INFORMATION CIRCULAR AND NOTICE OF
THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

THURSDAY, MAY 12, 2011

THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR
SHAREHOLDERS
NOTICE OF ANNUAL AND SPECIAL MEETING OF 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: Thursday, May 12, 2011
Time: 4:30 p.m. (Toronto time)
Place: Russel Metals Inc.
1900 Minnesota Court, Suite 210
Mississauga, 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, 2010, together with the report of the auditors thereon;
2. To elect Directors;
3. To re-appoint Deloitte & Touche LLP as auditors and to authorize the Directors to fix their remuneration;
4. To approve the advisory resolution to accept the approach to executive compensation disclosed in the Circular;
5. To consider and, if thought advisable, pass a resolution confirming and approving amendments to the share option plan of the Company; 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 registered shareholder and cannot attend the Meeting in person, you may vote by proxy. Voting instructions are included in the accompanying Circular. To be valid, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CIBC Mellon Trust Company no later than 4:30 p.m. (Toronto time) on Tuesday, May 10, 2011 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 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. To vote your shares, you must follow the instructions and complete the form that was provided to you by your Intermediary with this Circular. If you wish to attend 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 their instruction if you wish to vote in person.

By Order of the Board,

MARION E. BRITTON,
Vice President, Chief Financial Officer and Secretary

Mississauga, Ontario
March 4, 2011
Russel Metals

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</tr>
</tbody>
</table>
GENERAL

REASON FOR RECEIVING THIS CIRCULAR

You have received this Circular because you owned common shares of Russel Metals on March 21, 2011. As a shareholder, you have the right to attend our annual and special meeting of shareholders on May 12, 2011 and to vote your shares in person or by proxy. More information regarding the voting of your shares can be found on page 4 of this Circular.

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, 2010 and all other information is current to March 4, 2011.

SHAREHOLDER PROPOSALS

A shareholder who will be entitled to vote at the 2012 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 3, 2011.

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 and 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 Circular for our last annual meeting of shareholders; and
(iv) any material documents and / or material change reports (other than confidential reports) which we have filed with the various securities regulatory authorities.

CONTACT INFORMATION
For general information regarding the Company, please send your requests to:
Russel Metals Inc.
Investor Relations Department
1900 Minnesota Court, Suite 210
Mississauga, Ontario L5N 3C9
T: 905.816.5178
F: 905.819.7409
Email: info@russelmetals.com

For registered shareholders electing to submit a form of proxy, please send to:
CIBC Mellon Trust Company
Proxy Department
P.O. Box 721
Agincourt, Ontario M1S 0A1
T: 866.781.3111
F: 416.368.2502

BUSINESS OF THE MEETING

ABOUT OUR SHAREHOLDER MEETING
At our annual and special meeting, in addition to voting on items of the Company's business, you will also have the opportunity to get an update on the Company, meet face to face with management and interact with the Board of Directors.

RECEIPT OF THE CONSOLIDATED FINANCIAL STATEMENTS
Our financial statements for the year ended December 31, 2010, 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 nine nominees for election to the Board of Directors. All nominees are currently Directors of the Company. Detailed information regarding each nominee commences on page 7 of this Circular, including Director attendance at meetings in 2010. If elected, each nominee will serve for a term of one year, until the 2012 annual meeting of shareholders. We have adopted a Majority Voting Policy for the election of our Directors. A description of this policy commences on page 13 of this Circular.

APPOINTMENT OF AUDITORS
Deloitte & Touche LLP ("Deloitte") were first appointed as our auditors in 1958 and have continued to be our auditors for over 52 years. As required for public companies, Deloitte rotates the lead audit partner. A new lead audit partner was assigned to us at the start of the 2010 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 2010 and 2009 fiscal years:

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>FISCAL YEAR 2010</th>
<th>FISCAL YEAR 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services</td>
<td>$1,270,745</td>
<td>$1,190,000</td>
</tr>
<tr>
<td>Audit Related Services</td>
<td>237,700</td>
<td>316,200</td>
</tr>
<tr>
<td>Tax Services</td>
<td>173,400</td>
<td>336,850</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,681,845</strong></td>
<td><strong>$1,843,050</strong></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 are for assurance and related services that are reasonably related to the performance of the audit and are not reported under audit services. Such services included work associated with advice on the implementation of IFRS and audits 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 2010, Deloitte did not charge fees for any services other than those set out above.

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH
In 2010, the Board of Directors of the Company unanimously approved the adoption of an annual non-binding advisory vote by shareholders on executive compensation commencing with the annual meeting held in May 2010. This gives shareholders a formal opportunity to indicate whether they support the disclosed objectives of the executive compensation plans, and the plans themselves. As a shareholder, you have the opportunity to vote FOR or AGAINST the Company's approach to executive compensation through the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's Information Circular delivered in advance of the 2011 annual and special Meeting of Shareholders.

As this is an advisory vote, the results will not be binding on the Board of Directors. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to increase their engagement with shareholders on compensation and related matters. For information regarding the Company's approach to executive compensation please see "Compensation Discussion and Analysis" commencing on page 19 of this Circular and "Executive Compensation" commencing on page 25 of this Circular. The Board of Directors recommends that the shareholders vote FOR the advisory resolution on the Company's approach to executive compensation.

AMENDMENTS TO 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, for each option that has vested the employee may purchase one common share of the Company at a price equal to the prevailing market price at the date of the grant. The principal features of the Plan commences on page 27 of this Circular.
On February 17, 2011 our Board of Directors approved amendments to the Plan, subject to shareholder and TSX approval. On February 28, 2011, the TSX accepted the amendments subject to shareholder approval. Other than the changes described below, the Plan will remain fundamentally unchanged from the current Plan which is described commencing on page 27 of this Circular. The full text of the Plan, reflecting all the approved amendments (the "Amended and Restated Plan") is attached as Schedule "B" to this Circular. At the Meeting, you will be asked to consider, and if thought advisable, to pass the resolution in Schedule "A" to this Circular confirming and approving the Amended and Restated Plan. To be effective, the resolution must be passed by a majority of votes cast at the Meeting in person or by proxy by shareholders entitled to vote thereon.

Summary of the Proposed Changes to the Share Option Plan

**Fixing the Number of Common Shares Reserved for Issuance and Setting Number So Reserved**

Currently, the aggregate number of shares reserved for issuance, 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). The Plan amendment (i) fixes the number of common shares reserved for issuance under the Plan; and (ii) sets the number of common shares reserved for grant at a maximum of 4,498,909 common shares, 7.5% of the outstanding common shares at the date of this Circular. As at March 4, 2011 an aggregate of 2,965,889 share options have been granted and are currently outstanding and 34,315 share options are available for future grants under the existing Plan. This amendment will provide for an aggregate of 1,498,705 additional shares reserved for issuance and as a result 1,533,020 share options will be available for future grants.

**Changing of Vesting Period**

Currently options granted under the Plan are immediately exercisable as to 20% 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 Plan amendment provides that options granted under the Plan will vest starting on the first anniversary of their date of grant at a rate of 25% per year over a period of four years.

**Limitation on Grants**

The proposed amendments to the Plan provide that (a) the number of common shares reserved for issuance pursuant to options granted under the Plan or otherwise granted under all other share compensation arrangements to Insiders (as defined in the Plan) may not exceed 10% of the issued and outstanding common shares of the Company, and (b) the issuance of common shares to insiders under the Plan and under all other share compensation arrangements within a one-year period may not exceed 10% of the issued and outstanding common shares of the Company.

The summary of the proposed changes to the Plan set forth above is subject to and qualified in its entirety by the provisions of the Amended and Restated Plan. Reference should be made to the Amended and Restated Plan with respect to any provisions described above or elsewhere in this Circular.

**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 by the Company 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 March 4, 2011, there were 60,004,073 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 21, 2011, the record date for the Meeting.

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 Circular. To be valid, CIBC Mellon Trust Company must receive proxies no later than 4:30 p.m. (Toronto time) on Tuesday, May 10, 2011 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 their instructions if you want to vote in person.

Q: How do I appoint a Proxyholder?
A: The Chair and the President and Chief Executive Officer ("CEO") 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 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, proxies for use at the Meeting must be deposited with the Company (at its registered office) or with CIBC Mellon Trust Company no later than 4:30 p.m. (Toronto time) on Tuesday, May 10, 2011 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 Chair or our President and CEO to act as your proxyholder, your common shares will be voted (a) FOR the advisory resolution to accept the approach to executive compensation as disclosed in this Circular; and (b) FOR the resolution approving the amendments to the Company’s share option plan.
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:

1. by completing an instrument in writing, bearing a later date, and delivering it:
   a) to CIBC Mellon Trust Company or to our registered office located at 1900 Minnesota Court, Suite 210, Mississauga, Ontario L5N 3C9, at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to used; or
   b) to the Chair of the Meeting on the day of the Meeting or an adjournment thereof; or

2. in any other manner permitted by law.
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 nine 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, B.R. Hedges, A.D. Laberge, L. Lachapelle, W.M. O’Reilly and J.W. Robinson. All of the Directors are being nominated for re-election.

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 each of the Board nominees, including his or her principal occupation or employment for at least the last five years, committee memberships, meetings attended during 2010, other public board memberships, and the numbers of common shares, deferred share units ("DSUs") and convertible debentures held. For our executive Director, the following table sets out the number of common shares, share options and restricted share units ("RSUs") 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>Age 62</td>
</tr>
<tr>
<td>Sainte Anne Des Lacs, Quebec, Canada</td>
</tr>
<tr>
<td>Director since 02/23/2006</td>
</tr>
<tr>
<td>Independent(7)</td>
</tr>
</tbody>
</table>

Other Public Board Memberships:
Dorel Industries Inc.

Mr. Benedetti is a Corporate Director. Mr. Benedetti was Chair of the Canadian Institute of Chartered Accountants from September 2006 to September 2008. From 1998 to his retirement in June 2004, he was Vice Chair and Canadian Area Managing Partner of Ernst & Young LLP. Mr. Benedetti is a Director of Imperial Tobacco Canada Limited and a Governor of Dynamic Mutual Funds.

<table>
<thead>
<tr>
<th>BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:</th>
</tr>
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<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
</tr>
<tr>
<td>Board – Special</td>
</tr>
<tr>
<td>Audit (Chair)</td>
</tr>
<tr>
<td>Management Resources and Compensation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECURITIES HELD AS AT MARCH 4, 2011(1):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares(2)</td>
</tr>
<tr>
<td>DSUs(3)</td>
</tr>
<tr>
<td>Total Common Shares &amp; DSUs(2)(3)</td>
</tr>
<tr>
<td>Convertible Debentures(1)</td>
</tr>
</tbody>
</table>

(1) Includes 40,000 common shares held by Mr. Benedetti's spouse and 1,600 common shares held by his daughter.
(2) Includes 28,980 common shares held by Mr. Benedetti's retirement trust.
(3) Includes 2,743 deferred share units held by Mr. Benedetti's retirement trust.
(4) Includes 5,750 common shares held by Mr. Benedetti's retirement trust.
(5) Includes 33,750 common shares held by Mr. Benedetti's retirement trust.
(6) Includes 2,000 common shares held by Mr. Benedetti's retirement trust.
(7) Includes 4,000 common shares held by Mr. Benedetti's retirement trust.
JAMES F. DINNING

Mr. Dinning is Chair of the Board of Western Financial Group Inc. (insurance, investment and banking), since 2004. 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. Mr. Dinning is also Chair of the Board of Export Development Canada, a Crown Corporation, wholly owned by the Government of Canada. Mr. Dinning is a Director of The Armstrong Group and also serves as Chancellor of the University of Calgary.

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Number of Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
<td>4</td>
</tr>
<tr>
<td>Board – Special</td>
<td>1</td>
</tr>
<tr>
<td>Audit</td>
<td>2</td>
</tr>
<tr>
<td>Environmental Management and Health &amp; Safety (Chair)</td>
<td>1</td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>2</td>
</tr>
</tbody>
</table>

*Mr. Dinning served as a member of the Audit Committee until May 12, 2010 and the number of meetings reflects those meetings held on or before this date. Mr. Dinning was appointed as a member of the Nominating and Corporate Governance Committee on May 12, 2010 and the number of meetings reflects those meetings held after this date.

SECURITIES HELD AS AT MARCH 4, 2011(1):

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares</td>
<td>15,000</td>
<td>$392,100</td>
</tr>
<tr>
<td>DSUs</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td><strong>Total Common Shares &amp; DSUs</strong></td>
<td><strong>24,954</strong></td>
<td><strong>$652,298</strong></td>
</tr>
<tr>
<td>Convertible Debentures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CARL R. FIORA

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

BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Number of Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
<td>4</td>
</tr>
<tr>
<td>Board – Special</td>
<td>2</td>
</tr>
<tr>
<td>Environmental Management and Health &amp; Safety</td>
<td>1</td>
</tr>
<tr>
<td>Management Resources and Compensation (Chair)</td>
<td>4</td>
</tr>
</tbody>
</table>

SECURITIES HELD AS AT MARCH 4, 2011(1):

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares</td>
<td>19,000</td>
<td>$496,660</td>
</tr>
<tr>
<td>DSUs</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td><strong>Total Common Shares &amp; DSUs</strong></td>
<td><strong>28,954</strong></td>
<td><strong>$756,858</strong></td>
</tr>
</tbody>
</table>
**ANTHONY F. GRIFFITHS**

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 CEO and Chair.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:**

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Attended</th>
<th>Total Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board (Chair) – Regular / Quarterly</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
<tr>
<td>Board – Special</td>
<td>2 of 2</td>
<td>2 of 2</td>
</tr>
<tr>
<td>Management Resources and Compensation</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
<tr>
<td>Nominating and Corporate Governance*</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
</tbody>
</table>

*Mr. Griffiths served as Chair of the Nominating and Corporate Governance Committee until May 12, 2010, at which time he was appointed as a member of this committee.

**SECURITIES HELD AS AT MARCH 4, 2011(1):**

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares(2)</td>
<td>40,000</td>
<td>$1,045,600</td>
</tr>
<tr>
<td>DSUs(2)(3)</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td><strong>Total Common Shares &amp; DSUs(2)(3)</strong></td>
<td><strong>49,954</strong></td>
<td><strong>$1,305,798</strong></td>
</tr>
</tbody>
</table>

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 on 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 Companies Creditors Arrangements Act ("CCAA") (2001) and cease trade orders were issued against management and insiders due to a 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). Mr. Griffiths was a Director of AbitibiBowater Inc. in 2009, at the time when AbitibiBowater Inc., and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Québec in Canada. In December 2010, AbitibiBowater Inc. emerged from Chapter 11 Bankruptcy protection.

**BRIAN R. HEDGES**

Mr. Hedges is currently the President and CEO of Russel Metals. In 1994, Mr. Hedges joined Russel Metals as Executive Vice President and CFO. During his early years with the Company Mr. Hedges oversaw the divestitures of non-metals operations and the restructuring from a holding company (known as Federal Industries Ltd.) to a metals distribution operating company. Over the succeeding 15 years, Mr. Hedges assumed various responsibilities, eventually becoming Executive Vice President and Chief Operating Officer of Russel Metals in 2008 and the President and CEO in 2009. Mr. Hedges also sits on the board of a charitable organization in support of Carleton University.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:**

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Attended</th>
<th>Total Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
<tr>
<td>Board – Special</td>
<td>2 of 2</td>
<td>2 of 2</td>
</tr>
<tr>
<td>No committee membership</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECURITIES HELD AS AT MARCH 4, 2011(1):**

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares(2)</td>
<td>101,739</td>
<td>$2,659,457</td>
</tr>
<tr>
<td>RSUs(2)(4)</td>
<td>145,916</td>
<td>3,814,244</td>
</tr>
<tr>
<td><strong>Total Common Shares and RSUs(2)(4)</strong></td>
<td><strong>247,655</strong></td>
<td><strong>$6,473,701</strong></td>
</tr>
<tr>
<td>Convertible Debentures(5)</td>
<td></td>
<td>$121,750</td>
</tr>
<tr>
<td>Unexercised Common Share Options(6)</td>
<td>490,462</td>
<td></td>
</tr>
</tbody>
</table>
Ms. Laberge is a Corporate Director. She was President and CEO of Fincentric Corporation (a global provider of software solutions to financial institutions) from December 2003 to July 2005. Prior to this appointment, she was CFO of Fincentric. Prior to joining Fincentric in October, 2000, Ms. Laberge was Senior Vice President, Finance and CFO at MacMillan Bloedel Limited from February 1998 to November 1999. She was with MacMillan Bloedel for over 18 years. Ms. Laberge is currently a Director of Delta Hotels Limited and SilverBirch Management Limited.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:**

<table>
<thead>
<tr>
<th>Meetings Attended</th>
<th>Board – Regular / Quarterly</th>
<th>Board – Special</th>
<th>Audit</th>
<th>Management Resources and Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4 of 4</td>
<td>2 of 2</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
</tbody>
</table>

**SECURITIES HELD AS AT MARCH 4, 2011:**

<table>
<thead>
<tr>
<th>Number Outstanding</th>
<th>Total Value As at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares(2)</td>
<td>4,000 $ 104,560</td>
</tr>
<tr>
<td>DSUs(2)(3)</td>
<td>5,072 $ 132,582</td>
</tr>
<tr>
<td>Total Common Shares &amp; DSUs(2)(3)</td>
<td>9,072 $ 237,142</td>
</tr>
</tbody>
</table>

Mrs. Lachapelle is a Corporate Director and a consultant in corporate strategy. She was the President and CEO 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. Mrs. Lachapelle is currently a Director of BNP Paribas (Canada) and Mirabaud Canada Inc., both of which are Canadian subsidiaries of global banks.

**BOARD AND COMMITTEE MEETINGS ATTENDED DURING 2010:**

<table>
<thead>
<tr>
<th>Meetings Attended</th>
<th>Board – Regular / Quarterly</th>
<th>Board – Special</th>
<th>Audit</th>
<th>Nominating and Corporate Governance (Chair)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4 of 4</td>
<td>2 of 2</td>
<td>4 of 4</td>
<td>4 of 4</td>
</tr>
</tbody>
</table>

*Ms. Lachapelle served as a member of the Nominating and Corporate Governance Committee until May 12, 2010, at which time she was appointed Chair of this committee.

**SECURITIES HELD AS AT MARCH 4, 2011:**

<table>
<thead>
<tr>
<th>Number Outstanding</th>
<th>Total Value As at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares(2)</td>
<td>5,000 $ 130,700</td>
</tr>
<tr>
<td>DSUs(2)(3)</td>
<td>9,954 $ 260,198</td>
</tr>
<tr>
<td>Total Common Shares &amp; DSUs(2)(3)</td>
<td>14,954 $ 390,898</td>
</tr>
</tbody>
</table>

Ms. Lachapelle was a Director of AbitibiBowater Inc. in 2009 at the time when AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Québec in Canada. In December 2010, AbitibiBowater Inc. emerged from Chapter 11 Bankruptcy protection.
Mr. O'Reilly was Managing Partner and a member of the Management Committee of Davies Ward Phillips & Vineberg LLP, the principal legal advisor to the Company from 1996 until his retirement from that position on May 31, 2010. He has been a partner of that firm since 1976, except for the period between August 1993 to January 1996 when he served as an executive officer of Russel Metals to assist the Company in the completion of a restructuring program. Mr. O'Reilly was Secretary of Russel Metals from May 1994 to May 2009.

**Board and Committee Meetings Attended During 2010:**

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Attended</th>
<th>Total Meet.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
<td>4/4</td>
<td></td>
</tr>
<tr>
<td>Board – Special</td>
<td>2/2</td>
<td></td>
</tr>
<tr>
<td>Environmental Management and Health &amp; Safety</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>4/4</td>
<td></td>
</tr>
</tbody>
</table>

**Securities Held as at March 4, 2011:**

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares</td>
<td>4,000</td>
<td>$104,560</td>
</tr>
<tr>
<td>DSUs (2)(3)</td>
<td>2,701</td>
<td>70,604</td>
</tr>
<tr>
<td><strong>Total Common Shares &amp; DSUs</strong> (2)(3)</td>
<td><strong>6,701</strong></td>
<td><strong>$175,164</strong></td>
</tr>
<tr>
<td>Convertible Debentures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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

**Board and Committee Meetings Attended During 2010:**

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Attended</th>
<th>Total Meet.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board – Regular / Quarterly</td>
<td>4/4</td>
<td></td>
</tr>
<tr>
<td>Board – Special</td>
<td>2/2</td>
<td></td>
</tr>
<tr>
<td>Audit</td>
<td>2/2*</td>
<td></td>
</tr>
<tr>
<td>Environmental Management and Health &amp; Safety</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Nominating and Corporate Governance</td>
<td>2/2*</td>
<td></td>
</tr>
</tbody>
</table>

*Mr. Robinson was appointed as a member of the Audit Committee on May 12, 2010 and the number of meetings reflects those meetings held after this date. Mr. Robinson served as a member of the Nominating and Corporate Governance Committee until May 12, 2010 and the number of meetings reflects those meetings held on or before this date.

**Securities Held as at March 4, 2011:**

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Number Outstanding</th>
<th>Total Value as at March 4, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares</td>
<td>28,500</td>
<td>$744,990</td>
</tr>
<tr>
<td>DSUs (2)(3)</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td><strong>Total Common Shares &amp; DSUs</strong> (2)(3)</td>
<td><strong>38,454</strong></td>
<td><strong>$1,005,188</strong></td>
</tr>
</tbody>
</table>
Directors are required to own common shares and DSUs valued at not less than three times their current annual Board retainer within three years of becoming a Director. See "Share Ownership of Non-Executive Directors" commencing on page 14 of this Circular. All Directors are in compliance with this policy requirement as of the date of this Circular.

The common share and the DSU values noted in the above table are based on the closing price of a common share on the Toronto Stock Exchange on March 4, 2011 of $26.14.

For further information on DSUs, see "2010 Non-Executive Director Compensation" and "Deferred Share Unit Plan" commencing on page 16 of this Circular.

RSUs vest over a period of three years. The number of RSUs reflected in the above table for Mr. Hedges is the aggregate number of RSUs outstanding as at March 4, 2011, including those which have yet to vest. For further information on the RSUs owned by Mr. Hedges, see "Restricted Share Unit Plan" commencing on page 29 of this Circular.

Represented the convertible debentures owned or controlled / directed by the Nominee Director. The value of the convertible debentures noted in the above table is based on the closing price of 100 convertible debentures on the Toronto Stock Exchange on March 4, 2011 of $121.75.

The number of convertible debentures reflect the value of Mr. Hedges current ownership and this value was used based on the closing price of the convertible debentures on the Toronto Stock Exchange on March 4, 2011 of $121.75.

Mr. Hedges currently owns an aggregate of 490,462 unexercised common share options, of which 301,475 are currently vested. For further details regarding the share options owned by Mr. Hedges, see "Outstanding Equity Based Incentive Awards", commencing on page 30 of this Circular.

"Independent" has the meaning prescribed 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, in the view of the Board, reasonably be expected to interfere with the exercise by the Director of his or her independent judgment.

In 2010 Davies Ward Phillips & Vineberg LLP earned approximately $232,155 in fees, as the Company's principal legal advisor.

Based upon a review of Mr. O’Reilly’s relationship with Davies Ward Phillips & Vineberg LLP following his retirement as Managing Partner and a member of the Management Committee of Davies Ward Phillips & Vineberg LLP on May 31, 2010 and with the benefit of independent legal advice from a nationally recognized law firm, the Board has determined that Mr. O’Reilly is independent for the purpose of National Instrument 58-201 – Corporate Governance Guidelines.

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 "MR&C 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>Non-Executive Directors</th>
<th>Audit Committee</th>
<th>Management Resources and Compensation Committee</th>
<th>Nominating and Corporate Governance Committee</th>
<th>Environmental Management and Health and Safety Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti</td>
<td>X (chair)</td>
<td>X</td>
<td>X (chair)</td>
<td>X</td>
</tr>
<tr>
<td>J.F. Dinning</td>
<td></td>
<td>X</td>
<td>X (chair)</td>
<td>X</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td></td>
<td>X (chair)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>A.F. Griffiths</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>W.M. O’Reilly</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All committee mandates are described under "Statement of Corporate Governance Practices", commencing on page 35 of this Circular.

NUMBER OF BOARD AND COMMITTEE MEETINGS HELD AND ATTENDANCE

Meetings of Independent Directors

Our independent Board members meet without management and non-independent board members on a regular basis (at every quarterly meeting). The only meetings at which the Board does not meet without management and non-independent board members are those special meetings held by conference call for specific purposes, such as approval related to acquisition or financing transactions. The Company’s independent Board members met separately at all regularly scheduled quarterly board meetings held during 2010.
The following table summarizes the meetings of the Board and its committees held in 2010.

<table>
<thead>
<tr>
<th>BOARD / COMMITTEE</th>
<th>NO. OF MEETINGS FOR 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors – Regular / Quarterly</td>
<td>4</td>
</tr>
<tr>
<td>Board of Directors – Special</td>
<td>2</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>4</td>
</tr>
<tr>
<td>Environmental Management and Health &amp; Safety Committee</td>
<td>1</td>
</tr>
<tr>
<td>Management Resources and Compensation Committee</td>
<td>4</td>
</tr>
<tr>
<td>Nominating and Corporate Governance Committee</td>
<td>4</td>
</tr>
</tbody>
</table>

**Attendance at Board and Committee Meetings Held**

We believe that an active board governs more effectively. We expect Directors to attend all quarterly meetings of the Board, all regularly scheduled meetings of committees of which they are members and the annual meeting of shareholders. While we recognize that the short notice of special Board meetings may sometimes conflict with the schedules of our Directors, we expect Directors to exercise reasonable efforts to attend all special meetings of the Board. Directors may participate by teleconference if they cannot attend in person. The table below summarizes the number of Board and committee meetings attended by each non-executive Director during the period of their election in 2010. The Directors' attendance records are also included in the Board nominee table commencing on page 7 of this Circular.

<table>
<thead>
<tr>
<th>DIRECTORS</th>
<th>2010 REGULAR / QUARTERLY BOARD MEETINGS</th>
<th>2010 SPECIAL BOARD MEETINGS</th>
<th>2010 COMMITTEE MEETINGS</th>
<th>2010 TOTAL BOARD &amp; COMMITTEE MEETINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Meetings</td>
<td>Attended</td>
<td>No. of Meetings</td>
<td>Attended</td>
</tr>
<tr>
<td>A. Benedetti</td>
<td>4 of 4</td>
<td>100%</td>
<td>1 of 2</td>
<td>50%</td>
</tr>
<tr>
<td>J. F. Dinning</td>
<td>4 of 4</td>
<td>100%</td>
<td>1 of 2</td>
<td>50%</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>A.F. Griffiths</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>B.R. Hedges(1)</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>W.M. O’Reilly</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td>4 of 4</td>
<td>100%</td>
<td>2 of 2</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Mr. Hedges attended 4 out of 4 of the 2010 Regular / Quarterly Board meetings and 2 out of 2 of the Special Board Meetings in his capacity as a senior executive officer and / or as an executive Director of the Company. As an executive Director of the Company, Mr. Hedges is not a member of any committee of the Board of Directors.

**MAJORITY VOTING**

Our Board has adopted a majority voting policy. This policy provides that any nominee for election as a Director who has more votes withheld than votes for his or her election at the Meeting must tender his or her resignation to our Chair following the 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 its 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 the 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 Chair or our President and CEO to act as your proxyholder, your common shares will be voted in the manner specified in your proxy. 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.

SKILLS AND EXPERIENCE
A Board of Directors with a broad mix of skills is better able to oversee the wide range of issues that arise with a company of our size and complexity. Accordingly, each of the directors is evaluated on the basis of the mix of experience and qualifications they provide. The Nominating and Corporate Governance Committee uses a skills matrix to assist with reviewing the skill set of current directors as well as director candidates. The matrix outlines the desired complement of skills and areas of expertise considered important which includes, among others, industry experience, financial literacy, CEO/senior officer experience, experience in areas of executive compensation, operational experience, familiarity with the regions in which the Company operates and knowledge of corporate governance. The matrix is also used as a tool in developing programs for continuing Director education.

SHARE OWNERSHIP OF NON-EXECUTIVE DIRECTORS
Each non-executive 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 (other than the Chair of the Board) must own common shares and deferred share units with a combined value of not less than $75,000. The Chair of the Board, whose annual retainer is $145,000, must own common shares and deferred share units with a combined value of not less than $435,000. For purposes of this policy, common shares purchased by a Director are valued at any particular time at the higher of the cost of such shares to the Director and their then current market value; and DSUs are valued based on the higher of then current market value of a common share and the market value at the date of grant. 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 is required to achieve this ownership level within three years from the date of such first election. The following table summarizes the share ownership of the non-executive Directors as at the date hereof and their compliance with the foregoing policy.
As at March 4, 2011, the nominees for election at the upcoming Meeting of shareholders beneficially own or control an aggregate of 244,739 common shares, which number includes the common shares owned by our executive Director.

Increase in Non-Executive Directors’ Combined Share / DSU Ownership
Together, the number of the common shares and DSUs owned by the non-executive members of the Board of Directors as at March 4, 2011 has increased 8% from the combined number of common shares and DSUs owned by the non-executive Directors as at March 5, 2010 (the disclosure date used in our 2009 Information Circular). The common share and DSU ownership as at March 5, 2010 and March 4, 2011 is illustrated in the following table.

<table>
<thead>
<tr>
<th>NON-EXECUTIVE DIRECTORS</th>
<th>COMMON SHARES</th>
<th>DSUS</th>
<th>TOTAL COMMON SHARES &amp; DSUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti</td>
<td>27,500</td>
<td>27,500</td>
<td>4,694</td>
</tr>
<tr>
<td>J. F. Dinning</td>
<td>15,000</td>
<td>15,000</td>
<td>8,042</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td>19,000</td>
<td>19,000</td>
<td>8,042</td>
</tr>
<tr>
<td>A.F. Griffths</td>
<td>40,000</td>
<td>40,000</td>
<td>8,042</td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>4,000</td>
<td>4,000</td>
<td>3,399</td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>5,000</td>
<td>5,000</td>
<td>8,042</td>
</tr>
<tr>
<td>W.M. O’Reilly</td>
<td>4,000</td>
<td>4,000</td>
<td>1,144</td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td>29,500</td>
<td>28,500</td>
<td>8,042</td>
</tr>
<tr>
<td>TOTALS</td>
<td>144,000</td>
<td>143,000</td>
<td>49,447</td>
</tr>
</tbody>
</table>


COMPENSATION OF NON-EXECUTIVE DIRECTORS

Board and Committee Fees
Our non-executive 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. The fee schedule, set out below, describes cash fees payable to non-executive Directors, as at December 31, 2010.

<table>
<thead>
<tr>
<th>NON-EXECUTIVE DIRECTORS</th>
<th>2010 RETAINER</th>
<th>MULTIPLE</th>
<th>TARGET VALUE OF SHARE OWNERSHIP</th>
<th>NUMBER OF SHARES</th>
<th>NUMBER OF DSUS</th>
<th>COMBINED VALUE OF SHARES AND DSUS (1)</th>
<th>MEETS GUIDELINES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti</td>
<td>$25,000</td>
<td>x3</td>
<td>$75,000</td>
<td>27,500</td>
<td>8,282</td>
<td>$935,341</td>
<td>yes</td>
</tr>
<tr>
<td>J. F. Dinning</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>15,000</td>
<td>9,954</td>
<td>652,298</td>
<td>yes</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>19,000</td>
<td>9,954</td>
<td>756,858</td>
<td>yes</td>
</tr>
<tr>
<td>A.F. Griffths</td>
<td>145,000</td>
<td>x3</td>
<td>435,000</td>
<td>40,000</td>
<td>9,954</td>
<td>1,305,798</td>
<td>yes</td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>4,000</td>
<td>5,072</td>
<td>237,142</td>
<td>yes</td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>5,000</td>
<td>9,954</td>
<td>390,898</td>
<td>yes</td>
</tr>
<tr>
<td>W.M. O’Reilly</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>4,000</td>
<td>2,701</td>
<td>175,164</td>
<td>yes</td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td>25,000</td>
<td>x3</td>
<td>75,000</td>
<td>28,500</td>
<td>9,954</td>
<td>1,005,188</td>
<td>yes</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 MR&C Committee reviews the compensation package for our Directors on an annual basis.

**2010 Non-Executive Director Compensation**

During the financial year ended December 31, 2010, we paid an aggregate of $511,308 in cash compensation to our non-executive Directors. We also made quarterly allocations of DSUs with an aggregate value in 2010 of $277,000 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, 2010.
No additional compensation is paid to Mr. Hedges, our President and CEO, in consideration for his services as a Director of the Company.

<table>
<thead>
<tr>
<th>NON-EXECUTIVE DIRECTORS</th>
<th>BOARD FEES</th>
<th>COMMITTEE FEES</th>
<th>TRAVEL FEE</th>
<th>DSUS IN LIEU OF CASH</th>
<th>CASH TOTAL</th>
<th>DSU ALLOCATIONS</th>
<th>TOTAL COMPENSATION(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti</td>
<td>$ 25,000</td>
<td>$ 10,000</td>
<td>$ 26,000</td>
<td>$ 66,000</td>
<td>$ 30,500</td>
<td>$ 97,500</td>
<td></td>
</tr>
<tr>
<td>J.F. Dinning</td>
<td>25,000</td>
<td>10,000</td>
<td>10,000</td>
<td>6,500</td>
<td>-</td>
<td>30,000</td>
<td>84,000</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td>25,000</td>
<td>12,000</td>
<td>10,000</td>
<td>8,500</td>
<td>-</td>
<td>30,000</td>
<td>93,000</td>
</tr>
<tr>
<td>A.F. Griffiths(1)</td>
<td>145,000</td>
<td>-</td>
<td>yes</td>
<td>-</td>
<td>-</td>
<td>175,000</td>
<td></td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>25,000</td>
<td>12,000</td>
<td>16,000</td>
<td>4,500</td>
<td>57,500</td>
<td>91,308</td>
<td></td>
</tr>
<tr>
<td>L. Lachapelle(2)</td>
<td>25,000</td>
<td>12,000</td>
<td>16,000</td>
<td>3,808</td>
<td>4,500</td>
<td>61,308</td>
<td></td>
</tr>
<tr>
<td>W.M. O'Reilly</td>
<td>25,000</td>
<td>12,000</td>
<td>10,000</td>
<td>4,500</td>
<td>51,500</td>
<td>78,500</td>
<td></td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td>25,000</td>
<td>12,000</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>81,500</td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>$320,000</td>
<td>$80,000</td>
<td>$88,000</td>
<td>$30,308</td>
<td>$548,308</td>
<td>$788,308</td>
<td></td>
</tr>
</tbody>
</table>

(1) Mr. Griffiths is paid an annual cash fee of $145,000 for acting as Chair of the Board, Chair of the Nominating and Corporate Governance Committee for the first and second quarter of 2010, as a member of the Nominating and Corporate Governance Committee for the third and fourth quarters of 2010 and a member of the MR&C Committee, which is inclusive of all cash fees for attending Board and committee meetings during the year.

(2) Ms. Lachapelle served as Chair of the Nominating & Corporate Governance Committee in the third and fourth quarters of 2010 and as such has been paid $3,808 for this service.

(3) With the exception of the Deferred Share Unit Plan, the Company does not provide compensation by way of options, non-equity incentive plans, pension or other plans to the non-executive directors.

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 ("Market Price"). DSUs are allocated on the last day of March, June, September and December in each year. In November 2008, the DSU Plan was amended, effective as of January 1, 2009, to increase the number of DSUs credited quarterly to each Director’s account to the amount determined by dividing $7,500 by the Market Price at the allocation date. In 2008 and prior years, the number of DSUs credited quarterly to each Director's account was determined by dividing $5,000 by the Market Price at the allocation date. In May 2010, the DSU Plan was further amended to provide Directors with flexibility to redeem their DSUs within a prescribed period of time following the date on which they cease to be directors and to elect to receive meeting fees in the form of DSUs. A Director may elect to receive payment in DSUs, rather than cash, for all or a portion of his or her annual Board retainer, annual chair retainer and / or meeting fees, by providing the required notice to the Company 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 which can be no later than December 15 of the first calendar year commencing after the Director's withdrawal 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 DSUs issued to each non-executive Director during 2010 is reflected in the table above.
Deferred Share Units
As at March 4, 2011, the non-executive Directors held an aggregate of 65,825 DSUs, which were valued at an aggregate of $1,720,667 as of such date. The number of DSUs held by each non-executive Director and their value as at March 4, 2011 is illustrated in the following table.

<table>
<thead>
<tr>
<th>NON-EXECUTIVE DIRECTORS</th>
<th>NUMBER OF DSUs HELD AS AT MARCH 4, 2011</th>
<th>VALUE OF DSUs AS AT MARCH 4, 2011(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Benedetti</td>
<td>8,282</td>
<td>$  216,491</td>
</tr>
<tr>
<td>J.F. Dinning</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td>C.R. Fiora</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td>A.F. Griffiths</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td>A.D. Laberge</td>
<td>5,072</td>
<td>132,582</td>
</tr>
<tr>
<td>L. Lachapelle</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td>W.M. O’Reilly</td>
<td>2,701</td>
<td>70,604</td>
</tr>
<tr>
<td>J.W. Robinson</td>
<td>9,954</td>
<td>260,198</td>
</tr>
<tr>
<td>TOTAL</td>
<td>65,825</td>
<td>$1,720,667</td>
</tr>
</tbody>
</table>


DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
In December 2010, 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 coverage 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, 2011 was $375,679. 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 coverage 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.
COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains the significant elements of compensation awarded to, earned by, paid to, or payable to the CEO, the Chief Financial Officer ("CFO") and each of the next three most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for the year ended December 31, 2010.

COMPENSATION PHILOSOPHY

The MR&C Committee reviews and makes recommendations to the Board for the specific compensation arrangements of the CEO, the CFO, the Company's overall compensation philosophy and its incentive-based cash compensation plans and equity-based compensation plans. Our executive compensation policies and practices are designed:

(i) to attract, motivate, and retain highly competent management by offering a competitive target level of total compensation;

(ii) to motivate, recognize and reward superior performance by maintaining a high proportion of executive pay at risk and linking it to key performance measures, including earnings per share and share price appreciation and, at the operating level, return on net assets; and

(iii) to foster commitment to the Company and close identification with shareholder interests through the effective and judicious use of earnings-based and equity-based incentives.

Pay for performance is an important underlying principle of Russel Metals' executive compensation philosophy, with the result that, at virtually all levels throughout the Company, variable compensation can represent a substantial proportion of total compensation in a successful year. Our objective is to maintain overall competitive compensation arrangements with 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.

The charts below summarize the short-term, mid-term and long-term incentives of the Company’s compensation program.

<table>
<thead>
<tr>
<th>Short-Term Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Element / Eligibility</td>
</tr>
<tr>
<td>Salary</td>
</tr>
<tr>
<td>(All executives and employees)</td>
</tr>
<tr>
<td>Bonus - Cash Incentive</td>
</tr>
<tr>
<td>(All executives and a large percentage of employees)</td>
</tr>
</tbody>
</table>
### Compensation Comparator Group

The MR&C Committee uses various information sources, including independent consultants, to monitor the competitive position of Russel Metals' salaries, cash incentives and share-based incentives, and to assess the effectiveness of Russel Metals' incentive plans in contributing to corporate performance. The MR&C Committee periodically uses comparative data to ensure the ability of Russel Metals to attract, retain and motivate key executives. The comparator group includes large publicly-held industrial companies in Canada and the United States and other companies operating in the metals industry in North America, in each case with annual revenues roughly in the range of 50% to 200% of the annual revenues of the Company. Recent consolidation within the steel industry in North America has reduced the number of public companies operating in that sector. As a result, we include in our comparator group select public companies operating in industrial manufacturing, distribution and retail businesses in Canada with annual revenues within that same target range.

Our executive compensation policies provide for total direct compensation levels which, at target earnings levels, are competitive with similar positions in the comparator group. Individual levels, which are reviewed 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. We use comparator group information as a general guide to assist in reviewing compensation levels and establishing compensation arrangements appropriate to our circumstances. We do not set compensation by using specific benchmarks relative to the comparator group or any particular company in the comparator group.
The companies and trusts included in our executive compensation comparator group for the purpose of establishing target earnings levels for our CEO and CFO for 2009 are noted below. Compensation was not reviewed for the 2010 year.

**Canada (11)**
- Agrrium Inc.
- Dorel Industries Inc.
- Ensign Energy Services Inc.
- Finning International Inc.
- Precision Drilling Corporation (formerly Precision Drilling Trust)
- Rona Inc.
- Superior Plus Corp. (formerly Superior Plus Income Fund)
- Toromont Industries Ltd.
- Transcontinental Inc.
- Viterra Inc.
- West Fraser Timber Co. Ltd.

**United States (9)**
- Allegheny Technologies, Inc.
- A.M. Castle & Co.
- Carpenter Technology Corp.
- Gibraltar Industries, Inc.
- Olympic Steel, Inc.
- Reliance Steel & Aluminum Co.
- Schnitzer Steel Industries, Inc.
- Steel Dynamics Inc.
- Worthington Industries, Inc.

**Annual Compensation Decision Making Process**

We have developed a comprehensive process for making decisions about compensation arrangements for our CEO and CFO. The table below illustrates the different inputs used to determine the compensation program and the flow of information, recommendations and approval by the Board of Directors. Payouts from bonus plans are based on earnings per share targets determined at the beginning of the applicable year. For further information on our reward structure for cash incentives, RSUs and share options for the CEO and CFO for 2010 please see pages 22 and 23 of this Circular.

<table>
<thead>
<tr>
<th>MANAGEMENT</th>
<th>MR&amp;C COMMITTEE</th>
<th>BOARD OF DIRECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Analyzes data and performance against objectives, confers with outside advisors and makes recommendations to the Board.</td>
<td>Final decision.</td>
</tr>
<tr>
<td>CFO</td>
<td>CEO analyzes data(1) and performance against objectives and makes recommendations to the MR&amp;C Committee. Reviews data, confers with outside advisors and CEO and makes recommendations to the Board.</td>
<td>Final decision.</td>
</tr>
<tr>
<td>Other NEOs</td>
<td>CEO analyzes data and performance against objectives. Makes final decision.</td>
<td></td>
</tr>
</tbody>
</table>

(1) *Reviews data such as surveys, peer group information and internal equity platforms.*

**CEO Succession Planning**

The Board of Directors, through its MR&C Committee, reviews succession plans for the position of CEO and establishes and oversees processes for evaluating the performance of the CEO. The MR&C Committee reviews with the CEO the succession plans for senior management and the CEO’s assessment of their performance.

On an annual basis, our non-executive Directors review succession plans and participate in the evaluation of the CEO. The Board of Directors approves the appointment of the CFO and all other corporate officers.
Compensation Consultants
The MR&C Committee receives periodic information and advice from Hugessen Consulting Inc. ("Hugessen"), an independent executive compensation consultant. While the MR&C Committee reviews information and recommendations provided by its advisors as it considers its decisions, the MR&C Committee's decision may reflect factors and considerations other than the recommendations and information provided by its advisors.

In 2010, Hugessen earned approximately $33,299 for the compensation advisory work referred to above, primarily for advice on general compensation. Hugessen 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 MR&C Committee. No such other work has been undertaken by Hugessen.

INCENTIVE COMPENSATION OF NAMED EXECUTIVE OFFICERS
CEO and CFO
The following tables disclose the reward structure for cash incentives, RSUs and share options for the CEO and the CFO for 2010. These arrangements were in effect for Mr. Hedges in 2010 in his capacity as CEO and for Ms. Britton in 2010 in her capacity as CFO. These arrangements for Mr. Hedges and Ms. Britton remain unchanged from those in effect for them in 2009.

Mr. Hedges’ annual salary was set at $600,000 in 2009 and was unchanged for 2010. Ms. Britton's annual salary was set at $300,000 in 2008 and it was unchanged for 2009 and 2010. Salary payments made to Mr. Hedges and Ms. Britton in 2009 were reduced by 10% as part of the 2009 cost containment measures. Mr. Hedges’ annual salary has increased to $630,000 for 2011. Ms. Britton’s annual salary has increased to $315,000 for 2011.

The cash incentive and RSU awards are tied to earnings per share of $1.00 or more. The RSUs and share options however, can result in a much different payout on the exercise or expiry date if the share value changes over the vesting period.

<table>
<thead>
<tr>
<th>CEO</th>
<th>Earnings per Share</th>
<th>$ 1.00</th>
<th>$ 1.25</th>
<th>$ 1.50</th>
<th>$ 2.00</th>
<th>$ 3.00</th>
<th>$ 4.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Incentive as % of Salary</td>
<td>30.0%</td>
<td>52.5%</td>
<td>75.0%</td>
<td>190.0%</td>
<td>220.0%</td>
<td>280.0%</td>
<td></td>
</tr>
<tr>
<td>RSU as % of Salary</td>
<td>30.0%</td>
<td>40.0%</td>
<td>50.0%</td>
<td>190.0%</td>
<td>220.0%</td>
<td>280.0%</td>
<td></td>
</tr>
<tr>
<td>Share Option Value</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
<td>$350,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CFO</th>
<th>Earnings per Share</th>
<th>$ 1.00</th>
<th>$ 1.25</th>
<th>$ 1.50</th>
<th>$ 2.00</th>
<th>$ 3.00</th>
<th>$ 4.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Incentive as % of Salary</td>
<td>30.0%</td>
<td>52.5%</td>
<td>75.0%</td>
<td>190.0%</td>
<td>220.0%</td>
<td>280.0%</td>
<td></td>
</tr>
<tr>
<td>RSU as % of Salary</td>
<td>30.0%</td>
<td>40.0%</td>
<td>50.0%</td>
<td>100.0%</td>
<td>170.0%</td>
<td>230.0%</td>
<td></td>
</tr>
<tr>
<td>Share Option Value</td>
<td>$210,000</td>
<td>$210,000</td>
<td>$210,000</td>
<td>$210,000</td>
<td>$210,000</td>
<td>$210,000</td>
<td></td>
</tr>
</tbody>
</table>

No incentive payment will be made in cash or RSUs under this plan unless earnings per share are at least $1.00. Where reported basic earnings per share are above $1.00 and between the other thresholds set out in the above tables, the size of the grant is proportionately increased. Any additional bonus award for earnings in excess of $4.00 per share is at the complete discretion of the Board.

The annual cash incentive for any year is typically paid in the first quarter of the following year, after the audited financial statements are approved by the Board of Directors. Similarly, the RSUs are awarded annually, in the first quarter of each year, based on the prior year's earnings per share. The grant for 2010 performance will be made on March 10, 2011 based on the Market Price of the common shares (see

Russel Metals
"Restricted Share Unit Plan", on page 29 of this Circular). One-third of such RSUs will vest on each of the first, second and third anniversaries of the date of grant. The RSUs will accrue additional units on account of dividends declared on the outstanding common shares of the Company and all units will be settled in cash promptly following the third anniversary of the date of grant.

The dollar values of option grants made to Mr. Hedges and Ms. Britton for 2010 were determined based on the above tables. The number of share options granted in each case was determined based on the dollar value specified for Mr. Hedges and Ms. Britton divided by the Black-Scholes value per option based on the closing price of a common share on the Toronto Stock Exchange on the business day prior to grant. These amounts were recommended by the MR&C Committee and approved by the Board.

The Company's incentive plans require Mr. Hedges and Ms. Britton to reimburse any overpaid incentives if the Company’s results are later restated due to an error in reporting.

Other Named Executive Officers
Ms. Maureen A. Kelly, our Vice President, Information Systems earned an annual salary of $248,930 in 2010. Mr. David J. Halcrow, our Vice President, Purchasing and Inventory Management earned an annual salary of $139,610 in 2010. Ms. Lesley M.S. Coleman, our Vice President, Controller and Assistant Secretary earned an annual salary of $151,540 in 2010. Each of Ms. Kelly, Mr. Halcrow and Ms. Coleman participate in an annual cash incentive plan based on reported basic earnings per share, to a maximum amount determined annually during the first quarter of the respective year by the CEO. For 2010, the maximum net income for determining bonus awards for participants in this plan was set at $225 million, which equates to $3.77 per share. Actual basic earnings per share for 2010 was $1.17. All head office employees, other than the CEO and the CFO, are members of this plan. The percentage participation of each person in the plan, including Ms. Kelly, Mr. Halcrow and Ms. Coleman is determined on an annual basis by the CEO and the CFO based on a variety of relevant factors, including level of responsibility and past performance.

**Performance Graph**
The following graph shows a comparison over the five-year period ended December 31, 2010 of the value of $100.00 originally invested in common shares of Russel Metals and the S&P/TSX Composite Index and in each case assuming reinvestment of cash dividends paid.
As the above graph indicates, the Company's total return to shareholders has out-performed the S&P/TSX Composite Index over the five years ended December 31, 2010. At December 31, 2010 the total return for the Company’s shareholders since December 31, 2005 was approximately 44%.

Actual basic earnings per share for 2010 was $1.17 compared to a loss of $1.54 per share for 2009. Shareholder return for the year ended December 31, 2010 was 36%. The aggregate annual dollar value of total compensation awarded to the Named Executive Officers increased by 35% for 2010 compared to 2009. Our corporate incentive plans are earnings per share-based. Total compensation for 2009 was significantly lower, as bonuses were not awarded because earnings were below threshold levels. Shareholder return for the three years ended December 31, 2010 was 10% while total compensation awarded to the Named Executive Officers decreased 54% as bonus incentives based on earnings per share were higher in 2008.
## EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE OF NAMED EXECUTIVE OFFICERS

The following table provides a summary of annual compensation earned during the last three fiscal years by the CEO, CFO and the other Named Executive Officers of the Company.

<table>
<thead>
<tr>
<th>NAME AND PRINCIPAL POSITION</th>
<th>YEAR</th>
<th>SALARY(2)</th>
<th>CASH INCENTIVES</th>
<th>SHARE BASED AWARDS(3)</th>
<th>SHARE OPTIONS(4)</th>
<th>PENSION VALUE (5)</th>
<th>ALL OTHER COMP.(6)</th>
<th>TOTAL COMPENSATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2010</td>
<td>$599,081</td>
<td>$271,800</td>
<td>$220,800</td>
<td>$349,998</td>
<td>$187,000</td>
<td>$18,507</td>
<td>$1,647,186</td>
</tr>
<tr>
<td>President and CEO</td>
<td>2009</td>
<td>516,042</td>
<td>-</td>
<td>-</td>
<td>349,812</td>
<td>499,000</td>
<td>9,987</td>
<td>1,374,841</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>499,734</td>
<td>1,300,000</td>
<td>1,300,000</td>
<td>400,101</td>
<td>123,000</td>
<td>10,128</td>
<td>3,632,963</td>
</tr>
<tr>
<td>M.E. Britton&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2010</td>
<td>299,542</td>
<td>135,900</td>
<td>110,400</td>
<td>210,000</td>
<td>142,800</td>
<td>6,830</td>
<td>905,472</td>
</tr>
<tr>
<td>Vice President, CFO and</td>
<td>2009</td>
<td>275,772</td>
<td>-</td>
<td>-</td>
<td>209,888</td>
<td>133,800</td>
<td>6,381</td>
<td>625,841</td>
</tr>
<tr>
<td>Secretary</td>
<td>2008</td>
<td>299,811</td>
<td>780,000</td>
<td>630,000</td>
<td>240,062</td>
<td>141,517</td>
<td>7,012</td>
<td>2,098,402</td>
</tr>
<tr>
<td>M.A. Kelly&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2010</td>
<td>248,930</td>
<td>109,509</td>
<td>-</td>
<td>44,800</td>
<td>5,676</td>
<td>5,254</td>
<td>282,783</td>
</tr>
<tr>
<td>Vice President, Information</td>
<td>2009</td>
<td>227,053</td>
<td>-</td>
<td>-</td>
<td>44,800</td>
<td>5,676</td>
<td>5,254</td>
<td>282,783</td>
</tr>
<tr>
<td>Systems</td>
<td>2008</td>
<td>243,393</td>
<td>475,313</td>
<td>-</td>
<td>118,250</td>
<td>6,085</td>
<td>5,734</td>
<td>848,775</td>
</tr>
<tr>
<td>D.J. Halcrow&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2010</td>
<td>139,610</td>
<td>109,509</td>
<td>-</td>
<td>53,100</td>
<td>10,000</td>
<td>21,526</td>
<td>333,745</td>
</tr>
<tr>
<td>Vice President, Purchasing</td>
<td>2009</td>
<td>125,236</td>
<td>-</td>
<td>-</td>
<td>44,800</td>
<td>10,000</td>
<td>21,228</td>
<td>201,264</td>
</tr>
<tr>
<td>and Inventory Management</td>
<td>2008</td>
<td>134,095</td>
<td>475,313</td>
<td>-</td>
<td>118,250</td>
<td>10,000</td>
<td>21,489</td>
<td>759,147</td>
</tr>
<tr>
<td>L.M.S. Coleman&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>2010</td>
<td>151,540</td>
<td>71,602</td>
<td>-</td>
<td>39,825</td>
<td>3,789</td>
<td>22,032</td>
<td>288,788</td>
</tr>
<tr>
<td>Vice President, Controller</td>
<td>2009</td>
<td>137,885</td>
<td>-</td>
<td>-</td>
<td>28,000</td>
<td>3,447</td>
<td>21,228</td>
<td>190,560</td>
</tr>
<tr>
<td>and Assistant Secretary</td>
<td>2008</td>
<td>139,351</td>
<td>310,781</td>
<td>-</td>
<td>70,950</td>
<td>3,484</td>
<td>17,981</td>
<td>542,547</td>
</tr>
</tbody>
</table>

(1) Mr. Hedges was promoted to President and CEO on May 12, 2009. Compensation shown for 2008 and prior to May 12, 2009 relates to his position as Executive Vice President & Chief Operating Officer.

(2) Effective March 9, 2009 the Named Executive Officers received a 10% reduction in each of their salaries as part of a cost cutting program. The amounts shown in the table reflect these reductions. Effective January 1, 2010 the Named Executive Officers received 100% of each of their respective salaries.

(3) RSUs were issued to Mr. Hedges and Ms. Britton on March 10, 2009, as part of their 2008 year end incentive awards based on earnings per share achieved in 2008. RSUs were not issued in 2009. RSUs will be issued to Mr. Hedges and Ms. Britton on March 10, 2011, as part of their 2010 year end incentive awards based on earnings per share achieved in the year. The aggregate dollar value of the RSUs granted based on Market Price, (as defined in the RSU Plan) on the date of grant, will be equal to amounts shown in the table. For information relating to the RSU Plan and the granting of RSUs please see page 29 of this Circular. For information relating to the vesting of the RSUs please see page 30 of this Circular.

(4) These amounts represent the Black-Scholes valuation of share options granted using the assumptions disclosed in note 13 of the 2010 financial statements of the Company. The share options were valued based on the higher of the closing price of the common shares on the Toronto Stock Exchange on the day prior to the grant and the closing price on the second business day following the grant. See “Option Grants – Decision Making Process” commencing on page 28 of this Circular.

(5) For further information on Mr. Hedges’ pension plan, please see “Defined Benefits Plans” commencing on page 32 of this Circular. The increase in Mr. Hedges’ pension value for 2009 mainly relates to the increase in his salary on his promotion to CEO.

(6) The amounts shown represent the Company’s contributions to the Value Sharing Plan (as defined on page 26) for each of the Named Executive Officers; premiums for a life insurance policy for Mr. Hedges; premiums for Group Term Life Insurance for each of the Named Executive Officers, auto allowances for Mr. Halcrow and Ms. Coleman and fitness club membership for Ms. Coleman. Mr. Hedges and Ms. Britton received an auto allowance during 2010, 2009 and 2008; however, the same has not been disclosed for these Named Executive Officers as it is less than 10% of their total salaries. Ms. Kelly does not receive an auto allowance. Group Term Life Insurance and Value Sharing Plan benefits are available to all employees.
SHARE OWNERSHIP REQUIREMENT FOR THE CEO AND CFO

We have adopted a policy for our CEO which requires him to beneficially own in aggregate common shares and RSUs valued at not less than three times his annual salary within three years of appointment. We have also adopted a policy for our CFO which requires her to beneficially own in aggregate common shares and RSUs valued at not less than one times her annual salary within five years of appointment. The purpose of these policy requirements is to more closely align senior management's interests with those of the Company's shareholders. For purposes of these policies, common shares are valued at the higher of cost to the executive and the market value thereof, and RSUs are valued at the higher of the market price thereof and the market price at the time of grant (see "Restricted Share Unit Plan" on page 29 of this Circular).

The table below shows the number and value of shares and RSUs owned, as of March 4, 2011, by Mr. Hedges, our President and CEO and Ms. Britton, our Vice President and CFO.

<table>
<thead>
<tr>
<th>Name and Position</th>
<th>2010 Base Salary</th>
<th>Multiple</th>
<th>Target Value of Share Ownership</th>
<th>Number of Shares</th>
<th>Value of Share(1)</th>
<th>Number of RSUs</th>
<th>Value of RSUs Held(2)</th>
<th>Combined Value of Shares and RSUs Held</th>
<th>Meets Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges,</td>
<td>$600,000</td>
<td>x3</td>
<td>$1,800,000</td>
<td>101,739</td>
<td>$2,659,457</td>
<td>145,916</td>
<td>$3,814,244</td>
<td>$6,473,701</td>
<td>yes</td>
</tr>
<tr>
<td>President and CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M.E. Britton,</td>
<td>300,000</td>
<td>x1</td>
<td>300,000</td>
<td>88,219</td>
<td>$2,306,045</td>
<td>70,713</td>
<td>$1,848,438</td>
<td>$4,154,483</td>
<td>yes</td>
</tr>
<tr>
<td>VP and CFO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The values of shares and RSUs owned by Mr. Hedges and Ms. Britton are based on the closing price of a common share on the Toronto Stock Exchange on March 4, 2011 of $26.14.

SHARE BASED PLANS

The Company has an Employee Share Purchase Plan as described below and a Share Option Plan as described on page 27 of this Circular. The Company has no other share compensation arrangements.

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 make contributions to the Value Sharing Plan through payroll deductions. For employee contributions up to 5% of their base pay, we contribute an amount equal to one third of the employees’ contributions.

All contributions to the Value Sharing Plan are used to purchase common shares in the market at current market prices. Contributions made by us vest immediately. Employees may withdraw all of the contributions made in their name (including our contributions) at any time. If an employee withdraws our portion of the contribution made in his or her name, he or she may not participate in the Value Sharing Plan for six months.

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 BNY Mellon in the United States. These institutions administer the Value Sharing Plan independently of us.
SHARE OPTION PLAN

We have established a share option plan for our employees and officers. The stated purpose of the plan is to provide officers and full-time employees of the Company and its subsidiaries, opportunities that will encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. Approximately 4% of our employees currently hold options. During 2010, an aggregate of 132,961 options were granted to the Named Executive Officers and 156,450 options were granted to other employees. On February 17, 2011 an aggregate of 112,977 were granted to the Named Executive Officers and 194,150 options were granted to other employees.

Currently, the Plan does not have a fixed number of shares issuable thereunder. The aggregate number of shares reserved for issuance, 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). At December 31, 2010, there were 314,247 common shares available for grant under the Plan. On February 17, 2011, 307,127 of these share options were granted. As described on page 4 of this Circular, the Board has approved that the Plan be amended to fix the number of common shares reserved for issuance under the Plan and setting the number of common shares reserved for issuance under the Plan at 4,498,909 common shares (representing 7.5% of the issued and outstanding common shares on an undiluted basis). As at March 4, 2011 an aggregate of 1,533,020 common shares are available for future grants under the Plan provided that shareholders approve the amendments to the Plan.

Options vest in accordance with terms determined by the Board. Currently, unless otherwise determined by the Board, options granted under the Plan are immediately exercisable as to 20% and are exercisable as to an additional 20% following each of the first, second, third and fourth anniversaries of the date of the grant. As described on pages 3 and 4 of this Circular, the proposed amendment provides that unless otherwise determined by the Board options granted under the Plan will begin vesting on their first anniversary of the date of grant at a rate of 25% per year for four years. The options granted 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, which is the closing price of a common share on the Toronto Stock Exchange for the business day immediately preceding the grant date. The customary practice of the Board in issuing options is to issue them with an exercise price equal to the higher of the market price on the date of the grant and the closing price on such exchange on the second business day following the grant date.

On termination of employment, unvested options are forfeited and vested options may be exercised within 30 days following the date of termination subject to an extension provided under the plan if the period falls within a blackout period. The Board of Directors at its discretion can extend such period to not later than the earlier of original expiry date of the options and the fourth anniversary of termination of employment in certain situations including retirement of an employee. 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.

Under the current Plan, the total number of common shares to be optioned to any optionee, together with any other share compensation arrangements to such optionee, may not exceed 5% of the issued and outstanding shares of the Company. The proposed amendments to the Plan provide that (a) the number of common shares reserved for issuance pursuant to options granted under the Plan or otherwise granted under all other share compensation arrangements to Insiders (as defined in the Plan) may not exceed 10% of the issued and outstanding common shares of the Company, and (b) the issuance of common shares to insiders under the Plan and under all other share compensation arrangements within a one-year period may not exceed 10% of the issued and outstanding common shares of the Company.
The Board of Directors may amend the plan from time to time. Prior shareholder approval is required for certain material amendments to the plan, including to increase the number of common shares issuable under the plan, to reduce the option price or extend the exercise period of an option, to cancel and reissue any option or to modify the persons that are eligible to participate under the plan.

Shareholder approval is not required for amendments of an administrative nature, amendments to ensure compliance with applicable laws or other regulatory requirements, amendments to add a cashless exercise feature to the plan or amendments to change the vesting or termination provisions of the plan or any option (provided it does not entail an extension beyond the originally scheduled expiry date for the given options other than in the case of a "trading blackout"). The Board of Directors may also suspend, discontinue or terminate the plan at any time.

**Option Grants – Decision Making Process**
The Board of Directors approves the list of eligible employees and officers to whom share options are granted and the respective numbers of options granted. The MR&C Committee makes recommendations to the Board as to the number of options to be granted to each eligible employee or officer. In formulating its recommendations, the MR&C Committee takes into consideration the recommendations of the CEO concerning employees other than the CEO and CFO. The MR&C Committee also takes previous incentive awards into account when considering new awards. Except for the general stated purpose of the Plan, described above, there are no formal objectives specified in the Plan. Only officers and bona-fide full-time employees of the Company or a subsidiary are eligible to participate. An employee’s level of responsibility and performance are the measurements considered by the CEO and the MR&C Committee when recommending grants.

**Grant Rate**
The table below sets forth the grant rate for share options issued in 2009 and 2010 as a percentage of issued and outstanding common shares of the Company at the time of grant.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Shares Outstanding(1)</th>
<th>No. of Share Options Granted(2)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>59,698,690</td>
<td>289,411</td>
<td>0.48%</td>
</tr>
<tr>
<td>2009</td>
<td>59,697,290</td>
<td>292,558</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

(1) Number of shares outstanding as at May 12, 2010 and August 1, 2009.
(2) Number of share options granted on May 12, 2010 and on August 1, 2009, being the aggregate number granted during each year.

**2010 Options Granted**
The following table sets forth information relating to share options for 2010. As at December 31, 2010, an aggregate of 2,684,662 common shares would be issued if all the outstanding options were exercised. An additional 314,247 common share options were available for grants as at December 31, 2010.

<table>
<thead>
<tr>
<th></th>
<th>Number of Optioned Shares</th>
<th>Weighted Average Exercise Price</th>
<th>Number of Common Shares Available for Grants as at Dec. 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 2010</td>
<td>2,702,084</td>
<td>$24.52</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>289,411</td>
<td>19.84</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(279,483)</td>
<td>14.19</td>
<td></td>
</tr>
<tr>
<td>Expired or Forfeited</td>
<td>(27,350)</td>
<td>25.52</td>
<td></td>
</tr>
<tr>
<td><strong>Balance, December 31, 2010</strong></td>
<td><strong>2,684,662</strong></td>
<td><strong>25.08</strong></td>
<td><strong>314,247</strong></td>
</tr>
</tbody>
</table>
2010 & 2009 Year-End Dilution Levels
The following table sets forth information concerning share options outstanding as at December 31 in each of 2010 and 2009.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Shares Outstanding</th>
<th>No. of Optioned Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>59,978,173</td>
<td>2,684,662</td>
<td>4.5%</td>
</tr>
<tr>
<td>2009</td>
<td>59,698,690</td>
<td>2,702,084</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

(1) All numbers are as at December 31.

RESTRICTED SHARE UNIT PLAN
On May 12, 2008, the Board adopted a plan providing for the issue of restricted share units (the "RSU Plan"), the purpose of which was to replace a portion of the previously existing short-term cash incentive and a portion of the long-term options and to provide medium-term incentive compensation to participants for their continued efforts in promoting the growth and success of the business of the Company and assisting the Company in attracting and retaining senior management personnel.

The Board has authority, in its sole discretion, to determine the eligible full-time employees to whom RSUs may be granted and the number of RSUs to be granted to any participant. RSUs are awarded annually, in the first quarter of each year based on the prior year’s earnings per share.

Unless an earlier expiry date is designated by the Board at the time of a grant, the expiry date for any RSU shall be the third anniversary of the grant date. Unless an earlier vesting date is designated by the Board, except in the circumstances described below, the RSUs granted to a participant shall vest as to one-third on each of the first, second and third anniversaries of the grant date.

Participants in the RSU Plan are credited with additional RSUs on each dividend payment date in respect of common shares, in an amount that corresponds to the amount of the dividend, based on the number of RSUs recorded in the participant's account on the record date for the payment of the dividend and the Market Price of the common shares on such dividend payment date.

On the expiry date of a vested RSU, the Company is obligated to pay to the participant cash in an amount equal to the Market Price of a common share at such expiry date. Market Price for purposes of the RSU Plan is equal to the average of the high and low board lot trading prices of the common shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date in question.

The RSU Plan provides that if a participant ceases to be an employee for reasons other than death or retirement at or after normal retirement age, any RSUs that are not then vested shall terminate and be forfeited. On the death of a participant or on the retirement of a participant at or after normal retirement age, any unvested RSUs will vest immediately.

OUTSTANDING EQUITY BASED INCENTIVE AWARDS
Share Based Awards
As part of the CEO and CFO performance incentives for the financial year ended 2008, an aggregate of 132,054 RSUs and 64,214 RSUs were granted to the CEO and CFO, respectively, in the first quarter of 2009, based on the 2008 earnings per share. No RSUs were granted in respect of the Company’s 2009 financial year due to the failure to reach the threshold earnings level of $1.00 per share. The grant to the CEO and CFO for 2010 performance will be made on March 10, 2011.
The following table summarizes all RSUs that (i) have not vested as at December 31, 2010 and their market value; and (ii) have vested in 2010 and their value realized upon vesting.

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Unvested RSUs</th>
<th>Value of Unvested RSUs(1)</th>
<th>No. of 2010 Vested RSUs</th>
<th>2010 Value Realized Upon Vesting(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges</td>
<td>97,278</td>
<td>$2,227,666</td>
<td>48,638</td>
<td>$927,046</td>
</tr>
<tr>
<td>M.E. Britton</td>
<td>47,142</td>
<td>1,079,552</td>
<td>23,571</td>
<td>449,274</td>
</tr>
</tbody>
</table>

(1) The value of the RSUs not vested are based on the closing price of $22.90 of a common share on the Toronto Stock Exchange on December 31, 2010.

(2) The value of the RSUs granted in 2009 and the RSUs earned pursuant to the 2009 dividend payments are based on the closing price of $19.02 of a common share on the Toronto Stock Exchange on the vesting date being March 10, 2010. The value of the RSUs earned pursuant to the 2010 dividend payments vested immediately and are based on the Market Price as determined under the RSU Plan at the dividend payments dates.

**Option Based Awards**

The following table summarizes the realizable value of all share options that vested in 2010 for all named Executive Officers, if such options had been exercised on their respective 2010 vesting dates.

<table>
<thead>
<tr>
<th>Name</th>
<th>Common Share Options Value Vested During 2010(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges</td>
<td>$45,289</td>
</tr>
<tr>
<td>M.E. Britton</td>
<td>27,173</td>
</tr>
<tr>
<td>M.A. Kelly</td>
<td>5,800</td>
</tr>
<tr>
<td>D.J. Halcrow</td>
<td>5,800</td>
</tr>
<tr>
<td>L.M.S. Coleman</td>
<td>3,625</td>
</tr>
</tbody>
</table>

(1) The option value vested is the difference between the closing price of a common share on the Toronto Stock Exchange at close of the particular 2010 vesting date and the exercise price of the share option.
The following table sets out certain information with respect to all option based awards outstanding for each of the Named Executive Officers as at December 31, 2010.

<table>
<thead>
<tr>
<th>Name</th>
<th>Grant Date</th>
<th>Number of Securities Underlying</th>
<th>Option Exercise Price</th>
<th>Options Expiration Date</th>
<th>Realizable Value of Unexercised In-The-Money Options(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges</td>
<td>23-Feb-06</td>
<td>51,790</td>
<td>$25.75</td>
<td>23-Feb-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-06</td>
<td>38,210</td>
<td>26.30</td>
<td>03-May-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-07</td>
<td>150,000</td>
<td>33.81</td>
<td>03-May-17</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>18-Feb-08</td>
<td>84,588</td>
<td>26.70</td>
<td>18-Feb-18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>05-Aug-09</td>
<td>46,850</td>
<td>16.58</td>
<td>05-Aug-19</td>
<td>$296,092</td>
</tr>
<tr>
<td></td>
<td>12-May-10</td>
<td>65,913</td>
<td>19.84</td>
<td>12-May-20</td>
<td>201,694</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>437,351</td>
<td></td>
<td></td>
<td>$497,786</td>
</tr>
<tr>
<td>M.E. Britton</td>
<td>27-Apr-05</td>
<td>14,000</td>
<td>$15.85</td>
<td>27-Apr-15</td>
<td>$98,700</td>
</tr>
<tr>
<td></td>
<td>23-Feb-06</td>
<td>35,000</td>
<td>25.75</td>
<td>23-Feb-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-07</td>
<td>35,000</td>
<td>33.81</td>
<td>03-May-17</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>18-Feb-08</td>
<td>50,753</td>
<td>26.70</td>
<td>18-Feb-18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>05-Aug-09</td>
<td>46,850</td>
<td>16.58</td>
<td>05-Aug-19</td>
<td>296,092</td>
</tr>
<tr>
<td></td>
<td>12-May-10</td>
<td>39,548</td>
<td>19.84</td>
<td>12-May-20</td>
<td>121,017</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>221,151</td>
<td></td>
<td></td>
<td>$515,809</td>
</tr>
<tr>
<td>M.A. Kelly</td>
<td>19-Feb-02</td>
<td>2,000</td>
<td>$ 3.75</td>
<td>19-Feb-12</td>
<td>$ 38,300</td>
</tr>
<tr>
<td></td>
<td>17-Feb-03</td>
<td>6,000</td>
<td>5.20</td>
<td>17-Feb-13</td>
<td>106,200</td>
</tr>
<tr>
<td></td>
<td>18-Feb-04</td>
<td>25,000</td>
<td>9.15</td>
<td>18-Feb-14</td>
<td>343,750</td>
</tr>
<tr>
<td></td>
<td>27-Apr-05</td>
<td>25,000</td>
<td>15.85</td>
<td>27-Apr-15</td>
<td>176,250</td>
</tr>
<tr>
<td></td>
<td>23-Feb-06</td>
<td>25,000</td>
<td>25.75</td>
<td>23-Feb-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-07</td>
<td>25,000</td>
<td>33.81</td>
<td>03-May-17</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>18-Feb-08</td>
<td>25,000</td>
<td>26.70</td>
<td>18-Feb-18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>05-Aug-09</td>
<td>10,000</td>
<td>16.58</td>
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<td>63,200</td>
</tr>
<tr>
<td></td>
<td>12-May-10</td>
<td>10,000</td>
<td>19.84</td>
<td>12-May-20</td>
<td>30,600</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>153,000</td>
<td></td>
<td></td>
<td>$758,300</td>
</tr>
<tr>
<td>D.J. Halcrow</td>
<td>18-Feb-04</td>
<td>6,000</td>
<td>$ 9.15</td>
<td>18-Feb-14</td>
<td>$ 82,500</td>
</tr>
<tr>
<td></td>
<td>27-Apr-05</td>
<td>20,000</td>
<td>15.85</td>
<td>27-Apr-15</td>
<td>141,000</td>
</tr>
<tr>
<td></td>
<td>23-Feb-06</td>
<td>25,000</td>
<td>25.75</td>
<td>23-Feb-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-07</td>
<td>25,000</td>
<td>33.81</td>
<td>03-May-17</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>18-Feb-08</td>
<td>25,000</td>
<td>26.70</td>
<td>18-Feb-18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>05-Aug-09</td>
<td>10,000</td>
<td>16.58</td>
<td>05-Aug-19</td>
<td>63,200</td>
</tr>
<tr>
<td></td>
<td>12-May-10</td>
<td>10,000</td>
<td>19.84</td>
<td>12-May-20</td>
<td>30,600</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>121,000</td>
<td></td>
<td></td>
<td>$317,300</td>
</tr>
<tr>
<td>L.M.S. Coleman</td>
<td>27-Apr-05</td>
<td>3,000</td>
<td>$15.85</td>
<td>27-Apr-15</td>
<td>$ 21,150</td>
</tr>
<tr>
<td></td>
<td>23-Feb-06</td>
<td>5,000</td>
<td>25.75</td>
<td>23-Feb-16</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>03-May-07</td>
<td>7,500</td>
<td>33.81</td>
<td>03-May-17</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>18-Feb-08</td>
<td>15,000</td>
<td>26.70</td>
<td>18-Feb-18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>05-Aug-09</td>
<td>6,250</td>
<td>16.58</td>
<td>05-Aug-19</td>
<td>39,500</td>
</tr>
<tr>
<td></td>
<td>12-May-10</td>
<td>7,500</td>
<td>19.84</td>
<td>12-May-20</td>
<td>22,950</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>44,250</td>
<td></td>
<td></td>
<td>$83,600</td>
</tr>
</tbody>
</table>

(1) Based on the closing price of a common share on the Toronto Stock Exchange on December 31, 2010 of $22.90.
PENSION PLAN BENEFITS

Russel Metals provides retirement benefits in various forms, including defined benefit plans, defined contribution plans and Registered Retirement Savings Plan contributions.

DEFINED BENEFITS PLANS

The pension plan for Mr. Hedges and Ms. Britton is a final average earnings plan. It 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, subject to the maximum allowed, applied to the number of credited years of service. The normal form of benefit for a member without a spouse at retirement is a pension payable for life and guaranteed for 120 months. For a member with a spouse at retirement, the normal form is a pension payable for life, reducing on the member’s death to 60% and payable thereafter to the surviving spouse. The annual benefit is subject to the maximum pension allowed under the Income Tax Act. The maximum benefit for 2010 was $2,494 per year of service. There are no offsets to the benefit from this plan.

Mr. Hedges also participates in a defined benefit individual supplementary retirement plan, which entitles him to a maximum annual pension at age 65 which, together with all other pension benefits (Canada Pension Plan benefits and amounts payable under the Company’s defined benefit plan referred to above), equals 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 a three year period. The maximum annual payment from the supplementary plan will not exceed $320,000. If Mr. Hedges ceases to be employed prior to age 65 and he elects to accelerate the payment of his supplementary pension, the annual amount he will be entitled to will be reduced by one-half of 1% for each calendar month prior to the month in which he would be 65 years of age, calculated after the deduction of other pension benefits. 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 supplementary monthly pension benefit, less any amount paid to Mr. Hedges during his lifetime from the supplementary retirement plan. The supplementary plan also provides that in the event of termination of Mr. Hedges’ employment without just cause following a change of control, for purposes of determining his benefits under the plan, Mr. Hedges will be deemed to have 20 years credited service. We have agreed to make payments to fund an individual trust representing the portion of the Company's obligations under the supplementary retirement plan arising in respect of Mr. Hedges' service after December 31, 2002. Obligations related to the period prior to December 31, 2002 are unfunded.

The following table summarizes prescribed information regarding the benefits payable to Mr. Hedges and Ms. Britton under the defined benefit plans referred to above. No other Named Executive Officer participates in a defined benefit plan.

<table>
<thead>
<tr>
<th>NAME</th>
<th>NO. OF YEARS CREDITED SERVICE</th>
<th>ANNUAL BENEFITS PAYABLE</th>
<th>ACCRUED OBLIGATION AT START OF 2010</th>
<th>COMPENSATORY CHANGE (1)</th>
<th>NON-COMPENSATORY CHANGE (2)</th>
<th>ACCRUED OBLIGATION AT END OF 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges</td>
<td>16.5</td>
<td>$170,000</td>
<td>$2,776,000</td>
<td>$187,000</td>
<td>($293,000)</td>
<td>$2,670,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$397,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M.E. Britton</td>
<td>26.0</td>
<td>65,000</td>
<td>90,000</td>
<td>836,000</td>
<td>33,000</td>
<td>35,000</td>
</tr>
</tbody>
</table>

(1) Compensatory change represents the service cost for 2010 and any difference between estimated and actual earnings.

(2) Non-compensatory change includes interest on beginning of year obligations, experience gains and losses and changes in actuarial assumptions.
Amounts shown in the table have been determined using the same actuarial assumptions as those used to determine the year-end pension plan valuations disclosed in note 17 of the 2010 consolidated financial statements.

**DEFINED CONTRIBUTION PLANS**

Both Ms. Britton and Ms. Coleman participate in defined contribution plans. The following table sets out prescribed information concerning the accrued values of these plans and compensatory and non-compensatory payments under these plans for 2010. The respective plans are described in more detail below the table.

<table>
<thead>
<tr>
<th>NAME</th>
<th>ACCUMULATED VALUE AT START OF 2010</th>
<th>COMPENSATORY CHANGE (1)</th>
<th>NON-COMPENSATORY (2)</th>
<th>ACCUMULATED VALUE AT END OF 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.E. Britton</td>
<td>$315,955</td>
<td>$109,800</td>
<td>$914</td>
<td>$426,669</td>
</tr>
<tr>
<td>L.M.S. Coleman</td>
<td>74,785</td>
<td>3,789</td>
<td>5,471</td>
<td>84,045</td>
</tr>
</tbody>
</table>

(1) Compensatory change represents the Company’s contributions.
(2) Non-compensatory change includes investment earnings and losses.

Ms. Britton participates in a defined contribution supplementary retirement plan which provides for an annual contribution to a trust of an amount equal to 36.6% of Ms. Britton's salary for service on and after January 1, 2007. The plan is intended to provide for maximum annual payments commencing at age 65 in an amount which, together with all other pension benefits (Canada Pension Plan benefits and amounts payable under the Company's defined benefit plan), would total 60% of her average salary for the 36 consecutive month period during which Ms. Britton experienced her highest salary, provided that the maximum annual payment on account of the supplemental pension will not exceed $130,000. If Ms. Britton retires prior to age 65 and elects to accelerate the payment of her supplementary pension, the maximum annual amount of the payment from the trust will be reduced by one-half of 1% for each calendar month prior to the month in which she would turn 65 years of age. On the death of Ms. Britton following retirement, her surviving spouse would be entitled to an annual payment not exceeding two-thirds of the annual payment Ms. Britton would be entitled to under the supplemental plan. The funding of the supplemental payments will be limited to the contributions of the Company to the trust and the earnings of the trust, net of any losses of the trust. Assets of the trust available for the funding of supplementary payments include amounts in the refundable tax accounts of the trust.

Ms. Coleman participates in a defined contribution plan which provides for an annual contribution of an amount equal to 2.5% of Ms. Coleman's base salary. A contribution of $3,789 was made on behalf of Ms. Coleman during 2010.

**REGISTERED RETIREMENT SAVINGS PLANS**

Ms. Kelly and Mr. Halcrow have amounts contributed to their Registered Retirement Savings Plans. A contribution of $6,223 was made on behalf of Ms. Kelly and a contribution of $10,000 was made on behalf of Mr. Halcrow during 2010.
CHANGE OF CONTROL AND OTHER AGREEMENTS

The Company does not have a written employment agreement with any Named Executive Officer other than the change of control employment agreements with each of Mr. Hedges and Ms. Britton described below.

CHANGE OF CONTROL EMPLOYMENT AGREEMENTS

We have entered into change of control employment agreements with 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 current salary, including one-half of the amounts paid or payable pursuant to any profit sharing, cash incentive or bonus program during the last 24 months. The executive officer is also entitled to receive an amount on account of the value of all options or other rights to acquire 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.

In addition, upon termination in the foregoing circumstances, if the executive officer holds options for the purchase of common shares in the Company ("Unexercised Rights"), all Unexercised Rights so held that were not exercisable at the date of termination, shall be accelerated so that such Unexercised Rights become immediately exercisable and all Unexercised Rights shall remain exercisable for 180 days following the date of termination. Similarly, RSUs become fully vested and are cashed out.

The following table sets out the payments to which each of the CEO and the CFO would have been entitled had they been terminated on December 31, 2010 within two years of a change of control of the Company:

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount on Account of Salary and Incentives</th>
<th>Immediate Vesting of Options</th>
<th>Immediate Vesting of RSUs</th>
<th>Amount on Account of Pension Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.R. Hedges</td>
<td>$2,574,920</td>
<td>$444,796</td>
<td>$2,227,666</td>
<td>$374,000</td>
<td>$5,621,382</td>
</tr>
<tr>
<td>M.E. Britton</td>
<td>1,351,960</td>
<td>266,878</td>
<td>1,079,552</td>
<td>285,600</td>
<td>2,983,990</td>
</tr>
</tbody>
</table>
# 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

### Independence of the Board
A majority of our current Directors, and a majority of the nominees for election as a Director at the Meeting, are independent. The only Director who is not independent is Mr. Hedges, as he is currently the President and CEO of the Company.

### 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 commencing on page 7 of this Circular.

### In Camera Meetings
The independent Directors meet in camera at each regularly scheduled quarterly Board meeting. Last year there were 4 in camera sessions.

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

### Attendance Record
The attendance record of each Director is disclosed in "Attendance at Board and Committee Meetings Held" on page 13 of this Circular and in the Director nominee table commencing on page 7 of this Circular.

### Board Charter
The Board charter is included as Schedule C to this Circular, commencing on page 51.

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, annual business plan and capital expenditure budget. In addition, the Board approves acquisitions and all capital expenditures in excess of $1 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 nine. 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.
### Disclosure Requirement

#### Practices of Russel Metals

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

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

The members of these committees are listed on page 12 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; and
- the CEO.

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 and in 2009. All new directors receive a comprehensive orientation on their election or appointment to the Board. The orientation includes:

- a detailed briefing with the Chair of Board;
- a detailed briefing with the CEO, CFO and / or other members of senior management;
- participation in tours of our facilities and in small group sessions with senior management personnel; and
- background and key 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 are also provided with a copy of all Board and Committee Charters as well as with copies of the Company’s Code of Business Conduct and Ethics Policy and Insider Trading Policy for review and execution.
Ongoing Education Program

Our Directors are encouraged to participate in external educational seminars, at the Company’s expense, that are relevant to their role on the Board. We also provide our 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 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. In addition to specific and general industry presentations to the Board and committees, Management also makes presentations when they are making key business decisions, during strategic planning meetings, on topical issues from time to time and in response to requests from the Board.

During 2010 the Board increased their knowledge through the following ongoing education programs:

- tour of our facilities in Halifax;
- operations presentation by senior management of our Atlantic service center region;
- presentation on the steel distributors industry and our customers and competitors;
- update on the status of debt markets generally;
- industry articles on steel and oil and gas markets we serve; and
- presentation on IFRS and specific detail on areas that will impact the Company.

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.

The Company uses a confidential and anonymous reporting system that allows all employees to raise concerns free of discrimination, retaliation or harassment. The Company encourages the report of any complaints, concerns or questions relating to: (a) accounting matters; (b) internal controls; (c) financial irregularities; (d) compliance with the Company's policies; and/or (e) unethical business conduct, including but not limited to, safety, environmental, conflicts of interest, bribery, theft and/or fraud. The report of any complaints, concerns or questions relating to the foregoing matters may be made through an independent third party service provider by internet, telephone at a toll free number or by mail. It is the responsibility of the CEO and CFO to investigate all reports submitted to the Whistleblower Hotline. The CEO and CFO will immediately report all serious matters and all matters related to financial integrity to the Audit Committee Chair and will report all other matters at least quarterly.

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 quarterly with our external auditors and our Director of Internal Audit 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, which is posted 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 comprised of independent Directors.

The Nominating and Corporate Governance Committee 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, which is comprised entirely of independent directors, is responsible for making recommendations to the Board concerning new Director candidates. When new Directors have been required, the Nominating and Corporate Governance Committee has determined the skill set of a potential Director that it believed would best suit the circumstances. The Committee develops profiles of individuals whose background and skills would complement those of the existing Directors for consideration by the Board. See "Skills and Experience" described on page 14 of this Circular.

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 the 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 Compensation Discussion and Analysis, for inclusion in this 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. In 2010, it retained Hugessen to provide advice primarily on general compensation, share ownership and share options. See "Compensation Consultants" on page 22 of this Circular.
The Management Resources and Compensation Committee recommends the compensation for the CEO 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, cash incentives and share-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" commencing on page 15 of this Circular.

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.

Each Director completes a questionnaire annually assessing the performance of the Board and its committees. The questionnaires are submitted to 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.

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 Circular.

DATED the 4th day of March, 2011.

MARION E. BRITTON,
Vice President, Chief Financial Officer
and Secretary
SCHEDULE A – TEXT OF A RESOLUTION TO APPROVE AMENDMENTS TO THE SHARE OPTION PLAN

WHEREAS Russel Metals Inc. (the "Company") has established an employee share option plan (the "Option Plan") pursuant to which options (the "Options") to purchase common shares ("Common Shares") of the Company may be granted to participants ("Optionees") under the Option Plan;

AND WHEREAS the Company proposes to amend and restate the Option Plan (the "Amended and Restated Option Plan") substantially in the form of the draft amended and restated Option Plan (the "Draft Amended and Restated Option Plan"), which among other things: (a) amends the maximum number of Common Shares issuable upon the exercise of Options from a maximum of 5% of the Company's issued and outstanding Common Shares to a fixed maximum of 4,498,909 Common Shares issuable, including any Common Shares subject to outstanding Options; (b) provides that unless the Board of Directors of the Company determines otherwise, the Options will vest at a rate of not more than 25% per year commencing after the first anniversary of the date of grant; and (c) implements certain limitations on the number of Options that may be granted to insiders of the Company;

NOW THEREFORE BE IT RESOLVED THAT:

1. the Company is hereby authorized to adopt the Amended and Restated Option Plan substantially on the terms of the Draft Amended and Restated Option Plan, in order to:
   a. amend the maximum number of Common Shares issuable upon the exercise of Options from a maximum of 5% of the Company's issued and outstanding Common Shares to a fixed maximum of 4,498,909 Common Shares including any existing Common Shares subject to outstanding Options which were granted prior to the effective date of the Amended and Restated Option Plan;
   b. provide that unless the Board of Directors of the Company determines otherwise, the Options will vest at a rate of not more than 25% per year commencing after the first anniversary of the date of grant;
   c. impose certain limitations on the number of Options that may be granted to insiders; and
   d. implement certain amendments of a house-keeping nature.

2. subject to receipt of all applicable approvals of the TSX, in each case in accordance with the TSX Rules, upon the due exercise of Options granted under and governed by the Amended and Restated Option Plan from time to time in accordance with the terms thereof, the number of Common Shares issuable as a result of such exercise shall be issued as fully paid and non-assessable Common Shares of the Company; and

3. any officer of the Company be and is hereby authorized, for and in the name of and on behalf of the Company, to execute and to deliver all such further agreements, instruments, amendments, certificates and other documents and to do all such other acts or things as such officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such officer and delivery of any such agreement, instrument, amendment, certificate or other document or the doing of any such other act or thing being conclusive evidence of such determination.
ARTICLE 1
Purpose of the Plan

The purpose of the Plan is to provide officers and full-time employees of the Corporation and its Subsidiaries compensation with opportunities that will encourage share ownership and enhance the Corporation's ability to attract, retain and motivate key personnel and reward significant performance achievements.

ARTICLE 2
Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

2.1 "Affiliate" means any body corporate which is an "affiliate" within the meaning of the Canada Business Corporations Act, as the same may be amended from time to time;

2.2 "Blackout Period" means a period when an 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.

2.3 "Board" means the board of directors of the Corporation or, if established and duly authorized to act, the Executive Committee of the board of directors of the Corporation;

2.4 "Business day" means any day, other than a Saturday or Sunday, on which The Toronto Stock Exchange is open for trading;

2.5 "Capital Reorganization" means (a) a reclassification of the Shares into other shares or into other securities (other than a Share Reorganization) or (b) a consolidation, amalgamation or merger of the Corporation with or into any other corporation or entity (other than a consolidation, amalgamation or merger which does not result in any reclassification of the outstanding Shares or a change of the Shares into other shares) or (c) a transfer (other than to a wholly-owned subsidiary of the Corporation) of all or substantially all of the undertaking or assets of the Corporation as an entity or substantially as an entity to another corporation or entity, or (d) a compulsory acquisition of Shares pursuant to section 206 of the Canada Business Corporations Act;

2.6 "Corporation" means Russel Metals Inc. and includes any successor corporation thereof;

2.7 "Effective Date" means May 12, 2011 or such later date that this Plan has received the requisite approval of shareholders at a duly called meeting of the Corporation;

2.8 "Eligible Person" means any bona fide full-time employee of the Corporation or any Subsidiary;
2.9 "Insider" has the meaning set out in the Company Manual of the TSX, as amended from time to time;

2.10 "Market Price" of a Share, at any date, shall be the closing price of a Share on The Toronto Stock Exchange (or, if the Shares are not then listed and posted for trading on The Toronto Stock Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Board) on the Business Day immediately preceding such date. In the event that the Shares did not trade on the Business Day immediately preceding such date, the Market Price shall be the average of the bid and ask prices of a Share at the close of trading on the Business Day immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Market Price of a Share shall be determined by the Board in its sole discretion;

2.11 "Non-Executive Director" means a director of the Corporation who is not also a bona fide full-time employee of the Corporation or any Affiliate of the Corporation;

2.12 "normal retirement age" means age 65 for any bona fide full-time employee of the Corporation or any Subsidiary;

2.13 "Option" means an option to purchase Shares granted under the Plan;

2.14 "Option Price" means the price per share at which Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Section 7.1 hereof;

2.15 "Optionee" means a person to whom an Option has been granted;

2.16 "Plan" means the Russel Metals Inc. Amended and Restated Share Option Plan, as the same may be amended or varied from time to time;

2.17 "Public Take-over Bid" means either of the following:

(a) a take-over bid for the Shares in respect of which a take-over bid circular is prepared and sent to Shareholders pursuant to the provisions of the *Canada Business Corporations Act* and the applicable securities legislation of the provinces of Canada; or

(b) a take-over bid made for the Shares through the facilities of any stock exchange in Canada under the governing rules and regulations of such stock exchange;

2.18 "Share Reorganization" means (a) the issuance by the Corporation of Shares to all or substantially all of the holders of Shares as a stock dividend (other than dividends paid in the ordinary course), (b) a distribution by the Corporation on its outstanding Shares payable in Shares or securities exchangeable for or convertible into Shares (other than dividends paid in the ordinary course), (c) a subdivision by the Corporation of the Shares into a greater number of Shares, or (d) a consolidation by the Corporation of the Shares into a lesser number of Shares;

2.19 "Shares" means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Section 7.1 hereof or a Capital Reorganization, such other shares, securities, cash or other property to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment or as contemplated by Section 7.2; and

2.20 "Subsidiary" means any body corporate which is a "subsidiary" as such term is defined in the *Canada Business Corporations Act*, as the same may be amended from time to time.
ARTICLE 3
Shares Subject to the Plan

3.1 Options may be granted in respect of authorized and unissued Shares provided that the aggregate number of Shares reserved for issuance under this Plan, subject to adjustment or increase of such number pursuant to the provisions of Article 7 hereof, shall not exceed 4,498,909 Shares, including any existing Shares subject to outstanding Options as of the Effective Date which were granted prior to the Effective Date of this Plan. In the event of the expiration or other termination of an Option, Shares in respect of which the Option has not been exercised shall be available for Options subsequently granted under the Plan. No fractional shares may be purchased or issued pursuant to the exercise of any Option granted under the Plan.

ARTICLE 4
Eligibility, Grant and Terms of Options

4.1 Subject to the provisions of the Plan, Options may be granted to Eligible Persons. Options may be granted by the Corporation pursuant to decisions of the Board. Subject to the express provisions of this Plan, the Board shall have the authority, in its sole discretion, to determine the Eligible Persons to whom Options shall be granted, the time when such Eligible Persons shall be granted Options, the number of Shares which shall be subject to each Option, the Option Price of each Share which shall be subject to each Option, the period(s) during which such Options shall be exercisable (whether in whole or in part), and the other terms and provisions (which need not be identical). In determining the Eligible Persons to whom Options shall be granted and the number of shares for which Options are to be granted to each such Eligible Person, the Board shall give due consideration to the length of service, performance, the amount of earnings and the responsibility and duties of such Eligible Person.

4.2 Unless otherwise specifically determined by the Board, each Option shall, subject to any other specific provisions of the Plan, contain the following terms and conditions:

(a) the period during which an Option shall be exercisable shall be from the first anniversary until the tenth anniversary of the date of the grant of such Option; and

(b) not more than twenty-five percent of the Shares covered by the Option may be taken up in each of years two to five following the date of grant; provided, however, that if the number of Shares taken up under the Option in any of such years is less than twenty-five percent of the Shares covered by the Option, the Optionee shall have the right, at any time and from time to time during the remainder of the term of the Option, to purchase such number of Shares subject to the Option which were purchasable but not purchased by the Optionee during any such year.

All other terms and conditions relating to each Option (including, without limitation, the number of Shares subject to each Option and the Option Price) shall be as determined by the Board, subject to any other specific provisions of the Plan.

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 be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

4.3 The Option Price on Shares which are the subject of any Options shall in no circumstances be lower than the Market Price of the Shares on the date of the grant of the Option.

4.4 In no event may the term of an Option exceed ten years from the time of the grant of the Option.
4.5 The total number of Shares to be optioned to any Optionee under this Plan together with any Shares reserved for issuance under options or warrants for services and other share compensation arrangements to such Optionee shall not exceed 5% of the issued and outstanding Shares at the date of the grant of the Option.

4.6 Notwithstanding any other provision of this Plan or any agreement relating to Options, no Options shall be granted under this Plan if, together with any other share compensation arrangement established or maintained by the Corporation, such grant of Options could result, at any time, in:

(a) the aggregate number of Shares issued to Insiders, within any one-year period, exceeding 10% of the issued and outstanding Shares; or

(b) the aggregate number of Shares issuable to Insiders, at any time, exceeding 10% of the issued and outstanding Shares.

4.7 An Option is personal to the Optionee and is non-assignable.

4.8 If, at any particular time, an Option is exercisable as to only part of the Shares to which the Option relates, and if a Public Take-over Bid is made, the Board, in its sole discretion, may determine that the Optionee may forthwith and thereafter until the expiry of the Option in accordance with its terms exercise the Option with respect to all of the Shares to which the Option relates which have not been taken up by the Optionee prior to the date of such determination.

ARTICLE 5
Termination of Employment, Death, Retirement and Resignation

5.1 An Option, and all rights to purchase Shares pursuant thereto, granted to an Eligible Person who dies, may not be exercised by the legal personal representatives of the estate of the Optionee at any time after the earlier of (i) the expiry of the Option in accordance with its terms, and (ii) the end of a period of 18 months after the date of the Optionee's death.

5.2 Subject to Section 5.3, an Option, and all rights to purchase Shares pursuant thereto, granted to an Eligible Person who subsequently ceases to be an Eligible Person because of retirement or resignation from the Corporation or a Subsidiary or the termination of the employment of such Eligible Person with the Corporation or a Subsidiary, with or without cause, may not be exercised by such Optionee at any time after the earlier of (i) the expiry of the Option in accordance with its terms, and (ii) the end of a period of 30 days from the date the Optionee so ceased to be an Eligible Person.

5.3 An Option, and all rights to purchase Shares pursuant thereto, granted to an Eligible Person who subsequently ceases to be an Eligible Person by reason of retirement or resignation from the Corporation or a Subsidiary at or after normal retirement age, may be exercised by the Optionee at any time prior to but not later than the earlier of (i) the expiry of the Option in accordance with its terms, and (ii) the end of a period of four years from the date the Optionee so ceased to be an Eligible Person. The Board may at any time, in its sole discretion, determine that any particular Option, (vested or unvested) and all rights to purchase Shares pursuant thereto, granted to an Eligible Person who subsequently ceases to be an Eligible Person by reason of retirement or resignation from the Corporation or a Subsidiary prior to normal retirement age or the termination of the employment of such Eligible Person with the Corporation or a Subsidiary, with or without cause, may be exercised by the Optionee at any time prior to but not later than the earlier of (i) the expiry of the Option in accordance with its terms and (ii) the end of a period, specified by the Board at the time of such determination, not exceeding four years from the date the Optionee so ceased to be an Eligible Person. For greater certainty, the Board may in its sole discretion make any such determination with respect to all or any part of the Options granted to any Eligible Person who has so ceased to be an Eligible Person.
5.4 Options shall not be affected by any change of employment or office of the Optionee where the Optionee continues to be a full-time employee of the Corporation or any of its Subsidiaries.

ARTICLE 6
Exercise of Options

6.1 Subject to the other provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price for the Shares then being purchased. Certificates for such Shares shall be delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

6.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue shares to an Optionee pursuant to the exercise of an Option shall be subject to: (a) completion of such registration or other qualifications of such Shares or obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and (c) the receipt from the Optionee of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. In this connection, the Corporation shall to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed. The Corporation may endorse such legend or legends upon the certificates for Shares issued pursuant to the exercise of an Option and may issue such "stop transfer" instructions to its transfer agent in respect of such Shares as the Board, in its sole discretion, determines to be necessary or appropriate to:

(a) prevent a violation of, or to comply with the procedures for an exemption from, the prospectus or registration requirements of applicable securities laws, or

(b) implement the provisions of this Plan and any agreement between the Corporation and the Optionee with respect to such Shares.

6.3 The Corporation may require an Optionee exercising an Option granted under this Plan, or disposing of shares acquired pursuant to the exercise of an Option, to reimburse the Corporation or its applicable Subsidiary, for any taxes required by any governmental regulatory authority to be withheld or otherwise deducted and paid by the Corporation or its applicable Subsidiary in respect of the issuance or disposition of such Shares. In lieu thereof, the Corporation or its applicable Subsidiary, as the case may be, shall have the right to withhold the amount of such taxes from any other sums due to become due from the Corporation or any of its Subsidiaries to the Optionee upon such terms and conditions as the Chief Financial Officer shall prescribe. The Corporation may, in its discretion, hold the share certificate to which such Optionee is entitled upon the exercise of an Option as security for the payment of such withholding tax liability, until cash sufficient to pay that liability has been accumulated.

ARTICLE 7
Certain Adjustments

7.1 Subject to Section 7.2, appropriate adjustments in the number of Shares subject to the Plan and, as regards Options granted or to be granted, in the number of Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Shares resulting from a Share Reorganization or other relevant changes in the share capital of the Corporation.
7.2 If and whenever there shall be a Capital Reorganization, any Optionee who exercises an Option after the effective date of the Capital Reorganization (which, in the case of a Capital Reorganization that is a compulsory acquisition of Shares following a take-over bid or issuer bid pursuant to section 206 of the Canada Business Corporations Act, shall be deemed to be the date on which such take-over bid or issuer bid expired) shall be entitled to receive, and shall accept, for the same aggregate Option Price, in lieu of the number of Shares to which such Optionee was therefore entitled upon such exercise, the aggregate amount of cash, shares, other securities or other property which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the Optionee had been the registered holder of the number of Shares to which the Optionee was therefore entitled upon such exercise.

ARTICLE 8
Amendment or Discontinuance of Plan

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 8.1 which is not an amendment within the nature of Section 8.1(a)(i) or Section 8.1(a)(ii);

(ii) any increase in the maximum number of Shares issuable under the Plan (other than pursuant to Article 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 8.1(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 Article 8, an amendment does not include an accelerated expiry of an Option by reason of the fact that an Optionee ceases to be an 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.

ARTICLE 9
Miscellaneous Provisions

9.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates.

9.2 Nothing in the Plan or any Option shall confer upon any Optionee any right to continue in the employ of the Corporation or any of its Subsidiaries or to continue to be an officer of the Corporation or any of its Subsidiaries or affect in any way the right of the Corporation or any such Subsidiary to terminate his or her employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan or policy of the Corporation or any such Subsidiary, or beyond the time at which the Optionee would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any such Subsidiary.
ARTICLE 10
Shareholders' and Regulatory Approval

10.1 The Plan shall be subject to the approval of the shareholders of the Corporation to be given by resolution passed at a meeting of the shareholders of the Corporation and to all requisite acceptances by The Toronto Stock Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

ARTICLE 11
Governing Law

11.1 This Plan and all Option documents entered into pursuant to this Plan shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable in that province.
SCHEDULE C – 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 Russel;

(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**

Directors whose principal employment or other business or professional circumstances change materially from that which they held when most recently elected to the Board (including retirement from their principal employment) must notify the Chairman of the Nominating and Corporate Governance Committee and tender a written offer to resign for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board; however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances and to consider whether such change may have an impact on the composition of the Board.

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 Russel 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 a combination thereof valued at three times the annual board retainer. The Chair shall beneficially own directly or indirectly, Common Shares or deferred share units or a combination thereof valued at three times the annual Chair retainer. Any new Director is required to achieve such ownership level within three years of the date of such Director’s first election to the Board.

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 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).

9.2 **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 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) capital 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.
Russel Metals