

FOR: **WEBCO INDUSTRIES, INC.**

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**For Immediate Release**

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

TULSA, Oklahoma, June 9, 2009 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2009 third quarter, which ended April 30, 2009.

For its fiscal 2009 third quarter, the Company reported a net loss of \$2,993,000, or a loss \$3.93 per diluted share, compared to net income of \$3,417,000, or \$4.49 per diluted share, for the same quarter in fiscal 2008. Net sales for the third quarter of fiscal 2009 were \$72.1 million, a 20.5 percent decrease from the \$90.6 million of sales in last year's third quarter. Current quarter results were negatively impacted as we continued to work through high cost inventories and as sales prices declined based on the lower cost of steel. In addition, the global economic crisis has affected business levels for most of our customers, resulting in reduced volumes.

For the first nine months of fiscal year 2009, the Company generated a net loss of \$2,903,000, or a loss of \$3.81 per diluted share, compared to net income of \$11,588,000, or \$15.26 per diluted share, for the same period in fiscal 2008. Net sales for the first nine months of the current year amounted to \$267.6 million, a 4.9 percent decrease from the \$281.4 million in sales for the same nine-month period of last year. The nine month results were impacted by a net \$4.4 million of inventory reserve charges and \$6.3 million of non-cash pre-tax charges related to interest rate swaps. Results for the nine-month period of the current fiscal year have been negatively impacted by the pricing and volume conditions that affected the current quarter.

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 costs to compensate for the softness in demand that is affecting downstream customers.

F. William Weber, Webco's Chairman and Chief Executive Officer, commented, "We have been suffering through a period of time during which we are selling high cost inventory off of our balance sheet. We previously indicated such a process could take three to four quarters and we are hopeful that such a process could be largely completed in the fall of calendar year 2009. During this time, we expect to generate losses as we liquidate high cost inventories and adjust to lower demand. We have reduced our inventories \$40.8 million since October 31, 2008, and will continue to reduce our inventories to create additional liquidity for our business. We have also reduced our costs and capital spending wherever possible during this time of transition in the economy to ensure that our cost structure is appropriate for current business levels. From October 31, 2008 to April 30, 2009, as a result of our inventory reductions and reduced spending, our outstanding long-term debt has dropped \$29.7 million, and we expect to continue this process. We do not know when the economic environment will improve, but are hopeful that industry-wide inventory reductions will be completed and demand will improve by the fall of 2009. Our focus remains on our long-term niche strategy, which we believe is appropriate even in this difficult economic environment."

Gross profit for the third quarter of fiscal 2009 was a negative \$0.4 million, a negative 0.5 percent of net sales, compared to \$11.1 million, or 12.2 percent of net sales, for the third quarter of fiscal 2008. Gross profit for the first nine months of fiscal 2009 was \$18.0 million, or 6.7 percent of net sales, compared to \$35.7 million, or 12.7 percent of net sales, in the same nine-month period in 2008. The current quarter and first nine-month period gross profit have been negatively impacted by selling from high cost inventories and inventory charges. The impact of these items has been offset by significant reductions in labor and overhead costs.

Selling, general and administrative expenses in the third quarter of fiscal 2009 were \$3.6 million, compared to \$5.3 million in the third quarter of the prior year. SG&A costs in the first nine-months of fiscal 2009 decreased to \$13.6 million, from the \$15.6 million reported for the same nine-month period in 2008. SG&A expenses declined in the current quarter and nine-month period due to lower employee profit sharing and bonuses related to current financial performance and administrative cost reductions.

Interest expense was \$0.9 million and \$0.8 million in the current and prior year quarter, respectively. Interest expense for the first nine months of fiscal years 2009 and 2008 amounted to \$2.8 million and \$2.9 million, respectively. 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. Because of significant debt reductions, the \$75 million swap exceeds the outstanding long-term debt on which the interest rate was swapped. The Company records such interest rate swap contracts at fair market value, charging current earnings for changes in the value of the contracts. Monthly swap settlement payments, which began in October 2008, are recorded as interest expense and amounted to \$0.6 million and \$0.9 million in the current quarter and first nine-month period of fiscal 2009, respectively. During the current quarter and prior year quarter, fair value adjustments resulted in non-cash benefits to earnings of \$22,000 and \$266,000, respectively. For the first nine months of fiscal 2009, such fair value adjustments resulted in non-cash charges to earnings of \$6.3 million compared to a benefit to earnings of \$0.3 million in the prior nine-month period. At April 30, 2009, the Company had a liability of \$5.7 million related to the negative fair value of the interest rate swap contracts. Changes in Treasury yields over the swap period can have a significant impact on the valuation of the interest rate swap contracts.

Capital spending amounted to \$1.5 million for the third quarter of fiscal 2009 and \$8.3 million for the first nine-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 \$8.5 to \$9.0 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		Nine Months Ended	
	April 30,		April 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net sales	\$ 72,062	\$ 90,592	\$ 267,643	\$ 281,440
Cost of sales	<u>72,452</u>	<u>79,510</u>	<u>249,672</u>	<u>245,735</u>
Gross profit	(390)	11,082	17,971	35,705
Selling, general & administrative	<u>3,568</u>	<u>5,319</u>	<u>13,561</u>	<u>15,603</u>
Income (loss) from operations	(3,958)	5,763	4,410	20,102
Interest expense	876	760	2,795	2,904
Unrealized gain (loss) on interest contract	<u>22</u>	<u>266</u>	<u>(6,289)</u>	<u>266</u>
Income (loss) before income taxes	(4,812)	5,269	(4,674)	17,464
Income tax expense (benefit)	<u>(1,819)</u>	<u>1,852</u>	<u>(1,771)</u>	<u>5,876</u>
Net income (loss)	<u>\$ (2,993)</u>	<u>\$ 3,417</u>	<u>\$ (2,903)</u>	<u>\$ 11,588</u>
Net income (loss) per common share:				
Basic	<u>\$ (3.93)</u>	<u>\$ 4.51</u>	<u>\$ (3.81)</u>	<u>\$ 15.32</u>
Diluted	<u>\$ (3.93)</u>	<u>\$ 4.49</u>	<u>\$ (3.81)</u>	<u>\$ 15.26</u>
Weighted average common shares				
outstanding:				
Basic	<u>762,000</u>	<u>758,000</u>	<u>762,000</u>	<u>756,000</u>
Diluted	<u>762,000</u>	<u>761,000</u>	<u>762,000</u>	<u>759,000</u>

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET HIGHLIGHTS**

(Dollars in thousands)  
(Unaudited)

	April 30, <u>2009</u>	July 31, <u>2008</u>
Accounts receivable, net	\$ 23,826	\$ 38,964
Inventories, net	108,740	145,632
Other current assets	<u>12,070</u>	<u>8,613</u>
Total current assets	144,636	193,209
Net property, plant and equipment	65,064	62,628
Other long-term assets	<u>4,386</u>	<u>5,760</u>
Total assets	<u>\$ 214,086</u>	<u>\$ 261,597</u>
Other current liabilities	\$ 32,123	\$ 65,802
Current portion of long-term debt	<u>54,036</u>	<u>61,261</u>
Total current liabilities	86,159	127,063
Long-term debt	8,750	11,458
Deferred income tax liability	10,819	12,001
Total equity	<u>108,358</u>	<u>111,075</u>
Total liabilities and equity	<u>\$ 214,086</u>	<u>\$ 261,597</u>

**CASH FLOW DATA**

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net cash provided by (used in)				
operating activities	\$ <u>25,593</u>	\$ <u>1,148</u>	\$ <u>29,667</u>	\$ <u>239</u>
Depreciation and amortization	\$ <u>1,953</u>	\$ <u>1,942</u>	\$ <u>5,690</u>	\$ <u>5,854</u>
Capital expenditures	\$ <u>1,494</u>	\$ <u>2,885</u>	\$ <u>8,330</u>	\$ <u>8,201</u>