CASTLE A M & CO

FORM 10-Q

(Quarterly Report)

Filed 08/07/12 for the Period Ending 06/30/12

Address	1420 KENSINGTON ROAD SUITE 220 OAK BROOK, IL 60523
Telephone	8474557111
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Symbol	CAS
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Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For Quarterly Period Ended June 30, 2012

or,

□ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number 1-5415

A. M. Castle & Co.
(Exact name of registrant as specified in its charter)

Maryland **(State or Other Jurisdiction of incorporation of organization)**	**36-0879160** **(I.R.S. Employer Identification No.)**
1420 Kensington Road, Suite 220, Oak Brook, Illinois **(Address of Principal Executive Offices)**	**60523** **(Zip Code)**

Registrant's telephone, including area code 847/455-7111

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No □

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No □

Indicate by check mark whether the registrant is a large accelerated filer; an accelerated filer; a non-accelerated filer; or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer	□		Accelerated filer	☒
Non-accelerated filer	□	(Do not check if a smaller reporting company)	Smaller reporting company	□

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes □ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 30, 2012
Common Stock, $0.01 Par Value	23,092,184 shares

A. M. CASTLE & CO.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Amounts in thousands, except par value and per share data

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of	
	June 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 20,449	$ 30,524
Accounts receivable, less allowances of $4,219 and $3,584	178,075	181,036
Inventories, principally on last-in, first-out basis (replacement cost higher by $144,979 and $138,882)	364,391	272,039
Prepaid expenses and other current assets	20,980	10,382
Income tax receivable	3,781	8,287
Total current assets	587,676	502,268
Investment in joint venture	39,736	36,460
Goodwill	69,851	69,901
Intangible assets	87,833	93,813
Prepaid pension cost	16,501	15,956
Other assets	22,323	21,784
Property, plant and equipment		
Land	5,194	5,194
Building	52,398	52,434
Machinery and equipment	174,485	172,833
Property, plant and equipment, at cost	232,077	230,461
Less - accumulated depreciation	(153,022)	(148,320)
Property, plant and equipment, net	79,055	82,141
Total assets	$ 902,975	$ 822,323
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 179,661	$ 116,874
Accrued liabilities	39,781	33,828
Income taxes payable	1,526	1,884
Current portion of long-term debt	212	192
Short-term debt	1,000	500
Total current liabilities	222,180	153,278
Long-term debt, less current portion	290,570	314,240
Deferred income taxes	32,635	25,650
Other non-current liabilities	7,156	7,252
Pension and post retirement benefit obligations	9,821	9,624
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value - 9,988 shares authorized; no shares issued and outstanding at June 30, 2012 and December 31, 2011	—	—
Common stock, $0.01 par value - 60,000 shares authorized; 23,211 shares issued and 23,092 outstanding at June 30, 2012 and 23,159 shares issued and 23,010 outstanding at December 31, 2011	232	232
Additional paid-in capital	220,181	184,596
Retained earnings	141,709	148,987
Accumulated other comprehensive loss	(20,084)	(19,824)
Treasury stock, at cost - 119 shares at June 30, 2012 and 149 shares at December 31, 2011	(1,425)	(1,712)
Total stockholders' equity	340,613	312,279
Total liabilities and stockholders' equity	$ 902,975	$ 822,323

The accompanying notes are an integral part of these statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	$ 329,392	$ 282,568	$ 692,308	$ 555,356
Costs and expenses:				
Cost of materials (exclusive of depreciation and amortization)	240,681	208,470	504,648	409,898
Warehouse, processing and delivery expense	38,474	33,874	77,000	67,016
Sales, general, and administrative expense	34,894	30,864	70,106	61,985
Depreciation and amortization expense	6,474	5,059	13,087	10,058
Operating income	8,869	4,301	27,467	6,399
Interest expense, net	(9,964)	(1,120)	(20,157)	(2,106)
Interest expense - unrealized loss on debt conversion option	(4,257)	—	(15,597)	—
(Loss) income before income taxes and equity in earnings of joint venture	(5,352)	3,181	(8,287)	4,293
Income taxes	641	(2,466)	(3,732)	(3,734)
(Loss) income before equity in earnings of joint venture	(4,711)	715	(12,019)	559
Equity in earnings of joint venture	1,733	2,982	4,741	5,841
Net (loss) income	(2,978)	3,697	(7,278)	6,400
Basic (loss) income per share	$ (0.13)	$ 0.16	$ (0.32)	$ 0.28
Diluted (loss) income per share	$ (0.13)	$ 0.16	$ (0.32)	$ 0.28
Dividends per common share	$ —	$ —	$ —	$ —
Comprehensive (loss) income	$ (6,462)	$ 4,565	$ (7,538)	$ 8,597

The accompanying notes are an integral part of these statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2012	2011
Operating activities:		
Net (loss) income	$ (7,278)	$ 6,400
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	13,087	10,058
Amortization of deferred gain	15	(213)
Amortization of deferred financing costs and debt discount	3,028	342
Loss on sale of fixed assets	26	177
Unrealized loss on debt conversion option	15,597	—
Unrealized losses on commodity hedges	876	—
Equity in earnings of joint venture	(4,741)	(5,841)
Dividends from joint venture	1,465	1,336
Deferred tax benefit	(903)	(1,501)
Share-based compensation expense	1,943	1,906
Excess tax benefits from share-based payment arrangements	(63)	(145)
Increase (decrease) from changes in, net of acquisition:		
Accounts receivable	3,170	(33,420)
Inventories	(92,270)	(41,920)
Prepaid expenses and other current assets	(10,751)	(593)
Other assets	757	(327)
Prepaid pension costs	(905)	(920)
Accounts payable	61,735	47,768
Income taxes payable and receivable	4,174	6,194
Accrued liabilities	8,490	(6,004)
Postretirement benefit obligations and other liabilities	(3,081)	165
Net cash used in operating activities	(5,629)	(16,538)
Investing activities:		
Capital expenditures	(4,689)	(4,819)
Proceeds from sale of fixed assets	6	64
Net cash used in investing activities	(4,683)	(4,755)
Financing activities:		
Short-term borrowings (repayments), net	500	15,163
Net (repayments) borrowings on previously existing revolving lines of credit	—	1,616
Proceeds from long-term debt, including new revolving credit facility	337,135	—
Repayments of long-term debt, including new revolving credit facility	(336,120)	(214)
Payment of debt issue costs	(1,503)	—
Excess tax benefits (deficiencies) from share-based payment arrangements	63	145
Exercise of stock options	104	240
Net cash from financing activities	179	16,950
Effect of exchange rate changes on cash and cash equivalents	58	(307)
Net decrease in cash and cash equivalents	(10,075)	(4,650)
Cash and cash equivalents - beginning of year	30,524	36,716
Cash and cash equivalents - end of period	$ 20,449	$ 32,066

The accompanying notes are an integral part of these statements.

A. M. Castle & Co.
Notes to Condensed Consolidated Financial Statements
Unaudited - Amounts in thousands except per share data and percentages

(1) Condensed Consolidated Financial Statements

The condensed consolidated financial statements included herein have been prepared by A. M. Castle & Co. and subsidiaries (the "Company"), without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The Condensed Consolidated Balance Sheet at December 31, 2011 is derived from the audited financial statements at that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the SEC. In the opinion of management, the unaudited statements, included herein, contain all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of financial results for the interim period. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K. The 2012 interim results reported herein may not necessarily be indicative of the results of the Company's operations for the full year.

(2) New Accounting Standards

Standards Updates Adopted

Effective January 1, 2012, the Company adopted ASU No. 2011-08, "Intangibles – Goodwill and Other." The objective of this ASU is to simplify how entities test goodwill for impairment. The amendments allow entities to assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test per Topic 350, "Intangibles – Goodwill and Other." The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The adoption of this ASU impacts the way the Company tests goodwill for impairment. As allowed by this ASU for its January 1, 2012 annual impairment test, the Company did not elect the option to perform a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. Instead the Company followed the two-step method. Refer to *Note 7* for the results of the annual goodwill impairment test.

Effective January 1, 2012, the Company adopted ASU No. 2011-05, "Presentation of Comprehensive Income." The amendments in this ASU impact all entities that report items of other comprehensive income and are effective retrospectively for public entities. The amendments in this ASU eliminate the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments provide the entity with the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Both options require an entity to present each component of net income along with total net income, each component of other comprehensive income along with total other comprehensive income and a total amount for comprehensive income. The subsequent issuance of ASU 2011-12, "Comprehensive Income" in December 2011 deferred the changes in ASU 2011-05 that relate to the presentation of reclassification adjustments out of accumulated other comprehensive income. All other provisions in ASU 2011-05 were effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The presentation requirements associated with the adoption of ASU 2011-05 are reflected in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income herein.

Effective January 1, 2012, the Company adopted ASU No. 2011-04, “Fair Value Measurement.” The amendments in this ASU apply to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, a liability, or an instrument classified in a reporting entity’s shareholders’ equity in the financial statements. The amendments in this ASU clarify the requirements of the existing standard and include some changes to principles or requirements for measuring or disclosing information about fair value measurements. Refer to *Note 5* for required disclosures related to this ASU.

Standards Updates Issued Not Yet Effective

During December 2011, the FASB issued ASU No. 2011-11, “Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities.” The amendments in this ASU require an entity to disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on its financial position, including the effect or potential effect of rights of set off associated with an entity’s recognized assets and recognized liabilities within the scope of Topic 210. The ASU is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this ASU may impact the Company’s disclosures in future interim and annual financial statements issued.

(3) Earnings Per Share

Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock plus common stock equivalents. Common stock equivalents consist of employee and director stock options, restricted stock awards, other share-based payment awards, and contingently issuable shares related to the Company’s convertible debt which are included in the calculation of weighted average shares outstanding using the treasury stock method, if dilutive. The following table is a reconciliation of the basic and diluted earnings per share calculations for the three and six months ended June 30, 2012 and 2011:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	**2011**	**2012**	**2011**
Numerator:				
Net (loss) income	$ (2,978)	$ 3,697	$ (7,278)	$ 6,400
Denominator :				
Denominator for basic (loss) earnings per share:				
Weighted average common shares outstanding	22,989	22,820	22,963	22,800
Effect of dilutive securities:				
Outstanding common stock equivalents	—	532	—	405
Denominator for diluted earnings per share	22,989	23,352	22,963	23,205
Basic (loss) earnings per share	$ (0.13)	$ 0.16	$ (0.32)	$ 0.28
Diluted (loss) earnings per share	$ (0.13)	$ 0.16	$ (0.32)	$ 0.28
Excluded outstanding shared-based awards having an anti-dilutive effect	916	20	916	20

The Convertible Notes are dilutive to the extent the Company generates net income and the average stock price during the period is greater than $10.28, the conversion price of the Convertible Notes (see *Note 4*). The Convertible Notes are only dilutive for the "in the money" portion of the Convertible Notes that could be settled with the Company's stock. In future periods, absent a fundamental change, (as defined in the Convertible Notes agreement), the outstanding Convertible Notes could increase diluted average shares outstanding by a maximum of approximately 5,600 shares. As of June 30, 2012, 651 shares were excluded from diluted average shares outstanding as there would have been an anti-dilutive effect.

For the three and six months ended June 30, 2012 and 2011, the participating securities, which represent certain non-vested shares granted by the Company, were less than one percent of total securities. These securities do not participate in the Company's net (loss) income.

(4) Debt

Short-term and long-term debt consisted of the following:

	June 30, 2012	December 31, 2011
SHORT-TERM DEBT		
Foreign	$ 1,000	$ 500
Total short-term debt	1,000	500
LONG-TERM DEBT		
Senior Secured Notes due December 15, 2016	225,000	225,000
Convertible Notes due December 15, 2017	57,500	57,500
New Revolving Credit Facility due December 15, 2015	36,300	35,500
Other, primarily capital leases	547	244
Total long-term debt	319,347	318,244
Plus: derivative liability for conversion feature associated with convertible debt	—	26,440
Less: unamortized discount	(28,565)	(30,252)
Less: current portion	(212)	(192)
Total long-term portion	290,570	314,240
TOTAL SHORT-TERM AND LONG-TERM DEBT	$291,782	$ 314,932

During December 2011, in conjunction with the completion of the acquisition of Tube Supply, the Company issued $225,000 aggregate principal amount of 12.75% Senior Secured Notes due 2016 (the "Secured Notes"), issued $57,500 aggregate principal amount of 7.0% Convertible Senior Notes due 2017 (the "Convertible Notes") and entered into a $100,000 senior secured asset based revolving credit facility (the "New Revolving Credit Facility"). Net proceeds from these transactions (collectively referred to as the "Debt Transactions") were used to complete the Acquisition, repay existing debt and for general corporate purposes.

Secured Notes

The Company filed a registration statement with the Securities and Exchange Commission on Form S-4 on April 11, 2012. The registration statement was declared effective on June 12, 2012.

On June 12, 2012, the Company commenced an offer to exchange $225,000 principal amount of 12.75% Secured Notes due 2016, which are registered under the Securities Act of 1933 (the "New Secured Notes"), for $225,000 principal amount of outstanding 12.75% Senior Secured Notes due 2016, which had not been registered under the Securities Act of 1933 (the "Old Secured Notes"). The terms of the New Secured Notes issued are identical in all material respects to the Old Secured Notes, except that the New Secured Notes are registered under the Securities Act of 1933, do not have any of the transfer restrictions, registration rights and additional interest provisions relating to the Old Secured Notes and bear a different CUSIP number from the Old Secured Notes. The Company did not receive any proceeds from the exchange offer.

The New Secured Notes will mature on December 15, 2016. The Company will pay interest on the New Secured Notes at a rate of 12.75% per annum in cash semi-annually. The first payment of $14,344 was made on June 15, 2012. The New Secured Notes are fully and unconditionally guaranteed, jointly and severally, by certain 100% owned domestic subsidiaries of the Company (the Note Guarantors). The New Secured Notes and the related guarantees are secured by a lien on substantially all of the Company's and the Note Guarantors' assets, subject to certain exceptions and permitted liens pursuant to a pledge and security agreement. The terms of the New Secured Notes contain numerous covenants imposing financial and operating restrictions on the Company's business. These covenants place restrictions on the Company's ability and the ability of its subsidiaries to, among other things, pay dividends, redeem stock or make other distributions or restricted payments; incur indebtedness or issue common stock; make certain investments; create liens; agree to payment restrictions affecting certain subsidiaries; consolidate or merge; sell or otherwise transfer or dispose of assets, including equity interests of certain subsidiaries; enter into transactions with affiliates, enter into sale and leaseback transactions; and use the proceeds of permitted sales of the Company's assets. Refer to *Note 15* for Guarantor Financial Information disclosure.

On or after December 15, 2014, the Company may redeem some or all of the New Secured Notes at a redemption premium of 106.375% of the principal amount for the 12-month period beginning December 15, 2014 and 100% thereafter, plus accrued and unpaid interest. Prior to December 15, 2014, the Company may redeem up to 35% of the aggregate principal amount of the New Secured Notes at a redemption price of 112.75% of the principal amount, plus accrued and unpaid interest, with the net cash proceeds of certain equity offerings. In addition, the Company may, at its option, redeem some or all of the New Secured Notes at any time prior to December 15, 2014, by paying a "make-whole" premium, plus accrued and unpaid interest.

The New Secured Notes also contain a provision that allows holders of the New Secured Notes to require the Company to repurchase all or any part of the New Secured Notes if a change of control triggering event occurs. Under this provision, the repurchase of the New Secured Notes will occur at a purchase price of 101% of the outstanding principal amount, plus accrued and unpaid interest, if any, on such New Secured Notes to the date of repurchase. In addition, upon certain asset sales, the Company may be required to offer to use the net proceeds thereof to purchase some of the New Secured Notes at 100% of the principal amount thereof, plus accrued and unpaid interest.

Subject to certain conditions, within 95 days after the end of each fiscal year, the Company must make an offer to purchase New Secured Notes with certain of its excess cash flow (as defined in the indenture) for such fiscal year, commencing with the fiscal year ending December 31, 2012, at 103% of the principal amount thereof, plus accrued and unpaid interest.

Convertible Notes

The Convertible Notes will mature on December 15, 2017. The Company will pay interest on the Convertible Notes at a rate of 7.0% in cash semi-annually. The first payment of $2,013 was made on June 15, 2012. The initial conversion rate for the Convertible Notes will be 97.2384 shares of the Company’s common stock per $1,000 principal amount of Convertible Notes, equivalent to an initial conversion price of approximately $10.28 per share of common stock. The conversion rate will be subject to adjustment, but will not be adjusted for accrued and unpaid interest, if any. In addition, if an event constituting a fundamental change occurs, the Company will in some cases increase the conversion rate for a holder that elects to convert its Convertible Notes in connection with such fundamental change. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at the Company’s election, together with cash in lieu of fractional shares.

Holders may convert their Convertible Notes at their option on any day prior to the close of business on the scheduled trading day immediately preceding June 15, 2017 only under the following circumstances: (1) during the five business-day period after any five consecutive trading-day period (the “measurement period”) in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the applicable conversion rate on each such day; (2) during any calendar quarter (and only during such calendar quarter) after the calendar quarter ending December 31, 2011, if the last reported sale price of the Company’s common stock for 20 or more trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is equal to or greater than 130% of the applicable conversion price in effect for each applicable trading day; (3) upon the occurrence of specified corporate events, including certain dividends and distributions; or (4) if the Company calls the Convertible Notes for redemption on or after December 20, 2015. The Convertible Notes will be convertible, regardless of the foregoing circumstances, at any time from, and including, June 15, 2017 through the second scheduled trading day immediately preceding the maturity date.

On April 26, 2012, at the Company’s Annual Meeting of Stockholders, shareholder approval was obtained for the issuance of shares in excess of 20% of the Company’s outstanding common stock to satisfy any conversions of the Convertible Notes. Additionally, shareholder approval was obtained to amend the Company’s charter to authorize additional shares of common stock from 30,000 to 60,000. With these approvals, the Company now has the ability to share-settle the conversion option in full and therefore, the embedded conversion option is no longer required to be separately valued and accounted for as a derivative liability. The mark-to-market adjustment on the conversion option for the period from March 31, 2012 through April 26, 2012 (the final valuation date) was a loss of $4,257. As of April 26, 2012, the conversion option’s cumulative value of $42,037 was reclassified to additional paid-in capital and will no longer be marked-to-market through earnings. The deferred tax benefit of $8,264 associated with the temporary difference between the financial reporting basis of the derivative liability and its tax basis at the date of issuance (December 15, 2011) was also reclassified to additional paid-in capital.

Upon a fundamental change, subject to certain exceptions, holders may require the Company to repurchase some or all of their Convertible Notes for cash at a repurchase price equal to 100% of the principal amount of the Convertible Notes being repurchased, plus any accrued and unpaid interest.

The Company may not redeem the Convertible Notes prior to December 20, 2015. On or after December 20, 2015, the Company may redeem all or part of the Convertible Notes (except for the Convertible Notes that we are required to repurchase as described above) if the last reported sale price of the Company's common stock exceeds 135% of the applicable conversion price for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day immediately prior to the date of the redemption notice. The redemption price will equal the sum of 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, plus a "make-whole premium" payment. The Company must make the make-whole premium payments on all Convertible Notes called for redemption including Convertible Notes converted after the date we delivered the notice of redemption. The Company will pay the redemption price in cash except for any non-cash portion of the make-whole premium.

New Revolving Credit Facility

The New Revolving Credit Facility consists of a $100,000 senior secured asset-based revolving credit facility (subject to adjustment pursuant to a borrowing base described below), of which (a) up to an aggregate principal amount of $20,000 will be available for a Canadian subfacility, (b) up to an aggregate principal amount of $20,000 will be available for letters of credit and (c) up to an aggregate principal amount of $10,000 will be available for swingline loans. Loans under the New Revolving Credit Facility will be made available to the Company and certain domestic subsidiaries (the "U.S. Borrowers") in U.S. dollars and the Canadian Borrowers in U.S. dollars and Canadian dollars. The New Revolving Credit Facility will mature on December 15, 2015.

The New Revolving Credit Facility will rank *pari passu* in right of payment with the Secured Notes, but, pursuant to the intercreditor agreement, the Secured Notes will be effectively subordinated to the indebtedness under the New Revolving Credit Facility with respect to the collateral.

At the Company's election, borrowings under the New Revolving Credit Facility will bear interest at variable rates based on (a) a customary base rate plus an applicable margin of between 0.50% and 1.00% (depending on quarterly average undrawn availability under the New Revolving Credit Facility) or (b) an adjusted LIBOR rate plus an applicable margin of between 1.50% and 2.00% (depending on quarterly average undrawn availability under the New Revolving Credit Facility). The weighted average interest rate for borrowings under the New Revolving Credit Facility for the six months ended June 30, 2012 was 2.66%. The Company will pay certain customary recurring fees with respect to the New Revolving Credit Facility.

The New Revolving Credit facility contains a springing financial maintenance covenant requiring the Company to maintain the ratio (as defined in the agreement) of EBITDA to fixed charges of 1.1 to 1.0 when excess availability is less than the greater of 10% of the calculated borrowing base (as defined in the agreement) or $10,000. In addition, if excess availability is less than the greater of 12.5% of the calculated borrowing base (as defined in the agreement) or $12,500, the lender has the right to take full dominion of the Company's cash collections and apply these proceeds to outstanding loans under the New Revolving Credit Agreement. As of June 30, 2012, the Company's excess availability of $53,990 was above such thresholds.

(5) Fair Value Measurements

The three-tier value hierarchy the Company utilizes, which prioritizes the inputs used in the valuation methodologies, is:

Level 1 —Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 —Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 —Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of cash, accounts receivable and accounts payable approximate their carrying values. The fair value of cash equivalents are determined using the fair value hierarchy described above. Cash equivalents consisting of money market funds are valued based on quoted prices in active markets and as a result are classified as Level 1. The Company's pension plan asset portfolio as of June 30, 2012 and December 31, 2011 is primarily invested in fixed income securities, which generally fall within Level 2 of the fair value hierarchy.

Fair Value Measurements of Debt

The fair value of the Company's fixed rate debt as of June 30, 2012 was estimated to be $318,835 compared to a carrying value of $253,935, net of unamortized discount. The fair value for the Senior Secured Notes is determined based on recent trades of the bonds and fall within level 2 of the fair value hierarchy.

The fair value of the Convertible Notes, which fall within level 3 of the fair value hierarchy, is determined based on similar debt instruments that do not contain a conversion feature. The main inputs and assumptions into the binomial lattice model are the Company's stock price at the end of the period ($10.62), expected volatility (41.4%), credit spreads (12.02%) and the risk-free interest rate (0.81%). These inputs and assumptions are determined based on current market data and are not viewed as having significant sensitivity.

As of June 30, 2012, the estimated fair value of the Company's debt outstanding under its revolving credit facilities, which falls within level 3 of the fair value hierarchy, is $34,300 compared to its carrying value of $37,300, assuming the current amount of debt outstanding at the end of the year was outstanding until the maturity of the Company's facility in December 2015. Although borrowings could be materially greater or less than the current amount of borrowings outstanding at the end of the year, it is not practical to estimate the amounts that may be outstanding during the future periods since there is no predetermined borrowing or repayment schedule.

Fair Value Measurements of Commodity Hedges

During the second quarter of 2011, the Company implemented a commodity hedging program to mitigate risks associated with certain commodity price fluctuations. At June 30, 2012, the Company had executed forward contracts that extend through 2015. The sole counterparty to these contracts is not considered a credit risk by the Company. At June 30, 2012, the notional value associated with forward contracts was $15,822. The Company recorded losses of $1,387 and $1,011 for the three and six months ended June 30, 2012, respectively, as a result of changes in the fair value of the contracts. There were no gains or losses recorded for the three and six months ended June 30, 2011. Refer to *Note 13* for letters of credit outstanding for collateral associated with commodity hedges.

The Company uses information which is representative of readily observable market data when valuing derivatives liabilities associated with commodity hedges. The derivative liabilities are classified as Level 2 in the table below.

The assets and liabilities measured at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total
As of June 30, 2012:				
Derivative liability for commodity hedges	$ —	$3,207	$ —	$ 3,207
Derivative liability for conversion feature associated with convertible debt	$ —	$ —	$ —	$ —
As of December 31, 2011:				
Derivative liability for commodity hedges	$ —	$2,331	$ —	$ 2,331
Derivative liability for conversion feature associated with convertible debt	$ —	$ —	$26,440	$26,440

The following reconciliation represents the change in fair value of Level 3 liabilities from January 1, 2012 to June 30, 2012:

	Derivative liability for conversion feature associated with convertible debt
Fair value as of January 1	$ 26,440
Mark-to-Market adjustment on conversion feature	15,597
Reclassification from long-term debt, less current portion to additional paid-in capital	(42,037)
Fair value as of June 30	$ —

(6) Segment Reporting

The Company distributes and performs processing on both metals and plastics. Although the distribution processes are similar, the customer markets, supplier bases and types of products are different. Additionally, the Company's Chief Executive Officer, the chief operating decision-maker, reviews and manages these two businesses separately. As such, these businesses are considered reportable segments and are reported accordingly.

In its Metals segment, the Company's marketing strategy focuses on distributing highly engineered specialty grades and alloys of metals as well as providing specialized processing services designed to meet very precise specifications. Core products include alloy, aluminum, nickel, stainless steel, carbon and titanium. Inventories of these products assume many forms such as plate, sheet, extrusions, round bar, hexagon bar, square and flat bar, tubing and coil. Depending on the size of the facility and the nature of the markets it serves, service centers are equipped as needed with bar saws, plate saws, oxygen and plasma arc flame cutting machinery, trepanning machinery, boring machinery, honing equipment, water-jet cutting, stress relieving and annealing furnaces, surface grinding equipment and sheet shearing equipment.

The Company’s Plastics segment consists exclusively of a wholly-owned subsidiary that operates as Total Plastics, Inc. (“TPI”) headquartered in Kalamazoo, Michigan, and its wholly-owned subsidiaries. The Plastics segment stocks and distributes a wide variety of plastics in forms that include plate, rod, tube, clear sheet, tape, gaskets and fittings. Processing activities within this segment include cut-to-length, cut-to-shape, bending and forming according to customer specifications. The Plastics segment’s diverse customer base consists of companies in the retail (point-of-purchase), automotive, marine, office furniture and fixtures, safety products, life sciences applications, and general manufacturing industries. TPI has locations throughout the upper northeast and midwest regions of the U.S. and one facility in Florida from which it services a wide variety of users of industrial plastics.

The accounting policies of all segments are the same as described in *Note 1* , “Basis of Presentation and Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. Management evaluates the performance of its business segments based on operating income.

Segment information for the three months ended June 30, 2012 and 2011 is as follows:

	Net Sales	Operating Income	Capital Expenditures	Depreciation & Amortization
2012				
Metals segment (a)	$297,244	$11,210	$ 1,668	$ 6,117
Plastics segment	32,148	1,064	370	357
Other (b)	—	(3,405)	—	—
Consolidated	$329,392	$ 8,869	$ 2,038	$ 6,474
2011				
Metals segment	$252,256	$ 5,095	$ 2,626	$ 4,737
Plastics segment	30,312	1,062	384	322
Other	—	(1,856)	—	—
Consolidated	$282,568	$ 4,301	$ 3,010	$ 5,059

Segment information for the six months ended June 30, 2012 and 2011 is as follows:

	Net Sales	Operating Income	Capital Expenditures	Depreciation & Amortization
2012				
Metals segment (a)	$629,136	$31,763	$ 3,320	$ 12,423
Plastics segment	63,172	1,601	771	664
Other (b)	—	(5,897)	—	—
Consolidated	$692,308	$27,467	$ 4,091	$ 13,087
2011				
Metals segment	$496,845	$ 8,681	$ 3,943	$ 9,422
Plastics segment	58,511	1,624	876	636
Other	—	(3,906)	—	—
Consolidated	$555,356	$ 6,399	$ 4,819	$ 10,058

(a) The results of Tube Supply, Inc. (“Tube Supply”), acquired on December 15, 2011, are included in the Company’s Metals segment.
(b) “Other” – Operating income includes the costs of executive, legal and finance departments, which are shared by both the Metals and Plastics segments.

Below are reconciliations of segment data to the consolidated financial statements for the three months ended June 30:

	2012	2011
Operating income	$ 8,869	$ 4,301
Interest expense, net	(9,964)	(1,120)
Interest expense - unrealized loss on debt conversion option	(4,257)	—
(Loss) income before income taxes and equity in earnings of joint venture	(5,352)	3,181
Equity in earnings of joint venture	1,733	2,982
Consolidated (loss) income before income taxes	$(3,619)	$ 6,163

Below are reconciliations of segment data to the consolidated financial statements for the six months ended June 30:

	2012	2011
Operating income	$ 27,467	$ 6,399
Interest expense, net	(20,157)	(2,106)
Interest expense - unrealized loss on debt conversion option	(15,597)	—
(Loss) income before income taxes and equity in earnings of joint venture	(8,287)	4,293
Equity in earnings of joint venture	4,741	5,841
Consolidated (loss) income before income taxes	$ (3,546)	$10,134

Segment information for total assets is as follows:

	June 30, 2012	December 31, 2011
Metals segment	$803,974	$ 729,692
Plastics segment	59,265	56,171
Other (a)	39,736	36,460
Consolidated	$902,975	$ 822,323

(a) “Other” — Total assets consist of the Company’s investment in joint venture.

(7) Goodwill and Intangible Assets

The changes in carrying amounts of goodwill during the six months ended June 30, 2012 were as follows:

	Metals Segment	Plastics Segment	Total
Balance as of January 1, 2012			
Goodwill	$117,145	$12,973	$130,118
Accumulated impairment losses	(60,217)	—	(60,217)
Balance as of January 1, 2012	56,928	12,973	69,901
Currency valuation	(50)	—	(50)
Balance as of June 30, 2012			
Goodwill	117,095	12,973	130,068
Accumulated impairment losses	(60,217)	—	(60,217)
Balance as of June 30, 2012	$ 56,878	$12,973	$ 69,851

The Company's annual test for goodwill impairment is completed as of January 1st each year. Based on the January 1, 2012 test, the Company determined that there was no impairment of goodwill. The Company's year-to-date operating results, among other factors, are considered in determining whether it is more-likely-than-not that the fair value for any reporting unit has declined below its carrying value, which would require the Company to perform an interim goodwill impairment test. Another recession or economic declines in specific industries could change management's expectations of future financial results and/or key valuation assumptions used in determining the fair-value of its reporting units which could result in a test for the impairment of goodwill prior to the Company's annual testing date of January 1st.

On December 15, 2011, the Company acquired 100 percent of the outstanding common shares of Tube Supply. The aggregate purchase price was $184,385. There were no changes in the purchase price allocation during the six months ended June 30, 2012. The purchase price allocation is preliminary and it is subject to change upon the finalization of items such as the determination of fair values of pre-acquisition contingencies, finalization of the working capital adjustments and certain tax related matters.

The following summarizes the components of intangible assets:

	June 30, 2012		December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$118,505	$ 40,079	$118,567	$ 34,960
Non-compete agreements	3,888	3,069	3,888	2,902
Trade name	8,240	799	8,249	410
Developed technology	1,400	253	1,400	19
Total	$132,033	$ 44,200	$132,104	$ 38,291

The weighted-average amortization period for the intangible assets is 10.8 years, 11.3 years for customer relationships, 9.4 years for trade names, 3 years for non-compete agreements and 3 years for developed technology. Substantially all of the Company's intangible assets were acquired as part of the acquisitions of Transtar on September 5, 2006 and Tube Supply on December 15, 2011. For the three-month periods ended June 30, 2012 and 2011, amortization expense was $2,956 and $1,659, respectively. For the six-month periods ended June 30, 2012 and 2011, amortization expense was $5,918 and $3,322, respectively.

The following is a summary of the estimated annual amortization expense for 2012 and each of the next 4 years:

2012	$11,776
2013	11,776
2014	11,743
2015	10,976
2016	10,976

(8) Inventories

Approximately ninety percent of the Company's inventories are valued at the lower of LIFO cost or market. Final inventory determination under the LIFO costing method is made at the end of each fiscal year based on the actual inventory levels and costs at that time. Interim LIFO determinations, including those at June 30, 2012, are based on management's estimates of future inventory levels and costs. The Company values its LIFO increments using the cost of its latest purchases during the periods reported.

Current replacement cost of inventories exceeded book value by $144,979 and $138,882 at June 30, 2012 and December 31, 2011, respectively. Income taxes would become payable on any realization of this excess from reductions in the level of inventories.

(9) Share-based Compensation

The Company accounts for its share-based compensation arrangements by recognizing compensation expense for the fair value of the share awards granted ratably over their vesting period. All compensation expense related to share-based compensation arrangements is recorded in sales, general and administrative expense. The unrecognized compensation cost as of June 30, 2012 associated with all share-based payment arrangements is $8,734 and the weighted average period over which it is to be expensed is 1.4 years.

Due to executive terminations that occurred during the first half of 2012, the Company revised its forfeiture rate for the active Long-Term Compensation Plans. The weighted average forfeiture rate is 30% and 18% at June 30, 2012 and December 31, 2011, respectively.

2012 Long-Term Compensation Plan

On March 7, 2012, the Human Resources Committee (the "Committee") of the Board of Directors of the Company approved equity awards under the Company's 2012 Long-Term Compensation Plan ("2012 LTC Plan") for executive officers and other select personnel. The 2012 LTC Plan awards included restricted stock units ("RSUs") and performance share units ("PSUs"). All 2012 LTC Plan awards are subject to the terms of the Company's 2008 A.M. Castle & Co. Omnibus Incentive Plan, amended and restated as of April 28, 2011.

The 2012 LTC Plan consists of three components of share-based payment awards as follows:

Restricted Share Units - the Company granted 181 RSUs with a grant date fair value of $10.02 per share unit, which was established using the market price of the Company's stock on the date of grant. The RSUs cliff vest on December 31, 2014. Each RSU that becomes vested entitles the participant to receive one share of the Company's common stock. The number of shares delivered may be reduced by the number of shares required to be withheld for federal and state withholding tax requirements (determined at the market price of Company shares at the time of payout).

Performance Share Units - the Company granted 362 PSUs, half of which contain a market- based performance condition and half of which contained a non-market-based performance condition.

PSUs containing a market-based performance condition - the potential award for PSUs containing a market-based performance condition is dependent on relative total shareholder return ("RTSR"), which is measured over a three-year performance period, beginning January 1 st of the year of grant. RTSR is measured against a group of peer companies either in the metals industry or in the industrial products distribution industry (the "RTSR Peer Group"). The number of performance shares, if any, that vest based on the performance achieved during the three-year performance period, will vest at the end of the three-year performance period. Each performance share that becomes vested entitles the participant to receive one share of the Company's common stock. The number of shares delivered may be reduced by the number of shares required to be withheld for federal and state withholding tax requirements (determined at the market price of Company shares at the time of payout).

The grant date fair value for the PSUs containing the RTSR market-based performance condition under the 2012 LTC Plan of $13.78 was estimated using a Monte Carlo simulation with the following assumptions:

	2012
Expected volatility	85.0%
Risk-free interest rate	0.40%
Expected life (in years)	2.81
Expected dividend yield	—

Compensation expense for performance awards containing a market-based performance condition is recognized regardless of whether the market condition is achieved to the extent the requisite service period condition is met.

PSUs containing a non-market-based performance condition - the potential award for PSUs containing a non-market-based performance condition is determined based on the Company's average actual performance versus Company-specific target goals for Return on Invested Capital ("ROIC") (as defined in the 2012 LTC Plan) for the three-year performance period beginning on January 1 st of the year of grant. Partial performance awards can be earned for performance less than the target goal, but in excess of minimum goals and award distributions twice the target can be achieved if the maximum goals are met or exceeded. The number of performance shares, if any, that vest based on the performance achieved during the three-year performance period, will vest at the end of the three-year performance period. Compensation expense recognized is based on management's expectation of future performance compared to the pre-established performance goals. If the performance goals are not expected to be met, no compensation expense is recognized and any previously recognized compensation expense is reversed. The grant date fair-value of the PSUs containing a non-market-based performance condition was established using the market price of the Company's stock on the date of grant.

The award information associated with market and non-market-based performance condition awards is summarized below:

Share type	Grant Date Fair Value	Estimated Number of PSUs to be Issued	Maximum Number of PSUs that could Potentially be Issued
Market-based performance condition	$ 13.78	138	266
Non-market-based performance condition	$ 10.02	215	266

(10) Comprehensive (Loss) Income

Comprehensive (loss) income includes net (loss) income and all other non-owner changes to equity that are not reported in net (loss) income. The Company's comprehensive (loss) income for the three months ended June 30, 2012 and 2011 is as follows:

	June 30,	
	2012	2011
Net (loss) income	$(2,978)	$3,697
Foreign currency translation (loss) gain	(3,374)	786
Pension cost amortization, net of tax	(110)	82
Total comprehensive (loss) income	$(6,462)	$4,565

The Company's comprehensive income (loss) for the six months ended June 30, 2012 and 2011 is as follows:

	June 30,	
	2012	2011
Net income (loss)	$(7,278)	$6,400
Foreign currency translation gain (loss)	(41)	2,032
Pension cost amortization, net of tax	(219)	165
Total comprehensive income (loss)	$(7,538)	$8,597

The components of accumulated other comprehensive loss is as follows:

	June 30, 2012	December 31, 2011
Foreign currency translation losses	$ (4,732)	$ (4,691)
Unrecognized pension and postretirement benefit costs, net of tax	(15,352)	(15,133)
Total accumulated other comprehensive loss	$(20,084)	$ (19,824)

(11) Employee Benefit Plans

Components of the net periodic pension and postretirement benefit cost for the three months ended June 30, 2012 are as follows:

	For the Three Months Ended June 30,	
	2012	2011
Service cost	$ 192	$ 176
Interest cost	1,750	1,904
Expected return on assets	(2,464)	(2,514)
Amortization of prior service cost	81	81
Amortization of actuarial loss	149	57
Net periodic pension and postretirement benefit	$ (292)	$ (296)

Components of the net periodic pension and postretirement benefit cost for the six months ended June 30, 2012 are as follows:

	For the Six Months Ended June 30,	
	2012	2011
Service cost	$ 384	$ 352
Interest cost	3,500	3,808
Expected return on assets	(4,928)	(5,028)
Amortization of prior service cost	162	162
Amortization of actuarial loss	298	114
Net periodic pension and postretirement benefit	$ (584)	$ (592)

As of June 30, 2012, the Company had not made any cash contributions to its pension plans for this fiscal year and does not anticipate making any significant cash contributions to its pension plans in 2012.

(12) Joint Venture

Kreher Steel Co., LLC is a 50% owned joint venture of the Company. It is a metals distributor of bulk quantities of alloy, special bar quality and stainless steel bars, headquartered in Melrose Park, Illinois.

The following information summarizes financial data for this joint venture for the three months ended June 30, 2012 and 2011:

	For the Three Months Ended June 30,	
	2012	2011
Net sales	$ 67,662	$ 67,080
Cost of materials	56,267	54,432
Income before taxes	4,433	6,782
Net income	3,466	5,964

The following information summarizes financial data for this joint venture for the six months ended June 30, 2012 and 2011:

	For the Six Months Ended June 30,	
	2012	2011
Net sales	$144,467	$130,679
Cost of materials	119,665	105,710
Income before taxes	11,534	13,510
Net income	9,482	11,682

(13) Commitments and Contingent Liabilities

As of June 30, 2012, the Company had $6,622 of irrevocable letters of credit outstanding which primarily consisted of $3,800 for collateral associated with commodity hedges and $1,994 for compliance with the insurance reserve requirements of its workers' compensation insurance carriers.

The Company is party to a variety of legal proceedings arising from the operation of its business. These proceedings are incidental and occur in the normal course of the Company's business affairs. It is the opinion of management, based upon the information available at this time, that the currently expected outcome of these proceedings will not have a material effect on the consolidated results of operations, financial condition or cash flows of the Company.

In 2011, the Company determined that it inadvertently exported certain aluminum alloy bar that are listed on the U.S. Bureau of Industry and Security's (BIS) Commerce Control List to countries where there is an export license requirement if an exception is not otherwise available. The exports, which occurred in 2011, had a total transaction value of approximately $13 and were made without export licenses. The exports involved shipments to the Company's wholly-owned subsidiary in China and to a customer in the Philippines. In response thereto, the Company has submitted a voluntary self-disclosure describing the nature of these shipments to the Office of Export Enforcement of the Department of Commerce (OEE) in accordance with applicable Export Administration Regulations. The Company previously disclosed similar incidents to BIS in 2008, which were resolved in September 2011 through the payment of a $775 civil penalty and a commitment to satisfy certain compliance and reporting obligations. If it is determined that the Company failed to comply with the applicable U.S. export regulations, the OEE could assess additional monetary penalties, restrict export privileges or provide an administrative warning. While the ultimate disposition of this matter cannot be predicted with certainty, it is the opinion of management, based on the information available at this time, that the outcome of this matter will not have a material effect on the Company's financial position, results of operations or cash flows.

(14) Income Taxes

The tax years 2008 through 2011 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Audits of the Company's 2008 and 2009 U.S. federal income tax returns are in process as of June 30, 2012. To date, no material issues have been raised. Due to the potential for resolution of the examination or expiration of statutes of limitations, it is reasonably possible that the Company's gross unrecognized tax benefits may change within the next 12 months by a range of zero to $720.

The Company received its 2010 federal tax refund of $2,025 during February 2012 and its 2009 federal income tax refund of $6,344 during January 2011.

(15) Guarantor Financial Information

The accompanying condensed consolidating financial information has been prepared and presented pursuant to Rule 3-10 of SEC Regulation S-X “Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.” The consolidating financial information presents A. M. Castle & Co. (Parent) and subsidiaries. The consolidating financial information has been prepared on the same basis as the consolidated statements of the Parent. The equity method of accounting is followed within this financial information.

Condensed Consolidating Balance Sheet
As of June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 1,784	$ 1,774	$ 16,891	$ —	$ 20,449
Accounts receivable, less allowance for doubtful accounts	71,824	54,108	52,143	—	178,075
Receivables from affiliates	649	2,597	21	(3,267)	—
Inventories	82,841	203,258	78,876	(584)	364,391
Prepaid expenses and other current assets	23,854	(8,544)	9,240	211	24,761
Total current assets	180,952	253,193	157,171	(3,640)	587,676
Investment in joint venture	39,736	—	—	—	39,736
Goodwill	7,458	47,018	15,375	—	69,851
Intangible assets	—	67,650	20,183	—	87,833
Other assets	33,589	881	4,354	—	38,824
Investment in subsidiaries	390,467	11,626	—	(402,093)	—
Receivables from affiliates	88,419	80,658	4,835	(173,912)	—
Property, plant and equipment, net	46,942	21,187	10,926	—	79,055
Total assets	$787,563	$482,213	$ 212,844	$(579,645)	$ 902,975
Liabilities and Stockholders’ Equity					
Current liabilities					
Accounts payable	$ 96,178	$ 55,843	$ 27,640	$ —	$ 179,661
Payables due to affiliates	1,440	116	1,711	(3,267)	—
Other current liabilities	23,370	7,788	10,149	—	41,307
Current portion of long-term debt and short-term debt	181	21	1,010	—	1,212
Total current liabilities	121,169	63,768	40,510	(3,267)	222,180
Long-term debt, less current portion	286,544	—	4,026	—	290,570
Payables due to affiliates	13,976	37,278	122,658	(173,912)	—
Deferred income taxes	13,882	19,203	(450)	—	32,635
Other non-current liabilities	11,379	4,994	604	—	16,977
Stockholders’ equity	340,613	356,970	45,496	(402,466)	340,613
Total liabilities and stockholders’ equity	$787,563	$482,213	$ 212,844	$(579,645)	$ 902,975

Condensed Consolidating Balance Sheet
As of December 31, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 11,528	$ 588	$ 18,408	$ —	$ 30,524
Accounts receivable, less allowance for doubtful accounts	68,334	57,587	55,115	—	181,036
Receivables from affiliates	273	3,495	146	(3,914)	—
Inventories	57,643	155,113	59,547	(264)	272,039
Prepaid expenses and other current assets	19,080	(3,894)	3,483	—	18,669
Total current assets	156,858	212,889	136,699	(4,178)	502,268
Investment in joint venture	36,460	—	—	—	36,460
Goodwill	7,459	47,018	15,424	—	69,901
Intangible assets	—	72,633	21,180	—	93,813
Other assets	34,300	628	2,812	—	37,740
Investment in subsidiaries	379,622	12,151	—	(391,773)	—
Receivables from affiliates	66,878	71,041	7,292	(145,211)	—
Property, plant and equipment, net	49,701	21,981	10,459	—	82,141
Total assets	$731,278	$438,341	$ 193,866	$(541,162)	$ 822,323
Liabilities and Stockholders' Equity					
Current liabilities					
Accounts payable	$ 53,469	$ 45,794	$ 17,611	$ —	$ 116,874
Payables due to affiliates	1,387	76	2,451	(3,914)	—
Other current liabilities	21,073	9,281	5,358	—	35,712
Current portion of long-term debt and short-term debt	82	50	560	—	692
Total current liabilities	$ 76,011	55,201	$ 25,980	(3,914)	153,278
Long-term debt, less current portion	303,739	1	10,500	—	314,240
Payables due to affiliates	21,884	10,415	112,912	(145,211)	—
Deferred income taxes	6,251	19,676	(277)	—	25,650
Other non-current liabilities	11,114	5,195	567	—	16,876
Stockholders' equity	312,279	347,853	44,184	(392,037)	312,279
Total liabilities and stockholders' equity	$731,278	$438,341	$ 193,866	$(541,162)	$ 822,323

Condensed Consolidating Statement of Operations
For the Quarter ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net Sales	$155,771	$112,771	$ 70,439	$ (9,589)	$ 329,392
Costs and expenses:					
Cost of materials (exclusive of depreciation and amortization)	115,780	80,608	54,025	(9,732)	240,681
Warehouse, processing and delivery expense	20,042	12,390	6,042	—	38,474
Sales, general and administrative expense	17,931	10,622	6,341	—	34,894
Depreciation and amortization expense	1,986	3,497	991	—	6,474
Operating income	32	5,654	3,040	143	8,869
Interest expense, net	(6,170)	—	(3,794)	—	(9,964)
Interest expense - unrealized loss on debt conversion option	(4,257)	—	—	—	(4,257)
(Loss) income before income taxes and equity in earnings of subsidiaries and joint venture	(10,395)	5,654	(754)	143	(5,352)
Income taxes	2,506	(2,059)	194	—	641
Equity in earnings (losses) of subsidiaries	3,178	(277)	—	(2,901)	—
Equity in earnings of joint venture	1,733	—	—	—	1,733
Net (loss) income	(2,978)	3,318	(560)	(2,758)	(2,978)
Comprehensive (loss) income	$ (6,462)	$ 3,318	$ 2,814	$ (6,132)	$ (6,462)

Condensed Consolidating Statement of Operations
For the Quarter ended June 30, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net Sales	$155,749	$ 71,291	$ 57,394	$ (1,866)	$ 282,568
Costs and expenses:					
Cost of materials (exclusive of depreciation and amortization)	115,098	51,556	43,682	(1,866)	208,470
Warehouse, processing and delivery expense	20,447	8,451	4,976	—	33,874
Sales, general and administrative expense	18,171	8,364	4,329	—	30,864
Depreciation and amortization expense	2,141	2,229	689	—	5,059
Operating (loss) income	(108)	691	3,718	—	4,301
Interest expense, net	(229)	—	(891)	—	(1,120)
(Loss) income before income taxes and equity in earnings of subsidiaries and joint venture	(337)	691	2,827	—	3,181
Income taxes	(1,444)	(313)	(709)	—	(2,466)
Equity in earnings of subsidiaries	2,496	158	—	(2,654)	—
Equity in earnings of joint venture	2,982	—	—	—	2,982
Net income	3,697	536	2,118	(2,654)	3,697
Comprehensive income	$ 4,565	$ 536	$ 2,904	$ (3,440)	$ 4,565

Condensed Consolidating Statement of Operations
For the Six Months ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net Sales	$324,833	$241,180	$ 147,634	$ (21,339)	$ 692,308
Costs and expenses:					
Cost of materials (exclusive of depreciation and amortization)	240,541	171,863	113,000	(20,756)	504,648
Warehouse, processing and delivery expense	40,461	24,628	11,911	—	77,000
Sales, general and administrative expense	36,652	21,527	11,927	—	70,106
Depreciation and amortization expense	4,042	7,056	1,989	—	13,087
Operating income	3,137	16,106	8,807	(583)	27,467
Interest expense, net	(13,169)	—	(6,988)	—	(20,157)
Interest expense - unrealized loss on debt conversion option	(15,597)	—	—	—	(15,597)
(Loss) income before income taxes and equity in earnings of subsidiaries and joint venture	(25,629)	16,106	1,819	(583)	(8,287)
Income taxes	2,729	(6,199)	(473)	211	(3,732)
Equity in earnings (losses) of subsidiaries	10,881	(241)	—	(10,640)	—
Equity in earnings of joint venture	4,741	—	—	—	4,741
Net (loss) income	(7,278)	9,666	1,346	(11,012)	(7,278)
Comprehensive (loss) income	$ (7,538)	$ 9,666	$ 8,053	$ (17,719)	$ (7,538)

Condensed Consolidating Statement of Operations
For the Six Months ended June 30, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net Sales	$302,504	$140,895	$ 115,689	$ (3,732)	$ 555,356
Costs and expenses:					
Cost of materials (exclusive of depreciation and amortization)	223,720	102,168	87,742	(3,732)	409,898
Warehouse, processing and delivery expense	40,266	16,851	9,899	—	67,016
Sales, general and administrative expense	36,601	16,623	8,761	—	61,985
Depreciation and amortization expense	4,268	4,463	1,327	—	10,058
Operating (loss) income	(2,351)	790	7,960	—	6,399
Interest expense, net	(405)	—	(1,701)	—	(2,106)
(Loss) income before income taxes and equity in earnings of subsidiaries and joint venture	(2,756)	790	6,259	—	4,293
Income taxes	(1,948)	(323)	(1,463)	—	(3,734)
Equity in earnings of subsidiaries	5,263	391	—	(5,654)	—
Equity in earnings of joint venture	5,841	—	—	—	5,841
Net income	6,400	858	4,796	(5,654)	6,400
Comprehensive income	$ 8,597	$ 858	$ 6,829	$ (7,687)	$ 8,597

Condensed Consolidating Statement of Cash Flows
For the Period ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating activities:					
Net (loss) income	$ (7,278)	$ 9,666	$ 1,346	$ (11,012)	$ (7,278)
Equity in earnings of subsidiaries	10,881	(241)	—	(10,640)	—
Adjustments to reconcile net (loss) income to cash provided by operating activities	11,804	(24,180)	(7,627)	21,652	1,649
Net cash used in operating activities	15,407	(14,755)	(6,281)	—	(5,629)
Investing activities:					
Capital expenditures and other	(2,053)	(1,276)	(1,354)	—	(4,683)
Net cash used in investing activities	(2,053)	(1,276)	(1,354)	—	(4,683)
Financing activities:					
Proceeds from long-term debt, including new revolving credit facility	326,404	—	10,731	—	337,135
Repayments of long-term debt, including new revolving credit facility	(318,717)	(29)	(17,374)	—	(336,120)
Payment of debt issue costs	(1,503)	—	—	—	(1,503)
Net intercompany (repayments) borrowings	(29,449)	17,246	12,203	—	—
Other financing	167	—	500	—	667
Net cash (used in) from financing activities	(23,098)	17,217	6,060	—	179
Effect of exchange rate changes on cash and cash equivalents	—	—	58	—	58
(Decrease) increase in cash and cash equivalents	(9,744)	1,186	(1,517)	—	(10,075)
Cash and cash equivalents - beginning of year	11,528	588	18,408	—	30,524
Cash and cash equivalents - end of period	$ 1,784	$ 1,774	$ 16,891	$ —	$ 20,449

Condensed Consolidating Statement of Cash Flows
For the Period ended June 30, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating activities:					
Net income	$ 6,400	$ 858	$ 4,796	$ (5,654)	$ 6,400
Equity in earnings of subsidiaries	5,263	391	—	(5,654)	—
Adjustments to reconcile net (loss) income to cash provided by operating activities	(20,743)	1,786	(15,289)	11,308	(22,938)
Net cash (used in) from operating activities	(9,080)	3,035	(10,493)	—	(16,538)
Investing activities:					
Capital expenditures and other	(3,013)	(916)	(826)	—	(4,755)
Net cash used in investing activities	(3,013)	(916)	(826)	—	(4,755)
Financing activities:					
Short term borrowings	10,200	—	4,963	—	15,163
Net (repayments) borrowings on previously existing revolving lines of credit	(41)	(13)	1,456	—	1,402
Net intercompany (repayments) borrowings	(4,537)	(1,497)	6,034	—	—
Other financing activities, net	385	—	—	—	385
Net cash from (used in) financing activities	6,007	(1,510)	12,453	—	16,950
Effect of exchange rate changes on cash and cash equivalents	—	—	(307)	—	(307)
(Decrease) increase in cash and cash equivalents	(6,086)	609	827	—	(4,650)
Cash and cash equivalents - beginning of year	7,629	1,068	28,019	—	36,716
Cash and cash equivalents - end of period	$ 1,543	$ 1,677	$ 28,846	$ —	$ 32,066

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Amounts in millions except per share data

Disclosure Regarding Forward-Looking Statements

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “predict,” “plan,” or similar expressions. These statements are not guarantees of performance or results, and they involve risks, uncertainties, and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements, including those risk factors identified in Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with the Company’s condensed consolidated financial statements and related notes thereto in ITEM 1 “Condensed Consolidated Financial Statements (unaudited)”.

Executive Overview

2011 Acquisition

On December 15, 2011, the Company acquired 100 percent of the outstanding common shares of Tube Supply, Inc. (“Tube Supply”). Tube Supply is a leading value-added distributor of specialty tubular and bar products for the oil and gas industry, based in Houston, Texas. Tube Supply provides high quality products and services primarily to the North American oilfield equipment manufacturing industry. Tube Supply operates two service centers, which are located in Houston, Texas and Edmonton, Alberta. The results and the assets of Tube Supply are included in the Company’s Metals segment. Tube Supply had net sales of $45.3 million for the quarter ended June 30, 2012.

Economic Trends and Current Business Conditions

A. M. Castle & Co. and subsidiaries (the “Company”) experienced a slight increase in demand from its customer base in the second quarter of 2012 compared to the second quarter of 2011 in both the Metals and Plastics segments.

Metals segment sales increased 17.8% from the second quarter of 2011. Average tons sold per day, excluding Tube Supply, increased 1.1% compared to the prior year quarter, which was primarily driven by growth in carbon and alloy plate and nickel products. Virtually all key end-use markets experienced weaker demand in the second quarter of 2012 compared to 2011 with the exception of the heavy equipment and oil and gas sectors. The shift in demand is reflective of a slight build-up of inventory in the Company's target end markets.

The Company's Plastics segment reported a sales increase of 6.3% compared to the second quarter of 2011, reflecting continued strength in the automotive and office furniture sectors, partially offset by weaker demand in the store fixtures sector. The Plastics segment also experienced resin price increases during the first five months of the year, which began to soften in mid-May.

Management uses the PMI provided by the Institute for Supply Management (website is www.ism.ws) as an external indicator for tracking the demand outlook and possible trends in its general manufacturing markets. The table below shows PMI trends from the first quarter of 2010 through the second quarter of 2012. Generally speaking, an index above 50.0 indicates growth in the manufacturing sector of the U.S. economy, while readings under 50.0 indicate contraction. During June 2012, the PMI had a reading below 50.0 for the first month since July 2009.

YEAR	Qtr 1	Qtr 2	Qtr 3	Qtr 4
2010	58.2	58.8	55.4	56.8
2011	61.1	56.4	51.0	52.4
2012	53.3	52.7		

Material pricing and demand in both the Metals and Plastics segments of the Company's business have historically proven to be difficult to predict with any degree of accuracy. A favorable PMI trend suggests that demand for some of the Company's products and services, in particular those that are sold to the general manufacturing customer base in the U.S., could potentially be at a higher level in the near-term. The Company believes that its revenue trends typically correlate to the changes in PMI on a six to twelve month lag basis.

Results of Operations: Second Quarter 2012 Comparisons to Second Quarter 2011

Consolidated results by business segment are summarized in the following table for the quarter ended June 30, 2012 and 2011.

			Fav/(Unfav)	
	2012	2011	$ Change	% Change
Net Sales				
Metals	$297.2	$252.3	$ 44.9	17.8%
Plastics	32.2	30.3	1.9	6.3%
Total Net Sales	$329.4	$282.6	$ 46.8	16.6%
Cost of Materials				
Metals	$218.2	$187.5	$ (30.7)	(16.4)%
% of Metals Sales	*73.4 %*	*74.3 %*		
Plastics	22.5	21.0	(1.5)	(7.1)%
% of Plastics Sales	*69.9 %*	*69.3 %*		
Total Cost of Materials	$240.7	$208.5	$ (32.2)	(15.4)%
% of Total Sales	*73.1 %*	*73.8 %*		
Operating Costs and Expenses				
Metals	$ 67.8	$ 59.7	$ (8.1)	(13.6)%
Plastics	8.6	8.2	(0.4)	(4.9)%

Other	3.4	1.9	(1.5)	(78.9)%
Total Operating Costs & Expenses	$ 79.8	$ 69.8	$(10.0)	(14.3)%
% of Total Sales	*24.2 %*	*24.7 %*		
Operating Income				
Metals	$ 11.2	$ 5.1	$ 6.1	119.6%
% of Metals Sales	*3.8 %*	*2.0 %*		
Plastics	1.1	1.1	—	—
% of Plastics Sales	*3.4 %*	*3.6 %*		
Other	(3.4)	(1.9)	(1.5)	(78.9)%
Total Operating Income	$ 8.9	$ 4.3	$ 4.6	107.0%
% of Total Sales	*2.7 %*	*1.5 %*		

“Other” includes the costs of executive, legal and finance departments which are shared by both segments of the Company.

Net Sales:

Consolidated net sales were $329.4 million, an increase of $46.8 million, or 16.6%, compared to the second quarter of 2011. Metals segment sales during the second quarter of 2012 of $297.2 million were $44.9 million, or 17.8%, higher than the same period last year. Tube Supply had net sales of $45.3 million for the quarter ended June 30, 2012. The decline in sales in the Metals segment, excluding the activity of Tube Supply, was the result of a slight increase in demand, offset by lower average prices for the Company’s products. Average tons sold per day, excluding Tube Supply, increased 1.1% compared to the prior year quarter, which was primarily driven by growth carbon and alloy plate and nickel products. Virtually all key end-use markets experienced weaker demand in the second quarter of 2012 compared to 2011 with the exception of the heavy equipment and oil and gas sectors.

Plastics segment sales during the second quarter of 2012 of $32.2 million were $1.9 million, or 6.3% higher than the second quarter of 2011 due to increased pricing and higher sales volume reflecting continued strength in the automotive and office furniture sectors, partially offset by weaker demand in the store fixtures sector. In addition, the Plastics segment experienced resin price increases during the first five months of the year, which began to soften in mid-May.

Cost of Materials:

Cost of materials (exclusive of depreciation and amortization) during the second quarter of 2012 was $240.7 million, an increase of $32.2 million, or 15.4%, compared to the second quarter of 2011. Material costs for the Metals segment for the second quarter of 2012 were $218.2 million or 73.4% as a percent of net sales compared to $187.5 million or 74.3% as a percent of sales for the second quarter of 2011. Tube Supply cost of materials was $29.6 million for the quarter ended June 30, 2012. Excluding Tube Supply, cost of materials increased $2.6 million compared to the second quarter of 2011. Second quarter 2012 results include a $1.4 million loss associated with commodity hedges compared to no charge in the prior year period. The Metals segment recorded LIFO expense of $1.5 million in the second quarter of 2012 compared to $3.9 million in the second quarter of 2011. Material costs for the Plastics segment of 69.9% as a percent of net sales for the second quarter of 2012 were higher than 69.3% for the same period last year due to higher costs experienced in the automotive sector of the business.

Operating Expenses and Operating Income:

On a consolidated basis, operating costs and expenses increased $10.0 million, or 14.3%, compared to the second quarter of 2011. Operating costs and expenses were $79.8 million, or 24.2% of net sales, compared to $69.8 million, or 24.7% of net sales during the second quarter of 2011.

During the second quarter of 2012, the Company incurred costs associated with executive employment transition in the amount of $1.6 million. As a result of the transition, share-based awards were forfeited, which resulted in a significant increase in the Company's forfeiture rate. The increase in the forfeiture rate estimate associated with the active Long-term Compensation Plans resulted in a decrease in sales, general and administrative cost of approximately $1.0 million. The net impact of the employment transition costs on sales, general and administrative expense was approximately $0.6 million.

There were overall increases in payroll related costs in the second quarter of 2012 compared to the prior year quarter, resulting from a change in the Company's 401(k) matching contribution to 100% of each dollar on eligible employee contributions up to the first 6% of the employee's pre-tax compensation, which was effective July 1, 2011. Other factors that contributed to increased payroll related costs in 2012 compared to 2011 included merit increases, which are effective in April of each year, and headcount increases.

The increase in operating expenses for the second quarter of 2012 compared to the second quarter of 2011 primarily relates to the following:

- Warehouse, processing and delivery costs increased by $4.6 million of which $4.2 million is associated with Tube Supply activity for the quarter. The remaining $0.4 million increase is primarily attributed to increased compensation and benefits expense as a result of headcount and merit increases;
- Sales, general and administrative costs increased by $4.0 million of which $2.7 million is associated with Tube Supply activity for the quarter. The remaining increase is primarily due to the net impact of the CEO transition costs of $0.6 million and an increase to bad debt reserves for customer bankruptcies of $0.8 million;
- Depreciation and amortization expense was $1.4 million higher than the second quarter of 2011 primarily due to the depreciation and amortization of Tube Supply's fixed and intangible assets acquired in December 2011.

Consolidated operating income for the second quarter of 2012 was $8.9 million compared to $4.3 million for the same period last year. Tube Supply contributed $7.0 million to the overall increase from the second quarter of 2011. The Company's second quarter 2012 operating income as a percent of net sales increased to 2.7% from 1.5% in the second quarter of 2011.

Other Income and Expense, Income Taxes and Net Income:

Interest expense was $14.2 million in the second quarter of 2012, an increase of $13.1 million versus the same period in 2011 as a result of interest charges on the Company's new senior secured notes, convertible notes and revolving line of credit, as well as the unrealized loss for the mark-to-market adjustment on the conversion option associated with the convertible notes.

Interest expense for the second quarter of 2012 includes the following new charges compared to the prior year period:

- Non-cash interest charge of $4.3 million associated with the mark-to-market adjustment on the conversion option associated with the convertible notes, which is not deductible for federal income tax purposes;
- Interest on senior secured and convertible notes of $7.9 million; and
- Amortization of debt discount of $0.8 million.

The Company recorded income tax benefit of $0.6 million for the quarter ended June 30, 2012 compared to tax expense of $2.5 million for the same period last year. The Company's effective tax rate is expressed as 'Income tax expense', which includes tax expense on the Company's share of joint venture earnings, as a percentage of 'Income *before* income taxes and equity in earnings of joint venture.' The effective tax rate for the quarters ended June 30, 2012 and 2011 were 12.0% and 77.5%, respectively. The change in the effective tax rate compared to the second quarter of 2011 was primarily the result of the non-deductibility of the mark-to-market adjustment on the conversion option associated with the convertible notes in the amount of $4.3 million.

Equity in earnings of the Company's joint venture was $1.7 million in the second quarter of 2012, which was $1.2 million less than the same period last year. An increase to bad debt reserves for customer bankruptcies impacted equity in earnings of the joint venture by approximately $0.6 million in the second quarter of 2012 compared to 2011. Lower demand for Kreher's products in virtually all end-use markets compared to the same period last year was another contributing factor to the decrease in equity in earnings of the Company's joint venture.

Consolidated net loss for the second quarter of 2012 was $3.0 million, or $0.13 per diluted share, compared to net income of $3.7 million, or $0.16 per diluted share, for the same period in 2011. The net loss for the second quarter of 2012 resulted from the mark-to-market adjustment on the conversion option associated with the convertible debt.

Results of Operations: Six Months 2012 Comparisons to Six Months 2011

Consolidated results by business segment are summarized in the following table for the six months ended June 30, 2012 and 2011.

			Fav/(Unfav)	
	2012	**2011**	**$ Change**	**% Change**
Net Sales				
Metals	$629.1	$496.9	$ 132.2	26.6%
Plastics	63.2	58.5	4.7	8.0%
Total Net Sales	$692.3	$555.4	$ 136.9	24.6%
Cost of Materials				
Metals	$460.3	$369.4	$ (90.9)	(24.6)%
% of Metals Sales	*73.2 %*	*74.3 %*		
Plastics	44.4	40.5	(3.9)	(9.6)%
% of Plastics Sales	*70.3 %*	*69.2 %*		
Total Cost of Materials	$504.7	$409.9	$ (94.8)	(23.1)%
% of Total Net Sales	*72.9 %*	*73.8 %*		
Operating Costs and Expenses				
Metals	$137.1	$118.8	$ (18.3)	(15.4)%

Plastics	17.2	16.4	(0.8)	(4.9)%
Other	5.9	3.9	(2.0)	(51.3)%
Total Operating Costs & Expenses	$160.2	$139.1	$(21.1)	(15.2)%
% of Total Net Sales	*23.1 %*	*25.0 %*		
Operating Income (Loss)				
Metals	$ 31.7	$ 8.7	$ 23.0	264.4%
% of Metals Sales	*5.0 %*	*1.8 %*		
Plastics	1.6	1.6	—	—
% of Plastics Sales	*2.5 %*	*2.7 %*		
Other	(5.9)	(3.9)	(2.0)	(51.3)%
Total Operating Income	$ 27.4	$ 6.4	$ 21.0	328.1%
% of Total Net Sales	*4.0 %*	*1.2 %*		

“Other” includes the costs of executive, legal and finance departments which are shared by both segments of the Company.

Net Sales:

Consolidated net sales were $692.3 million, an increase of $136.9 million, or 24.6%, compared to the same period last year. Higher net sales were primarily the result of higher shipping volumes and increased pricing in the metals and plastics markets. Metals segment sales during the first six months of 2012 of $629.1 million were $132.2 million, or 26.6%, higher than the same period last year. Tube Supply had net sales of $105.1 million for the first half of 2012. Average tons sold per day increased 5.2% compared to the prior year period. The increase in sales volume was driven primarily by carbon and alloy plate, nickel, stainless and tubing products. Key end-use markets that experienced increased demand in the first six months of 2012 include oil and gas, heavy equipment and general industrial equipment.

Plastics segment sales during the first six months of 2012 of $63.2 million were $4.7 million, or 8.0% higher than the same period last year due to increased pricing and higher sales volume reflecting continued strength in the automotive and office furniture sectors. In addition, the Plastics segment experienced resin price increases during the first five months of the year, which began to soften in mid-May.

Cost of Materials:

Cost of materials (exclusive of depreciation and amortization) during the first six months of 2012 were $504.7 million, an increase of $94.8 million, or 23.1%, compared to the same period last year. Material costs for the Metals segment for the first six months of 2012 were $460.3 million or 73.2% as a percent of net sales compared to $369.4 million or 74.3% as a percent of net sales for the first six months of 2011. Tube Supply cost of materials was $69.4 million for the first half of 2012. Cost of materials increased primarily as a result of increased sales activity for the period. Year-to-date 2012 results include a $1.0 million loss associated with commodity hedges compared to no charge in the prior year period. The Metals segment recorded LIFO expense of $6.1 million in 2012 compared to $6.9 million during the prior year period. Material costs for the Plastics segment were 70.3% and 69.2% as a percent of net sales for the first six months of 2012 and 2011, respectively. Management believes that consolidated material costs as a percentage of net sales will be comparable to first six months of 2012 levels for the balance of 2012.

Operating Expenses and Operating Income:

On a consolidated basis, operating costs and expenses increased $21.1 million, or 15.2%, compared to the same period last year. Operating costs and expenses were $160.2 million, or 23.1% as a percent of sales, compared to $139.1 million, or 25.0% as a percent of sales last year. Second quarter 2011 results include a $0.8 million charge for export penalties related to product shipments that occurred from 2005 to 2008.

During the second quarter of 2012, the Company incurred costs associated with executive employment transition in the amount of $1.6 million. As a result of the transition, share-based awards were forfeited, which resulted in a significant increase in the Company's forfeiture rate. The increase in the forfeiture rate estimate associated with the active Long-term Compensation Plans resulted in a decrease in sales, general and administrative cost of approximately $1.0 million. The net impact of the employment transition costs on sales, general and administrative expense was approximately $0.6 million.

There were overall increases in payroll related costs in the first half of 2012 compared to the prior year period, resulting from a change in the Company's 401(k) matching contribution to 100% of each dollar on eligible employee contributions up to the first 6% of the employee's pre-tax compensation, which was effective July 1, 2011. Other factors that contributed to increased payroll related costs in 2012 compared to 2011 included merit increases, which are effective in April of each year, and headcount increases.

The increase in operating expenses for the first six months of 2012 compared to 2011 primarily relates to the following:

- Warehouse, processing and delivery costs increased by $10.0 million of which $8.5 million is associated with Tube Supply activity for the period. The remaining $1.5 million increase is primarily attributed to increased compensation and benefits expense as a result of headcount, merit and healthcare cost increases, partially offset by a decrease in workers' compensation costs;
- Sales, general and administrative costs increased by $8.1 million of which $5.8 million is associated with Tube Supply activity for the period. The remaining increase is primarily due to the net impact of the CEO transition costs of $0.6 million, an increase to bad debt reserves for customer bankruptcies of $0.8 million and increased payroll costs of approximately $1.0 million as a result of headcount, merit, workers compensation and healthcare cost increases;
- Depreciation and amortization expense was $3.0 million higher than the first half of 2011 primarily due to the depreciation and amortization of Tube Supply's fixed and intangible assets acquired in December 2011.

Consolidated operating income for the six months ended June 30, 2012 was $27.4 million compared to operating income of $6.4 million for the same period last year. Tube Supply contributed $17.9 million to the overall increase from the first half of 2011.

Other Income and Expense, Income Taxes and Net Income (Loss):

Interest expense was $35.8 million in the first half of 2012, an increase of $33.6 million versus the same period in 2011 as a result of interest charges on the Company's new senior secured notes, convertible notes and revolving line of credit, as well as the unrealized loss for the mark-to-market adjustment on the conversion option associated with the convertible notes.

Interest expense for the first half of 2012 includes the following new charges compared to the prior year period:

- Non-cash interest charge of $15.6 million associated with the mark-to-market adjustment on the conversion option associated with the convertible notes, which is not deductible for federal income tax purposes;
- Interest on senior secured and convertible notes of $16.2 million; and
- Amortization of debt discount of $1.6 million.

For the six months ended June 30, 2012 and 2011, the Company recorded tax expense of $3.7 million and $3.7 million, respectively. The Company’s effective tax rate is expressed as ‘Income tax expense or benefit’ as a percentage of ‘Income (loss) *before* income taxes and equity in earnings of joint venture.’ This calculation includes taxes on the joint venture income but excludes joint venture income. The effective tax rate for the six months ended June 30, 2012 and 2011 was (45.0)% and 87.0%, respectively. The change in the effective tax rate compared to the first six months of 2011 was primarily the result of the non-deductibility of the mark-to-market adjustment on the conversion option associated with the convertible notes in the amount of $15.6 million. In addition, the effective tax rate for the six months ended June 30, 2011 was significantly higher than the current period due to higher earnings of the Company’s joint venture.

Equity in earnings of the Company’s joint venture was $4.7 million for the six months ended June 30, 2012, compared to $5.8 million for the same period last year. An increase to bad debt reserves for customer bankruptcies impacted equity in earnings of the joint venture by approximately $0.6 million for the six months ended 2012 compared to 2011. Lower demand for Kreher’s products in virtually all end-use markets compared to the same period last year was another contributing factor to the decrease in equity in earnings of the Company’s joint venture.

Consolidated net loss for the first six months of 2012 was $7.3 million, or $0.32 per diluted share, versus net income of $6.4 million, or $0.28 per diluted share, for the same period in 2011. The net loss for the first half of 2012 resulted from the mark-to-market adjustment on the conversion option associated with the convertible debt.

Accounting Policies:

There have been no changes in critical accounting policies from those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

Liquidity and Capital Resources

Cash and cash equivalents decreased by $10.1 million for the six months ended June 30, 2012 compared to a decrease of $4.7 million for the same period last year.

The Company’s principal sources of liquidity are operating earnings, management of working capital and available borrowing capacity to fund working capital needs and growth initiatives. In times of economic downturn the Company typically has generated significant cash flow from operations due to net reductions in working capital while during times of economic prosperity, the Company typically has utilized cash flow from operations to fund net working capital increases to support the business growth. Cash used in operations for the six months ended June 30, 2012 was $5.6 million compared to cash used in operations of $16.5 million for the six months ended June 30, 2011. Specific components of the change in working capital are highlighted below:

- During the six months ended June 30, 2012, cash receipts from customers exceeded net sales resulting in a $3.2 million cash flow impact due to a decrease in accounts receivable for the six months ended June 30, 2012 compared to a $33.4 million cash flow impact due to an increase in accounts receivable for the same period last year. Net sales increased 24.6% from the same period last year. Average receivable days outstanding was 48.4 days for the six months ended June 30, 2012 compared to 48.7 for the six months ended June 30, 2011.
- During the six months ended June 30, 2012, inventory purchases exceeded sales of inventory resulting in a $92.3 million cash flow impact due to an increase in inventory compared to a $41.9 million cash flow impact due to an increase in inventory in the six months ended June 30, 2011. Average days sales in inventory was 170.5 days for the six months ended June 30, 2012 compared to 120.4 days for the six months ended June 30, 2011.
- During the six months ended June 30, 2012, purchases exceeded cash paid for inventories and other goods and services resulting in a $70.2 million cash flow impact due to a net increase in accounts payable and accrued liabilities compared to a $41.8 million cash flow impact due to a net increase in accounts payable and accrued liabilities for the same period last year.
- The Company received its 2010 federal income tax refund of approximately $2.0 million during February 2012 and its 2009 federal income tax refund of approximately $6.3 million during January 2011.

In December 2011, in conjunction with the acquisition of Tube Supply, the Company issued $225.0 million aggregate principal amount of 12.75% Senior Secured Notes due 2016, $57.5 million aggregate principal amount of 7.0% Convertible Senior Notes due 2017 and entered into a $100.0 million senior secured asset based revolving credit facility (the “New Revolving Credit Facility”). Net proceeds of $304.6 million were used to complete the Acquisition, pay-off amounts outstanding under our previous credit agreement and for general corporate purposes.

Historically, the Company’s primary uses of liquidity and capital resources have been capital expenditures, payments on debt (including interest payments), acquisitions and dividend payments. Management believes the Company will be able to generate sufficient cash from operations and planned working capital improvements to fund its ongoing capital expenditure programs and meet its debt obligations for at least the next twelve months. Furthermore, the Company does have available borrowing capacity under the New Revolving Credit Agreement. The new debt agreements impose significant operating and financial restrictions which may prevent the Company from certain business opportunities such as, making acquisitions or paying dividends, among other things. The New Revolving Credit facility contains a springing financial maintenance covenant requiring the Company to maintain the ratio (as defined in the agreement) of EBITDA to fixed charges of 1.1 to 1.0 when excess availability is less than the greater of 10% of the calculated borrowing base (as defined in the agreement) or $10.0 million. In addition, if excess availability is less than the greater of 12.5% of the calculated borrowing base (as defined in the agreement) or $12.5 million, the lender has the right to take full dominion of the Company’s cash collections and apply these proceeds to outstanding loans under the New Revolving Credit Agreement (“cash dominion”). Based on the Company’s cash projections, it does not anticipate a scenario whereby cash dominion would occur.

The Company is committed to maintaining a strong financial position through maintaining sufficient levels of available liquidity, managing working capital and monitoring the Company’s overall capitalization. Cash and cash equivalents at June 30, 2012 were $20.4 million, and the Company had $54.0 million of available borrowing capacity under its New Revolving Credit Facility. Approximately 17% of the Company's consolidated cash and cash equivalents balance resides in the United States. As foreign earnings are permanently reinvested, availability under the Company's New Revolving Credit Facility would be used to fund operations in the United States should the need arise in the future.

Working capital at June 30, 2012 was $365.5 million compared to $349.0 million at December 31, 2011. The increase in working capital is primarily due to higher inventory of $92.4 million to support higher sales volumes and higher prepaid expenses and other current assets of $10.6 million, partially offset by a decrease in cash and income tax receivable of $10.1 million and $4.5 million, respectively, and increases in accounts payable and accrued liabilities of $62.8 million and $6.0 million, respectively, from December 31, 2011 to June 30, 2012.

The Company monitors its overall capitalization by evaluating total debt to total capitalization. Total debt to total capitalization is defined as the sum of short- and long-term debt, divided by the sum of total debt and stockholders' equity. Total debt to total capitalization was 46.1% at June 30, 2012 and 50.2% at December 31, 2011. As of April 26, 2012, the conversion option value of $42.0 million was reclassified from long-term debt, less current portion to additional paid-in capital, resulting in a decrease to the debt to total capitalization at June 30, 2012. The deferred tax benefit of $8.3 million associated with the temporary difference between the financial reporting basis of the derivative liability and its tax basis at the date of issuance (December 15, 2011) was also reclassified to additional paid-in capital. Over the long-term, the Company plans to continue to improve its total debt to total capitalization by improving operating results, managing working capital and using cash generated from operations to repay outstanding debt. Going forward, as and when permitted by term of agreements noted above, depending on market conditions, the Company may decide in the future to refinance, redeem or repurchase its debt and take other steps to reduce its debt or lease obligations or otherwise improve its overall financial position and balance sheet.

On November 5, 2009 the Company filed a universal shelf registration statement with the Securities and Exchange Commission, which was declared effective on November 23, 2009. The registration statement gives the Company the flexibility to offer and sell from time to time in the future up to $100 million of equity, debt or other types of securities as described in the registration statement, or any combination of such securities. If securities are issued, the Company may use the proceeds for general corporate purposes, including acquisitions, capital expenditures, working capital and repayment of debt.

Cash paid for capital expenditures for the six months ended June 30, 2012 was $4.7 million, a decrease of $0.1 million compared to the same period last year. Management believes that annual capital expenditures will approximate $13.0 million in 2012, which is $2.0 million lower than the estimate at the beginning of the year.

The Company's principal payments on long-term debt, including the current portion of long-term debt, required during the next five years and thereafter are summarized below:

2012	$ 0.2
2013	0.3
2014	—
2015	36.3
2016	225.0
2017 and beyond	57.5
Total debt	$319.3

As of June 30, 2012, the Company had $6.6 million of irrevocable letters of credit outstanding, which primarily consisted of $3.8 million for collateral associated with commodity hedges and $2.0 million for compliance with the insurance reserve requirements of its workers' compensation insurance carriers.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to interest rate, commodity price and foreign exchange rate risks that arise in the normal course of business. There have been no significant or material changes to such risks since December 31, 2011. Refer to Item 7a in the Company's Annual Report on Form 10-K filed for the year ended December 31, 2011 for further discussion of such risks.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

A review and evaluation was performed by the Company's management, including the interim Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) and have concluded that these disclosure controls and procedures are effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2012 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

(c) Changes in Company Management

On May 10, 2012, Scott F. Stephens, was appointed interim President and Chief Executive Officer, replacing Michael H. Goldberg. Mr. Stephens also retained his position as Vice President, Finance and Chief Financial Officer. The change in Company management did not materially affect the Company's internal control over financial reporting during the three months ended June 30, 2012.

Part II. OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description
2.3	Second Amendment to the Stock Purchase Agreement, dated January 13, 2012, by and among A. M. Castle & Co., Mr. Paul Sorensen, Mr. Jerry Willeford, and Tube Supply, LLC (as successor in interest to Tube Supply Inc.). Incorporated by reference to Exhibit 2.3 to the Company's Form S-4/A filed with the SEC on May 25, 2012. Commission File No. 333-180662.
2.4	Third Amendment to the Stock Purchase Agreement, dated May 11, 2012, by and among A. M. Castle & Co., Mr. Paul Sorensen, Mr. Jerry Willeford, and Tube Supply, LLC (as successor in interest to Tube Supply Inc.). Incorporated by reference to Exhibit 2.4 to the Company's Form S-4/A filed with the SEC on May 25, 2012. Commission File No. 333-180662.
10.29*	Employment Agreement, dated November 9, 2011, by and between A. M. Castle & Co. and Mr. Paul Sorensen.
10.30*	Form of Retention Bonus Agreement for certain executive officers in connection with CEO leadership transition, dated May 14, 2012.
10.31*	Amendment to Employment Agreement, dated May 30, 2012, by and between A. M. Castle & Co. and Mr. Paul Sorensen.
31.1	CEO and CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1	CEO and CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002
101.INS	XBRL Instance Document (1)
101.SCH	XBRL Taxonomy Extension Schema Document (1)
101.CAL	XBRL Taxonomy Calculation Linkbase Document (1)
101.LAB	XBRL Taxonomy Label Linkbase Document (1)
101.PRE	XBRL Taxonomy Presentation Linkbase Document (1)

(1) Furnished with this report. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

* These agreements are considered a compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

A. M. Castle & Co.
(Registrant)

Date: August 7, 2012

By: /s/ Patrick R. Anderson
Patrick R. Anderson
Vice President – Controller and Chief Accounting Officer
(Mr. Anderson has been authorized to
sign on behalf of the Registrant.)

Exhibit Index

The following exhibits are filed herewith or incorporated herein by reference:

Exhibit No.	Description	Page
2.3	Second Amendment to the Stock Purchase Agreement, dated January 13, 2012, by and among A. M. Castle & Co., Mr. Paul Sorensen, Mr. Jerry Willeford, and Tube Supply, LLC (as successor in interest to Tube Supply Inc.). Incorporated by reference to Exhibit 2.3 to the Company’s form S-4/A filed with the SEC on May 25, 2012. Commission File No. 333-180662.	—
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10.29*	Employment Agreement, dated November 9, 2011, by and between A. M. Castle & Co. and Mr. Paul Sorensen.	E-1
10.30*	Form of Retention Bonus Agreement for certain executive officers in connection with CEO leadership transition, dated May 14, 2012.	E-19
10.31*	Amendment to Employment Agreement, dated May 30, 2012, by and between A. M. Castle & Co. and Mr. Paul Sorensen.	E-24
31.1	CEO and CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002	E-27
32.1	CEO and CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002	E-28
101.INS	XBRL Instance Document (1)	
101.SCH	XBRL Taxonomy Extension Schema Document (1)	
101.CAL	XBRL Taxonomy Calculation Linkbase Document (1)	
101.LAB	XBRL Taxonomy Label Linkbase Document (1)	
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* These agreements are considered a compensatory plan or arrangement.

Exhibit 10.29*

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the “Agreement”), is made and entered into this 9th day of November, 2011, by and between A. M. Castle & Co., a Maryland corporation, presently with its principal executive offices located at 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523 (the “Company”), and Paul Sorensen, who presently resides at Houston, Texas (“Employee”) (individually, each a “Party” and collectively, the “Parties”).

WHEREAS, Employee and Tube Supply, Inc., a Texas corporation (“Tube Supply”), previously entered an arrangement whereby Tube Supply agreed to employ Employee and Employee accepted such employment (the “Prior Agreement”);

WHEREAS, the Company is contemplating a business combination whereby the Company would purchase all of the outstanding capital stock of Tube Supply and Tube Supply would become a wholly-owned direct or indirect subsidiary of the Company (the “Transaction”);

WHEREAS, conditioned upon the successful completion of the Transaction and effective upon the date of the consummation of the Transaction, if applicable (“Effective Date”), the Parties desire to enter into this Agreement to govern the employment relationship between Employee and the Company on or after the Effective Date;

WHEREAS, conditioned upon the successful completion of the Transaction, it is desirable that the Prior Agreement be replaced in its entirety by this Agreement so that, on or after the Effective Date, this Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, with respect to the subject matter hereof, including, without limitation, the Prior Agreement; and

WHEREAS, in the event that the Transaction is not successfully completed, this Agreement shall be null and void in all respects.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Employment . Conditioned upon the successful completion of the Transaction and effective as of the Effective Date, the Company desires to employ Employee, and Employee desires to be employed by the Company, pursuant to and in accordance with the terms and conditions set forth herein. Employee represents and warrants that he has full power and authority to enter into this Agreement and that he is not restricted in any manner whatsoever from performing his responsibilities and duties hereunder. For the avoidance of doubt, this Agreement shall be null and void in all respects in the event the Transaction is not successfully completed.

2. Employment Term . Unless earlier terminated as hereinafter provided, the term of Employee’s employment under this Agreement shall commence on the Effective Date and shall continue through the first anniversary of the Effective Date (the “Expiration Date”); provided, however, the Expiration Date shall be automatically extended annually for successive one-year periods, effective on the first anniversary of the Effective Date and on each subsequent anniversary of the Effective Date, without further action on the part of any Party, unless, not later than 90 days prior to the

effective date of any such extension, either Party shall have given written notice to the other Party that it does not wish to extend the term of Employee’s employment under this Agreement (the “Employment Term”). If Employee’s employment with the Company terminates for any reason, with or without Cause (as defined herein), Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement.

3. Position, Duties and Location .

(a) Title . The Company shall employ Employee initially through its Tube Supply subsidiary in the position of and with the title of VP Global Business Development. Employee shall have the responsibilities and duties as are commensurate with the position of VP Global Business Development of an entity comparable to Tube Supply. The Company’s Board of Directors (“Board”), its President and Chief Executive Officer, or the President of the Company’s Castle Metals Oil & Gas commercial unit shall have the right to modify the title, responsibilities and duties of Employee from time to time as each may deem necessary or appropriate, including without limitation, extending such responsibilities and duties to the Company’s entire Castle Metals Oil and Gas commercial unit following the integration of Tube Supply into the Company’s Castle Metals Oil and Gas commercial unit.

(b) Manner of Employment . Employee shall faithfully, diligently and competently perform his duties and responsibilities and duties as VP Global Business Development of Tube Supply. Employee shall devote his exclusive and full efforts and time to the Company. This Section 3, however, shall not preclude Employee, outside normal business hours, from engaging in appropriate civic or charitable activities.

4. Compensation .

(a) Base Compensation . The Company shall pay Employee, as compensation for his services, base compensation in the amount of two hundred fifty thousand dollars ($250,000.00) per year, subject to annual reviews and adjustments at the sole discretion of the Board, the Company’s President and Chief Executive Officer, or the President of the Company’s Castle Metals Oil & Gas commercial unit (“Base Compensation”). Base Compensation shall be paid periodically in accordance with normal Company payroll practices.

(b) Additional Cash and Equity-Based Compensation .

(1) Employee shall participate in the Company’s annual Short Term Incentive Plan (“STIP”) solely with respect to the fiscal year beginning on January 1, 2012, except to the extent the Human Resources Committee of the Board (or its subcommittee or such other committees and subcommittees designated from time to time by the Board) (the “Committee”), in its sole discretion, permits Employee to continue participation in the STIP in any subsequent fiscal year. Employee’s participation in the STIP with respect to the fiscal year beginning on January 1, 2012 (or, if and to the extent the Committee, in its sole discretion, permits Employee to continue participation in the STIP in any subsequent fiscal year, any such subsequent fiscal year) shall provide, subject to adjustments at the sole discretion of the Committee, the terms and conditions set forth in the Company’s 2008 Omnibus Incentive Plan, as may be

amended from time to time (the “Omnibus Incentive Plan”), and the applicable award agreement, if any, for a target cash incentive (that is, an annual bonus) equal to thirty five percent (35%) (“STIP Target Incentive Opportunity Factor”) of his then-current Base Compensation with a payout range of zero percent (0%) to a maximum incentive equal to two hundred percent (200%) of his target STIP cash incentive. Any cash incentive payable to Employee under the STIP will be made to Employee during the period beginning January 1 and ending March 15 immediately following the end of the applicable performance period; provided, however, that such payment shall be made only if and to the extent the applicable performance measure(s) established by the Committee for such performance period have actually been met and shall be subject to the approval of the Committee.

(2) Employee shall participate in the Company’s Long Term Compensation Plan (“LTCP”) solely with respect to the performance period beginning on January 1, 2012, except to the extent the Committee, in its sole discretion, permits Employee to continue participation in the LTCP in any subsequent performance period. Employee’s participation in the LTCP with respect to the performance period beginning on January 1, 2012 (or, if and to the extent the Committee, in its sole discretion, permits Employee to continue participation in the LTCP in any subsequent performance period, any such subsequent performance period) shall provide, subject to adjustments at the sole discretion of the Committee, the terms and conditions set forth in the Omnibus Incentive Plan, and the applicable award agreement, if any, for a target cash incentive equal to thirty percent (30%) (“LTCP Target Incentive Opportunity Factor”) of his then-current Base Compensation with a payout range of zero percent (0%) to a maximum incentive equal to two hundred (200%) of his target LTCP cash incentive; provided, however, that such payment shall be made only if and to the extent the applicable performance measure(s) established by the Committee for such performance period have actually been met and shall be subject to the approval of the Committee.

(3) Solely with respect to the performance period beginning January 1, 2012 and ending December 31, 2014, Employee shall participate in the Company’s 2012-2014 Transitional Incentive Plan (the “TIP”), as set forth in Exhibit A hereto. Employee’s participation in the TIP shall provide, subject to adjustments at the sole discretion of the Committee and the terms and conditions set forth in the Omnibus Incentive Plan, for a cash incentive equal to twenty percent (20%) (“TIP Factor”) of the incentive pool established thereunder, if any (the “TIP Pool”). Notwithstanding the foregoing, any cash incentive payable to Employee under the TIP shall be subject to a three-year cliff vesting schedule, whereby Employee shall completely forfeit any payment otherwise due Employee under the TIP in the event Employee’s employment with the Company is terminated for any reason prior to December 31, 2014; provided, however, in the event Employee’s employment with the Company is terminated by the Company without Cause (as defined herein) during the period beginning January 1, 2014 and ending December 30, 2014, the cash incentive under the TIP shall equal the cash incentive otherwise payable to Employee under the TIP, if any, had he remained continuously employed with the Company through December 31, 2014, prorated by a fraction where the numerator equals the number of days Employee was employed with the Company beginning as of the Effective Date and the denominator equals 1,095 days. Any cash incentive payable to Employee under the TIP will be made to Employee during the period beginning January 1, 2015 and ending March 15, 2015, and shall be subject to the approval of the Committee.

(4) On or about January 1, 2012 (the “Grant Date”), Employee shall be awarded restricted stock units (the “RSU Award”) in respect of shares of common stock of the Company (the “Stock”), subject to the terms and conditions set forth in the Omnibus Incentive Plan and the applicable award agreement, the total value of which, as determined by the Committee in its sole discretion, shall equal one hundred twenty five thousand dollars ($125,000.00) **.** The number of shares of Stock covered by the RSU Award shall be determined by dividing the total value of the RSU Award by the average closing market composite price of a share of Stock, as reported for the New York Stock Exchange-Composite Transaction, for the sixty (60) trading days immediately preceding the Grant Date, with any fractional share of Stock being disregarded. All terms and conditions with respect to the RSU Award shall be set forth in a separate written award agreement, including, but not limited to, the manner and timing of payment and a three-year cliff vesting schedule, whereby Employee shall completely forfeit the RSU Award and any payment otherwise due Employee thereunder in the event Employee’s employment with the Company is terminated for any reason prior to December 31, 2014.

5. Employment Benefits . Employee shall be eligible to participate in the plans, programs and arrangements of the Company that are offered to similarly situated employees of the Company, in accordance with the terms and conditions thereof.

6. Termination and Severance Benefits .

(a) Death . The death of Employee shall automatically terminate the Company’s obligations hereunder, provided however, the Company shall pay to Employee’s estate or his designated beneficiary:

(1) Employee’s Base Compensation through the date of termination, paid in accordance with normal Company payroll practices;

(2) accrued vacation pay through the date of termination or other amounts earned, accrued or owing to Employee but not yet paid as of such date; and

(3) other benefits, if any, in accordance with applicable plans, programs and arrangements of the Company (excluding any Company severance plans).

(b) Disability . If Employee is unable to render services of substantially the kind and nature, and to substantially the extent, required to be rendered by Employee hereunder due to illness, injury, physical or mental incapacity or other disability, for sixty (60) consecutive days or shorter periods aggregating at least one hundred eighty (180) days within any twelve (12) month period (“Disability”), Employee’s employment may be terminated by Company and Employee shall be entitled to:

(1) his Base Compensation through the date of termination, paid in accordance with normal Company payroll practices;

(2) accrued vacation pay through the date of termination or other amounts earned, accrued or owing to Employee but not yet paid as of such date;

(3) disability benefits in accordance with the long-term disability program then in effect for management employees of the Company; and

(4) other benefits, if any, in accordance with applicable plans, programs and arrangements of the Company (excluding any Company severance plans).

(c) Resignation . If Employee resigns his employment without Good Reason (as defined herein) during the Employment Term, the Company shall have no liability under this Agreement to Employee, except that Employee shall be entitled to:

(1) his Base Compensation through the date of termination, paid in accordance with normal Company payroll practices;

(2) accrued vacation pay through the date of termination or other amounts payable to Employee as of the date of termination but not yet paid as of such date; and

(3) other benefits, if any, in accordance with applicable plans, programs and arrangements of the Company (excluding any Company severance plans) applicable to employees who voluntarily resign. A resignation of his employment by Employee shall not be a breach of this Agreement.

(d) Termination by Company for Cause . If Employee's employment is terminated for Cause (as defined herein), the Company shall have no liability under this Agreement to Employee except that Employee shall be entitled to:

(1) his Base Compensation through the date of termination, paid in accordance with normal Company payroll practices;

(2) accrued vacation pay through the date of termination or other amounts payable to Employee as of the date of termination but not yet paid as of such date; and

(3) other benefits, if any, in accordance with applicable plans, programs and arrangements of the Company (excluding any Company severance plans).

(e) Termination by Company Without Cause or Termination by Employee for Good Reason .

(1) If Employee's employment with the Company is terminated either by the Company without Cause (as defined herein) or by Employee for Good Reason (as defined herein), Employee shall be entitled to:

(A) his Base Compensation through the date of termination, paid in accordance with normal Company payroll practices;

(B) accrued vacation pay through the date of termination or other amounts payable to Employee as of the date of termination but not yet paid as of such date; and

(C) other benefits, if any, in accordance with applicable plans, programs and arrangements of the Company (excluding any Company severance plans).

(2) Provided that Employee has satisfied the conditions provided in Section 11 (relating to the waiver and release) and has complied with the requirements of Sections 7, 8, and 9 (relating to confidentiality, non-competition, non-solicitation, and non-disparagement), if Employee's employment with the Company is terminated *during the Employment Term* either by the Company without Cause (as defined herein) or by Employee for Good Reason (as defined herein), Employee shall also be entitled to:

(A) a lump sum payment equal to one (1) times Employee's Base Compensation, at the annualized rate in effect on the date of termination, payable to Employee within ten (10) days following the date on which the conditions of Section 11 are satisfied;

(B) a lump sum payment equal to the cash incentive under the STIP to which Employee would have been entitled had he continued in the employ of the Company through the last day of the calendar year in which the date of termination occurs, pro-rated for the number of days during such calendar year that Employee was employed with the Company prior to the date of termination; provided, however, that such payment shall be made only if and to the extent the applicable performance measure(s) for such calendar year have actually been met and shall be subject to the approval of the Committee;

(C) continued health benefit coverage for Employee and Employee's qualified beneficiaries as provided in Section 4980B of the Internal Revenue Code of 1986, as amended ("COBRA"). Such COBRA continuation coverage shall be provided to Employee and Employee's qualified beneficiaries only if and to the extent that Employee (or his qualified beneficiaries, as applicable) make a timely and proper election to be covered under COBRA and make timely payments for the cost of such coverage; provided, however, that such COBRA coverage shall be at the Company's expense for the period beginning on the day after the termination date and ending on the earlier of (i) the first anniversary of the termination date or (ii) the date on which Employee commences employment with another employer; and

(D) with respect each outstanding and nonvested equity-based performance award granted to Employee by the Company for which his termination date precedes the end of the performance period by less than one (1) year, a payment equal to the amount Employee would have received under each such award had he continued in the employ of the Company through the last day of the applicable performance period, pro-rated for the number of days during such performance period that Employee was employed prior to his termination date, with any such payment being made, no later than the later of (A) the date that is 2- 1/2 months from the end of Employee's first taxable year in which the amount is no longer subject to a substantial risk of forfeiture, or (B) the date that is 2- 1/2 months from the end of the Company's first taxable year in which the amount is no longer subject to a substantial risk of forfeiture; provided, however, that such payment shall be made only if and to the extent the applicable performance measure(s) for such performance period have actually been met and shall be subject to the approval of the Committee; and

(E) with respect to each then-outstanding and vested stock option granted to Employee by the Company, exercise such option at any time during the period beginning on the termination date and ending on the earlier of the original expiration date of each such option (without regard to any accelerated expiration date otherwise resulting from Employee's termination of employment) or the expiration of the three-month period following the termination date.

(f) No Mitigation/Offset . In the event of any termination of Employee's employment hereunder, Employee shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due to Employee under this Agreement for amounts earned by Employee from a third party; provided, however, that Employee may offset under this Agreement any amounts owed by Employee to the Company at the time payment would otherwise be required under this Agreement.

(g) Notice of Termination . Any purported termination of Employee's employment by the Company or by Employee (other than by reason of death) shall be effectively communicated to the other Party by written notice identifying the effective date of termination and the reason or Cause (as defined herein) for termination.

(h) Definition of Cause . For purposes of this Agreement, the term "Cause" shall mean:

(1) conviction of, or entry of a plea of guilty or "nolo contendere" to, a felony (as defined by the laws of the United States of America or by the laws of the State or other jurisdiction in which Employee was so convicted or entered such plea) by Employee;

(2) engagement by Employee in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Company, Employee's credibility and reputation no longer conform to the standard of the Company's employees;

(3) willful misconduct by Employee that, in the reasonable judgment of the Company, results in a demonstrable and material injury to the Company or its affiliates, monetarily or otherwise;

(4) willful and continued failure (other than any such failure resulting from Employee's incapacity due to mental or physical illness) by Employee to perform his assigned duties, provided that such assigned duties are consistent with the job duties of Employee and that Employee does not cure such failure within 30 days after notice of such failure from the Company; or

(5) material breach of this Agreement by Employee, provided that Employee does not cure such breach within 30 days after notice of such breach from the Company.

For purposes of determining whether “Cause” exists, no act, or failure to act, on Employee’s part will be deemed “willful” unless done, or omitted to be done, in the reasonable judgment of the Company, by Employee not in good faith and without reasonable belief that Employee’s act, or failure to act, was in the best interest of the Company or its affiliates.

(i) Definition of Good Reason . For purposes of this Agreement, the term “Good Reason” shall mean:

(1) a reduction of 10% or more in Employee’s Base Compensation (either upon one reduction or during a series of reductions over a period of time), provided, that such reduction neither comprises a part of a general reduction for Employee’s then-current peers as a group (determined as of the date immediately before the date on which Employee becomes subject to any such reduction) nor results from a deferral of Employee’s Base Compensation;

(2) a material diminution in Employee’s authority (including, but not limited to, the budget over which Employee retains authority), duties, or responsibilities within the Company;

(3) a material change in the geographic location at which Employee must perform services for the Company more than fifty (50) miles from Employee’s designated office location as of the date of this Agreement;

(4) any other action or inaction that constitutes a material breach by the Company of this Agreement; or

(5) any reduction in the Employee’s STIP Target Incentive Opportunity Factor, LTCP Target Incentive Opportunity Factor and/or TIP Factor below the levels described and defined in Sections 4(b)(1), (2), and (3) respectively, provided, that, for the STIP and/or LTCP plans only, such reduction neither comprises a part of a general reduction for Employee’s then current peers as a group (determined as of the date immediately before the date on which Employee becomes subject to any such reduction) nor results in connection with a general plan design change with respect to any such plan.

For purposes of this Agreement, in order for a termination of employment by Employee to be considered to be on account of Good Reason, the following conditions must be met by Employee:

(1) Employee provides written notice to the Company of the existence of the condition(s) described in this subparagraph (i) potentially constituting Good Reason within ninety (90) days of the initial existence of such condition(s), and

(2) the Company fails to remedy the conditions which Employee outlines in his written notice within thirty (30) days of such notice, and

(3) Employee actually terminates employment with the Company within six (6) months of providing the notice described in this subparagraph (i).

7. Confidentiality .

(a) The Company has provided, and will provide, Employee Confidential Information in connection with the Transaction and during the Employment Term.

(b) Except as may be required by the lawful order of a court or agency of competent jurisdiction, except as necessary to carry out his duties to the Company and its affiliates (including Tube Supply) after the Effective Date, or except to the extent that Employee has express authorization from the Company, Employee agrees to keep secret and confidential, all Confidential Information, and not to disclose the same, either directly or indirectly, to any other person, firm, or business entity, or to use it in any way during the Restricted Period and at all times thereafter, provided, however, if the jurisdiction in which the Company seeks to enforce the confidentiality obligation will not enforce a confidentiality obligation of indefinite duration, then the provisions in this Agreement restricting the disclosure and use of Confidential Information shall survive for a period of five (5) years following the Restricted Period; provided, however, that trade secrets shall remain confidential indefinitely.

(c) To the extent that any court or agency seeks to have Employee disclose Confidential Information, he shall promptly inform the Company, and he shall take such reasonable steps to prevent disclosure of Confidential Information until the Company has been informed of such requested disclosure, and the Company has an opportunity to respond to such court or agency. To the extent that Employee obtains information on behalf of the Company or any of its affiliates that may be subject to attorney-client privilege as to the Company's attorneys, Employee shall take reasonable steps to maintain the confidentiality of such information and to preserve such privilege.

(d) This Section 7 shall not be construed to unreasonably restrict Employee's ability to disclose Confidential Information in a court proceeding in connection with the assertion of, or defense against any claim of breach of this Agreement. If there is a dispute between the Company and Employee as to whether information may be disclosed in accordance with this subparagraph (d), the matter shall be submitted to the court for decision.

8. Non-Compete and Non-Solicitation .

(a) Except as necessary to carry out his duties to the Company and its affiliates (including Tube Supply) after the date of the consummation of the Transaction, during and throughout the Restricted Period, Employee covenants and agrees that he shall not, without the express written consent of the Company:

(1) be employed by, serve as a consultant to, or otherwise assist or directly or indirectly provide services to a Competitor if: (i) it will be within the Restricted Territory; or (ii) the Confidential Information to which Employee had access could reasonably be expected to benefit the Competitor if the Competitor were to obtain access to such Confidential Information;

(2) solicit or attempt to solicit any party who is then, or during the 12-month period prior to the Effective Date was, a customer or supplier of Tube Supply, provided that the restriction in this subparagraph (a)(2) shall not apply to any activity on behalf of a business that is not a Competitor;

(3) solicit, entice, persuade or induce any individual who is employed by the Company, Tube Supply or their affiliates (or was so employed within ninety (90) days prior to Employee's action and not involuntarily terminated for any reason other than Cause (as defined herein)) to terminate or refrain from renewing or extending such employment or to become employed by or enter into contractual relations with any other individual or entity other than the Company, Tube Supply or their affiliates, and Employee shall not approach any such employee, either in person or through electronic or social media, for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity; or

(4) directly or indirectly own an equity interest in any Competitor (other than ownership of 5% or less of the outstanding stock of any corporation listed on the New York Stock Exchange or the American Stock Exchange or included in the NASDAQ System, so long as such ownership is passive in nature).

(b) If a court of competent jurisdiction determines that Employee has breached any covenant in this Section 8, then the duration of such covenant will be tolled for a period of time equal to the period of time during which such court determines that such breach was continuing.

(c) Definition of Competitor . For purposes of this Agreement, the term "Competitor" shall mean any enterprise (including a person, firm or business, whether or not incorporated) during any period in which it is materially competitive in any way with any business in which the Company, Tube Supply or any of their affiliates was engaged during the 12-month period prior to the Effective Date. For purposes of this Section 8, the term "materially competitive" shall mean an enterprise that deals in the sale or distribution of (i) any of the same products as the products sold or distributed by the Company, Tube Supply or its affiliates and/or (ii) any other products that have similar application as any of the products sold or distributed by the Company, Tube Supply or its affiliates. Upon the written request of Employee, the Company's Chief Executive Officer will determine whether a business or other entity constitutes a "Competitor" and may require Employee to provide such information as the Chief Executive Officer determines to be necessary to make such determination. The current and continuing effectiveness of such determination may be conditioned on the continuing accuracy of such information, and on such other factors as the Chief Executive Officer may determine.

(d) Definition of Confidential Information . For purposes of this Agreement, the term "Confidential Information" shall include all non-public information (including, without limitation, information regarding litigation and pending litigation, trade secrets, proprietary information, or confidential or proprietary methods) concerning the Company, Tube Supply and their affiliates (and their customers) which was acquired by or disclosed to Employee during the course of his ownership of, if applicable, or employment with Tube Supply prior to the Effective Date, during the course of negotiations of the Transaction, or during the course of his employment with the Company on or after the Effective Date.

(e) Definition of Restricted Period . For purposes of this Agreement, the term “Restricted Period” shall mean the period commencing upon the Effective Date and continuing until twelve (12) months following Employee’s termination of employment with the Company. For the avoidance of doubt, the term Restricted Period shall apply solely for purposes of this Agreement and shall not apply with respect to any other agreement entered into between Employee and the Company and, conversely, the term restricted period set forth in any other agreement entered into between Employee and the Company shall not apply with respect to this Agreement.

(f) Definition of Restricted Territory . For purposes of this Agreement, the term “Restricted Territory” means the United States and Canada. The Restricted Territory also shall include any country in which Tube Supply or its affiliates had customers or generated sales or revenues prior to the Effective Date and any country in which Employee (and/or employees of the Company, Tube Supply or their affiliates supervised by Employee) had responsibility or generated or obtained Confidential information during the Employment Term.

9. Non-Disparagement .

(a) Employee covenants and agrees that, he shall not make any false, defamatory or disparaging statements about the Company, Tube Supply or their affiliates, or the officers or directors of the Company, Tube Supply or their affiliates that are reasonably likely to cause material damage to the Company, Tube Supply or their affiliates, or the officers or directors of the Company, Tube Supply or their affiliates. Nothing in this Section 9 shall preclude Employee from making truthful statements that are required by applicable law, regulation or legal process.

(b) If a court of competent jurisdiction determines that Employee has breached any covenant in this Section 9, then the duration of such covenant will be tolled for a period of time equal to the period of time during which such court determines that such breach was continuing.

10. Reasonable Scope and Duration . Employee acknowledges that the restrictions in Sections 7, 8, and 9 of this Agreement are reasonable in scope, are necessary to protect the trade secrets and other confidential and proprietary information of the Company and its affiliates, that the benefits provided under this Agreement are full and fair compensation for these covenants and that these covenants do not impair Employee’s ability to be employed in other areas of his expertise and experience. Specifically, Employee acknowledges the reasonableness of the international scope of these covenants by reason of the international customer base and prospective customer base and activities of the Company, Tube Supply and their affiliates. Notwithstanding the foregoing, if any court determines that the terms of any of the restrictions herein are unreasonable or unenforceable, such court may interpret, alter, amend or modify any or all of such terms to include as much of the scope, time period and intent as will render such restrictions enforceable, and then in such reduced form, enforce such terms. In the event of Employee’s breach of any such covenant, the term of the covenant shall be extended for a period equal to the period that the breach continues.

11. Waiver and Release . Except as expressly provided in this Section 11, Employee shall not be entitled to any payments or benefits under Section 6(e)(2) unless and until (i) Employee executes and delivers to the Company a Waiver and Release that is in a form acceptable to the Company (the “Release”) within thirty (30) days (or fifty (50) days, in the event that 29 CFR 1625.22 requires the Company to provide Employee forty-five (45) days to consider the Release) following Employee’s termination of employment with the Company, and (ii) the revocation period for the Release has expired without revocation. If the conditions of this Section 11 are not satisfied, Employee shall forfeit all rights to payments or benefits under Section 6(e)(2) (other than the payments or benefits provided to the Executive under Section 6(e)(2)(C) on or before the date on which Employee failed to satisfy the conditions of this Section 11). Such Waiver and Release may not, however, create new obligations from Employee to Employer but, rather, shall require that Employee waives and releases any and all claims or potential claims and causes of action against the Employer.

12. Code Section 409A Compliance . Notwithstanding any provision of this Agreement to the contrary:

(a) If and to the extent any payment or benefits under this Agreement are otherwise subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, including any regulations and other applicable authorities promulgated thereunder (the “Code”), the intent of the Parties is that such payment and benefits shall comply with Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted, and such payment and benefits shall be paid or provided under such other conditions determined by the Company that cause such payment and benefits, to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Parties hereto of the applicable provision without violating the provisions of Code Section 409A. The Company makes no representation that any or all of the payments or benefits provided under this Agreement will be exempt from or comply with Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to any such payments or benefits. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Employee by Code Section 409A or damages for failing to comply with Code Section 409A.

(b) To the extent required under Code Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following Employee’s termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”

(c) Each payment payable to Employee under Section 6 on or after his date of termination shall be treated as a separate and distinct “payment” for purposes of Code Section 409A and, further is intended to be exempt from Code Section 409A, including but not limited to the short-term deferral exemption thereunder. If and to the extent any such payment is determined to be subject to Code Section 409A and is otherwise payable upon Employee's termination of employment, in the event Employee is a "specified employee" (as defined in Code Section 409A), any such payment that would otherwise have been payable in the first six (6) months following Employee's termination of employment will not be paid to Employee until the date that is six (6) months and one (1) day following the date of Employee's termination of employment (or, if earlier, Employee's date of death). Any such deferred payments will be paid in a lump sum; provided that no such actions shall reduce the amount of any payments otherwise payable to Employee under this Agreement. Thereafter, the remainder of any such payments shall be payable in accordance with Section 6.

(d) All expenses or other reimbursements to Employee under this Agreement, if any, shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Employee (provided that if any such reimbursements constitute taxable income to Employee, such reimbursements shall be paid no later than March 15th of the calendar year following the calendar year in which the expenses to be reimbursed were incurred), and no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year.

(e) In no event may Employee, directly or indirectly, designate the calendar year of any payment under this Agreement. Whenever a payment under this Agreement specifies a period within which such payment may be made, the actual date of payment within the specified period shall be within the sole discretion of the Company. Further notwithstanding any provision of this Agreement to the contrary, if the time period set forth in Section 11 begins in one taxable year of Employee and ends in a subsequent taxable year, any payment or benefit scheduled to be provided under Section 6, to the extent such payment or benefit is otherwise subject to the requirements of Code Section 409A, will commence in such subsequent taxable year of Employee.

(f) Whenever a payment under this Agreement specifies a period within which such payment may be made, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(g) In no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be offset by any other payment pursuant to this Agreement or otherwise.

(h) To the extent required under Code Section 409A, (i) any reference herein to the term "Agreement" shall mean this Agreement and any other plan, agreement, method, program, or other arrangement, with which this Agreement is required to be aggregated under Code Section 409A, and (ii) any reference herein to the term "Company" shall mean the Company and all persons with whom the Company would be considered a single employer under Code Section 414(b) or 414(c).

13. Notices . Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the Parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

(a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;

(b) in the case of certified or registered U.S. mail, five days after deposit in the U.S. mail; or

(c) in the case of facsimile, the date upon which the transmitting Party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery service are to be delivered to the addresses set forth below:

to the Company:

A.M. Castle & Co.
1420 Kensington Road, Suite 220
Oak Brook, IL 60523
Attn: Corporate Secretary

or to Employee at Employee’s most recent address on file with the Company.

Each Party, by written notice furnished to the other Party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

14. Applicable Law . This Agreement shall be governed by and construed in accordance with applicable federal laws and, to the extent not pre-empted by or inconsistent therewith, the laws of the State of Texas without regard to any jurisdiction’s conflict of law principles.

15. Severability and Construction . If any provisions of this Agreement is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this Agreement and the balance of this Agreement shall remain in full force and effect. If a court of competent jurisdiction or arbitrator determines that any restriction in this Agreement is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court or arbitrator to include the maximum reasonable restriction allowed by law.

16. Remedies . Employee and Company acknowledge and agree that damages would not adequately compensate Company if Employee were to breach any of his covenants contained in this Agreement. Consequently, Employee agrees that in the event of any such breach, which continues beyond any applicable notice and cure period provided in this Agreement, Company shall be entitled to enforce this Agreement by means of an injunction or other equitable relief, in addition to any other remedies available including, without limitation, termination of Employee’s employment for Cause.

17. Waiver . Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition.

18. Entire Agreement Modifications . This Agreement (including all exhibits hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, between the Parties hereto with respect to the subject matter hereof, including, without limitation, the Prior Agreement. In the event of any inconsistency between any provision of this Agreement and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of the Company or any of its affiliates, the provisions of this Agreement shall control. If Employee is entitled to severance pay or other benefits pursuant to the terms of this Agreement, Employee shall not be eligible to receive any severance pay or other benefits pursuant to the terms of any other severance agreement or arrangement of the Company (or any affiliate of the Company). This Agreement may be modified or amended only by an instrument in writing signed by both Parties.

19. Withholding . All payments made to Employee pursuant to this Agreement will be subject to withholding of employment taxes and other lawful deductions, as applicable.

20. Company Property, Records, Files, and Equipment . Employee agrees he will return all Company property, records, files, or any other Company-owned equipment in his possession within ten (10) days after the date of Employee’s termination of employment with the Company.

21. Survival of Agreement . Except as otherwise set forth in this Agreement, to the extent necessary to carry out the intentions of the Parties hereunder the respective rights and obligations of the Parties hereunder shall survive any termination of Employee’s employment.

22. Voluntary Execution of Agreement . Employee represents and agrees that he has carefully read and fully understands all of the provisions of this Agreement and that he is voluntarily entering into this Agreement. Employee further affirms that, prior to the execution of this Agreement, he has been advised to and has had an opportunity to consult independent counsel concerning the terms and conditions hereof.

23. Successors and Assigns . This Agreement shall bind and shall inure to the benefit of the Company and any and all of its successors and assigns. This Agreement is personal to Employee and shall not be assignable by Employee. The Company may assign this Agreement to any entity which (i) purchases all or substantially all of the assets of the Company or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of the Company. Any such assignment shall be valid so long as the entity which succeeds to the Company expressly assumes the Company’s obligations hereunder and complies with its terms.

24. Exclusive Jurisdiction and Venue . Any suit, claim or other legal proceeding arising out of or related to this Agreement in any way must be brought in a federal or state court located in Harris County, Texas, and the Company and Employee

hereby irrevocably and unconditionally consent to the exclusive jurisdiction of such court for such purpose. The Company and Employee irrevocably and unconditionally consent and submit itself and himself to the jurisdiction of such court(s) for the purposes of any such suit, claim or other legal proceeding and waive and will not plead or claim in any such court that venue is improper or that such suit, claim or other legal proceeding has been brought in an inconvenient forum.

25. Gender, Singular and Plural . All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

26. Headings . The descriptive headings used herein are used for convenience of reference only and shall not constitute a part of this Agreement.

27. Counterparts . This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company and Employee have duly executed and delivered this Agreement as of the day and year first above written.

A. M. CASTLE & CO.

By: /s/ Scott F. Stephens

Title: Vice President, Finance & CFO

PAUL SORENSEN

/s/ Paul C. Sorensen
Employee

EXHIBIT A
TRANSITION INCENTIVE PLAN (TIP)

Subject to adjustments at the sole discretion of the Committee and the terms and conditions set forth in the Omnibus Incentive Plan, the TIP Pool for the performance period beginning January 1, 2012 and ending December 31, 2014 (the “Performance Period”) shall equal the product of ten percent (10%) multiplied by the excess, if any, of (1) over (2), where:

(1) Equals the cumulative earnings before interest, taxes, depreciation and amortization for the Performance Period for the combined Tube Supply and the Company’s Castle Metals Oil & Gas commercial unit operations (“EBITDA”); and

(2) The specified amount determined by the Committee, in its sole discretion, no later than ninety (90) days after the commencement of the Performance Period;

provided, however, the TIP Pool, if any, may be reduced, at the sole discretion of the Committee, by ten percent (10%) if the annual days sales outstanding on inventory (“DSI”) target for the combined Tube Supply and Company’s Castle Metals Oil & Gas commercial unit operations is not met for any one year of the Performance Period and by five percent (5%) if the annual days sales outstanding on receivables (“DSO”) target for the combined Tube Supply and Company’s Castle Metals Oil & Gas commercial unit operations is not met for any one year of the Performance Period (that is, up to 45% of the TIP Pool is at risk over the Performance Period).

The DSI and DSO targets for the combined Tube Supply and Company’s Castle Metals Oil & Gas commercial unit operations shall be established each year by the Committee, in its sole discretion, consistent with targets established under the STIP or other internal financial targets.

The calculation of the TIP Pool, EBITDA, DSI and DSO, including any and all adjustments thereto, shall be determined by the Committee, in its sole discretion, subject the terms and conditions set forth in the Omnibus Incentive Plan.

Exhibit 10.30*

FORM OF RETENTION BONUS AGREEMENT
IN CONNECTION WITH CEO TRANSITION

May 14, 2012

[Name]
[Address]

Re: Retention Bonus

Dear [Name]:

To incentivize you to remain with and committed to the success of A.M. Castle & Co. (the "Company") during its CEO transition period, the Company will pay you a retention bonus of:

(i) [$] *[Ranging from $100,000 in the case of the CFO; $75,000 in the case of each of the Vice President, Human Resources and the Vice President, Controller; $62,500 in the case of the President, Castle Metals; and $50,000 in the case of each of the Vice President, General Counsel and President, Castle Metals Aerospace]* (the "Cash Retention Bonus") if you are actively employed by the Company on a full-time basis on June 1, 2013 (the "Cash Payment Date"), or if your employment is terminated prior to the Cash Payment Date for one of the following reasons: (A) by the Company other than for Cause, or (B) by you for Good Reason (each of these events being a "Qualifying Termination"); and

(ii) [$] *[Ranging from $100,000 in the case of the Interim CEO; $62,500 in the case of the President, Castle Metals; and $50,000 in the case of each of the Vice President, General Counsel and President, Castle Metals Aerospace]* of restricted stock (the "Restricted Stock Retention Bonus") if you are actively employed by the Company on a full-time basis on December 31, 2014 (the "Restricted Stock Vesting Date"), or if your employment is terminated prior to the Restricted Stock Vesting Date as a result of a Qualifying Termination.

You will not receive any portion of the Cash Retention Bonus or the Restricted Stock Retention Bonus if prior to the respective Cash Payment Date or Restricted Stock Vesting Date your employment with the Company terminates for any reason other than a Qualifying Termination.

The Company will pay the Cash Retention Bonus in a lump sum on the earlier of the Cash Payment Date or, if such termination is as a result of a Qualifying Termination, no later than 10 business days following the date of your termination. The Cash Retention Bonus will be paid in cash and shall be less required tax withholdings.

The Restricted Stock Retention Bonus shall be paid in the form of restricted shares of the Company's common stock ("Shares") issued as of the date hereof, pursuant to the terms and conditions of the Restricted Stock Award Agreement attached hereto as Exhibit A and incorporate herein by reference. The number of Shares to be issued shall be determined by dividing the amount of the Restricted Stock Retention Bonus by the average closing price of the Shares for the sixty (60) calendar days ending prior to and including the date hereof, rounded to the nearest whole share.

This letter does not confer upon you any right to continue in the employment of the Company for any period or interfere with or otherwise restrict in any way the rights of the Company or you to terminate your employment at any time for any reason whatsoever, with or without Cause.

For purposes of this agreement the following definitions shall apply:

"Cause" shall mean: (1) your conviction of, or entry of a plea of guilty or "nolo contendere" to, a felony (as defined by the laws of the United States of America or by the laws of the State or other jurisdiction in which you were so convicted or entered such plea); (2) your engagement in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Company, your credibility and reputation no longer conform to the standard of the Company's executives; (3) willful misconduct by you that, in the reasonable judgment of the Company, is demonstrably and materially injurious to the Company or its affiliates, monetarily or otherwise; (4) willful and continued failure (other than any such failure resulting from the Executive's incapacity due to mental or physical illness) to perform your assigned duties, provided that such assigned duties are consistent with your job duties and that you do not cure such failure within 30 days after notice of such failure from the Company; or (5) violation of any restrictive covenants regarding noncompetition, nonsolicitation or confidential information to which you are subject as an employee of, or in connection with an agreement with, the Company. For purposes of determining whether "Cause" exists, no act, or failure to act, on your part will be deemed "willful" unless done, or omitted to be done, in the reasonable judgment of the Company, by you not in good faith and without reasonable belief that the act, or failure to act, was in the best interest of the Company or its affiliates.

"Good Reason" shall mean: (1) a reduction of 10% or more in your base salary (either upon one reduction or during a series of reductions over a period of time), provided, that such reduction neither comprises a part of a general reduction for your then-current peers as a group (determined as of the date immediately before the date on which you become subject to any such reduction) nor results from a deferral of your base salary; (2) a material diminution in your authority (including, but not limited to, the budget over which you retain authority), duties, or responsibilities within the Company; (3) a material change in the geographic location at which you must perform services for the Company more than fifty (50) miles; or (4) any other action or inaction that constitutes a material breach by the Company of this agreement. In order for your termination of employment to be considered to be on account of Good Reason, the following conditions must be met: (i) you provide written notice to the Company of the existence of the condition(s) potentially constituting Good Reason within 90 days of the initial existence of such condition(s), (ii) the Company fails to remedy the conditions which you outline in your written notice within 30 days of such notice, and (iii) you actually terminate employment with the Company within six months of providing the notice described in clause (i) above.

Please indicate your acceptance of the provisions of this agreement by signing the enclosed copy of this letter agreement and returning it to my attention.

Very truly yours,

Anne D. Scharm
Vice President, Human Resources

Agreed and Accepted.

[Name]

Date

Exhibit A

A.M. CASTLE & CO.
RESTRICTED STOCK AWARD AGREEMENT

2008 A. M. CASTLE & CO.
OMNIBUS INCENTIVE PLAN

GRANTEE:

ADDRESS:

SOCIAL SECURITY NUMBER (last four digits):

NUMBER OF SHARES OF RESTRICTED STOCK:

DATE OF GRANT:

This is an award agreement (the “Award Agreement”) between A.M. Castle & Co., a Maryland corporation (the “Corporation”) and the individual named above (the “Grantee”). The Corporation hereby grants to the Grantee an aggregate of the above-stated number of shares of Common Stock of the Corporation on the terms and conditions contained herein and in the 2008 A. M. Castle & Co. Omnibus Incentive Plan, as amended and restated as of April 28, 2011, and as may be further amended from time to time (the “Plan”). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Plan.

1. Vesting of Restricted Stock. Subject to the terms and conditions of this Award Agreement and the Plan, the Restricted Stock shall vest as follows:

NUMBER OF SHARES:	VESTED ON OR AFTER:

2. Stock Certificates. Certificates for the Restricted Stock shall be issued by the Corporation in the name of the Grantee and delivered to the Grantee at the time of grant. The certificates shall bear the following legend evidencing its restrictive nature as follows:

> THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) CONTAINED IN THE 2008 A. M. CASTLE & CO. OMNIBUS INCENTIVE PLAN AND AN AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND A. M. CASTLE & CO. A COPY OF SUCH PLAN AND AGREEMENT IS ON FILE IN THE OFFICE OF THE SECRETARY OF A. M. CASTLE & CO., 1420 KENSINGTON ROAD, SUITE 220, OAK BROOK, ILLINOIS 60523.

3. Employment Termination. If the Grantee’s employment with the Corporation and its subsidiaries terminates for any reason, then any Restricted Stock not vested as of such date, except to the extent otherwise expressly provided in a change-in-control, severance agreement or retention bonus agreement between the Corporation and the Grantee, will be forfeited to the Corporation, subject in each case to acceleration as determined by the Committee in its sole discretion.

4. Rights as Shareholder. The Grantee shall have all rights of a shareholder prior to the vesting of the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto.

5. Transferability. The Restricted Stock may not be transferred, assigned or made subject to any encumbrance, pledge or charge until such Restricted Stock has vested and any other restrictions or conditions on such Restricted Stock are removed, have been satisfied or expire.

6. Withholding. The Grantee is responsible for all applicable federal, state and local income and employment taxes (including taxes of any foreign jurisdiction) which the Corporation is required to withhold at any time with respect to the Restricted Stock to satisfy its minimum statutory withholding requirements. Such payment shall be made in full at the Grantee’s election, in cash or check, by withholding from the Grantee’s next normal payroll check, or by the tender of shares of Common Stock payable under this Award. Shares of Common Stock tendered as payment of required withholding shall be valued at the closing price per share of Common Stock on the date such withholding obligation arises or, if the Common Stock is not traded on that date, on the next preceding date on which the Common Stock was so traded.

7. Amendment. This Award Agreement may be amended only by a writing executed by the Corporation and the Grantee that specifically states that it is amending this Award Agreement. Notwithstanding the foregoing, this Award Agreement may be amended solely by the Committee by a writing which specifically states that it is amending this Award Agreement, so long as a copy of such amendment is delivered to the Grantee, and provided that no such amendment adversely affecting the rights of the Grantee hereunder may be made without the Grantee’s written consent. Without limiting the foregoing, the Committee reserves the right to change, by written notice to the Grantee, the provisions of the Restricted Stock or this Award Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decisions, provided that any such change shall be applicable only to shares of Restricted Stock which are than subject to restrictions as provided herein.

8. Disclaimer of Rights. Nothing contained herein shall constitute an obligation for continued employment.

9. Severability. If all or any part of this Award Agreement is declared by any court or government authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Award Agreement not declared to be unlawful or invalid. Any Section of this Award Agreement so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such Section to the fullest extent possible while remaining lawful and valid.

10. Terms of Plan. The Award is subject to the terms and conditions set forth in the Plan, which are incorporated into and shall be deemed to be a part of this Award, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Award. In the event that there is any inconsistency between the provisions of this Award and of the Plan, the provisions of the Plan shall govern.

11. Binding Effect and Benefit. This Award Agreement shall be binding upon and, subject to the conditions hereof, inure to the benefit of the Corporation, its successors and assigns, and the Grantee and his successors and assigns.

12. Entire Understanding. This Award Agreement embodies the entire understanding and agreement of the parties in relation to the subject matter hereof, and no promise, condition, representation or warranty, expressed or implied, not herein stated, shall bind either party hereto.

13. Governing Law. The Award shall be construed, interpreted and applied in accordance with the law of the State of Illinois, without giving effect to the choice of law provisions thereof. The Grantee agrees to irrevocably submit any dispute arising out of or relating to this Award to the exclusive concurrent jurisdiction of the state and federal courts located in Illinois. The Grantee also irrevocably waives, to the fullest extent permitted by applicable law, any objection the Grantee may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute, and the Grantee agree to accept service of legal process from the courts of Illinois.

14. Code Section 409A Compliance. To the extent applicable, it is intended that this Award and the Plan not be subject to or otherwise comply with the provisions of Internal Revenue Code Section 409A, so that the income inclusion provisions of Code Section 409A(a)(1) do not apply. This Award and the Plan shall be interpreted and administered in a manner consistent with this intent, and any provisions that would cause the Award or the Plan to fail to satisfy Code Section 409A shall have no force and effect until amended to comply with Code Section 409A (which amendment may be retroactive to the extent permitted by Code Section 409A and may be made by the Corporation without the Grantee's consent).

The Corporation and the Grantee hereby agree to the terms and conditions of this Award Agreement and have executed it as of the Date of Grant set forth above.

A. M. CASTLE & CO.

By: ______________________________
Its: Vice President, General Counsel & Secretary

____
Grantee

Exhibit 10.31*

A.M. Castle & Co.

May 30, 2012

Paul Sorensen

Re: Offer of Employment as President, Castle Metals, Oil & Gas

Dear Paul:

I am excited to offer you the position of President, of our Oil & Gas commercial unit. In this role you will be located in Houston, TX and you will report to me as interim CEO. You will have P&L responsibility for our Oil & Gas commercial unit including both domestic and international sales and operations responsibilities. You will also serve as an officer of the Company and be a member of my executive leadership team.

Except as expressly provided below with respect to your level of participation in the Tube Supply Transition Incentive Plan (TIP), nothing contained herein shall operate to amend the Employment Agreement dated November 9, 2011 by and between you and A. M. Castle & Co. (the “Employment Agreement”) or otherwise modify any of the parties’ rights or benefits thereunder, and the Employment Agreement shall remain in full force and effect as amended hereby.

A summary of the terms of this offer follows.

Base Salary : You will be paid an annual base salary of $250,000 in accordance with the terms of the Employment Agreement.

Short Term Incentive Compensation (STIP) : This position is eligible for the annual management short term incentive bonus based on specific performance targets approved annually by the Board of Directors. In accordance with the terms of your Employment Agreement, your target bonus will equal 35% of your annual base salary with the maximum performance payout of 70% of your annual base salary. This bonus is a cash payment in March of each year.

Long Term Compensation Plan (LTCP) : This position is also eligible to participate in the Long Term Compensation Plan, which is currently a three year overlapping plan paid in A. M. Castle & Co. common stock. The terms and components of the plan are approved each year by the HR Committee of the Board. In accordance with the terms of your Employment Agreement your target LTCP award for this first three year performance cycle will equal 30% of your annual base salary with a maximum payout at 60% of your base salary. You should be aware that there is a stock ownership guideline which requires you to hold a minimum of two (2) times your salary before you sell any shares.

Again, all LTCP awards are subject to the discretion of the Board of Directors and may vary from year-to-year.

Tube Supply Transition Incentive Plan (TIP) : This position is also eligible to participate in the 2012-2014 Tube Supply Transition Incentive Plan (TIP), which is currently a three year plan which pays out in 2015 if EBITDA and inventory goals are achieved. In connection with your acceptance of this offer, Section 4(b)(3) of the Employment Agreement is hereby amended to increase your "TIP Factor" (as defined in the Employment Agreement) to 30% of the incentive pool, if any, established under the TIP.

Employee Benefits : As of July 1, 2012, you and your family will be eligible to participate in our standard employee group insurance plans. This includes medical, dental as well as life and disability insurance. A summary of these benefits is attached for your reference. You will also be eligible to participate in the 401k retirement plan which provides an employer match up to 6% of employee contributions. We also have a non-qualified Supplemental Employee Retirement Plan (SERP) which will allow you to continue contributing and receiving the employer match beyond the IRS limits for qualified plans and will be available to you in 2013. All such benefits shall be offered in accordance with the terms of your Employment Agreement.

Restricted Stock as Signing Bonus : Effective upon your acceptance of this promotion, you will be granted $100,000 USD of Castle restricted stock which vests 100% on December 31, 2014. Such grant shall be in addition to, and not in lieu of, the grant of the restricted stock previously awarded to you pursuant to Section 4(b)(4) of the Employment Agreement, but otherwise in accordance with the terms and conditions described therein. As a reminder, Officers of the Company are required to hold a specified amount of Company stock before divesting of any LTCP grants. You will be required to hold two times your annual base salary in Company stock under our stock ownership guidelines.

In addition to the above items, you be will eligible to enter into a Change in Control and Indemnity Agreement upon election as an Officer.

Please understand that all of the financial terms and other benefits outlined above are subject to the terms of the respective plan documents and to Board of Directors approval and/or modification at any time. I do not anticipate any concerns from the Board.

Your continued employment shall, except to the extent varied by this document, be governed by the terms and conditions of your Employment Agreement dated November 9, 2011.

Paul, I am excited to offer you this role and I am looking forward to your contributions to the success of A. M. Castle. Feel free to contact Anne Scharm or me if you have any questions.

Sincerely,
/s/ Scott Stephens
Scott Stephens
Interim CEO and CFO
A. M. Castle & Co.

Offer Acceptance

/s/ Paul C. Sorensen
Paul Sorensen

5/31/12
Date

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott F. Stephens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of A. M. Castle & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15-d-15(f)] for the Company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: August 7, 2012

/s/ Scott F. Stephens
Scott F. Stephens
Interim President and Chief Executive Officer and Vice President,
Finance and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of A. M. Castle & Co. (the “Company”) on Form 10-Q for the period ended June 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Scott F. Stephens, Interim President and Chief Executive Officer (Principal Executive Officer) and Vice President, Finance and Chief Financial Officer (Principal Financial Officer) of the Company, does hereby certify, pursuant to 18. S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Scott F. Stephens
Scott F. Stephens
Interim President and Chief Executive Officer and Vice President, Finance and Chief Financial Officer
August 7, 2012

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.