

FOR: **WEBCO INDUSTRIES, INC.**

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**For Immediate Release**

**WEBCO INDUSTRIES, INC. REPORTS A PROFIT FOR FISCAL  
2010'S FIRST QUARTER**

TULSA, Oklahoma, November 23, 2009 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2010 first quarter, which ended October 31, 2009.

For its fiscal 2010 first quarter, the Company reported net income of \$502,000, or \$0.66 per diluted share, compared to net income of \$5,083,000, or \$6.65 per diluted share, for the same quarter in fiscal 2009. Net sales for the first quarter of fiscal 2010 were \$68.0 million, a 38.5 percent decrease from the \$110.6 million of sales in last year's first quarter. Current quarter results included a \$0.7 million non-cash pre-tax loss in the value of interest rate swap contracts versus a non-cash pre-tax loss of \$1.3 million in the same quarter in fiscal 2009. The prior year's first fiscal quarter included a \$2.8 million pre-tax charge for inventory reserves. Results for the current quarter continued to be negatively impacted by high cost inventories and sales prices based on lower cost steel. In addition, the significant decline in current quarter to same prior year quarter sales reflects the global economic crisis that affected business levels for most of our customers, resulting in reduced volumes; although current first quarter sales are up 21.4 percent over the most recently completed fourth quarter.

F. William Weber, Webco's Chairman and Chief Executive Officer, commented, "Webco addressed the challenges presented by the global economic crisis early and swiftly. The dedication of our employees and plans implemented by management resulted in our being able to put the challenge of high priced material and lower volumes behind us as quickly as possible. Simultaneously, the Company endeavored to substantially reduce debt and create the liquidity necessary for the current environment. At the end of the current quarter, Webco's outstanding debt was \$38.9 million. That is a reduction of \$53.6 million from the \$92.5 million of outstanding debt just one year ago."

Mr. Weber further added, “Our current profitability does not mean that the global economic crisis is over. The residual effect of high priced inventories will continue to negatively impact margins in future quarters, although to a lesser extent. However, our financial health has placed us in a position to pursue strategic organic growth investments over the next several quarters, which we will do without sacrificing the quality of our balance sheet. Our focus remains on our long-term niche strategy, which we believe is appropriate even in this difficult economic environment.”

Gross profit for the first quarter of fiscal 2010 was \$6.2 million, or 9.1 percent of net sales, compared to \$16.5 million, or 14.9 percent of net sales, for the first quarter of fiscal 2009. The current quarter’s gross profit percentage is up from the 1.5 percent of sales realized in the immediately preceding fourth quarter. The current quarter gross profit was negatively impacted by selling high cost inventories, while the first quarter of fiscal year 2009 endured \$2.8 million in charges for inventory reserves that resulted from the declines in steel costs and margins.

Selling, general and administrative expenses in the first quarter of fiscal 2010 were \$3.8 million, compared to \$6.5 million in the first quarter of the prior year. SG&A expenses remain at low levels due to cost reductions and lower employee profit sharing and bonuses related to current financial performance.

Interest expense was \$1.0 million and \$0.9 million in the current and prior year quarter, 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 settlements, which began in November 2008, are recorded as interest expense and amounted to \$0.7 million in the current quarter. During the first quarter of fiscal year 2010 and 2009, fair value adjustments resulted in non-cash charges of \$0.7 million and \$1.3 million, respectively. At October 31, 2009, the Company had a liability of \$5.1 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 \$0.3 million for the first quarter of fiscal 2010. We expect capital spending for fiscal year 2010 to be in the range of \$6 million to \$7 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 five 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 October 31,	
	<u>2009</u>	<u>2008</u>
Net sales	\$ 68,031	\$ 110,642
Cost of sales	<u>61,845</u>	<u>94,163</u>
Gross profit	6,186	16,479
Selling, general & administrative	<u>3,805</u>	<u>6,511</u>
Income from operations	2,381	9,968
Interest expense	960	918
Unrealized loss on interest contract	<u>695</u>	<u>1,278</u>
Income before income taxes	726	7,772
Income tax expense	<u>224</u>	<u>2,689</u>
Net income	<u>\$ 502</u>	<u>\$ 5,083</u>
Net income per common share:		
Basic	<u>\$ 0.66</u>	<u>\$ 6.68</u>
Diluted	<u>\$ 0.66</u>	<u>\$ 6.65</u>
Weighted average common shares outstanding:		
Basic	<u>763,000</u>	<u>761,000</u>
Diluted	<u>765,000</u>	<u>764,000</u>

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

(Dollars in thousands)  
(Unaudited)

	October 31, <u>2009</u>	July 31, <u>2009</u>
Accounts receivable, net	\$ 29,991	\$ 21,156
Inventories, net	80,932	91,322
Other current assets	<u>8,775</u>	<u>9,383</u>
Total current assets	119,698	121,861
Net property, plant and equipment	61,785	63,387
Other long-term assets	<u>4,771</u>	<u>4,836</u>
Total assets	\$ <u>186,254</u>	\$ <u>190,084</u>
Other current liabilities	\$ 26,634	\$ 24,815
Current portion of long-term debt	<u>30,177</u>	<u>36,182</u>
Total current liabilities	56,811	60,997
Long-term debt	8,750	8,750
Deferred income tax liability	11,815	12,094
Total equity	<u>108,878</u>	<u>108,243</u>
Total liabilities and equity	\$ <u>186,254</u>	\$ <u>190,084</u>

**CASH FLOW DATA**

(Dollars in thousands)

(Unaudited)

	Three Months Ended	
	October 31,	
	<u>2009</u>	<u>2008</u>
Net cash provided by (used in) operating activities	\$ <u>6,042</u>	\$ <u>(12,849)</u>
Depreciation and amortization	\$ <u>1,981</u>	\$ <u>1,844</u>
Capital expenditures	\$ <u>334</u>	\$ <u>3,839</u>