

FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2009
SECOND QUARTER RESULTS**

TULSA, Oklahoma, March 11, 2009 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2009 second quarter, which ended January 31, 2009.

For its fiscal 2009 second quarter, the Company reported a net loss of \$4,993,000, or \$6.54 per diluted share, compared to net income of \$3,514,000, or \$4.63 per diluted share, for the same quarter in fiscal 2008. Net sales for the second quarter of fiscal 2009 were \$84.9 million, a 7.7 percent decrease from the \$92.0 million of sales in last year's second quarter. Current quarter results have been negatively impacted by declining steel prices and the global economic crisis that has affected most of our customers. Current quarter results also reflect \$3.7 million in inventory reserve charges and a \$5.0 million non-cash pre-tax charge related to changes in the value of interest rate swaps.

For the first six months of fiscal year 2009, the Company generated net income of \$90,000, or \$0.12 per diluted share, compared to net income of \$8,171,000, or \$10.77 per diluted share, for the same period in fiscal 2008. Net sales for the first six months of the current year amounted to \$195.6 million, a 2.5 percent increase over the \$190.8 million in sales for the same six-month period of last year. The six month results were impacted by \$6.5 million in inventory reserve charges and a \$6.3 million non-cash pre-tax charge related to interest rate swaps.

Webco's business has been negatively affected by precipitous declines in the cost of steel. These declines have placed tremendous pressure on our sales prices, and therefore margins. Further, the global economic crisis and low consumer confidence have eroded short-term demand as companies reduce inventories and compensate for the softness in demand that is affecting downstream customers. While our fiscal second quarter has historically been our worst due to the seasonality of some of our markets, it has been greatly exacerbated by current economic conditions. During the second quarter, we recognized additional reserves on the value

of our inventory and believe that further margin erosion may occur if we experience expected declines in the cost of steel and potential drops in the sales price of our products.

F. William Weber, Webco's Chairman and Chief Executive Officer, commented, "Our business model and strategy are still sound. However, we must suffer through a period of time where we are selling high cost inventory off of our balance sheet, which could take three to four quarters. During that period, we expect to generate losses as we liquidate high cost inventories and adjust to lower demand than we have experienced over the last two years. We have reduced, and will continue to reduce, our inventories to create additional liquidity for our business and such reductions are expected to generate sufficient funds. We have also reduced our costs and capital spending wherever possible during this time of transition in the economy. We do not know when the economic environment will improve, but are hopeful that industry-wide inventory reductions and demand softness will diminish by the fall of 2009. If the impacts of the continued recession continue into the long-term, we, like most other companies, will have to reduce our cost structure beyond the significant measures we have already taken. Our focus remains on our long-term niche strategy, which we believe is appropriate even in this difficult economic environment."

Gross profit for the second quarter of fiscal 2009 was \$1.9 million, or 2.2 percent of net sales, compared to \$11.4 million, or 12.4 percent of net sales, for the second quarter of fiscal 2008. Gross profit for the first six months of fiscal 2009 was \$18.4 million, or 9.4 percent of net sales, compared to \$24.6 million, or 12.9 percent of net sales, in the same six-month period in 2008. The current quarter and first six-month period gross profit were reduced by \$3.7 and \$6.5 million reserves, respectively, placed on the value of inventory as a result of the decline in market prices for some of the Company's products. Continued expected declines in the cost of raw materials may make further reserves necessary and reduce the already low expectations for margins over the next three to four quarters.

Selling, general and administrative expenses in the second quarter of fiscal 2009 were \$3.5 million, compared to \$5.1 million in the second quarter of the prior year. SG&A costs in the first six-months of fiscal 2009 decreased to \$10.0 million, from the \$10.3 million reported for the same six-month period in 2008. SG&A expenses declined in the current quarter and six-month period due to lower employee profit sharing and bonuses related to current financial performance.

Interest expense was \$1.0 million in the current and prior year quarter. Although the Company's debt, which matures in 2012, was higher during the second quarter of fiscal 2009 than the same quarter in the prior fiscal year, average interest rates were lower. In the spring of

2008, the Company entered into a five-year swap arrangement that changed the variable interest rate for \$75 million of the Company's debt to a fixed rate, concluding that the fixed rates available for that period were preferred to the exposure to significant interest rate increases in the future. The global economic crisis that began in October 2008 has resulted in significant decreases in interest rates and therefore current rates are less than the swapped rates. The Company records such interest rate swap contracts at fair market value. During the current quarter and first six months of fiscal 2009, fair value adjustments resulted in non-cash charges to earnings of \$5.0 million and \$6.3 million, respectively. At January 31, 2009, the Company had a liability of \$5.7 million related to the negative fair value of the interest rate swap contracts. Further declines in Treasury yields over the swap period will result in additional non-cash charges on the valuation of the interest rate swap contracts.

Capital spending amounted to \$3.0 million for the second quarter of fiscal 2009 and \$6.8 million for the first six-month period. Current quarter spending focused on completing projects initiated in prior periods. During the remainder of this period of economic turmoil, we expect to keep capital spending as low as possible. The ultimate amount of capital spending in 2009 is expected to be \$7.5 to \$8.0 million.

Webco is a manufacturer and value added distributor of high-quality carbon steel, stainless steel and other metal tubular products designed to industry and customer specifications. Webco's tubing products consist primarily of pressure tubing and specialty tubing for use in durable and capital goods. Webco's long-term strategy involves the pursuit of niche markets within the metal tubing industry through the deployment of leading-edge manufacturing and information technology. Webco has four production facilities in Oklahoma and Pennsylvania and five value-added distribution facilities in Oklahoma, Texas, Illinois and Michigan, serving more than 1,000 customers throughout North America.

Forward-looking statements: Certain statements in this release, including, but not limited to, those preceded by or predicated upon the words "anticipates," "appears," "believes," "can," "considering," "expects," "hopes," "plans," "pursuing," "should," "would," or similar words constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from any future results, performance or achievements expressed or implied herein. Such risks, uncertainties and factors include the factors discussed above and, among others: general economic and business conditions, including the continuing global recession and disruptions in the global credit markets, competition from imports, changes in manufacturing technology,

banking environment, including availability of adequate financing, monetary policy, raw material costs and availability, industry capacity, domestic competition, loss of significant customers and customer work stoppages, customer claims, technical and data processing capabilities, and insurance costs and availability. The Company assumes no obligation to update publicly such forward-looking statements, whether as a result of new information, future events or otherwise.

- TABLES FOLLOW -

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net sales	\$ 84,938	\$ 92,043	\$ 195,580	\$ 190,848
Cost of sales	<u>83,056</u>	<u>80,618</u>	<u>177,219</u>	<u>166,225</u>
Gross profit	1,882	11,425	18,361	24,623
Selling, general & administrative	<u>3,482</u>	<u>5,135</u>	<u>9,993</u>	<u>10,284</u>
Income (loss) from operations	(1,600)	6,290	8,368	14,339
Interest expense	1,001	1,047	1,919	2,144
Unrealized loss on interest contract	<u>5,033</u>	<u>-</u>	<u>6,311</u>	<u>-</u>
Income (loss) before income taxes	(7,634)	5,243	138	12,195
Income tax expense (benefit)	<u>(2,641)</u>	<u>1,729</u>	<u>48</u>	<u>4,024</u>
Net income (loss)	<u>\$ (4,993)</u>	<u>\$ 3,514</u>	<u>\$ 90</u>	<u>\$ 8,171</u>
Net income (loss) per common share:				
Basic	<u>\$ (6.55)</u>	<u>\$ 4.65</u>	<u>\$ 0.12</u>	<u>\$ 10.82</u>
Diluted	<u>\$ (6.55)</u>	<u>\$ 4.63</u>	<u>\$ 0.12</u>	<u>\$ 10.77</u>
Weighted average common shares				
outstanding:				
Basic	<u>762,000</u>	<u>756,000</u>	<u>761,000</u>	<u>756,000</u>
Diluted	<u>762,000</u>	<u>759,000</u>	<u>764,000</u>	<u>759,000</u>

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET HIGHLIGHTS

(Dollars in thousands)
(Unaudited)

	January 31, <u>2009</u>	July 31, <u>2008</u>
Accounts receivable, net	\$ 28,513	\$ 38,964
Inventories, net	132,417	145,632
Other current assets	<u>13,084</u>	<u>8,613</u>
Total current assets	174,014	193,209
Net property, plant and equipment	66,150	62,628
Other long-term assets	<u>4,389</u>	<u>5,760</u>
Total assets	<u>\$ 244,553</u>	<u>\$ 261,597</u>
Other current liabilities	\$ 42,811	\$ 65,802
Current portion of long-term debt	<u>69,198</u>	<u>61,261</u>
Total current liabilities	112,009	127,063
Long-term debt	10,208	11,458
Deferred income tax liability	10,937	12,001
Total equity	<u>111,399</u>	<u>111,075</u>
Total liabilities and equity	<u>\$ 244,553</u>	<u>\$ 261,597</u>

CASH FLOW DATA

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net cash provided by (used in)				
operating activities	\$ <u>16,923</u>	\$ <u>7,481</u>	\$ <u>4,074</u>	\$ <u>(909)</u>
Depreciation and amortization	\$ <u>1,893</u>	\$ <u>1,989</u>	\$ <u>3,737</u>	\$ <u>3,912</u>
Capital expenditures	\$ <u>2,997</u>	\$ <u>4,006</u>	\$ <u>6,836</u>	\$ <u>5,316</u>