

RUSSEL METALS INC.

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN THAT, pursuant to section 3.01 of the trust indenture dated June 13, 1986 between Russel Metals Inc. (the "Corporation", formerly named Federal Industries Ltd.) and The Royal Trust Company, as amended by the first supplemental indenture dated May 31, 1995 between the Corporation and The R-M Trust Company which authorized the issuance of \$30,000,000 aggregate principal amount of 8% convertible subordinated debentures due June 15, 2006 (the "8% Debentures"), the Corporation calls for redemption on March 26, 2004 (the "Redemption Date"), all of its outstanding 8% Debentures. The Corporation will pay to or to the order of the registered holders of the 8% Debentures the principal amount of \$1,000 per 8% Debenture together with all accrued and unpaid interest (which for such purpose shall be computed to but excluding the Redemption Date and, as the Redemption Date is not an interest due date, the accrued and unpaid interest shall be computed on a *per diem* basis), which has been calculated as the further sum of \$25.37 per 8% Debenture representing the interest accumulating for the period from December 1, 2003 (being the last interest payment date) to the day immediately prior to the Redemption Date, being a total redemption price of \$1,025.37 per 8% Debenture (the "Redemption Price"), upon presentation and surrender at either of the principal offices of CIBC Mellon Trust Company in Toronto, as set out on the reverse side of the Letter of Transmittal, of the certificate(s) for such 8% Debentures.

NOTICE IS HEREBY FURTHER GIVEN that from and after the Redemption Date the 8% Debentures will not be entitled to interest payments and the holders thereof will not be entitled to exercise any of the rights of debentureholders in respect thereof except the right to receive the Redemption Price.

The Corporation has the right at any time after the mailing of this notice to deposit the Redemption Price of the 8% Debentures called for redemption as aforesaid or of such of the said debentures represented by certificate(s) which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account at the principal office of CIBC Mellon Trust Company in Toronto, to be held in trust for the respective holders of 8% Debentures upon presentation and surrender at the said office of CIBC Mellon Trust Company of certificate(s) representing the same. Upon such deposit being made or upon the Redemption Date, whichever is the later, the 8% Debentures in respect of which such deposit shall have been made will be redeemed and the rights of the holders thereof after such deposit or the Redemption Date, as the case may be, shall be limited to receiving without interest the proportionate part of the total Redemption Price so deposited against presentation and surrender of the said certificate(s) held by them respectively.

All of the 8% Debentures held by the person to whom this notice is addressed are to be redeemed.

A Letter of Transmittal under which debentureholders may transmit to CIBC Mellon Trust Company certificate(s) representing 8% Debentures to be redeemed accompanies this notice. The addresses of the principal offices of CIBC Mellon Trust Company to which the 8% Debentures and completed Letter of Transmittal may be sent and other instructions relating to the completion and deposit of the Letter of Transmittal are set out on its reverse side.

DATED as of the 20th day of February, 2004.

RUSSEL METALS INC.

By: (Signed) Brian R. Hedges

Brian R. Hedges

Executive Vice President and Chief
Financial Officer

LETTER OF TRANSMITTAL

**REDEMPTION OF RUSSEL METALS INC.
\$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF 8% CONVERTIBLE
SUBORDINATED DEBENTURES DUE JUNE 15, 2006 (the "8% DEBENTURES")**

This form together with your debenture certificate(s) should be delivered or sent by registered mail to CIBC Mellon Trust Company at either of its offices as indicated on the reverse.

If you wish receipt of your cheque, dated March 26, 2004, by mail on or before **March 26, 2004**, this Letter of Transmittal and your debenture certificate(s) should be received by CIBC Mellon Trust Company by **March 12, 2004**.

If this Letter and your debenture certificate(s) are hand delivered to CIBC Mellon Trust Company at an office listed on the reverse by **March 19, 2004** with instructions that your cheque should be held for pick-up, it will be ready on **March 26, 2004** at that office.

The undersigned hereby surrenders for redemption the following certificate(s) representing 8% Debentures at the principal amount of \$1,000 per 8% Debenture and the sum of \$25.37 per 8% Debenture representing the accrued and unpaid interest payments.

Certificate Number	Principal Amount of Debentures	Registered in the Name of

DIRECTION TO CIBC MELLON TRUST COMPANY

Please forward the cheque for the proceeds of redemption of the 8% Debentures represented by the above certificate(s) as follows:

Name		
Address		
Telephone (Business Hours)	Social Insurance Number	Taxpayer Identification Number
U.S. residents/citizens must provide their Taxpayer Identification Number		

Date: _____

Signature of Debentureholder

INSTRUCTIONS

1. This Letter of Transmittal should be duly signed and completed and returned together with the appropriate certificate(s) representing the 8% Debentures to CIBC Mellon Trust Company at either of the following addresses:

FOR DELIVERY BY MAIL

P.O. Box 1036
Adelaide Street Post Office
Toronto, ON M5C 2K4

FOR DELIVERY BY HAND OR BY COURIER

199 Bay Street
Commerce Court West, Securities Level
Toronto, ON M5L 1G9

2. The Corporation reserves the right, if it so elects in its absolute discretion, to instruct CIBC Mellon Trust Company to waive any defect or irregularity contained in any Letter of Transmittal received by it.
3. Any certificate(s) representing 8% Debentures registered in the name of the person by whom or on whose behalf this Letter of Transmittal is signed need not be endorsed or accompanied by a transfer power other than the Letter of Transmittal itself. Any certificate(s) representing 8% Debentures not so registered must be endorsed by the registered holder thereof or be accompanied by a transfer power duly and properly completed by its registered holder, with the signature guaranteed in either case by a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Exchange Inc. Medallion Signature Program (MSP). The signature of the registered holder must correspond in every respect with the name of the registered holder appearing on the face of the certificate(s).
4. Where the Letter of Transmittal is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, tutor, curator, guardian or any person acting in a representative capacity, the Letter of Transmittal must be accompanied by satisfactory evidence of the representative's authority to act.
5. The method of delivery of the Letter of Transmittal and the appropriate 8% Debenture certificate(s) to CIBC Mellon Trust Company is at the option and risk of the debentureholder but, if delivery by mail is used, registered mail with return receipt requested, properly insured, is recommended.
6. Additional copies of the Letter of Transmittal may be obtained from CIBC Mellon Trust Company at either of its addresses listed above.
7. **Lost Certificates.** If a certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded to CIBC Mellon Trust Company together with a letter stating the loss. CIBC Mellon Trust Company will contact you to advise of the replacement requirements.
8. Any questions should be directed to CIBC Mellon Trust Company at 1-800-387-0825 or 416-643-5500 in the Toronto area or send an e-mail to inquiries@cibcmellon.com.