

IN THE MATTER OF THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, MANITOBA,
ONTARIO AND QUEBEC

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
RUSSEL METALS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario and Québec (collectively, the "Jurisdictions") has received an application (the "Application") from Russel Metals Inc. ("Russel") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Russel of a portion of its outstanding common shares ("Common Shares") pursuant to an issuer bid (the "Offer"), Russel be exempt from the requirements in the Legislation to:

- (1) take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement");
- (2) provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement");
- (3) state the number of securities sought under the Offer (the "Number of Securities Requirement"); and
- (4) obtain a valuation of the Common Shares and provide disclosure in the Circular of such valuation, or a summary thereof, and of prior valuations (the "Valuation Requirement").

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS Russel has represented to the Decision Makers as follows:

1. Russel is a reporting issuer or the equivalent in each of the Jurisdictions. It is not in default of any requirement of the Legislation.

2. Russel's authorized capital consists of an unlimited number of Common Shares, an unlimited number of Class I preferred shares, issuable in series, and an unlimited number of Class II preferred shares, issuable in series. As at February 14, 2000, there were 47,489,547 Common Shares and 1,200,000 Class II Preferred Shares, Series C (the "Preferred Shares") issued and outstanding.

3. The Common Shares and Preferred Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"). The Common Shares also are listed and posted for trading on the Winnipeg Stock Exchange and the Nasdaq National Market. On February 29, 2000, the closing price of the Common Shares on the TSE was \$4.04.

4. During the 12 months ended February 29, 2000:

A. the number of outstanding Common Shares was at all times at least 29,161,810, excluding Common Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties with respect to Russel or were not freely tradeable;

B. the aggregate trading volume of the Common Shares on the TSE was 14,085,000 Common Shares;

C. there were approximately 3,300 trades in Common Shares on the TSE; and

D. the aggregate trading value based on the price of the trades referred to in paragraph 4(C) was approximately \$48,940,000.

5. The market value of the Common Shares described in paragraph 4(A) above was approximately \$107,340,000 for the month of February 2000.

6. Pursuant to the proposed Offer, Russel proposes to acquire Common Shares in accordance with the following modified Dutch auction procedure (the "Procedure"), as disclosed in the Circular to be sent by Russel to each holder of Common Shares (collectively, the "Shareholders"):

A. The Circular will specify that the maximum number of Common Shares (the "Specified Number") that Russel intends to purchase pursuant to the Offer is 8,000,000, excluding any Common Shares that Russel intends to purchase in accordance with the procedures described in paragraph 6(N) below.

B. The Circular will specify that the maximum amount that Russel will expend pursuant to the Offer is \$30,000,000 (the "Specified Amount"), excluding the amount that Russel will spend to purchase Common shares in accordance with the procedures described in paragraph 6(N) below.

C. The Circular will specify the range of prices (the "Range") within which Russel is prepared to purchase Common Shares under the Offer.

D. Any Shareholder wishing to tender to the Offer will have the right either to: (i) elect to retain his, her or its proportionate interest in Russel following the Offer (a "Proportionate Tender Election"); or (ii) tender a specified number of Common Shares, representing all or a portion of the Shareholder's Common Shares at the Shareholder's discretion (a "Specified Tender Election").

E. All Common Shares tendered by Shareholders who fail to specify whether they are making a Proportionate Tender Election or Specified Tender Election will be considered to have been tendered pursuant to a Specified Tender Election.

F. In addition to having the right to make a Proportionate Tender Election or Specified Tender Election, any Shareholder wishing to tender to the Offer will have the right either to: (i) specify the lowest price within the Range at which he, she or it is willing to sell the tendered Common Shares (an "Auction Tender"); or (ii) elect to be deemed to have tendered the Common Shares subject to his, her or its Proportionate Tender Election or Specified Tender Election at the Purchase Price determined in accordance with subparagraph 6(1) below.

G. All Common Shares tendered by Shareholders who fail to specify any tender price for such tendered Common Shares and fail to indicate that they have tendered their Common Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender.

H. On the expiry date of the Offer, each Shareholder who makes a Proportionate Tender Election (collectively, the "Proportionate Tender Group") will be deemed to have tendered that percentage of his, her or its Common Shares equal to that percentage of the outstanding Common Shares, excluding Common Shares owned by the Proportionate Tender Group, tendered to the Offer by the Shareholders who made a Specified Tender Election (collectively, the "Specified Tender Group").

I. The purchase price (the "Purchase Price") of the Common Shares tendered to the Offer will be the lowest price that will enable Russel to purchase the lesser of the Specified Number and the maximum number of Common Shares that may be purchased with the Specified Amount, and will be determined based upon the number of Common Shares tendered pursuant to an Auction Tender at each price within the Range and tendered pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the range for the purpose of calculating the Purchase Price.

J. All Common Shares tendered at prices above the Purchase Price will be returned to the appropriate Shareholders.

K. All Common Shares tendered by Shareholders who specify a tender price for such tendered Common Shares that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the

Purchase Price, will not be purchased by Russel and will be returned to the appropriate Shareholders.

L. If the aggregate Purchase Price for Common Shares validly tendered to the Offer and not withdrawn is less than or equal to the Specified Amount and the aggregate number of Common Shares validly tendered pursuant to a Specified Tender Election, or deemed to have been tendered pursuant to a Proportionate Tender Election, to the Offer and not withdrawn is less than or equal to the Specified Number, Russel will purchase all Common Shares so deposited pursuant to Specified Tender Elections and such percentage of the Common Shares of each member of the Proportionate Tender Group as will maintain such Shareholder's proportionate equity interest in Russel following completion of the Offer.

M. If the aggregate Purchase Price for Common Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount or the aggregate number of Common Shares validly tendered pursuant to a Specified Tender Election, or deemed to have been tendered pursuant to a Proportionate Tender Election, to the Offer and not withdrawn exceeds the Specified Number (each, an "Over-Subscription"), Russel will take up and pay for tendered Common Shares on a *pro rata* basis according to the number of Common Shares tendered by each member of the Specified Tender Group and deemed to have been tendered by each member of the Proportionate Tender Group. Subject to paragraph 6(N) below, any Common Shares tendered but not taken up and paid for by Russel in accordance with this procedure will be returned to the appropriate tendering Shareholders.

N. If, after giving effect to Russel's purchase of Common Shares in accordance with procedure described in paragraph 6(M) above, a Shareholder who had properly tendered all of his, her or its Common Shares to the Offer at or below the Purchase Price pursuant to a Specified Tender Election were to hold fewer than 100 Common Shares (an "Odd Lot"), Russel also will purchase any such Odd Lot at the Purchase Price. In determining whether a Shareholder would hold an Odd Lot, all of the Common Shares held by the Shareholder under separate certificates or in different accounts or tendered by the Shareholder pursuant to separate Auction Tenders or Purchase Price Tenders and that otherwise would be retained by the Shareholder after giving effect to the purchase of Common Shares in accordance with the procedure described in paragraph 6(M) above will be aggregated.

O. The aggregate amount that Russel will expend pursuant to the Offer will not be determined until the number of Common Shares, if any, to be purchased in accordance with the procedure described in paragraph 6(N) is determined.

7. Prior to the Offer's expiry, all information regarding the number of Common Shares tendered and the prices at which such Common Shares are tendered will be kept confidential, and the

depository will be directed by Russel to maintain such confidentiality until the Purchase Price is determined.

8. Since the Offer is for fewer than all the Common Shares, if the number of Common Shares tendered to the Offer at or below the Purchase Price exceeds the Specified Number or exceeds the maximum number of Common Shares that could be purchased for the Specified Amount, the Legislation would require Russel to take up and pay for deposited Common Shares proportionately, according to the number of Common Shares deposited by each Shareholder. In addition, the Legislation would require disclosure in the Circular that Russel would, if Common Shares tendered to the Offer exceeded the Specified Number or exceeded the maximum number of Common Shares that could be purchased for the Specified Amount, take up such Common Shares proportionately according to the number of Common Shares tendered by each Shareholder.

9. It is anticipated that, following completion of the Offer, there will be a market for the beneficial owners of Common Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made.

10. To Russel's knowledge, no person or company other than Hamblin Watsa Investment Counsel Ltd. ("Hamblin Watsa") and Trimark Financial Corporation ("Trimark") holds more than 10% of the issued and outstanding Common Shares.

11. Hamblin Watsa beneficially owns or exercises control or direction over 12,518,200 Common Shares, representing approximately 26.36% of the outstanding Common Shares. Hamblin Watsa has advised Russel that it does not intend to tender any Common Shares to the Offer.

12. Trimark beneficially owns or exercises control or direction over 5,093,024 Common Shares, representing approximately 10.72% of the outstanding Common Shares. Upon inquiry, Trimark has advised Russel that it has not determined yet whether it will tender any Common Shares to the Offer.

13. The Circular will:

A. disclose the mechanics for the take-up of and payment for, or the return of, Common Shares as described in paragraph 6 above;

B. explain that, by tendering Common Shares at the lowest price in the Range, a Shareholder reasonably can expect that the Common Shares so tendered will be purchased at the Purchase Price, subject to proration as described in paragraph 6 above;

C. describe the background to the Offer;

D. disclose every prior valuation of Russel that has been made in the 24 month period preceding the Offer and whose existence is known after reasonable inquiry to Russel or any of its directors or senior officers;

E. disclose any *bona fide* prior offer that relates to the Common Shares or is otherwise relevant to the Offer, where such prior offer was received by Russel in the 24 month period preceding the date the Offer was publicly announced, together with a description of such prior offer and the background to it;

F. describe the review and approval process adopted by the board of directors of Russel (the "Board") for the Offer, including any materially contrary view or abstention by a director;

G. include a statement of the intention, if known to Russel after reasonable inquiry, of every person or company, other than a *bona fide* lender, that, whether alone or in combination with others, holds or would reasonably be expected to hold, upon successful completion of the Offer, securities of Russel sufficient to affect materially its control (an "Interested Party") to accept or not accept the Offer;

H. include a description of the effect that Russel anticipates the Offer, if successful, will have on the direct or indirect voting interest of every Interested Party.

AND WHEREAS pursuant to the System this MIREs Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, Russel is exempt from the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Common Shares tendered to the Offer are taken up and paid for, or returned to the Shareholders, in the accordance with the Procedure.

DATED this "14th" day of "March", 2000