

FOR: **WEBCO INDUSTRIES, INC.**

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**For Immediate Release**

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2010 SECOND  
QUARTER RESULTS**

SAND SPRINGS, Oklahoma, March 4, 2010 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2010 second quarter, which ended January 31, 2010.

For its fiscal 2010 second quarter, the Company reported net income of \$124,000, or \$0.16 per diluted share, compared to a net loss of \$4,993,000, or a loss of \$6.55 per diluted share, for the same quarter in fiscal 2009. Net sales for the second quarter of fiscal 2010 were \$64.5 million, a 24.1 percent decrease from the \$84.9 million of sales in last year's second quarter. Current quarter results included a \$0.2 million non-cash pre-tax loss in the value of interest rate swap contracts versus a non-cash pre-tax loss of \$5.0 million in the same quarter in fiscal 2009. The prior year's second fiscal quarter included a \$3.7 million pre-tax charge for inventory reserves. 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.

For the first six months of fiscal year 2010, the Company generated net income of \$626,000, or \$0.82 per diluted share, compared to net income of \$90,000, or \$0.12 per diluted share, for the same period in fiscal 2009. Net sales for the first six months of the current year amounted to \$132.5 million, a 32.3 percent decrease from the \$195.6 million in sales for the same six-month period of last year. The current and prior year six-month results reflect \$0.9 million and \$6.3 million, respectively, in non-cash pre-tax charges related to the interest rate swap contracts. The prior year's six month results were also impacted by \$6.6 million in inventory reserve charges. The first quarter in the prior year six-month period, which preceded the onset of the global economic crisis, was one of the most profitable quarters in the Company's history.

F. William Weber, Webco's Chairman and Chief Executive Officer, commented, "While we have mostly liquidated high priced inventories resulting from the precipitous declines in steel cost experienced in 2009, we continue to sell into a lower demand environment. The dedication of our employees and plans implemented by management helped us make tremendous progress

toward putting the challenges from the global economic crisis behind us. Our financial health has placed us in a position to pursue strategic organic growth investments, which we plan to undertake without sacrificing the quality of our balance sheet. Our current investments support our long-term niche strategy, which we believe is appropriate even in the current economic environment.”

Gross profit for the second quarter of fiscal 2010 was \$5.6 million, or 8.8 percent of net sales, compared to \$1.9 million, or 2.2 percent of net sales, for the second quarter of fiscal 2009. Gross profit for the first six months of fiscal 2010 was \$11.8 million, or 8.9 percent of net sales, compared to \$18.4 million, or 9.4 percent of net sales, in the same six-month period in 2009. The current quarter’s gross profit percentage increased from the comparable prior year quarter because of the impacts of high priced inventories on the prior year quarter. The prior year six-month gross profit percentage and amount were higher because steel cost declines only affected the second half of that prior year six-month period.

Selling, general and administrative expenses in the second quarter of fiscal 2010 were \$4.3 million, compared to \$3.5 million in the second quarter of the prior year. SG&A costs in the first six-months of fiscal 2010 decreased to \$8.1 million, from the \$10.0 million reported for the same six-month period in 2009. SG&A expenses remain at low levels due to continued cost reductions related to current financial performance.

Interest expense, which includes monthly settlements on interest swap contracts, was \$0.9 million and \$1.0 million in the current and prior year quarter, respectively. Interest expense totaled \$1.9 million in each of the first six-month periods in fiscal 2010 and 2009. 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 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. Monthly swap settlements, which are included in interest expense, amounted to \$0.7 million and \$0.4 million in the current and prior year quarter, respectively, and \$1.4 million and \$0.4 million in the current and prior year six-month periods, respectively. The Company records interest rate swap contracts at fair market value and the non-cash changes in value from period to period are reported as unrealized gains or losses on interest contracts. During the second quarter of fiscal year 2010 and 2009, fair value adjustments on the interest contracts resulted in non-cash charges of \$0.2 million and \$5.0 million, respectively. At

January 31, 2010, the Company had a liability of \$5.3 million related to the negative fair value of the interest rate swap contracts.

Capital expenditures incurred equaled \$3.1 million for the second quarter of fiscal 2010. We expect incurred capital spending for fiscal year 2010 to be in the range of \$7 million to \$8 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 global recessions 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.*

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net sales	\$ 64,455	\$ 84,938	\$ 132,486	\$ 195,580
Cost of sales	<u>58,808</u>	<u>83,056</u>	<u>120,653</u>	<u>177,219</u>
Gross profit	5,647	1,882	11,833	18,361
Selling, general & administrative	<u>4,289</u>	<u>3,482</u>	<u>8,094</u>	<u>9,993</u>
Income (loss) from operations	1,358	(1,600)	3,739	8,368
Interest expense	938	1,001	1,898	1,919
Unrealized loss on interest contracts	<u>157</u>	<u>5,033</u>	<u>852</u>	<u>6,311</u>
Income (loss) before income taxes	263	(7,634)	989	138
Income tax expense (benefit)	<u>139</u>	<u>(2,641)</u>	<u>363</u>	<u>48</u>
Net income (loss)	<u>\$ 124</u>	<u>\$ (4,993)</u>	<u>\$ 626</u>	<u>\$ 90</u>
Net income (loss) per common share:				
Basic	<u>\$ 0.16</u>	<u>\$ (6.55)</u>	<u>\$ 0.82</u>	<u>\$ 0.12</u>
Diluted	<u>\$ 0.16</u>	<u>\$ (6.55)</u>	<u>\$ 0.82</u>	<u>\$ 0.12</u>
Weighted average common shares outstanding:				
Basic	<u>765,000</u>	<u>762,000</u>	<u>764,000</u>	<u>761,000</u>
Diluted	<u>766,000</u>	<u>762,000</u>	<u>765,000</u>	<u>764,000</u>

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

(Dollars in thousands)  
(Unaudited)

	January 31, <u>2010</u>	July 31, <u>2009</u>
Accounts receivable, net	\$ 27,220	\$ 21,156
Inventories, net	91,832	91,322
Other current assets	<u>8,082</u>	<u>9,383</u>
Total current assets	127,134	121,861
Net property, plant and equipment	62,749	63,387
Other long-term assets	<u>5,654</u>	<u>4,836</u>
Total assets	\$ <u>195,537</u>	\$ <u>190,084</u>
Other current liabilities	\$ 33,257	\$ 24,815
Current portion of long-term debt	<u>32,643</u>	<u>36,182</u>
Total current liabilities	65,900	60,997
Long-term debt	8,750	8,750
Deferred income tax liability	11,655	12,094
Total equity	<u>109,232</u>	<u>108,243</u>
Total liabilities and equity	\$ <u>195,537</u>	\$ <u>190,084</u>

**CASH FLOW DATA**

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net cash provided by (used in)				
operating activities	\$ <u>(4,144)</u>	\$ <u>16,923</u>	\$ <u>1,898</u>	\$ <u>4,074</u>
Depreciation and amortization	\$ <u>1,972</u>	\$ <u>1,893</u>	\$ <u>3,953</u>	\$ <u>3,737</u>
Cash paid for capital expenditures	\$ <u>2,072</u>	\$ <u>2,997</u>	\$ <u>2,406</u>	\$ <u>6,836</u>