inc.
- Mrs. Lachapelle is also a director of Export Development Canada.

**SEcurities HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>4,320</td>
<td>9,320</td>
<td>$238,120</td>
</tr>
</tbody>
</table>

**SHARE OPTIONS:**
- None

---

Mr. Robinson is a Corporate Director. He was President and Chief Executive Officer of SMP Steel Corp., (steel distribution, until his retirement in December 1998.

**BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:**
- Board: 6 of 6
- Environmental Management and Health & Safety (Chair): 1 of 1
- Management Resources and Compensation: 9 of 9

**OTHER PUBLIC BOARD MEMBERSHIPS:**
- None

**SEcurities HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR DIRECTORS**

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Total Number of Common Shares and DSUs</th>
<th>Value of Common Shares and DSUs as at February 29, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>41,000</td>
<td>4,320</td>
<td>45,320</td>
<td>$1,157,920</td>
</tr>
</tbody>
</table>

**SHARE OPTIONS:**
- None
Mr. Siegel is the President and Chief Executive Officer of Russel Metals. In February 1987, Mr. Siegel joined Russel Metals as a Vice President with responsibility for the export of prime and secondary materials from Canadian steel mills and for the import of semi-finished material to Canadian mills. Over the succeeding 10 years, Mr. Siegel assumed various responsibilities, eventually becoming President and Chief Executive Officer of Russel Metals in 1997.

BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2007:
Board 6 of 6
No Committee memberships

OTHER PUBLIC BOARD MEMBERSHIPS:
None

SECURITIES HELD AS AT FEBRUARY 29, 2008: EXCEEDS MINIMUM SHARE OWNERSHIP REQUIREMENT FOR CEO(4)

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>DSUs(2)</th>
<th>Value of Common Shares as at February 29, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>800,000</td>
<td>n/a</td>
<td>$20,440,000</td>
</tr>
</tbody>
</table>

SHARE OPTIONS:
1,045,000

See page 24 of this Circular for additional disclosure relating to Mr. Siegel's options.

(1) Directors are required to own common shares and DSUs valued at not less than three times the annual Board retainer within three years of becoming a director. See "Share Ownership of Directors" on page 14 of this Circular.

(2) See "2007 Non-executive Director Compensation" and "Deferred Share Unit Plan" on pages 15 and 16 of this Circular.

(3) Based on the closing price of a common share on The Toronto Stock Exchange on February 29, 2008 of $25.55.

(4) The CEO is required to own common shares valued at not less than one times his annual salary. See "Share Ownership Requirement for CEO, COO and CFO" on page 23 of this Circular.

(5) "Independent" means as required by applicable policies of the Canadian Securities Administrators, which generally provide that a director would not be independent if he or she has a material relationship, which could be reasonably expected to interfere with the exercise by the Director of his or her independent judgement.

COMMITTEES OF THE BOARD OF DIRECTORS

We are required by applicable securities laws to have an Audit Committee of the Board. Other committees of the Board are the Management Resources and Compensation Committee, the Nominating and Corporate Governance Committee and the Environmental Management and Health & Safety Committee. The members of the committees are as follows:

<table>
<thead>
<tr>
<th>Audit Committee</th>
<th>Management Resources and Compensation Committee</th>
<th>Nominating and Corporate Governance Committee</th>
<th>Environmental Management and Health &amp; Safety Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti - Chair</td>
<td>C.R. Fiora – Chair</td>
<td>A.F. Griffiths - Chair</td>
<td>J.W. Robinson - Chair</td>
</tr>
<tr>
<td>J.F. Dinning</td>
<td>A.F. Griffiths</td>
<td>A. Benedetti</td>
<td>J.F. Dinning</td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>A.D. Laberge</td>
<td>J.F. Dinning</td>
<td>C.R. Fiora</td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>J.W. Robinson</td>
<td>L. Lachapelle</td>
<td></td>
</tr>
</tbody>
</table>

All committee mandates are described under "Statement of Corporate Governance Practices", commencing on page 29 of this Circular. Additional information concerning the Management Resources and Compensation Committee is described commencing on page 18 of this Circular.
NUMBER OF BOARD AND COMMITTEE MEETINGS HELD
The following is a list of the meetings of the Board and its committees held in 2007. The Director attendance records are included in the Board nominee table commencing on page 9.

- Board of Directors: 6
- Audit Committee: 4
- Environmental Management and Health & Safety Committee: 1
- Management Resources and Compensation Committee: 9
- Nominating and Corporate Governance Committee: 4

SHARE OWNERSHIP OF DIRECTORS
Each Director of Russel Metals is required to beneficially own common shares or deferred share units or a combination thereof valued at three times the annual Board retainer. Based on the current annual retainer of $25,000, each Director must own common shares and/or deferred share units valued at not less than $75,000. Any Director who does not meet this requirement at the date of his or her first election or re-election to the Board of Directors following implementation of this policy is required to achieve this ownership level within three years from the date of such first election or re-election. All of the current Directors have reached the required level.

As at the date hereof, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 975,500 common shares and an aggregate of 23,353 deferred share units. A description of the Deferred Share Unit Plan can be found on page 16 of this Circular.

MAJORITY VOTING
Our Board has adopted a majority voting policy. This policy provides that any nominee for Director who receives a greater number of votes withheld than votes for his or her election must tender his or her resignation to our Chair following our Meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for Director is equal to the number of Directors to be elected. The Nominating and Corporate Governance Committee and the Board of Directors shall consider the resignation and whether or not it should be accepted. We expect to accept resignations except in situations where extenuating circumstances would warrant the applicable Director continuing to serve as a Board member. In this event, our Board shall disclose their decision, via press release, within 90 days of the applicable annual meeting. If a resignation is accepted, the Board may appoint a new Director to fill any vacancy created by resignation. A copy of this policy can be found on our website at www.russelmetals.com (see "About Russel Metals" and "Corporate Governance").

If a poll is demanded on any vote for election of any Director at the Meeting, and if you have authorized our Chairman or our President and Chief Executive Officer to act as your proxyholder, your common shares will be voted in favour of the election of each of the above nominees for election to the Board, except to the extent you have specified in your proxy that your common shares are to be withheld from voting in the election of one or more nominees. In the event that any vacancy occurs in the slate of nominees identified above, proxies in favour of Management will be voted for another nominee at the discretion of Management unless you specify in your proxy that your common shares be withheld from voting in the election of Directors.
COMPENSATION OF NON-EXECUTIVE DIRECTORS

Board and Committee Fees

Our Directors are compensated partly in cash and partly in DSUs. These fees are payable only to Directors who are not full-time employees of Russel Metals and are shown below, together with the current fee schedule.

<table>
<thead>
<tr>
<th>Fee</th>
<th>Compensation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair's Fee</td>
<td>$145,000</td>
<td>The Chair of the Board is paid annual cash compensation in the amount shown. This amount represents compensation for acting as Chair of the Board, Chair of the Nominating and Corporate Governance Committee and a member of the Management Resources and Compensation Committee and is inclusive of all fees for attending Board and committee meetings during the year.</td>
</tr>
<tr>
<td>Annual Retainer Fee</td>
<td>$25,000</td>
<td>All non-executive Directors, except Chair of the Board.</td>
</tr>
<tr>
<td>Audit Committee Chair Fee</td>
<td>$10,000</td>
<td>Chair of the Audit Committee.</td>
</tr>
<tr>
<td>Other Committee Chair Fee</td>
<td>$6,000</td>
<td>Other Committee Chairs, except Chair of the Board.</td>
</tr>
<tr>
<td>Meeting Fee</td>
<td>$2,000</td>
<td>Per meeting. All non-executive Directors, except Chair of the Board.</td>
</tr>
<tr>
<td>Travel Fee</td>
<td>$1,500</td>
<td>Per business trip, payable to U.S. non-executive Directors to attend board meetings in Canada and where travel is required on special assignments, as delegated by the Board.</td>
</tr>
<tr>
<td>Advisory Fee</td>
<td>$1,000</td>
<td>Payable per day for special assignments, as delegated to members of the Board.</td>
</tr>
</tbody>
</table>

Our U.S. Directors are paid the U.S. equivalent of the retainers and fees noted above. We reimburse expenses incurred by our Directors while attending Board and committee meetings. The Management Resources and Compensation Committee reviews the annual compensation package for our Directors on an annual basis. Effective April 1, 2007, the Chairman's annual retainer increased by $35,000 and the Audit Committee Chair retainer increased by $4,000.

2007 Non-executive Director Compensation

During the financial year ended December 31, 2007, we paid an aggregate of $524,780 in cash compensation to our non-executive Directors. We also made quarterly allocations of DSUs with an aggregate value in 2007 of $148,424 to the DSU accounts of our non-executive Directors. The following table sets out the total compensation paid to our non-executive Directors on an individual basis on account of Board and committee retainers, meeting fees and DSUs allocated to such Directors during the financial year ended December 31, 2007:
Deferred Share Unit Plan

In April 2004, our Board of Directors adopted a Deferred Share Unit Plan ("DSU Plan") for non-executive Directors to replace the grant of share options. A DSU is a unit equivalent in value to one common share based on the Market Price, which is the average of the daily average of the high and low board lot trading prices of our common shares on The Toronto Stock Exchange for the last five trading days immediately prior to the date on which the value of the DSU is determined. DSUs are allocated on the last day of March, June, September and December in each year. The number of DSUs credited quarterly to each Director's account is determined by dividing $5,000 by the Market Price at the allocation date. A Director may also elect to receive payment in DSUs, rather than cash, for all or a portion of his or her annual Board retainer or annual chair retainer by providing the required notice to us in accordance with the Plan.

DSUs are redeemable only when a Director leaves the Board, thereby providing an ongoing equity stake throughout the Director's service. A departing Director will receive a cash payment upon redemption, as soon as practicable after the Director's termination date, but, in any event, no later than December 31 of the first calendar year commencing after the Director's termination date. The value of the cash payment is determined by multiplying the number of DSUs in the Director's account on the redemption date by the Market Price on such redemption date. Applicable income tax and other withholdings are deducted as required by law.

The value of the number of DSUs credited to each non-executive Director's account during 2007 is reflected in the table above.
Deferred Share Units

The number of DSUs held in each non-executive Director's account and the value of each account as at December 31, 2007 is shown in the following table:

<table>
<thead>
<tr>
<th>Name of Non-executive Director</th>
<th>Number of DSUs held as at December 31, 2007</th>
<th>Value of DSUs as at December 31, 2007(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alain Benedetti</td>
<td>1,435</td>
<td>$36,519</td>
</tr>
<tr>
<td>James F. Dinning</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
<tr>
<td>Carl R. Fiora</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
<tr>
<td>Anthony F. Griffiths</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
<tr>
<td>Robbert Hartog</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
<tr>
<td>Alice D. Laberge(2)</td>
<td>319</td>
<td>$8,129</td>
</tr>
<tr>
<td>Lise Lachapelle</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
<tr>
<td>John W. Robinson</td>
<td>4,320</td>
<td>$109,938</td>
</tr>
</tbody>
</table>

(1) Based on the closing price of a common share on The Toronto Stock Exchange on December 29, 2007 of $25.45.
(2) Ms. Laberge became a director on July 30, 2007.

Share Options

Non-executive Directors became members of the DSU Plan effective April 2004 and no longer receive options to acquire common shares. Mr. Carl Fiora is the only non-executive Director who has outstanding share options. Details of Mr. Fiora's holdings are disclosed on page 10 of this Circular. Mr. Siegel, our President and Chief Executive Officer, has outstanding options. Details of Mr. Siegel's holdings are disclosed on pages 13 and 24 of this Circular.

Directors' and Officers' Liability Insurance

In December 2007, we renewed, for the benefit of Russel Metals, its subsidiaries and their directors and officers and their respective spouses, insurance against liability incurred by the directors or officers in their capacity as directors or officers of Russel Metals or any subsidiary. The total amount of insurance is $130 million and, subject to the deductible portion referred to below, up to the full-face amount of the policies is payable, regardless of the number of directors and officers involved. The annual premium for the policy year to December 1, 2008 is $444,515. The policies do not specify that a part of the premium is paid in respect of either directors as a group or officers as a group. The policies provide a limit of $130 million per occurrence and in the aggregate.

Our directors and officers are covered to the extent of the face amount of the policies. However, in no event will the policies pay out, in the aggregate, more than $130 million during their annual term. The policies provide for deductibles as follows: (i) with respect to our directors and officers, there is no deductible applicable; and (ii) with respect to reimbursement of the Company, there is a deductible of $100,000 per occurrence, except in respect of securities claims, where the deductible is $250,000 per occurrence.
DISCLOSURE OF COMPENSATION AND RELATED INFORMATION

REPORT ON EXECUTIVE COMPENSATION

Composition of the Management Resources and Compensation Committee

The Management Resources and Compensation Committee was comprised of three independent members of the Board of Directors, C.R. Fiora (Chair), A.F. Griffiths and J.W. Robinson when the Committee's report was prepared. For 2007, Mr. Robbert Hartog was also a member of this Committee. On February 18, 2008, the Board appointed A.D. Laberge to this Committee.

Mandate

The Management Resources and Compensation Committee assists the Board in its oversight of Russel Metals' executive and Board compensation policies. The Committee reviews the compensation policies and levels for our executive officers to ensure that such compensation is competitive and reasonably related to individual and corporate performance, and makes recommendations to the Board with respect to such matters.

The Committee meets at least twice annually. The Committee met nine times during 2007, primarily in connection with the matters identified below under the heading "Compensation Review".

REPORT OF THE MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE

Executive Compensation Policies and Practices

Russel Metals' executive compensation policies and practices are designed to provide a competitive level of total compensation, to recognize and reward superior performance by individual executives and to foster a common perspective between the Company's executive officers and its shareholders. Historically, the key components for executive officer compensation have been base salary, short-term incentives in the form of cash bonus opportunities (expressed as a variable percentage of base salary which increases with the level of basic earnings per share of the Company), and long-term incentives in the form of stock options.

Management Incentive Compensation Plan

For more than ten years the Company has had in place a Management Incentive Compensation Plan for executive officers, which ties annual cash bonuses to profit sharing based on basic earnings per share of the Company over a minimum threshold. Annual incentive bonuses are paid in February following the year in which they are earned.

Share Options

Executive performance is motivated in part by linking total compensation with long-term share performance through the use of stock options. Options granted to executives under the Russel Metals Share Option Plan become immediately exercisable with respect to 20% of the optioned common shares and exercisable as to an additional 20% following each of the first, second, third and fourth anniversaries of the date of grant. The options have an exercise price of not less than the prevailing market price at the date of the grant and a term of 10 years.

Compensation Philosophy

Pay for performance is an important underlying principle of Russel Metals' executive compensation philosophy, with the result that variable compensation (historically in the form of cash bonuses and stock options) can represent a substantial proportion of total compensation in a successful year.
Peer Group Comparison

The Committee uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, bonus plans and stock-based incentives, and to assess the effectiveness of Russel Metals' incentive plans in contributing to corporate performance. The Committee uses comparative data to ensure the ability of Russel Metals to attract, retain and motivate key executives. The comparative group includes large autonomous industrial companies in Canada and the United States and other companies operating in the metals industry in North America.

Russel Metals' executive compensation policies provide for base salaries which are competitive with similar positions in the comparator group. Individual levels, which are reviewed annually or, in the case of Russel Metals' most senior executives, bi-annually, may vary from this objective, depending upon the particular experience and other qualifications of the individual, sustained performance level, length of service and other relevant factors.

Compensation Review

In 2007, the Management Resources and Compensation Committee engaged Hugessen Consulting Inc. ("HCI") to assist it with a review of the competitiveness and appropriateness of the current compensation programs for senior executives and for the independent members of the Board. This assignment included a review of the short-term and long-term incentive plans for senior executives, and advising with respect to supplemental pension benefits for two executive officers of the Company. While the Committee reviews information and recommendations provided by its advisors as it considers its decisions, the Committee's decision may reflect factors and considerations other than the recommendations and information provided by its advisors.

On February 18, 2008, the Company announced the appointment of a Chief Operating Officer and a new Chief Financial Officer. The Company's newly appointed Chief Operating Officer has more than 13 years of service with the Company. The Company's newly appointed Chief Financial Officer has 23 years of service with the Company and its predecessors.

The Committee has recommended, and the Board has approved, amended compensation arrangements for the Chief Operating Officer and the new Chief Financial Officer of the Company, in each case effective January 1, 2008. These changes include increases to their base compensation amounts to reflect increased responsibilities as a result of their recent appointments to these positions. They also include the replacement of a significant portion of the current short-term cash incentive and the current long-term share option initiative with restricted stock units ("RSU's"), subject to pre-grant performance conditions. The dollar value of RSU's to be granted each year will be tied directly to reported basic earnings per share in excess of a minimum threshold ($0.99 per share). Short-term cash incentives will also be tied to reported basic earnings per share in excess of the same threshold. The RSU's will be awarded annually in February each year, commencing in 2009, based on the prior year's audited results. RSU's granted on any grant date will vest as to one-third of such RSU's on each of the first, second and third anniversaries of the date of grant, will accrue additional units on account of dividends declared on the outstanding common shares of the Company, and will be settled in cash promptly following the third anniversary of the date of grant.

In conjunction with the establishment of compensation arrangements appropriate to her new position, the Company has agreed to make annual contributions to a registered compensation agreement trust for the benefit of the Company's newly appointed Chief Financial Officer, in an amount equal to approximately 37% of her base salary. For 2007, the obligation was $91,483.

The Company believes that, as a result of these various changes, it will maintain overall competitive compensation arrangements with these key executives while ensuring an appropriate balance between short-term and longer term incentives and also ensuring that the incentive arrangements respond effectively to both positive and negative developments in the financial performance of the Company.
As part of an overall succession planning exercise, HCI is also assisting the Company with the development of changes to the current compensation arrangements in place for the CEO of the Company, which the Company anticipates would be implemented for 2009 and subsequent years.

Aggregate fees paid to HCI during 2007 for the compensation advisory work referred to above were $215,500. HCI is prohibited from doing any other work for the Company or any of its affiliates without the prior express authorization of the Chair of the Management Resources and Compensation Committee. No such other work has been undertaken by HCI.

**PRESIDENT AND CEO COMPENSATION**

**Base Annual Salary**

Mr. Siegel's base annual salary for 2007 was US$551,000 (Cdn$591,774). Expressed in US dollars, this represented a 5% increase over his 2006 base salary of US$525,000 (Cdn$595,508). This annual salary is considered by the Committee to be appropriate based on Mr. Siegel's performance, and performance and compensation data relevant to the comparator group. In addition, the Management Resources and Compensation Committee believes that this salary is commensurate with Mr. Siegel's considerable industry experience and knowledge, and his management abilities.

**Management Incentive**

A bonus of US$2,352,770 (Cdn$2,526,875) was paid to Mr. Siegel as Chief Executive Officer in February, 2008 for the 2007 fiscal year. This amount was determined in accordance with Russel Metals' Management Incentive Compensation Plan for executive officers, and is directly related to Russel Metals' reported basic earnings per share.

**Long-Term Incentives**

Mr. Siegel was granted options to purchase 325,000 common shares in 2007.

Submitted on behalf of the Management Resources and Compensation Committee:

C. R. Fiora (Chair)
A. F. Griffiths
J. W. Robinson
**Performance Graph**

The following graph shows a comparison over the five-year period ended December 31, 2007 of the value of $100.00 originally invested in common shares and the S&P/TSX Composite Index and in each case assuming reinvestment of cash dividends paid.

![Performance Graph]

<table>
<thead>
<tr>
<th></th>
<th>Dec-02</th>
<th>Dec-03</th>
<th>Dec-04</th>
<th>Dec-05</th>
<th>Dec-06</th>
<th>Dec-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite Index</td>
<td>$100.00</td>
<td>$126.72</td>
<td>$145.07</td>
<td>$180.08</td>
<td>$211.16</td>
<td>$231.92</td>
</tr>
<tr>
<td>Russel Metals Common Shares</td>
<td>$100.00</td>
<td>$180.61</td>
<td>$332.72</td>
<td>$492.68</td>
<td>$637.32</td>
<td>$645.85</td>
</tr>
</tbody>
</table>
The following table provides a summary of compensation earned during each of the last three fiscal years by the Chief Executive Officer and the other named executive officers of the Company as required by applicable securities legislation.

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Annual Compensation</th>
<th>Long-Term Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year</td>
<td>Salary</td>
</tr>
<tr>
<td>Edward M. Siegel, Jr.(1)</td>
<td>2007</td>
<td>$591,774</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>$595,508</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>$635,985</td>
</tr>
<tr>
<td>Brian R. Hedges</td>
<td>2007</td>
<td>$430,000</td>
</tr>
<tr>
<td>Executive Vice President and Chief Operating Officer(2)</td>
<td>2006</td>
<td>$409,500</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>$409,500</td>
</tr>
<tr>
<td>Marion E. Britton</td>
<td>2007</td>
<td>$250,000</td>
</tr>
<tr>
<td>Vice President and Chief Financial Officer(2)</td>
<td>2006</td>
<td>$200,000</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>$190,000</td>
</tr>
<tr>
<td>Maureen A. Kelly</td>
<td>2007</td>
<td>$236,857</td>
</tr>
<tr>
<td>Vice President, Information Systems</td>
<td>2006</td>
<td>$230,967</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>$225,502</td>
</tr>
<tr>
<td>David J. Halcrow</td>
<td>2007</td>
<td>$130,030</td>
</tr>
<tr>
<td>Vice President, Purchasing and Inventory Management</td>
<td>2006</td>
<td>$126,365</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>$122,951</td>
</tr>
</tbody>
</table>

(1) Salaries and bonuses for Mr. Siegel were paid in U.S. dollars. These amounts have been converted to Canadian dollars using the following exchange rates: for 2007, US$1.00 = Cdn$1.074; for 2006, US$1.00 = Cdn$1.1343; for 2005, US$1.00 = Cdn$1.2114.

(2) Mr. Hedges was Chief Financial Officer throughout 2007 and Ms. Britton was Chief Accounting Officer throughout 2007.

(3) The value of perquisites for each of the named executive officers is less than the lesser of $50,000 and 10% of the named executive officer's total annual salary and bonus, and accordingly they are not reflected in this table. In 2005, Mr. Siegel reimbursed the Company for foreign tax credits utilized in the year in accordance with his tax equalization arrangement.

(4) The amounts shown represent the Company's contributions to the 401K Plan for Mr. Siegel; registered retirement savings plans for Ms. Kelly and Mr. Halcrow; the Value Sharing Plan for each of Mr. Hedges, Ms. Britton, Ms. Kelly and Mr. Halcrow; and the Group Term Life Insurance Plan for each of the named executive officers. Group Term Life and Value Sharing Plan benefits are available to all employees. The Company provides retirement savings plans for all employees; however, the plan varies based on country of employment and employee group.

The following table provides additional information regarding total compensation of the named executive officers for each of the last three fiscal years.

<table>
<thead>
<tr>
<th>Edward M. Siegel, Jr.(1)</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$ 591,774</td>
<td>$ 595,508</td>
<td>$ 632,765</td>
</tr>
<tr>
<td>Bonus</td>
<td>2,526,875</td>
<td>3,066,864</td>
<td>3,160,845</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>3,118,649</td>
<td>3,662,372</td>
<td>3,793,610</td>
</tr>
<tr>
<td>Share Options Granted(2)</td>
<td>1,946,750</td>
<td>1,646,478</td>
<td>2,184,285</td>
</tr>
<tr>
<td><strong>Total Direct Compensation</strong></td>
<td>5,065,399</td>
<td>5,309,050</td>
<td>5,978,895</td>
</tr>
<tr>
<td>401 K Plan(3)</td>
<td>9,666</td>
<td>9,982</td>
<td>10,176</td>
</tr>
<tr>
<td>Life Insurance Policy Funding(4)</td>
<td>214,800</td>
<td>226,860</td>
<td>242,280</td>
</tr>
<tr>
<td><strong>Total</strong>(8)</td>
<td>$5,289,865</td>
<td>$5,545,892</td>
<td>$4,998,316</td>
</tr>
<tr>
<td>Brian R. Hedges</td>
<td>2007</td>
<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Salary</td>
<td>$430,000</td>
<td>$409,500</td>
<td>$409,500</td>
</tr>
<tr>
<td>Bonus</td>
<td>1,101,660</td>
<td>1,265,335</td>
<td>1,221,129</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>1,531,660</td>
<td>1,674,835</td>
<td>1,630,629</td>
</tr>
<tr>
<td>Share Options Granted</td>
<td>898,500</td>
<td>760,005</td>
<td>439,500</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td>2,430,160</td>
<td>2,434,840</td>
<td>2,070,129</td>
</tr>
<tr>
<td>Pension Arrangements</td>
<td>125,000</td>
<td>118,000</td>
<td>93,000</td>
</tr>
<tr>
<td>Life Insurance Policy</td>
<td>7,830</td>
<td>7,830</td>
<td>7,830</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,562,990</td>
<td>$2,560,670</td>
<td>$2,170,959</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marion E. Britton</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$250,000</td>
<td>$200,000</td>
<td>$190,000</td>
</tr>
<tr>
<td>Bonus</td>
<td>640,500</td>
<td>618,000</td>
<td>566,580</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>890,500</td>
<td>818,000</td>
<td>756,580</td>
</tr>
<tr>
<td>Share Options Granted</td>
<td>209,650</td>
<td>175,700</td>
<td>102,550</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td>1,100,150</td>
<td>993,700</td>
<td>859,130</td>
</tr>
<tr>
<td>Pension Arrangements</td>
<td>121,483</td>
<td>28,000</td>
<td>21,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,221,633</td>
<td>$1,021,700</td>
<td>$880,130</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maureen A. Kelly</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$236,857</td>
<td>$230,967</td>
<td>$225,502</td>
</tr>
<tr>
<td>Bonus</td>
<td>220,743</td>
<td>374,929</td>
<td>299,318</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>457,600</td>
<td>605,896</td>
<td>524,820</td>
</tr>
<tr>
<td>Share Options Granted</td>
<td>149,750</td>
<td>125,500</td>
<td>73,250</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td>607,350</td>
<td>731,396</td>
<td>598,070</td>
</tr>
<tr>
<td>Registered Retirement Savings Plan</td>
<td>5,922</td>
<td>3,801</td>
<td>5,418</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$613,272</td>
<td>$735,197</td>
<td>$603,488</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>David J. Halcrow</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$130,030</td>
<td>$126,354</td>
<td>$122,951</td>
</tr>
<tr>
<td>Bonus</td>
<td>220,743</td>
<td>374,929</td>
<td>299,318</td>
</tr>
<tr>
<td><strong>Total Cash</strong></td>
<td>350,773</td>
<td>501,283</td>
<td>422,269</td>
</tr>
<tr>
<td>Share Options Granted</td>
<td>149,750</td>
<td>125,500</td>
<td>73,250</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td>500,523</td>
<td>626,783</td>
<td>495,519</td>
</tr>
<tr>
<td>Registered Retirement Savings Plan</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$510,523</td>
<td>$636,783</td>
<td>$505,519</td>
</tr>
</tbody>
</table>

(1) All compensation reported in this table is expressed in Canadian dollars. Where compensation was received in U.S. dollars, it has been converted to Canadian dollars using the following exchange rates: for 2007, US$1.00 = Cdn$1.074; for 2006, US$1.00 = Cdn$1.1343; for 2005, US$1.00 = Cdn$1.2114.

(2) These amounts represent the Black-Scholes valuation of stock options granted.

(3) These amounts represent the Company's contributions to the 401K Plan.

(4) These amounts represent the Company's contribution to the funding of a Split Dollar Whole Life Insurance Policy.

(5) These amounts represent the service cost, which is the value of the projected benefits earned for years of pensionable service accrued during the year.

(6) These amounts represent the premium paid for a life insurance policy.

(7) These amounts represent the Company's contributions to a registered retirement savings plan.

(8) The Company pays various small perquisites to each of Mr. Siegel, Mr. Hedges, Ms. Britton and Mr. Halcrow, the values of which are less than $50,000 and 10% of the total annual salary and bonus of the executive and are not included in this table.

**SHARE OWNERSHIP REQUIREMENT FOR CEO, COO AND CFO**

Our Board of Directors has adopted a policy for our Chief Executive Officer which requires such officer to beneficially own common shares and/or RSU's valued at not less than three times such officer's annual salary within three years of appointment to such position. We have also adopted a policy for our Chief
Operating Officer and Chief Financial Officer which requires each of these officers to beneficially own common shares valued at not less than one times their annual salary within five years of appointment to such position. As at February 29, 2008, Mr. Siegel owned common shares valued at $20,440,000, or approximately 35 times his salary, Mr. Hedges owned common shares valued at $2,555,000, or approximately 5 times his salary and Ms. Britton owned common shares valued at $1,592,991, or approximately 5 times her salary.

**OPTIONS GRANTED DURING 2007**

The following table sets out details concerning options to purchase common shares of Russel Metals granted during 2007 to the named executive officers.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Optioned Shares</th>
<th>% of Total Granted to Employees in 2007</th>
<th>Exercise or Base Price Per Common Share</th>
<th>Market Value of Common Shares on the Date of Grant</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edward M. Siegel, Jr.</td>
<td>325,000</td>
<td>38%</td>
<td>$33.81</td>
<td>$33.81</td>
<td>05/03/2017</td>
</tr>
<tr>
<td>Brian R. Hedges</td>
<td>150,000</td>
<td>18%</td>
<td>$33.81</td>
<td>$33.81</td>
<td>05/03/2017</td>
</tr>
<tr>
<td>Marion E. Britton</td>
<td>35,000</td>
<td>4%</td>
<td>$33.81</td>
<td>$33.81</td>
<td>05/03/2017</td>
</tr>
<tr>
<td>Maureen A. Kelly</td>
<td>25,000</td>
<td>3%</td>
<td>$33.81</td>
<td>$33.81</td>
<td>05/03/2017</td>
</tr>
<tr>
<td>David J. Halcrow</td>
<td>25,000</td>
<td>3%</td>
<td>$33.81</td>
<td>$33.81</td>
<td>05/03/2017</td>
</tr>
</tbody>
</table>

All of the above options are immediately exercisable with respect to 20% of the optioned common shares and are exercisable as to an additional 20% following each of the first, second, third and fourth anniversaries of the date of grant.

**AGGREGATE STOCK OPTIONS EXERCISED DURING 2007 AND VALUE OF OPTIONS AT DECEMBER 31, 2007**

The following table sets out certain information with respect to common shares under option to the named executive officers as at December 31, 2007.

<table>
<thead>
<tr>
<th>Name</th>
<th>Options Exercised During 2007</th>
<th>Unexercised Options at December 31, 2007</th>
<th>Value of Unexercised In-The-Money Options at December 31, 2007(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares Acquired on Exercise</td>
<td>Aggregate Value Realized</td>
<td>Exercisable</td>
<td>Unexercisable</td>
</tr>
<tr>
<td>Edward M. Siegel, Jr.</td>
<td>390,000</td>
<td>$6,596,144</td>
<td>65,000</td>
</tr>
<tr>
<td>Brian R. Hedges</td>
<td>150,000</td>
<td>$2,510,239</td>
<td>30,000</td>
</tr>
<tr>
<td>Marion E. Britton</td>
<td>---</td>
<td>---</td>
<td>38,000</td>
</tr>
<tr>
<td>Maureen A. Kelly</td>
<td>---</td>
<td>---</td>
<td>58,000</td>
</tr>
<tr>
<td>David J. Halcrow</td>
<td>---</td>
<td>---</td>
<td>31,000</td>
</tr>
</tbody>
</table>

(1) Based on the closing price of a common share on The Toronto Stock Exchange on December 31, 2007 of $25.45.
**SHARE OPTION PLAN**

We have established the Plan for our employees and officers. Approximately 88 of our employees currently hold options pursuant to the Plan. This represents approximately 3% of all employees. During 2007, 560,000 options were granted to named executive officers identified in the foregoing tables, and 285,500 options were granted to other employees.

The following table sets forth information relating to options for 2007. As at December 31, 2007, an aggregate of 2,146,683 common shares would be issued if all the then outstanding options were exercised and 1,006,622 common shares were reserved for future grants under the Plan.

<table>
<thead>
<tr>
<th>Number of Optioned Shares</th>
<th>Weighted Average Exercise Price</th>
<th>Number of Common Shares Available for Future Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 2007</td>
<td>2,014,033</td>
<td>$18.09</td>
</tr>
<tr>
<td>Granted</td>
<td>845,500</td>
<td>$33.81</td>
</tr>
<tr>
<td>Exercised</td>
<td>(699,250)</td>
<td>$15.55</td>
</tr>
<tr>
<td>Expired and forfeited</td>
<td>(13,600)</td>
<td>$24.44</td>
</tr>
<tr>
<td>Balance, December 31, 2007</td>
<td>2,146,683</td>
<td>$25.07</td>
</tr>
</tbody>
</table>

**Terms of the Plan**

Subject to the requirements of the Plan, the Board of Directors has the authority to select those employees and officers to whom share options are granted and the number of common shares subject to any grant. Options vest in accordance with terms determined by the Board. For the options currently outstanding, the options are immediately exercisable as to 20% of the optioned common shares and are exercisable as to an additional 20% following each of the first, second, third and fourth anniversaries of the date of the grant. The options granted pursuant to the Plan are not transferable and have a maximum term of ten years.

The exercise price of an option is not less than the market price on the date of the grant of the option, which is the higher of the closing price of a common share on The Toronto Stock Exchange for the business day immediately preceding such date or two business days following such date.

The Board of Directors may amend the Plan from time to time. Shareholder approval is required to increase the total number of common shares reserved for options under the Plan, decrease the Option Price of any options granted under the Plan or modify the provisions of the Plan relating to eligibility if the modifications would have the potential of broadening increased insider participation.

**Shares Available to Grant**

The Plan does not have a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance thereunder at any time, subject to adjustment in the event of a capital reorganization or a share reorganization, is limited to 5% of the outstanding common shares (on an undiluted basis). In accordance with the requirements of the TSX, every three years after implementation, all unallocated options, rights and other entitlements under a share based compensation arrangement which does not have a fixed maximum number of shares issuable thereunder, must be approved by a majority of the issuer's directors and shareholders. The Plan was last amended and restated on April 27, 2005. Accordingly, to enable the Plan to continue to operate in accordance with its terms, shareholders are being asked to pass at the Meeting the resolution in Appendix "B" to this Circular, approving all unallocated options, rights or other entitlements under the Plan. On February 18, 2008, the Board of Directors approved unallocated options, rights and other entitlements under the Plan.
As at February 29, 2008, there were 63,113,092 common shares outstanding. The aggregate maximum number of common shares that can be reserved for issuance under the Plan is 3,155,655. The Plan is automatically replenished on the exercise or cancellation of outstanding options.

Termination or Death of Optionee

On termination of employment, unvested options are forfeited and vested options may only be exercised for a period of 30 days following termination, subject to the discretion of the Board of Directors to extend such period to not later than the original expiry date of the options and the fourth anniversary of termination of employment. Upon death of an eligible person, the deceased participant's legal personal representative may exercise all options that vest in accordance with the terms of the Plan for a period of 18 months following death.

Employee Share Purchase Plan

We have an Employee Share Purchase Plan (the "Value Sharing Plan") to provide our employees with the opportunity to purchase common shares, furthering participants' alignment with the interests of shareholders and allowing them to share in the financial success to which they contribute. New employees may join the Value Sharing Plan on the first day of the month following the completion of three months of employment. Employees may contribute between a minimum of 1% and a maximum of 5% of their base pay through payroll deductions. We contribute one-third of an employee's contributions to acquire additional common shares. We do not make contributions in respect of additional or lump sum employee contributions. The Value Sharing Plan is available to all employees in Canada and the United States.

The Value Sharing Plan is administered by Sunlife in Canada and by Lasalle National Bank in the United States. These institutions administer the Value Sharing Plan independently of us. Common shares are purchased in the market on behalf of participants at current market prices. An employee may withdraw his or her employee contribution at any time, but if the employer contribution is withdrawn, he or she may not re-enter the Value Sharing Plan for six months.

Indebtedness of Directors and Named Executive Officers Under Securities Purchase Programs

No current or former Director, executive officer, employee, proposed nominee for election as a Director or any associate of any such Director or officer or proposed nominee had any indebtedness to, or guaranteed or supported by, Russel Metals or any of its subsidiaries as at February 29, 2008.

Retirement Benefits

Russel Metals provides retirement benefits in various forms, including insurance policies and pension plans.

CEO Plans

Insurance Policy

In 2000, we signed an agreement with Mr. Siegel to fund a Split Dollar Whole Life Insurance Policy. The agreement requires the payment by Russel Metals of up to US$200,000 per year for approximately 13 years to fund a Whole Life Insurance Policy for the benefit of Mr. Siegel's estate or a beneficiary nominated by him, for US$6.5 million. The premiums paid will be reimbursed from the insurance proceeds or from the excess cash surrender value commencing when the Whole Life Insurance Policy has been fully funded.

Defined Contribution Plan

Mr. Siegel participates in our Defined Contribution Plan covering our U.S. employees. We make contributions based on a percentage of Mr. Siegel's compensation up to a maximum each year. The
maximum contribution allowed for 2007 was US$9,000 and is included in the Summary Compensation Table located on page 22. All contributions are vested immediately.

**COO PLANS**

*Defined Benefit Plan*

Based upon current salary levels and employment to age 63, the estimated annual pension benefit payable upon retirement at age 65 to Mr. Hedges from our defined benefit pension plan and the supplementary retiring allowance agreement discussed below is $247,637.

The 2007 service costs for Mr. Hedges' defined benefit pension plan were $32,000 and the total actuarial value of projected obligations for service to December 31, 2007 was $392,000. The value has been determined using the same actuarial assumptions as those used to determine the year-end pension plan valuations disclosed in note 17 of the 2007 consolidated financial statements.

*Supplementary Retiring Allowance Agreement*

We have entered into a supplementary retiring allowance agreement with Mr. Hedges. Under this agreement he becomes entitled to a maximum annual pension at age 65 equal to the product obtained by multiplying 3% by the number of years of service to a maximum of 20, including periods of permanent disability, by his highest annual salary averaged over three years. The total retiring allowance paid to Mr. Hedges is inclusive of payments he receives from the Canada Pension Plan and our defined benefit plan. If Mr. Hedges ceases to be employed by us prior to age 65 and he elects to accelerate the payment of his supplementary pension, the annual amount to which he will be entitled will be reduced by one-half of 1% for each calendar month prior to the first month in which he would be 65 years of age. On the death of Mr. Hedges following retirement, his surviving spouse would become entitled to a pension of up to two-thirds of his supplementary pension. If there is no surviving spouse, a lump sum is payable to a named beneficiary in the amount of 60 times the monthly pension benefit, less any amount paid to Mr. Hedges during his lifetime pursuant to the supplementary retiring allowance agreement. The agreement also provides for payment in the event of death and for payments in the event of termination of employment without just cause following a change of control. We have agreed to make payments to a separate trust, of the actuarially determined amount necessary to fund the portion of the Company's obligation to make the payments provided for in the supplementary retiring allowance agreement arising in respect of Mr. Hedges' service after December 31, 2002. In 2007, we paid an aggregate of $138,270 in respect of future service obligations related to 2007. The 2007 service costs relating to the supplemental plan were $93,000 and the total value of the projected benefit obligations was $1,269,000 at December 31, 2007.

As of December 31, 2007, Mr. Hedges had 13.5 years of credited service.

**CFO PLANS**

*Defined Benefit Plan*

Ms. Britton participates in a defined benefit final average formula plan which will provide an annual pension equal to 1.3% of pensionable earnings up to the Canada Pension Plan maximum pensionable earnings level and 2% of pensionable earnings above such level based on the highest consecutive 60 months pensionable earnings, for each year of credited service subject to the maximum allowed. The normal form of benefit payable at age 65 is a life annuity guaranteed for 120 months or a joint and survivor pension equal to 60% of her pension entitlement. The defined benefit pension entitlement is subject to the maximum allowed under the Income Tax Act for each year of credited service in a defined benefit plan. The limit for 2007 was $2,222.22 per year of service.

The 2007 service costs for Ms. Britton's pension were $30,000 and the total actuarial value of projected obligations for service to December 31, 2007 was $638,000. The value has been determined using the same actuarial assumptions as those used to determine the year-end pension plan valuations disclosed in note 17 of the 2007 consolidated financial statements.
As at December 31, 2007, Ms. Britton had 23 years of credited service. At age 65, Ms. Britton is entitled to receive the following annual pension payments for the years of service shown: 25 years - $55,555; 30 years - $66,667 and 35 years - $77,778. There are no offsets to the benefit from this plan.

**Supplementary Retiring Allowance Agreement**

We have agreed to establish a supplementary retiring allowance arrangement for Ms. Britton for service on and after January 1, 2007. Pursuant to this arrangement, we have agreed to contribute approximately 37% of her salary, annually, to a separate trust. The obligation for 2007 is $91,483.

**OTHER NAMED EXECUTIVE OFFICERS**

**Registered Retirement Savings Plan**

Contributions were made on behalf of Ms. Kelly and Mr. Halcrow to Registered Retirement Savings Plans. These amounts are included in the Summary Compensation Table located on page 22 of this Circular.

**CEO EMPLOYMENT AGREEMENT**

In August of 1997, we entered into an employment agreement with Mr. Siegel, which provided for his employment as President and Chief Executive Officer effective August 12, 1997. The agreement provided for compensation with respect to Mr. Siegel's annual base salary, bonus entitlement (expressed as a variable percentage of his base salary which increases with the level of basic earnings per share of Russel Metals) and grant of options to acquire common shares. Mr. Siegel's salary, bonus and stock options awarded for 2007 are disclosed in the summary compensation table for named executive officers located on page 22 of this Circular. Pursuant to this agreement, Mr. Siegel is entitled to be compensated for the difference in effective income tax rates in Canada and the United States. Mr. Siegel is entitled to benefits similar to those enjoyed by our other executive officers pursuant to our normal benefit plans, practices and policies. Mr. Siegel's employment agreement provides for severance pay equal to two times his annual salary, plus amounts estimated to be payable pursuant to any profit sharing, incentive compensation or bonus program, in the event that his employment is terminated without just cause.

**CEO, COO AND CFO CHANGE OF CONTROL AGREEMENTS**

We have entered into change of control employment agreements with Mr. Siegel, Mr. Hedges and Ms. Britton providing for their continued employment for two years following a change of control and for severance payments in certain circumstances in the event of the termination of their employment within such period. Such circumstances include termination of employment by Russel Metals (other than for just cause, disability or retirement) or termination of employment by the executive officer for good reason.

A "change of control" includes the acquisition of effective control by a person or group of persons acting in concert and a determination by the Directors that a change of control has occurred or is about to occur. For such purpose, any person or group holding securities which entitle such holder or holders to cast more than 25% of the votes attaching to all shares in the capital of the Company, which may be cast to elect Directors, shall be deemed to be in a position to exercise effective control. A change of control will also have occurred if incumbent Directors cease to constitute a majority of the Board of Directors. For this purpose an incumbent Director is any member of the Board of Directors of the Company who was a Director immediately prior to the event which gave rise to the change of control, and any successor to an incumbent Director who was recommended or elected or appointed to succeed an incumbent Director by the affirmative vote of a majority of the incumbent Directors. Upon termination in the foregoing circumstances, the executive officer is entitled to receive a lump sum payment of two times his or her then current salary, including amounts estimated to be payable pursuant to any profit sharing, incentive compensation or bonus program. The executive officer is also entitled to receive an amount on account of the value of all options or other rights to acquire our common shares held by the executive officer or to which he or she would have been entitled, an amount on account of pension benefits to which the executive officer would have been entitled and certain other benefits.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The disclosure set out below reflects our compliance with National Policy 58-201 (Corporate Governance Guidelines) and National Instrument 58-101 (Corporate Governance Practices) (the "CSA Governance Rules").

DISCLOSURE REQUIREMENT  PRACTICES OF RUSSEL METALS INC.

Independence of the Board
More than a majority of our Directors are independent. The only Director who is not independent is Mr. Siegel, as he is President and Chief Executive Officer of Russel Metals.

Other Board Positions held by the Company's Directors
Each of Alain Benedetti, James F. Dinning, Anthony F. Griffiths, Alice D. Laberge and Lise Lachapelle sits on the boards of other public companies. These companies are disclosed in the Director nominee table beginning on page 9 of this Circular.

In Camera Meetings
The independent Directors meet in camera at each scheduled quarterly Board meeting. Last year there were four in camera sessions.

Independent Chair
Mr. Griffiths is the Chairman of the Board and is an independent Director.

Board Charter
The Board charter is included as Schedule A to this Circular, beginning on page 37.

Under the charter, the Board has explicitly assumed stewardship responsibility for Russel Metals as well as responsibility for the matters specifically set out in the CSA Governance Rules.

The charter provides that the Board of Directors shall review and approve our strategic direction, and annual business plan and our capital expenditure budget. In addition, the Board approves acquisitions and all capital expenditures in excess of $1.0 million. It also reviews and approves changes in business focus, corporate financings and debt issues.

Size of Board
Our articles require us to have a minimum of seven and a maximum of 12 Directors. Our Board believes that a Board with a number of Directors within this range will allow it to operate effectively. The number of Directors to be elected at the Meeting is set at eight. The size and composition of the Board brings a balance of industry and operational expertise as well as backgrounds in other areas that Management and the Board believe are of benefit to us.
Board Committees

The following is a list of Russel Metals' Board committees:

- Audit Committee
- Nominating and Corporate Governance Committee
- Management Resources and Compensation Committee
- Environmental Management and Health & Safety Committee

The members of these committees are listed on page 13 of this Circular. The Board has adopted charters for each of these committees.

Position descriptions

The Board has approved position descriptions for:

- the Chair of the Board
- the Chair of each Committee of the Board
- the Chief Executive Officer

The Board is satisfied that the functions and respective responsibilities of the Board and Management are clearly understood and supported by all participants in our governance process.

The Board expects Management to keep it apprised of all material risks facing us and to provide it with regular reports on our activities and on any external developments that are likely to affect the Company. The Board also expects Management to advise it of any events that have or are likely to have a material effect on the Company. The interaction between the Board and Management challenges Management to proactively manage the cyclical nature of the business to ensure it maximizes shareholder value.

Copies of the committee charters and the position descriptions referred to above are available from our website located at www.russelmetals.com (see "About Russel Metals" and "Corporate Governance").

Orientation Program

New Directors joined the Board each year from 2005 to 2007. We provide new Directors with background and information about Russel Metals to assist the Director in becoming conversant with our business and priorities, as well as information concerning the industry in which we and our major competitors operate. New Directors also participate in tours of our facilities and in small group sessions with senior management personnel as part of their orientation process.

Ongoing Education Program

We provide Directors with supplemental Company specific and industry general information on an ongoing basis, not less frequently than quarterly, as part of a continuous education program designed to keep them current with respect to factors affecting the Company. This program also includes periodic tours of our facilities, and presentations by senior corporate and operating personnel. It also includes periodic presentations concerning legal and policy developments affecting Canadian public companies generally and the responsibilities of Directors.
Directors are required to thoroughly review meeting material provided by Management, in advance of Board of Directors' meetings. Directors are required to attend meetings in person, when possible and practicable. Director attendance is disclosed in the Director nominee table beginning on page 9 of this Circular.

Culture of Ethical Business Conduct

The Board has approved and adopted a Code of Business Conduct and Ethics Policy, which applies to all our Directors, officers and employees. This code can be found on our website at www.russelmetals.com (see "About Russel Metals" and "Corporate Governance") and on SEDAR (www.sedar.com).

Monitoring Compliance with Code of Business Conduct and Ethics and other Policies

The Board has adopted a requirement for regular reports on compliance with the Code of Business Conduct and Ethics Policy, as well as other Company policies. Management provides the Board with a written compliance report on a quarterly basis, with regard to such policies.

Conflict of Interest

We have no contracts or other arrangements in place in which any of our Directors or officers has a material interest and we do not anticipate entering into any such arrangement. If any such arrangement were to arise, it would first be considered by the Audit Committee and approved by the Board of Directors (in each case, without the participation of the Director who had the material interest in question).

Audit Committee

The charter for the Audit Committee includes responsibility for reviewing our quarterly and annual financial statements and management's discussion and analysis of financial condition and results of operations and for monitoring our internal control procedures. The Audit Committee meets regularly with our external auditors without Management being present. All members of the Committee are independent Directors. Additional information with respect to the Audit Committee, including its charter, can be found in our annual information form. Our annual information form can be found on our website at www.russelmetals.com (see "About Russel Metals", "Investor Relations" and "Financial Reports") and on SEDAR (www.sedar.com).

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is a fully independent committee of the Board.

It is responsible for:

• developing and recommending governance guidelines for the Company (and periodic review of those guidelines);

• identifying individuals qualified to become members of the Board; and

• recommending Director nominees to be put before the shareholders at each annual meeting.

The Board annually appoints the Nominating and Corporate Governance Committee and its Chair. As part of each meeting, Committee members meet without any member of Management present. The Committee has the authority to retain and compensate any consultants and advisors it considers necessary to fulfill its mandate.
### Nomination of New Directors

The Nominating and Corporate Governance Committee has responsibility for making recommendations to the Board concerning new Director candidates. As and when new Directors have been required from time to time, the Nominating and Corporate Governance Committee has determined the skill set of a potential Director that it believed would best suit us in the circumstances. The Committee develops profiles of individuals whose background and skills would complement those of the existing Directors for consideration by the Board.

### Management Resources and Compensation Committee

The Board annually appoints a fully independent Management Resources and Compensation Committee and its Chair. The responsibilities of the Committee include:

- reviewing and making recommendations to the Board (without the participation of the CEO) concerning compensation for our CEO;
- reviewing and making recommendations to the Board concerning compensation of other executive officers and Directors, incentive-based plans and equity-based plans;
- approving and monitoring share ownership policies; and
- reviewing compensation disclosure in public documents, including the Committee's annual report on executive compensation, for inclusion in our information circular in accordance with applicable rules and regulations.

### Operation of the Management Resources and Compensation Committee

The Management Resources and Compensation Committee considers matters within its mandate and makes recommendations to the full Board.

As part of each meeting, Committee members meet without any member of Management present. The Committee has the authority to retain and compensate any consultants and advisors it considers necessary.

### Determining Director and Officer Compensation

The Management Resources and Compensation Committee recommends the compensation for the Chief Executive Officer to the Board and reviews compensation policies and levels for our other executive officers to ensure that their compensation is competitive and reasonably related to personal and corporate performance. It uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, bonus plans and stock-based incentives, and to assess the effectiveness of our incentive plans in contributing to corporate performance. The Committee determines Director compensation with reference to board compensation of comparably sized Canadian companies. See "Compensation of Non-executive Directors" on page 15 of this Circular.
**Disclosure Requirement**

**Environmental Management and Health & Safety Committee**

The mandate of the Environmental Management and Health & Safety Committee is to monitor, evaluate and make recommendations to the Board for the purposes of ensuring that we conduct our activities in a manner that complies with applicable environmental and occupational health and safety laws. These activities should minimize adverse impacts on the natural environment and to the communities in which we reside and operate in a manner that respects the health and safety of our employees.

**Board, Committee and Individual Director Assessment**

Each Director completes a questionnaire annually assessing the performance of the Board and its committees. The questionnaires are submitted to the Secretary (a partner of Davies Ward Phillips & Vineberg LLP and not a member of Management) who in turn discusses the issues raised by the Directors in their responses with the Chair and the Board. Each Committee is required to review annually at a meeting of the Committee, the effectiveness and contributions of the Committee, and to report to the Board with respect to such review. The Board has also adopted a requirement that each Director also submit annually to the Chair a completed self-assessment form, which is designed to improve individual Director performance through critical self-evaluation. It is expected that individual and corporate goals can be more readily achieved as Directors are assisted in identifying areas that may be improved. The questionnaire is designed to encourage each Director to thoughtfully consider ways in which his or her effectiveness may be increased and to identify areas where we can assist in improving Directors' performance.

**Outside Advisors**

Each committee of the Board is entitled to engage outside advisors at our expense in connection with its mandate. Directors may engage advisors at our expense for other purposes with the concurrence of the Chair of the Nominating and Corporate Governance Committee.

**Certificate**

The Board of Directors has approved the contents and the sending of this Management Proxy Circular.

DATED the 29th day of February, 2008.

WILLIAM M. O'REILLY,  
Secretary
APPENDIX "A" - TEXT OF A RESOLUTION TO APPROVE AMENDMENTS TO THE SHARE OPTION PLAN

WHEREAS it is proposed that the Russel Metals Inc. Share Option Plan (the "Plan") be amended to provide for the extension of the expiry date of options expiring during, or within 10 days of a trading blackout and to update the general amendment provision of the Plan;

BE IT RESOLVED THAT:

1. Article 2 of the Plan is hereby amended by inserting the following as sub-paragraph 2.2:

"Blackout Period" means a period when the optionee is prohibited from trading in the Corporation's securities pursuant to the Corporation's written policies then applicable, or a notice in writing to the optionee by a senior officer or director of the Corporation.

2. Article 4 of the Plan is hereby amended by inserting the following after sub-paragraph 4.3(b):

Notwithstanding the foregoing, if the term of an option held by any optionee expires during or within 10 business days of the expiration of a Blackout Period applicable to such optionee, then the term of such option or the unexercised portion thereof, as applicable, shall expire on the close of business on the tenth business day following the expiration of the Blackout Period.

3. Article 8 of the Plan is hereby amended by deleting paragraph 8.1 in its entirety and substituting therefor the following:

8.1 (a) The Board may amend, suspend, discontinue or terminate the Plan and any outstanding options granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Corporation (provided that, in the case of any action taken in respect of an outstanding option, the optionee's consent to such action shall be required unless the Board determines that the action would not materially or adversely affect such optionee), for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders of the Corporation.

Examples of the types of amendments that the Board is entitled to make without shareholder approval include, without limitation, the following:

(i) ensuring continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental authority or any stock exchange;
(ii) amendments of a "housekeeping" nature, which include amendments to eliminate any ambiguity or correct or supplement any provision contained herein which may be incorrect or incompatible with any other provision hereof;
(iii) changing the vesting provisions of the Plan or any option;
(iv) changing the termination provisions of the Plan or any option which does not entail an extension beyond the originally scheduled expiry date for that option other than the amendment for blackout periods; or
(v) adding a cashless exercise feature, payable in cash or common shares, which provides for a full deduction of the number of underlying shares from the Plan reserve.
(b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring shareholder approval of the Corporation under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the shares present and voting in person or by proxy at a meeting of shareholders shall be required for:

(i) any amendment to the provisions of this Section 8 which is not an amendment within the nature of Section 8(a)(i) or Section 8(a)(ii);
(ii) any increase in the maximum number of Shares issuable under the Plan (other than pursuant to Section 7 hereof);
(iii) any reduction in the option price or extension of the period during which an option may be exercised;
(iv) any amendments to permit the repricing of options;
(v) the cancellation and reissue of any option;
(vi) any amendment to the eligible participants under the Plan that would permit the introduction or reintroduction of Non-Executive Directors to participate under the Plan on a discretionary basis; and
(vii) any amendment to the provisions of the Plan that would permit options to be transferred or assigned other than for normal estate settlement purposes,

provided that, in the case of an amendment referred to in Section 8(b)(iii) hereof, insiders of the Corporation who benefit from such amendment are not eligible to vote their Shares in respect of the approval.

(c) For the purposes of this Section 8, an amendment does not include an accelerated expiry of an option by reason of the fact that an optionee ceases to be a director, officer, consultant or employee of the Corporation or any of its subsidiaries.

(d) The shareholders' approval of an amendment, if required pursuant to the terms hereof, shall be given by approval of the holders of a majority of the Shares present and voting in person or by proxy at a duly called meeting of the shareholders. Options may be granted under the Plan prior to the approval of the amendment, provided that no Shares may be issued pursuant to the amended terms of the Plan until the shareholders' approval of the amendment has been obtained.

4. any Director or officer of the Company be and he or she is hereby authorized, for and in the name of and on behalf of the Company to execute, under the corporate seal of the Company or otherwise, and delivery all such documents and instruments and to do all such other acts and things as may be considered necessary or desirable in order to amend the Plan and otherwise carry out the provisions of this resolution.
APPENDIX "B" - TEXT OF A RESOLUTION TO APPROVE UNALLOCATED OPTIONS, RIGHTS AND OTHER ENTITLEMENTS UNDER THE SHARE OPTION PLAN

BE IT RESOLVED THAT unallocated options, rights and other entitlements to purchase common shares under the Company's Share Option Plan, be and they are hereby approved, such approval to remain valid until the third anniversary of the date of this approval.
SCHEDULE A – CHARTER OF THE BOARD OF DIRECTORS

GENERAL

1. **Purpose and Responsibility of the Board**
   By approving this Charter, the Board explicitly assumes responsibility for the stewardship of Russel Metals Inc. and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of Russel's business and affairs.

2. **Review of Charter**
   The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate and shall make such changes as it considers necessary or appropriate.

3. **Definitions and Interpretation**

   3.1 **Definitions**
   In this charter:
   (a) "Russel" means Russel Metals Inc.;
   (b) "Board" means the board of directors of Russel;
   (c) "CEO" means Russel's chief executive officer;
   (d) "Chair" means the chair of the Board;
   (e) "Charter" means this charter, as amended from time to time;
   (f) "Director" means a member of the Board; and
   (g) "Stock Exchanges" means, at any time, the Toronto Stock Exchange and any other stock exchange on which any securities of Russel are listed for trading at the applicable time.

   3.2 **Interpretation**
   This Charter is subject to and shall be interpreted in a manner consistent with Russel's articles, by-laws, the Canada Business Corporations Act (the "CBCA"), and any other applicable legislation.

CONSTITUTION OF THE BOARD

4. **Election and Removal of Directors**

   4.1 **Number of Directors**
   The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in Russel's articles of incorporation at such time.

   4.2 **Election of Directors**
   Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent directors shall continue in office until their successors are elected.

   4.3 **Vacancies**
   The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the CBCA.
4.4  **Ceasing to Be a Director**
A Director will cease to hold office upon:
(a) delivering a resignation in writing to RUSSELL;
(b) being removed from office by an ordinary resolution of the shareholders;
(c) his or her death; or
(d) becoming disqualified from acting as a Director.

4.5  **Deemed Resignation**
A Director shall submit his or her resignation to RUSSELL (which resignation may or may not be accepted) if that director changes his or her principal occupation.

5.  **Criteria for Directors**
5.1  **Qualifications of Directors**
Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.

5.2  **Residency**
At least 25% of the Directors shall be resident Canadians.

5.3  **Independence of Directors**
(a) At least one-third of the Directors shall not be officers or employees of RUSSELL or any of its affiliates.
(b) At least a majority of the Directors shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

5.4  **Share Ownership**
Subject as hereinafter provided, each Director shall beneficially own, directly or indirectly, Common Shares or deferred share units or combination thereof valued at three times the annual board retainer. Any Director who does not meet this requirement at the date of his or her first election or re-election to the Board following implementation of this policy is required to achieve such ownership level within three years of the date of such first election or re-election.

5.5  **Other Criteria**
The Board may establish other criteria for Directors as contemplated in this Charter.

6.  **Board Chair**
6.1  **Board to Appoint Chair**
The Chair shall be an independent Director.

6.2  **Chair to Be Appointed Annually**
The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chair, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.
7. **Remuneration of Directors and Retaining Advisors**

7.1 **Remuneration**

Members of the Board and the Chair shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Management Resources and Compensation Committee of the Board.

7.2 **Retaining and Compensating Advisors**

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the chair of the Nominating and Corporate Governance Committee.

**MEETINGS OF THE BOARD**

8. **Meetings of the Board**

8.1 **Time and Place of Meetings**

Meetings of the Board shall be called and held in the manner and at the location contemplated in Russel's by-laws.

8.2 **Frequency of Board Meetings**

Subject to Russel's by-laws, the Board shall meet at least four times per year on a quarterly basis.

8.3 **Quorum**

In order to transact business at a meeting of the Board:

(a) at least a majority of Directors then in office shall be present; and
(b) at least 25% of the Directors present must be resident Canadians (or, if this is not the case, a resident Canadian Director who is unable to be present and whose presence at the meeting would have resulted in the required number of resident Canadian Directors being present, must approve the business transacted at the meeting, whether in writing, by phone or otherwise).

8.4 **Secretary of the Meeting**

The Chair shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

8.5 **Right to Vote**

Each member of the Board shall have the right to vote on matters that come before the Board.

8.6 **Invitees**

The Board may invite any of Russel's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

9. **In Camera Sessions**

9.1 **In Camera Sessions of Non-Management Directors**

At the conclusion of each regularly scheduled quarterly meeting of the Board, the non-management Directors shall meet without any member of management being present (including any Director who is a member of management).
In Camera Sessions of Independent Directors

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors shall meet at the conclusion of each regularly scheduled quarterly meeting of the Board with only independent Directors present.

DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD

10. **Delegation and Reliance**

10.1 **Delegation to Committees**

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind Russel, except to the extent that such authority has been specifically delegated to such committee by the Board.

10.2 **Requirement for Certain Committees**

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

(a) Audit Committee;
(b) Nominating and Corporate Governance Committee; and
(c) Management Resources and Compensation Committee.

10.3 **Composition of Committees**

The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such matters.

10.4 **Review of Charters**

On an annual basis, the Board will review the recommendations of the Nominating and Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

10.5 **Delegation to Management**

Subject to Russel's articles and by-laws, the Board may designate the offices of Russel, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of Russel, except to the extent that such delegation is prohibited under the CBCA or limited by the articles or by-laws of Russel or by any resolution of the Board or policy of Russel.

10.6 **Limitations on Management Authority**

(a) Management shall exercise its authority in accordance with the following documents approved by the Board:

(i) strategic plan;
(ii) annual business plan;
(iii) capital expenditure budget.
(b) Management may not take the following actions without the approval of the Board:
   (i) expenditures in excess of $1 million;
   (ii) change in business focus;
   (iii) issuance of securities;
   (iv) borrowing outside of the ordinary course of business.

10.7 **Reliance on Management**

The Board is entitled to rely in good faith on the information and advice provided to it by Russel's management.

10.8 **Reliance on Others**

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

10.9 **Oversight**

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

**DUTIES AND RESPONSIBILITIES**

11. **Duties of Individual Directors**

11.1 **Fiduciary Duty and Duty of Care**

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

(a) act honestly and in good faith with a view to the best interests of the corporation; and
(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

11.2 **Compliance with CBCA and Constating Documents**

A Director shall comply with the CBCA and the regulations to the CBCA as well as with Russel's articles and by-laws.

11.3 **Compliance with Russel's Policies**

A Director shall comply with all policies of Russel applicable to members of the Board as approved by the Board.

12. **Responsibilities of Directors**

12.1 **Responsibilities set out in Charter**

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge the duties and responsibilities set out in accordance with the Charter.

12.2 **Orientation and Education**

A Director shall participate in the orientation and continuing education programs developed by Russel for the Directors.
12.3  Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

(a) Review thoroughly the material provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director.

(b) Attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

12.4  Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

12.5  Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

13.  Board Responsibility for Specific Matters

13.1  Responsibility for Specific Matters

The Board explicitly assumes responsibility for the matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of Russel's business and affairs.

13.2  Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

14.  Corporate Governance Generally

14.1  Governance Practices and Principles

The Board shall be responsible for Russel's approach to corporate governance.

14.2  Governance Principles

(a) Governance Principles. The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for Russel (the "Governance Principles").

(b) Amendments. The Board shall review the Governance Principles at least annually and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time.

14.3  Governance Disclosure

(a) Approval of Disclosure. The Board shall approve disclosure about Russel's governance practices in any document before it is delivered to Russel's shareholders or filed with securities regulators or with the Stock Exchanges.
(b) Determination that Differences Are Appropriate. If Russel's governance practices differ from those recommended by Canadian securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate.

14.4 Delegation to Nominating and Corporate Governance Committee
The Board may direct the Nominating and Corporate Governance Committee to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

15. Responsibilities Relating to Management
15.1 Integrity of Management
The Board shall, to the extent feasible, satisfy itself:

(a) as to the integrity of the CEO and other senior officers; and
(b) that the CEO and other senior officers create a culture of integrity throughout the organization.

15.2 Succession Planning
The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

15.3 Executive Compensation Policy
The Board shall receive recommendations of the Management Resources and Compensation Committee and make such determinations as it considers appropriate with respect to:

(a) CEO's compensation level (without the participation of the CEO);
(b) non-CEO officer compensation;
(c) director compensation;
(d) incentive-compensation plans; and
(e) equity-based plans.

16. Oversight of the Operation of the Business
16.1 Risk Management
Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of Russel's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

16.2 Strategic Planning Process
The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of Russel's business.

16.3 Internal Control and Management Information Systems
The Board shall review the reports of management and the Audit Committee concerning the integrity of Russel's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee) to implement changes to such systems to ensure integrity of such systems.
16.4 **Communications Policy and Feedback Process**

(a) The Board shall review and, if determined appropriate, approve a communication policy for Russel for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Nominating and Corporate Governance Committee with respect to this policy.

(b) The Board shall establish a process pursuant to which the Board can receive feedback from securityholders.

16.5 **Financial Statements**

(a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of Russel's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.

(b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of Russel to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

16.6 **Capital Management**

The Board shall receive regular reports from management on the structure and management of Russel's capital.

16.7 **Pension Plan Matters**

The Board shall receive and review reports from management and from the Audit Committee covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters.

16.8 **Code of Business Conduct and Ethics**

The Board will review and approve a Code of Business Conduct and Ethics for Russel. In adopting this code, the Board will consider the recommendations of the Nominating and Corporate Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.

16.9 **Compliance and Disclosure**

The Board will direct the Nominating and Corporate Governance Committee to monitor compliance with the Code of Business Conduct and Ethics and recommend disclosures with respect thereto. The Board will consider any report of the Nominating and Corporate Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Business Conduct and Ethics and of any waiver granted to a director or senior officer of Russel from complying with the Code of Business Conduct and Ethics.

17. **Nomination of Directors**

17.1 **Nomination and Appointment of Directors**

(a) The Board shall nominate individuals for election as directors by the shareholders and shall require the Nominating and Corporate Governance Committee to make recommendations to it with respect to such nominations.
(b) The Board shall adopt a process recommended to it by the Nominating and Corporate Governance Committee pursuant to which the Board shall:

(i) consider what competencies and skills the Board, as a whole, should possess; and
(ii) assess what competencies and skills each existing Director possesses.

18. **Board Effectiveness**

18.1 *Position Descriptions*

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning formal position descriptions for:

(a) the Chair of the Board, the Lead Director (if any) and for the Chair of each committee of the Board; and
(b) the CEO.

18.2 *Director Orientation and Continuing Education*

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Corporate Governance Committee concerning:

(a) a comprehensive orientation program for new Directors; and
(b) a continuing education program for all Directors.

18.3 *Board, Committee and Director Assessments*

The Board shall review and, if determined appropriate, adopt a process recommended by the Nominating and Corporate Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

18.4 *Annual Assessment of the Board*

Each year, the Board shall assess its performance and effectiveness in accordance with the process established by the Nominating and Corporate Governance Committee.