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, 2011 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	36-0879160
(State or Other Jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

1420 Kensington Road, Suite 220, Oak Brook, Illinois	60523
(Address of Principal Executive Offices)	(Zip Code)

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

3400 North Wolf Road, Franklin Park, Illinois, 60131
(Former address, 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 X 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 X 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 X Non-Accelerated Filer ___

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 X

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 August 1, 2011
Common Stock, $0.01 Par Value	23,038,616 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, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 32,066	$ 36,716
Accounts receivable, less allowances of $3,278 and $3,848	163,753	128,365
Inventories, principally on last-in, first-out basis (replacement cost higher by $129,776 and $122,340)	174,884	130,917
Prepaid expenses and other current assets	8,069	6,832
Income tax receivable	2,247	8,192
Total current assets	381,019	311,022
Investment in joint venture	32,384	27,879
Goodwill	50,134	50,110
Intangible assets	38,143	41,427
Prepaid pension cost	19,765	18,580
Other assets	3,270	3,619
Property, plant and equipment		
Land	5,197	5,195
Building	52,282	52,277
Machinery and equipment	168,434	182,178
Property, plant and equipment, at cost	225,913	239,650
Less - accumulated depreciation	(150,534)	(162,935)
Property, plant and equipment, net	75,379	76,715
Total assets	$ 600,094	$ 529,352
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 120,702	$ 71,764
Accrued liabilities	26,012	31,320
Income taxes payable	2,341	2,357
Deferred income taxes	2,358	2,461
Current portion of long-term debt	7,945	8,012
Short-term debt	15,200	-
Total current liabilities	174,558	115,914
Long-term debt, less current portion	63,538	61,127
Deferred income taxes	25,479	26,754
Other non-current liabilities	3,247	3,390
Pension and post retirement benefit obligations	8,932	8,708
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value - 10,000 shares authorized; no shares issued and outstanding at June 30, 2011 and December 31, 2010	-	-
Common stock, $0.01 par value - 30,000 shares authorized; 23,159 shares issued and 23,039 outstanding at June 30, 2011 and 23,149 shares issued and 22,986 outstanding at December 31, 2010	232	231
Additional paid-in capital	182,101	180,519
Retained earnings	157,147	150,747
Accumulated other comprehensive loss	(13,615)	(15,812)
Treasury stock, at cost - 120 shares at June 30, 2011 and 163 shares at December 31, 2010	(1,525)	(2,226)
Total stockholders' equity	324,340	313,459
Total liabilities and stockholders' equity	$ 600,094	$ 529,352

The accompanying notes are an integral part of these statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Net sales	$ 282,568	$ 240,132	$ 555,356	$ 463,128
Costs and expenses:				
Cost of materials (exclusive of depreciation and amortization)	208,470	178,515	409,898	347,558
Warehouse, processing and delivery expense	33,874	30,176	67,016	59,080
Sales, general, and administrative expense	30,864	25,808	61,985	52,750
Depreciation and amortization expense	5,059	5,351	10,058	10,501
Operating income (loss)	4,301	282	6,399	(6,761)
Interest expense, net	(1,120)	(1,252)	(2,106)	(2,545)
Income (loss) before income taxes and equity in earnings of joint venture	3,181	(970)	4,293	(9,306)
Income taxes	(2,466)	(70)	(3,734)	2,778
Income (loss) before equity in earnings of joint venture	715	(1,040)	559	(6,528)
Equity in earnings of joint venture	2,982	1,448	5,841	2,314
Net income (loss)	$ 3,697	$ 408	$ 6,400	$ (4,214)
Basic income (loss) per share	$ 0.16	$ 0.02	$ 0.28	$ (0.18)
Diluted income (loss) per share	$ 0.16	$ 0.02	$ 0.28	$ (0.18)
Dividends per common share	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30,	
	2011	**2010**
Operating activities:		
Net income (loss)	$ 6,400	$ (4,214)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	10,058	10,501
Amortization of deferred gain	(213)	(437)
Loss on sale of fixed assets	177	-
Equity in earnings of joint venture	(5,841)	(2,314)
Dividends from joint venture	1,336	338
Deferred tax benefit	(1,501)	(7,063)
Share-based compensation expense	1,906	1,020
Excess tax benefits from share-based payment arrangements	(145)	(166)
Increase (decrease) from changes in:		
Accounts receivable	(33,420)	(28,109)
Inventories	(41,920)	287
Prepaid expenses and other current assets	(593)	(889)
Other assets	15	2,221
Prepaid pension costs	(920)	(524)
Accounts payable	47,768	23,529
Accrued liabilities	(6,004)	2,763
Income taxes payable and receivable	6,194	5,504
Postretirement benefit obligations and other liabilities	165	229
Net cash (used in) from operating activities	(16,538)	2,676
Investing activities:		
Capital expenditures	(4,819)	(3,254)
Proceeds from sale of fixed assets	64	-
Net cash used in investing activities	(4,755)	(3,254)
Financing activities:		
Short-term borrowings (repayments), net	15,163	(2,602)
Net borrowings on long-term revolving lines of credit	1,616	1,469
Repayments of long-term debt	(214)	(350)
Excess tax benefits from share-based payment arrangements	145	166
Exercise of stock options	240	244
Net cash from (used in) financing activities	16,950	(1,073)
Effect of exchange rate changes on cash and cash equivalents	(307)	(254)
Net decrease in cash and cash equivalents	(4,650)	(1,905)
Cash and cash equivalents - beginning of year	36,716	28,311
Cash and cash equivalents - end of period	$ 32,066	$ 26,406

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)

(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, 2010 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 periods. 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 2011 interim results reported herein may not necessarily be indicative of the results of the Company's operations for the full year.

Non-cash investing activities for the six months ended June 30, 2011 and 2010 consisted of $348 and $84 of capital expenditures financed by accounts payable, respectively.

(2) New Accounting Standards Updates

Standards Updates Adopted

Effective January 1, 2011, the Company adopted Accounting Standards Update ("ASU") No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations." The ASU specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments to this guidance also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The adoption of the ASU will impact disclosures in future interim and annual financial statements issued if the Company enters into business combinations.

Standards Updates Issued, Not Yet Effective

During June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income." The amendments in this ASU will impact all entities that report items of other comprehensive income and are effective retrospectively for public entities for fiscal years and interim periods within those years, beginning after December 15, 2011. 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 adoption of this ASU will impact the presentation of comprehensive income in future interim and annual financial statements issued.

During May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." The ASU is effective prospectively for interim and annual periods beginning after December 15, 2011. 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, liability or an instrument classified in stockolders' equity in the financial statements. The amendments in this ASU result in common fair value measurement and disclosure requirement in U.S. GAAP and IFRSs. The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring and disclosing information about fair value measurements, however, the amendments are not intended to result in a change in the application of the requirement of Topic 820, "Fair Value Measurement." The adoption of this ASU may impact 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, and other share-based payment awards, which have been included in the calculation of weighted average shares outstanding using the treasury stock method. The following table is a reconciliation of the basic and diluted earnings per share calculations for the three and six months ended June 30, 2011 and 2010:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Numerator:				
Net income (loss)	$ 3,697	$ 408	$ 6,400	$ (4,214)
Denominator:				
Denominator for basic earnings (loss) per share:				
Weighted average common shares outstanding	22,820	22,706	22,800	22,691
Effect of dilutive securities:				
Outstanding common stock equivalents	532	358	405	—
Denominator for diluted earnings per share	23,352	23,064	23,205	22,691
Basic earnings (loss) per share	$ 0.16	$ 0.02	$ 0.28	$ (0.18)
Diluted earnings (loss) per share	$ 0.16	$ 0.02	$ 0.28	$ (0.18)
Excluded outstanding shared-based awards having an anti-dilutive effect	20	70	20	515

For the three and six months ended June 30, 2011 and 2010, the undistributed earnings (losses) attributed to participating securities, which represent certain non-vested shares granted by the Company, were approximately one percent of total net income (loss).

(4) Debt

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

	June 30, 2011	December 31, 2010
SHORT-TERM DEBT		
U.S. Revolver A (a)	$ 10,200	$ —
Canadian Revolver (a)	3,500	—
Foreign	1,500	—
Total short-term debt	15,200	—
LONG-TERM DEBT		
6.76% insurance company loan due in scheduled installments through 2015	42,835	42,835
U.S. Revolver B (a)	28,238	25,704
Other, primarily capital leases	410	600
Total long-term debt	71,483	69,139
Less current portion	(7,945)	(8,012)
Total long-term portion	63,538	61,127
TOTAL SHORT-TERM AND LONG-TERM DEBT	$ 86,683	$ 69,139

(a) The Company's amended and Restated Credit Agreement (the "2008 Senior Credit Facility") provides a $230,000 five-year secured revolver consisting of (i) a $170,000 revolving "A" loan (the "U.S. Revolver A"), (ii) a $50,000 multicurrency revolving "B" loan (the "U.S. Revolver B"), and (iii) a Canadian dollar $9,784 revolving loan (corresponding to $10,000 in U.S. dollars as of the amendment closing date; availability expressed in U.S. dollars changes based on movement in the exchange rate between the Canadian dollar and U.S. dollar). The maturity date of the 2008 Senior Credit Facility is January 2, 2013.

Effective April 27, 2011, the Company entered into a Second Amendment to the 2008 Senior Credit Facility, dated April 21, 2011. Effective on the same date, the Company and its material domestic subsidiaries entered into an Amendment No. 3 to Note Agreement, dated April 21, 2011, with The Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company to amend certain terms in its existing note agreement pursuant to which the Company previously issued its long-term notes so as to be substantially the same as the amended senior credit facility.

The Second Amendment to the 2008 Senior Credit Facility provides: (i) for an amendment to the calculation of the covenant relating to the percentage of consolidated total assets of the Company and its material domestic subsidiaries that must be assets of the U.S. Borrower; and (ii) that for the purposes of determining compliance with the covenants contained in the amended senior credit facility, any election by the Company to measure an item of indebtedness using fair value (as permitted by Accounting Standards Codification 825 or any similar accounting standard) shall be disregarded.

The U.S. Revolver A and the Canadian revolver are classified as short-term based on the Company's ability and intent to repay amounts outstanding under these instruments within the next 12 months. The U.S. Revolver B is classified as long-term as the Company's cash projections indicate that amounts outstanding (which are denominated in British pounds) under this instrument are not expected to be repaid within the next 12 months. Available revolving credit capacity is primarily used to fund working capital needs. Taking into consideration the most recent borrowing base calculation as of June 30, 2011, which reflects trade receivables, inventory, letters of credit and other outstanding secured indebtedness, available credit capacity consisted of the following:

Debt type	Outstanding Borrowings as of June 30, 2011	Availability as of June 30, 2011	Weighted Average Interest Rate for the Six Months ended June 30, 2011
U.S. Revolver A	$ 10,200	$ 97,699	3.45%
U.S. Revolver B	28,238	21,762	1.54%
Canadian revolver	3,500	6,628	3.41%

The fair value of the Company's fixed rate debt as of June 30, 2011, including current maturities, was estimated to be $42,460 compared to a carrying value of $42,835. The fair value of the fixed rate debt was determined using a market approach, which estimates fair value based on companies with similar credit quality and size of debt issuances. As of June 30, 2011, the estimated fair value of the Company's debt outstanding under its revolving credit facilities is $40,163, assuming the total amount of debt outstanding at the end of the period will be outstanding until the maturity of the Company's facility in January 2013. Although borrowings could be materially greater or less than the current amount of borrowings outstanding at the end of the period, it is not practical to estimate the amounts that may be outstanding during future periods since there is no predetermined borrowing or repayment schedule. The estimated fair value of the Company's debt outstanding under its revolving credit facility is lower than the carrying value of $41,938 since the terms of this facility are more favorable than those that might be expected to be available in the current lending environment.

As of June 30, 2011, the Company remained in compliance with the covenants of its financing agreements, which require it to maintain certain funded debt-to-capital and working capital-to-debt ratios and a minimum adjusted consolidated net worth as defined within the agreements.

(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 cash equivalents shown in the table below consist of money market funds that are valued based on quoted prices in active markets and as a result are classified as Level 1. The assets measured at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total
As of June 30, 2011:				
Cash equivalents	$ —	$ —	$ —	$ —
As of December 31, 2010:				

Cash equivalents.....	$ 6,350	$ —	$ —	$ 6,350

(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, stainless, nickel, titanium and carbon. 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, water-jet cutting, stress relieving and annealing furnaces, surface grinding equipment and sheet shearing equipment. This segment also performs various specialized fabrications for its customers through pre-qualified subcontractors that thermally process, turn, polish and straighten alloy and carbon bar.

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), marine, office furniture and fixtures, safety products, life sciences applications, transportation 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, 2010. Management evaluates the performance of its business segments based on operating income.

Segment information for the three months ended June 30, 2011 and 2010 is as follows:

	Net Sales	Operating Income	Capital Expenditures	Depreciation & Amortization
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
2010				
Metals segment..............	$ 213,289	$ 463	$ 1,137	$ 5,018
Plastics segment............	26,843	1,440	164	333
Other.............................	—	(1,621)	—	—
Consolidated..................	$ 240,132	$ 282	$ 1,301	$ 5,351

"Other" – Operating loss includes the costs of executive, legal and finance departments, which are shared by both the Metals and Plastics segments.

Segment information for the six months ended June 30, 2011 and 2010 is as follows:

	Net Sales	Operating Income (Loss)	Capital Expenditures	Depreciation & Amortization
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
2010				
Metals segment	$ 412,963	$ (5,358)	$ 3,025	$ 9,838
Plastics segment	50,165	1,603	229	663
Other	—	(3,006)	—	—
Consolidated	$ 463,128	$ (6,761)	$ 3,254	$ 10,501

"Other" – Operating loss 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, 2011 and 2010:

	2011	2010
Operating income	$ 4,301	$ 282
Interest expense, net	(1,120)	(1,252)
Income (loss) before income taxes and equity in earnings of joint venture	3,181	(970)
Equity in earnings of joint venture	2,982	1,448
Consolidated income before income taxes	$ 6,163	$ 478

Below are reconciliations of segment data to the consolidated financial statements for the six months ended June 30, 2011 and 2010:

	2011	2010
Operating income (loss)	$ 6,399	$ (6,761)
Interest expense, net	(2,106)	(2,545)
Income (loss) before income taxes and equity in earnings of joint venture	4,293	(9,306)
Equity in earnings of joint venture	5,841	2,314
Consolidated income (loss) before income taxes	$ 10,134	$ (6,992)

Segment information for total assets is as follows:

	June 30, 2011	December 31, 2010
Metals segment	$ 511,680	$ 454,345
Plastics segment	56,030	47,128
Other	32,384	27,879
Consolidated	$ 600,094	$ 529,352

"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, 2011 were as follows:

	Metals Segment	Plastics Segment	Total
Balance as of January 1, 2011 Goodwill	$ 97,354	$ 12,973	$ 110,327
Accumulated impairment losses	(60,217)	—	(60,217)
Balance as of January 1, 2011	37,137	12,973	50,110
Currency valuation	24	—	24
Balance as of June 30, 2011 Goodwill	97,378	12,973	110,351
Accumulated impairment losses	(60,217)	—	(60,217)
Balance as of June 30, 2011	$ 37,161	$ 12,973	$ 50,134

The Company's annual test for goodwill impairment is completed as of January 1st each year. Based on the January 1, 2011 test, the Company determined that there was no impairment of goodwill.

The following summarizes the components of intangible assets:

	June 30, 2011		December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 69,546	$ 31,403	$ 69,452	$ 28,025
Non-compete agreements	2,888	2,888	2,888	2,888
Trade name	378	378	378	378
Total	$ 72,812	$ 34,669	$ 72,718	$ 31,291

The weighted-average amortization period for the intangible assets is 10.8 years. Substantially all of the Company's intangible assets were acquired as part of the acquisitions of Transtar on September 5, 2006 and Metals U.K. on January 3, 2008, respectively. For the three-month periods ended June 30, 2011 and 2010, amortization expense was $1,659 and $1,760, respectively. For the six-month periods ended June 30, 2011 and 2010, amortization expense was $3,322 and $3,531, respectively.

The following is a summary of the estimated annual amortization expense for 2011 and each of the next 4 years:

2011	$ 6,633
2012	6,144
2013	6,144
2014	6,144
2015	6,144

(8) Inventories

Approximately eighty 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, 2011, 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 $129,776 and $122,340 at June 30, 2011 and December 31, 2010, 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, 2011 associated with all share-based payment arrangements is $7,357 and the weighted average period over which it is to be expensed is 1.4 years.

2011 Long-Term Compensation Plan

On March 2, 2011, the Human Resources Committee (the “Committee”) of the Board of Directors of the Company approved equity awards under the Company’s 2011 Long-Term Compensation Plan (“2011 LTC Plan”) for executive officers and other select personnel. The 2011 LTC Plan awards included restricted stock units (“RSUs”) and performance share units (“PSUs”). All 2011 LTC Plan awards are subject to the terms of the Company’s 2008 Restricted Stock, Stock Option and Equity Compensation Plan, which was subsequently amended and renamed to the 2008 A.M. Castle & Co. Omnibus Incentive Plan as of April 28, 2011.

The 2011 LTC Plan consists of three components of share-based payment awards as follows:

Restricted Share Units - the Company granted 112 RSUs with a grant date fair value of $17.13 per share unit, which was estimated using the market price of the Company’s stock on the date of grant. The RSUs cliff vest on December 31, 2013. 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 225 PSUs, half of which contain a market-based performance condition and half of which contain 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 1st 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. Compensation expense for performance awards containing a market condition is recognized regardless of whether the market condition is achieved to the extent the requisite service period condition is met. 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 of $23.89 for the PSUs containing the RTSR market based performance condition was estimated using a Monte Carlo simulation with the following assumptions:

	2011
Expected volatility	62.0%
Risk-free interest rate	1.10%
Expected life (in years)	2.84
Expected dividend yield	—

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 actual performance versus Company-specific target goals for Return on Invested Capital ("ROIC") (as defined in the 2011 LTC Plan) for any one or more fiscal years during the three-year performance period beginning on January 1st 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 $17.13 for the PSUs containing a non-market-based performance condition was estimated using the market price of the Company's stock on the date of grant.

The status of the PSUs that were granted under the 2011 LTC Plan as of June 30, 2011 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	$23.89	89	219
Non-market-based performance condition	$17.13	68	219

(10) Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and all other non-owner changes to equity that are not reported in net income (loss). The Company's comprehensive income (loss) for the three months ended June 30, 2011 and 2010 is as follows:

	June 30,	
	2011	2010
Net income	$ 3,697	$ 408
Foreign currency translation gain (loss)	786	(1,495)
Pension cost amortization, net of tax	82	71
Total comprehensive income (loss)	$ 4,565	$ (1,016)

The Company's comprehensive income (loss) for the six months ended June 30, 2011 and 2010 is as follows:

	June 30,	
	2011	2010
Net income (loss)	$ 6,400	$ (4,214)
Foreign currency translation gain (loss)	2,032	(1,439)
Pension cost amortization, net of tax	165	142
Total comprehensive income (loss)	$ 8,597	$ (5,511)

The components of accumulated other comprehensive loss is as follows:

	June 30, 2011	December 31, 2010
Foreign currency translation losses	$ (1,718)	$ (3,750)
Unrecognized pension and postretirement benefit costs, net of tax	(11,897)	(12,062)
Total accumulated other comprehensive loss	$(13,615)	$(15,812)

(11) Employee Benefit Plans

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

	For the Three Months Ended June 30,	
	2011	2010
Service cost	$ 176	$ 200
Interest cost	1,904	1,919
Expected return on assets	(2,514)	(2,335)
Amortization of prior service cost	81	65
Amortization of actuarial loss	57	55
Net periodic pension and postretirement benefit	$ (296)	$ (96)

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

	For the Six Months Ended June 30,	
	2011	2010
Service cost	$ 352	$ 400
Interest cost	3,808	3,838
Expected return on assets	(5,028)	(4,670)
Amortization of prior service cost	162	130
Amortization of actuarial loss	114	110
Net periodic pension and postretirement benefit	$ (592)	$ (192)

As of June 30, 2011, 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 2011.

Effective July 1, 2011, the Company's 401(k) matching contribution was increased to 100% of each dollar on eligible employee contributions up to the first 6% of the employee's pre-tax compensation. Effective July 1, 2011, the Company's fixed contribution of 4% of eligible earnings for all employees was eliminated.

(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, 2011 and 2010*:*

	For the Three Months Ended June 30,	
	2011	2010
Net sales	$ 67,080	$ 46,962
Cost of materials	54,432	39,103
Income before taxes	6,782	3,319
Net income	5,964	2,896

The following information summarizes financial data for this joint venture for the six months ended June 30, 2011 and 2010:

	For the Six Months Ended June 30,	
	2011	2010
Net sales	$ 130,679	$ 85,607
Cost of materials	105,710	71,286
Income before taxes	13,510	5,348
Net income	11,682	4,628

(13) Commitments and Contingent Liabilities

At June 30, 2011, the Company had $4,210 of irrevocable letters of credit outstanding which

primarily consisted of $2,560 for compliance with the insurance reserve requirements of its workers' compensation insurance carriers.

The Company is a defendant in several lawsuits arising from the operation of its business. These lawsuits are incidental and occur in the normal course of the Company's business affairs. It is the opinion of management, based on current knowledge, that no uninsured liability will result from the outcome of this litigation that would have a material adverse effect on the consolidated results of operations, financial condition or cash flows of the Company.

In April 2011, the United States Department of Commerce, U.S. Bureau of Industry and Security ("BIS"), provided the Company with a proposed charging letter claiming it had violated export control regulations in connection with certain shipments of aluminum alloy bar between 2005 and January 2008 to customers in four countries (China, Malaysia, Mexico and Singapore), without the required export licenses. The Company had previously submitted to the BIS a voluntary self disclosure relating to these shipments, and export licenses were subsequently obtained for all shipments. The relevant export statutes provide for monetary penalties, and in some instances, denial of export privileges and exclusion from practice before the BIS if a violation is found. The Company is in on-going discussions with the BIS authorities regarding this matter. Absent a negotiated resolution, an administrative hearing would be set and, in such case, the Company would assert a vigorous defense. Second quarter 2011 results include a $750 charge for the potential penalties associated with this claim.

(14) Income Taxes

The Company or its subsidiaries files income tax returns in the U.S., 29 states and 7 foreign jurisdictions. The tax years 2007 through 2010 remain open to examination by the major taxing jurisdictions to which the Company or its subsidiaries is subject.

An audit of the Company's 2008 and 2009 U.S. federal income tax returns commenced during the second quarter of 2011. To date, no material issues have been raised. Due to the potential for resolution of the examination or expiration of statues 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 $1,350.

The Company received its 2009 federal income tax refund of $6,344 during January 2011.

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, 2010. 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

Economic Trends and Current Business Conditions

A. M. Castle & Co. and subsidiaries (the "Company") experienced higher demand from its customer base in the second quarter of 2011 in both the Metals and Plastics segments, reflecting the continuing recovery in the global industrial economy and strength in many of the Company's targeted end markets.

Metals segment sales increased 18.3% from the second quarter of 2010. Average tons sold per day increased 18.1%, compared to the prior year quarter, which was primarily driven by alloy bar and SBQ bar volume increases. Key end-use markets that experienced increased demand in the second quarter include oil and gas, mining and heavy equipment and general industrial markets.

The Company's Plastics segment reported a sales increase of 13.1% compared to the second quarter of 2010, due to increased pricing and higher sales volume reflecting continued strength in the automotive, life sciences and retail point-of-purchase display sectors.

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 2009 through the second quarter of 2011. 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.

YEAR	Qtr 1	Qtr 2	Qtr 3	Qtr 4
2009...........................	35.9	42.6	51.5	54.6
2010...........................	58.2	58.8	55.4	56.8
2011...........................	61.1	56.4		

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 2011 Comparisons to Second Quarter 2010
Consolidated results by business segment are summarized in the following table for the quarter ended June 30, 2011 and 2010.

			Fav/(Unfav)	
	2011	**2010**	***$ Change***	***% Change***
Net Sales				
Metals..	$ 252.3	$ 213.3	$ 39.0	18.3%
Plastics..	30.3	26.8	3.5	13.1%
Total Net Sales..	$ 282.6	$ 240.1	$ 42.5	17.7%
Cost of Materials				
Metals..	$ 187.5	$ 160.4	$ (27.1)	(16.9)%
% of Metals Sales	*74.3%*	*75.2%*		
Plastics..	21.0	18.1	(2.9)	(16.0)%
% of Plastics Sales....................................	*69.3%*	*67.5%*		
Total Cost of Materials	$ 208.5	$ 178.5	$ (30.0)	(16.8)%
% of Total Sales....................................	*73.8%*	*74.3%*		
Operating Costs and Expenses				
Metals	$ 59.7	$ 52.4	$ (7.3)	(13.9)%
Plastics	8.2	7.3	(0.9)	(12.3)%
Other..	1.9	1.6	(0.3)	(18.8)%
Total Operating Costs & Expenses	$ 69.8	$ 61.3	$ (8.5)	(13.9)%
% of Total Sales	*24.7%*	*25.5%*		
Operating Income				
Metals..	$ 5.1	$ 0.5	$ 4.6	920.0%
% of Metals Sales	*2.0%*	*0.2%*		
Plastics..	1.1	1.4	(0.3)	(21.4)%
% of Plastics Sales....................................	*3.6%*	*5.2%*		
Other	(1.9)	(1.6)	(0.3)	(18.8)%
Total Operating Income..........................	$ 4.3	$ 0.3	$ 4.0	1333.3%
% of Total Sales.....................................	*1.5%*	*0.1%*		

"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 $282.6 million, an increase of $42.5 million, or 17.7%, compared to the

second quarter of 2010. Higher net sales in the second quarter of 2011 were primarily the result of higher shipping volumes in the metals and plastics markets. Metals segment sales during the second quarter of 2011 of $252.3 million were $39.0 million, or 18.3%, higher than the same period last year. Average tons sold per day increased 18.1% compared to the prior year quarter. The increase in sales volume was driven primarily by alloy bar and SBQ bar products. Key end-use markets that experienced increased demand in the second quarter include oil and gas, mining and heavy equipment and general industrial markets.

Plastics segment sales during the second quarter of 2011 of $30.3 million were $3.5 million, or 13.1% higher than the second quarter of 2010 due to increased pricing and higher sales volume reflecting continued strength in the automotive, life sciences and retail point-of-purchase display sectors.

Cost of Materials:
Cost of materials (exclusive of depreciation and amortization) during the second quarter of 2011 was $208.5 million, an increase of $30.0 million, or 16.8%, compared to the second quarter of 2010. Material costs for the Metals segment for the second quarter of 2011 was $187.5 million or 74.3% as a percent of net sales compared to $160.4 million or 75.2% as a percent of net sales for the second quarter of 2010. Material costs as a percentage of net sales were lower in the second quarter of 2011 than 2010 as the demand environment continued to improve in the second quarter of 2011, which provided an improved pricing environment compared to the second quarter of 2010. The Metals segment recorded LIFO expense of $3.9 million in second quarter of 2011 and $3.0 million in the second quarter of 2010. Material costs for the Plastics segment were 69.3% as a percent of net sales for the second quarter of 2011 as compared to 67.5% for the same period last year. Management believes that consolidated material costs as a percentage of net sales will be comparable to second quarter 2011 levels for the balance of 2011.

Operating Expenses and Operating Income:
On a consolidated basis, operating costs and expenses increased $8.5 million, or 13.9%, compared to the second quarter of 2010. Operating costs and expenses were $69.8 million, or 24.7% of net sales, compared to $61.3 million, or 25.5% of net sales during the second quarter of 2010. Second quarter 2011 results include a $0.8 million charge for potential export penalties related to product shipments that occurred from 2005 to 2008. The increase in operating expenses for the second quarter of 2011 compared to the second quarter of 2010 primarily relates to the following:

- Warehouse, processing and delivery costs increased by $3.7 million of which $1.7 million is the result of higher sales volume and $2.0 million is due to increased payroll costs as a result of headcount and merit increases;

- Sales, general and administrative costs increased by $5.1 million primarily due to increased payroll costs of $2.2 million due to headcount and merit increases and $0.8 million due to potential export penalties on shipments in previous years;

- Depreciation and amortization expense was $0.3 million lower primarily due to lower capital expenditure trends the past two years.

Consolidated operating income for the second quarter of 2011 was $4.3 million compared to $0.3 million for the same period last year. The Company’s second quarter 2011 operating income as a percent of net sales increased to 1.5% from 0.1% in the second quarter of 2010.

Other Income and Expense, Income Taxes and Net Income:
Interest expense was $1.1 million in the second quarter of 2011, a decrease of $0.1 million

versus the same period in 2010 as a result of lower average borrowings in the current quarter compared to the second quarter of 2010.

The Company recorded income tax expense of $2.5 million for the quarter ended June 30, 2011 compared to income tax expense of $0.1 million for the same period last year. 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 quarters ended June 30, 2011 and 2010 were 77.5% and 7.2%, respectively. The increase in the effective tax rate for the second quarter of 2011 compared to the second quarter of 2010 was primarily the result of higher earnings of the Company's joint venture, as the joint venture earnings are not reflected in reported pre-tax income.

Equity in earnings of the Company's joint venture was $3.0 million in the second quarter of 2011, compared to $1.4 million for the same period last year. The increase is a result of higher demand in virtually all end-use markets, most notably the automotive and energy sectors, and higher pricing for Kreher's products compared to the same period last year.

Consolidated net income for the second quarter of 2011 was $3.7 million, or $0.16 per diluted share, versus $0.4 million, or $0.02 per diluted share, for the same period in 2010.

Results of Operations: Six Months 2011 Comparisons to Six Months 2010

Consolidated results by business segment are summarized in the following table for the six months ended June 30, 2011 and 2010.

			Fav/(Unfav)	
	2011	**2010**	***$ Change***	***% Change***
Net Sales				
Metals	$ 496.9	$ 413.0	$ 83.9	20.3%
Plastics	58.5	50.1	8.4	16.8%
Total Net Sales	$ 555.4	$ 463.1	$ 92.3	19.9%
Cost of Materials				
Metals	$ 369.4	$ 313.4	$ (56.0)	(17.9)%
% of Metals Sales	*74.3%*	*75.9%*		
Plastics	40.5	34.2	(6.3)	(18.4)%
% of Plastics Sales	*69.2%*	*68.3%*		
Total Cost of Materials	$ 409.9	$ 347.6	$ (62.3)	(17.9)%
% of Total Net Sales	*73.8%*	*75.1%*		
Operating Costs and Expenses				
Metals	$ 118.8	$ 105.0	$ (13.8)	(13.1)%
Plastics	16.4	14.3	(2.1)	(14.7)%
Other	3.9	3.0	(0.9)	(30.0)%
Total Operating Costs & Expenses	$ 139.1	$ 122.3	$ (16.8)	(13.7)%
% of Total Net Sales	*25.0%*	*26.4%*		
Operating Income (Loss)				
Metals	$ 8.7	$ (5.4)	$ 14.1	261.1%
% of Metals Sales	*1.8%*	*(1.3)%*		
Plastics	1.6	1.6	—	—
% of Plastics Sales	*2.7%*	*3.2%*		

Other	(3.9)	(3.0)	(0.9)	(30.0)%
Total Operating Income (Loss)	$ 6.4	$ (6.8)	$ 13.2	194.1%
% of Total Net Sales	*1.2%*	*(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 $555.4 million, an increase of $92.3 million, or 19.9%, 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 2011 of $496.9 million were $83.9 million, or 20.3%, higher than the same period last year. Average tons sold per day increased 17.9% compared to the prior year period. The increase in sales volume was driven primarily by alloy bar and SBQ bar products. Key end-use markets that experienced increased demand in the first six months of 2011 include oil and gas, mining and heavy equipment and general industrial markets.

Plastics segment sales during the first six months of 2011 of $58.5 million were $8.4 million, or 16.8% higher than the same period last year due to increased pricing and higher sales volume reflecting continued strength in the automotive, life sciences and retail point-of-purchase display sectors.

Cost of Materials:
Cost of materials (exclusive of depreciation and amortization) during the first six months of 2011 were $409.9 million, an increase of $62.3 million, or 17.9%, compared to the same period last year. Material costs for the Metals segment for the first six months of 2011 were $369.4 million or 74.3% as a percent of net sales compared to $313.4 million or 75.9% as a percent of net sales for the first six months of 2010. Material costs as a percentage of net sales were lower in the first half of 2011 than 2010 as the demand environment continued to improve in the first half of 2011, which provided an improved pricing environment compared to the first half of 2010. As market prices for many products increased during the first half of 2011, the Company was able to leverage its inventory position, which also contributed to the reduction in material costs as a percentage of net sales compared to the prior year period. The Metals segment recorded LIFO expense of $6.9 million in 2011 compared to $5.0 million during the prior year period. Material costs for the Plastics segment were 69.2% and 68.3% as a percent of net sales for the first six months of 2011 and 2010, respectively. Management believes that consolidated material costs as a percentage of net sales will be comparable to first six months of 2011 levels for the balance of 2011.

Operating Expenses and Operating Income (Loss):
On a consolidated basis, operating costs and expenses increased $16.8 million, or 13.7%, compared to the same period last year. Operating costs and expenses were $139.1 million, or 25.0% as a percent of net sales, compared to $122.3 million, or 26.4% as a percent of net sales last year. Second quarter 2011 results include a $0.8 million charge for potential export penalties related to product shipments that occurred from 2005 to 2008.

The increase in operating expenses for the first six months of 2011 compared to 2010 primarily relates to the following:

- Warehouse, processing and delivery costs increased by $8.0 million of which $4.0 million is the result of higher sales volume and $4.0 million is due to increased payroll costs as a result of headcount, merit increases and 401(k) match reinstatement in April

2010;

- Sales, general and administrative costs increased by $9.2 million primarily due to higher payroll related costs of $5.3 million as a result of headcount, merit increases and 401(k) match reinstatement in April 2010 and $0.8 million due to potential export penalties on shipments in previous years; and

- Depreciation and amortization expense was $0.4 million lower primarily due to lower capital expenditure trends the past two years.

Consolidated operating income for the six months ended June 30, 2011 was $6.4 million compared to operating loss of $6.8 million for the same period last year.

Other Income and Expense, Income Taxes and Net Income (Loss):
Interest expense was $2.1 million for the six months ended June 30, 2011, a decrease of $0.4 million versus the same period in 2010 as a result of lower average borrowings in the first six months of 2011 compared to the first six months of 2010.

For the six-month periods ended June 30, 2011 and 2010, the Company recorded a $3.7 million tax expense and a $2.8 million tax benefit, 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, 2011 and 2010 was 87.0% and 29.8%, respectively. The increase in the effective tax rate for the first six months of 2011 compared to the first six months of 2010 was primarily the result of higher earnings of the Company's joint venture, as the joint venture earnings are not reflected in reported pre-tax income.

Equity in earnings of the Company's joint venture was $5.8 million for the six months ended June 30, 2011, compared to $2.3 million for the same period last year. The increase is a result of higher demand in virtually all end-use markets, most notably the automotive and energy sectors, and higher pricing for Kreher's products compared to the same period last year.

Consolidated net income for the first six months of 2010 was $6.4 million, or $0.28 per diluted share, versus a net loss of $4.2 million, or $0.18 per diluted share, for the same period in 2010.

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, 2010.

Liquidity and Capital Resources

The Company's principal sources of liquidity are earnings from operations, management of working capital and available borrowing capacity to fund working capital needs and growth initiatives.

In the first six months of 2011, net cash flow used in operations was $16.5 million compared to net cash flow from operations of $2.7 million for the same period last year. During the second quarter of 2011, the Company focused on increasing working capital levels to support higher sales levels during the quarter and higher sales levels expected for the second half of the year.

During the six months ended June 30, 2011, net sales exceeded cash receipts from customers,

resulting in a $33.4 million cash flow impact due to an increase in accounts receivable for the six months ended June 30, 2011 compared to a $28.1 million cash flow impact due to an increase in accounts receivable for the six months ended June 30, 2010. Net sales increased 19.9% from the first six months of 2010. Average receivable days outstanding was 48.7 days for the six months ended June 30, 2011 as compared to 49.4 days for first six months of 2010.

During the six months ended June 30, 2011, inventory purchases exceeded sales of inventory, resulting in a $41.9 million cash flow impact due to an increase in inventory for the six months ended June 30, 2011 compared to a $0.3 million cash flow impact due to a decrease in inventory for the six months ended June 30, 2010. Inventory levels were increased to support anticipated sales growth, however the inventory turnover rate improved from prior year levels. Average days sales in inventory was 120.4 days for the six months ended June 30, 2011 versus 146.2 days for the first six months of 2010.

During the six months ended June 30, 2011, purchases exceeded cash paid for inventories and other goods and services, resulting in a $41.8 million cash flow impact due to a net increase in accounts payable and accrued liabilities compared to a $26.3 million cash flow impact due to a net increase in accounts payable and accrued liabilities for the same period last year.

Available revolving credit capacity is primarily used to fund working capital needs. Taking into consideration the most recent borrowing base calculation as of June 30, 2011, which reflects trade receivables, inventory, letters of credit and other outstanding secured indebtedness, available credit capacity consisted of the following:

Debt type	**Outstanding Borrowings as of June 30, 2011**	**Availability as of June 30, 2011**	**Weighted Average Interest Rate for the Six Months ended June 30, 2011**
U.S. Revolver A	$ 10.2	$ 97.7	3.45%
U.S. Revolver B	28.2	21.8	1.54%
Canadian revolver	3.5	6.6	3.41%

As of June 30, 2011, the Company had $13.7 million of short-term debt outstanding under its revolving credit facilities. The Company has classified the U.S. Revolver A and Canadian revolver as short-term based on its ability and intent to repay amounts outstanding under these instruments within the next 12 months.

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. In addition, the Company has available borrowing capacity, as discussed above.

Capital expenditures for the six months ended June 30, 2011 were $4.8 million, an increase of $1.6 million compared to the same period last year. Management believes that annual capital expenditures will approximate $14.0 million in 2011.

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*:*

2011	$ 7.9
2012	8.1
2013 (a)	36.8
2014	9.1
2015	9.6

2016 and beyond	—
Total debt	$ 71.5

(a) Includes U.S. Revolver B balance, which is classified as long-term as the Company's cash projections indicate that amounts outstanding (which are denominated in British pounds) under this instrument are not expected to be repaid within the next 12 months. The maturity date of the credit facility is January 2, 2013.

As of June 30, 2011 the Company remained in compliance with the covenants of its credit agreements, which require it to maintain certain funded debt-to-capital and working capital-to-debt ratios, and a minimum adjusted consolidated net worth, as defined in the Company's credit agreements and outlined in the table below:

Covenant Description	Requirement per Credit Agreement	Actual at June 30, 2011
Funded debt-to-capital ratio	less than 0.55	0.18
Working capital-to-debt ratio	greater than 1.0	3.77
Minimum adjusted consolidated net worth	$264.2	$336.2

As of June 30, 2011, the Company had $4.2 million of irrevocable letters of credit outstanding, which primarily consisted of $2.6 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. During the second quarter of 2011, the Company implemented a commodity hedging program to mitigate risks associated with certain commodity price fluctuations. The impact of the hedging program on the Company's consolidated financial statements was not significant as of or for the three-month period ended June 30, 2011. As the Company continues to enter into arrangements under this hedging program, the impact on the Company's financial position and results of operations may become significant in future periods.

Refer to Item 7a in the Company's Annual Report on Form 10-K filed for the year ended December 31, 2010 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 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) as of the end of the period covered by this report.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities Exchange Act of 1934 rule 240.13a-15(f). The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

In its Annual Report on Form 10-K for the year ended December 31, 2010, the Company reported that, based upon their review and evaluation, the Company's disclosure controls and procedures were effective as of December 31, 2010.

As part of its evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report, and in accordance with the framework published by the Committee of Sponsoring Organizations of the Treadway Commission, referred to as the *Internal Control - Integrated Framework,* the Company's management has concluded that our internal control over financial reporting was effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

There were no significant changes in the Company's internal controls over financial reporting during the three months ended June 30, 2011 that were identified in connection with the evaluation referred to in paragraph (a) above that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

As previously discussed, the United States Department of Commerce, U.S. Bureau of Industry and Security (BIS), provided the Company with a proposed charging letter in April 2011 claiming it had violated export control regulations in connection with certain shipments of aluminum alloy bar between 2005 and January 2008 to customers in four countries (China, Malaysia, Mexico and Singapore), without the required export licenses. The Company had previously submitted to the BIS a voluntary self disclosure relating to these shipments, and export licenses were subsequently obtained for all shipments. The relevant export statutes provide for monetary penalties, and in some instances, denial of export privileges and exclusion from practice before the BIS if a violation is found. The Company is in on-going discussions with the BIS authorities regarding this matter. Absent a negotiated resolution, an administrative hearing would be set and, in such case, the Company would assert a vigorous defense. Second quarter 2011 results include a $750 charge for the potential penalties associated with this claim.

Item 6. Exhibits

Exhibit No.	Description
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2	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

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 3, 2011

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
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002	E-1
31.2	CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002	E-2
32.1	CEO and CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002	E-3

Exhibit 31.1

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

I, Michael H. Goldberg, 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 are 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 our 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 3, 2011

/s/ Michael H. Goldberg
Michael H. Goldberg
President and Chief Executive Officer

Exhibit 31.2

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 are 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 our 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 3, 2011

/s/ Scott F. Stephens
Scott F. Stephens
Vice President 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, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael H. Goldberg, President and Chief Executive Officer (Principal Executive Officer) and Scott F. Stephens, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, do each hereby certify, pursuant to 18 U.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/ Michael H. Goldberg
Michael H. Goldberg
President and Chief Executive Officer
August 3, 2011

/s/ Scott F. Stephens
Scott F. Stephens
Vice President and Chief Financial Officer
August 3, 2011

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.