

FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

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

SAND SPRINGS, Oklahoma, June 3, 2010 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2010 third quarter, which ended April 30, 2010.

For its fiscal 2010 third quarter, the Company reported net income of \$1,000,000, or \$1.30 per diluted share, compared to a net loss of \$2,993,000, or a loss of \$3.93 per diluted share, for the same quarter in fiscal 2009. Net sales for the third quarter of fiscal 2010 were \$82.9 million, a 15.1 percent increase over the \$72.1 million of sales in last year's third quarter. The improvement in current quarter to same prior year quarter sales and results reflect an improved business environment and the impact of not having to sell from high cost inventories.

For the first nine months of fiscal year 2010, the Company generated net income of \$1,626,000, or \$2.12 per diluted share, compared to a net loss of \$2,903,000, or a loss of \$3.81 per diluted share, for the same period in fiscal 2009. Net sales for the first nine months of the current year amounted to \$215.4 million, a 19.5 percent decrease from the \$267.6 million in sales for the same nine-month period of last year. The current and prior year nine-month results reflect \$1.0 million and \$6.3 million, respectively, in non-cash pre-tax charges related to interest rate swap contracts. The first quarter in the fiscal 2009 first nine-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, "Production levels and sales have recently been at good volumes. 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 over the last year and a half. 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 third quarter of fiscal 2010 was \$7.8 million, or 9.4 percent of net sales, compared to a negative gross profit of \$0.4 million, or a negative 0.5 percent of net sales, for the third quarter of fiscal 2009. Gross profit for the first nine months of fiscal 2010 was \$19.6 million, or 9.1 percent of net sales, compared to \$18.0 million, or 6.7 percent of net sales, in the same nine-month period in 2009. The current quarter and nine month period gross profit percentages increased from the comparable prior year periods because of the impacts of high priced inventories on those prior year periods.

Selling, general and administrative expenses in the third quarter of fiscal 2010 were \$5.2 million, compared to \$3.6 million in the third quarter of the prior year. SG&A costs in the first nine-months of fiscal 2010 were \$13.3 million, down slightly from the \$13.6 million reported for the same nine-month period in 2009. SG&A expenses in the current period are higher than the prior year same quarter as short-term cost reduction strategies have given way to longer term management objectives.

Interest expense, which includes monthly settlements on interest swap contracts, was \$1.0 million and \$0.9 million in the current and prior year quarter, respectively. Interest expense totaled \$2.9 million and \$2.8 million in each of the first nine-month periods in fiscal 2010 and 2009, 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 resulted in significant decreases in interest rates and, therefore current rates are less than the swapped rates. Because of significant debt reductions since execution of the swaps, the \$75 million swap exceeds the outstanding long-term debt on which the interest rate was swapped by \$17.3 million. Monthly swap settlements, which began in the fiscal 2009 second quarter, are included in interest expense and amounted to \$0.7 million and \$0.6 million in the current and prior year quarter, respectively, and \$2.1 million and \$0.9 million in the current and prior year nine-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 third quarter of fiscal year 2009, fair value adjustments on the interest contracts resulted in a non-cash charge of \$0.1 million, whereas charges of \$1.0 million and \$6.3 million were recorded for the nine month periods ended April 30, 2010 and 2009, respectively. At April 30, 2010, the Company had a liability of \$5.4 million related to the negative fair value of the interest rate swap contracts.

Capital expenditures incurred equaled \$3.0 million for the third quarter of fiscal 2010. We expect incurred capital spending for fiscal year 2010 to be in the range of \$8.5 million to \$9.5 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.

- 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net sales	\$ 82,918	\$ 72,062	\$ 215,404	\$ 267,643
Cost of sales	<u>75,111</u>	<u>72,452</u>	<u>195,764</u>	<u>249,672</u>
Gross profit	7,807	(390)	19,640	17,971
Selling, general & administrative	<u>5,182</u>	<u>3,568</u>	<u>13,276</u>	<u>13,561</u>
Income (loss) from operations	2,625	(3,958)	6,364	4,410
Interest expense	957	876	2,855	2,795
Unrealized gain (loss) on interest contracts	<u>(113)</u>	<u>22</u>	<u>(965)</u>	<u>(6,289)</u>
Income (loss) before income taxes	1,555	(4,812)	2,544	(4,674)
Income tax expense (benefit)	<u>555</u>	<u>(1,819)</u>	<u>918</u>	<u>(1,771)</u>
Net income (loss)	<u>\$ 1,000</u>	<u>\$ (2,993)</u>	<u>\$ 1,626</u>	<u>\$ (2,903)</u>
Net income (loss) per common share:				
Basic	<u>\$ 1.31</u>	<u>\$ (3.93)</u>	<u>\$ 2.13</u>	<u>\$ (3.81)</u>
Diluted	<u>\$ 1.30</u>	<u>\$ (3.93)</u>	<u>\$ 2.12</u>	<u>\$ (3.81)</u>
Weighted average common shares				
outstanding:				
Basic	<u>765,000</u>	<u>762,000</u>	<u>764,000</u>	<u>762,000</u>
Diluted	<u>767,000</u>	<u>762,000</u>	<u>766,000</u>	<u>762,000</u>

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET HIGHLIGHTS

(Dollars in thousands)
(Unaudited)

	April 30, <u>2010</u>	July 31, <u>2009</u>
Accounts receivable, net	\$ 36,202	\$ 21,156
Inventories, net	103,961	91,322
Other current assets	<u>8,798</u>	<u>9,383</u>
Total current assets	148,961	121,861
Net property, plant and equipment	63,903	63,387
Other long-term assets	<u>6,771</u>	<u>4,836</u>
Total assets	\$ <u>219,635</u>	\$ <u>190,084</u>
Other current liabilities	\$ 40,337	\$ 24,815
Current portion of long-term debt	<u>48,907</u>	<u>36,182</u>
Total current liabilities	89,244	60,997
Long-term debt	8,750	8,750
Deferred income tax liability	11,324	12,094
Total equity	<u>110,317</u>	<u>108,243</u>
Total liabilities and equity	\$ <u>219,635</u>	\$ <u>190,084</u>

CASH FLOW DATA

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net cash provided by (used in)				
operating activities	\$ <u>(11,830)</u>	\$ <u>25,593</u>	\$ <u>(9,932)</u>	\$ <u>29,667</u>
Depreciation and amortization	\$ <u>1,988</u>	\$ <u>1,953</u>	\$ <u>5,941</u>	\$ <u>5,690</u>
Cash paid for capital expenditures	\$ <u>3,336</u>	\$ <u>1,494</u>	\$ <u>5,742</u>	\$ <u>8,330</u>