

CASTLE A M & CO

FORM 8-K

(Current report filing)

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Address	3400 N WOLF RD FRANKLIN PARK, IL 60131
Telephone	7084557111
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Symbol	CAS
SIC Code	5051 - Metals Service Centers and Offices
Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report: **April 22, 2010**
(Date of earliest event reported)

A. M. CASTLE & CO.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

1-5415
(Commission File Number)

36-0879160
(IRS Employer Identification No.)

**3400 North Wolf Road
Franklin Park, Illinois 60131**
(Address of principal executive offices)

Registrant's telephone number including area code: **(847) 455-7111**

Not Applicable
(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13 e-4(c) under the Exchange Act (17 CFR 240.13 e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.*Non-Employee Directors Compensation Program*

On April 22, 2010, upon recommendation of the Human Resources Committee of the Board of Directors of A. M. Castle & Co. (the “Company”), the board approved the following changes to the Company’s non-employee director compensation program, effective as of May 1, 2010: (i) increase the annual cash retainer for each director to \$60,000; (ii) increase the additional annual cash retainer for the Chairman of the Board to \$40,000; and (iii) increase the additional annual cash retainer for the Human Resources Committee chairman to \$7,500.

The board also approved an increase in the amount of the annual restricted stock grant to non-employee directors to \$70,000, effective April 22, 2010. The number of shares of common stock, par value \$0.01 per share, of the Company (“Common Stock”) to be received in the grant of restricted stock is based on the closing price per share of Common Stock on the date such grant is made.

No other changes to the annual compensation program for non-employee directors were made. The program as so revised is shown below.

Annual cash retainer for each non-employee director	\$ 60,000
Additional annual cash retainer for chair of Governance committee	\$ 5,000
Additional annual cash retainer for chair of Human Resources committee	\$ 7,500
Additional annual cash retainer for chair of Audit committee	\$ 10,000
Additional annual cash retainer for Board chairman	\$ 40,000
Annual restricted stock award	\$ 70,000

Non-Employee Directors Restricted Stock Award Agreement

Pursuant to the compensation arrangement described above, the Board of Directors of the Company approved a grant of restricted stock to each non-employee director on April 22, 2010, the date on which the Company held its 2010 annual meeting of stockholders. The grants were made under the Company’s 2008 Restricted Stock, Stock Option and Equity Compensation Plan and evidenced by a Restricted Stock Award Agreement. A copy of the form of Restricted Stock Award Agreement is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 2.02. Results of Operations and Financial Conditions.

In accordance with General Instruction B.2 to Form 8-K, the following information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

The information regarding the results of operations and financial condition of the Company for the first quarter ended March 31, 2010, responsive to this Item 2.02, and contained in Exhibit 99.1 filed herewith, is incorporated into this Item 2.02 by reference.

Item 5.07. Submission of Matters to a Vote of Security Holders.

The Company held its annual shareholders' meeting on April 22, 2010. At the annual meeting, our shareholders (i) elected each of the persons listed below to serve as a director of the Company for a term that will continue until the next annual meeting of shareholders or until his or her successor has been duly elected and qualified, and (ii) ratified the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2010.

The tabulation of votes for each proposal is as follows:

Proposal 1: Election of Directors

<u>Nominee</u>	<u>Votes For</u>	<u>Withheld Authority</u>	<u>Votes Abstained</u>
Brian P. Anderson	19,521,714.68	74,191.20	1,551,219.00
Thomas A. Donahoe	19,520,084.88	75,821.00	1,551,219.00
Ann M. Drake	19,518,240.54	77,665.34	1,551,219.00
Michael H. Goldberg	19,422,837.17	173,068.71	1,551,219.00
William K. Hall	19,260,660.66	335,245.22	1,551,219.00
Robert S. Hamada	19,357,561.88	238,344.00	1,551,219.00
Patrick J. Herbert, III	17,754,220.01	1,841,685.87	1,551,219.00
Terrence J. Keating	19,521,932.22	73,973.66	1,551,219.00
Pamela Forbes Lieberman	19,520,231.64	75,674.24	1,551,219.00
John McCartney	19,378,526.12	217,379.76	1,551,219.00
Michael Simpson	19,177,719.31	418,186.57	1,551,219.00

Proposal 2: To ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm.

Votes For	21,012,335.44
Votes Against	128,202.99
Votes Abstained	6,586.45

Item 7.01. Regulation FD Disclosure.

On April 22, 2010, upon the recommendation of the Governance Committee, the board made a variety of membership changes to its committees, effective April 23, 2010, including:

The board appointed Brian P. Anderson to serve as non-executive board chairman. Mr. Anderson has served on the Company's board as an independent director since 2005 and as chairman of the Audit Committee since 2006. In connection with the board appointments, Mr. Anderson will no longer serve as a member of the Audit Committee.

The Company's former board chair, John McCartney, who served in that capacity since 2007 and was a member of the Governance Committee, will remain a member of the Board of Directors and was appointed to the Audit Committee. Mr. McCartney will no longer serve as a member of the Governance Committee.

Thomas A. Donahoe, an independent director and a member of the board's Audit Committee since 2005, assumed the chairmanship of the Audit Committee and was appointed to the board's Governance Committee.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit

<u>Number</u>	<u>Description</u>
10.1	Form of Non-Employee Director Restricted Stock Award Agreement
99.1	A. M. Castle & Co. Press Release, dated April 27, 2010

Cautionary Statement on Risks Associated with 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" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. 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.

SIGNATURES

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 hereunto duly authorized.

A. M. CASTLE & CO.

April 27, 2010

By: /s/ Robert J. Perna

Robert J. Perna
Vice President, General Counsel & Secretary

A. M. CASTLE & CO.

NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK AWARD AGREEMENT

A. M. CASTLE & CO.
2008 RESTRICTED STOCK, STOCK OPTION
AND EQUITY COMPENSATION PLAN

GRANTEE:

ADDRESS:

SOCIAL SECURITY NUMBER:

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 Corporation's 2008 Restricted Stock, Stock Option and Equity Compensation Plan approved by the shareholders April 24, 2008, as may be 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 A. M. CASTLE & CO. 2008 RESTRICTED STOCK AND STOCK OPTION 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., 3400 N. WOLF ROAD, FRANKLIN PARK, ILLINOIS 60131.

3. Effect of Termination of Service as a Director. If the Grantee's service as a director of the Corporation terminates for any reason (other than as a result of the Director's cessation of Board membership due to the Director's retirement from the Board at or after attaining Board of Director retirement age), then any Restricted Stock not vested as of such date will be forfeited to the Corporation.

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. 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.

7. 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.

8. Construction. The Restricted Stock is being issued pursuant to Section IV of the Plan and is subject to the terms of the Plan. A copy of the Plan has been given to the Grantee and additional copies of the Plan are available upon request during normal business hours at the principal executive officers of the Corporation. To the extent that any provision of this Award Agreement violates or is inconsistent with an express provision of the Plan, the Plan provision shall govern and any inconsistent provision in this Award Agreement shall be of no force or effect.

9. 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.

10 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.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.

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: _____

Grantee



A. M. CASTLE & CO.

3400 North Wolf Road
Franklin Park, Illinois 60131
(847) 455-7111
(847) 455-6930 (Fax)

For Further Information:

AT THE COMPANY

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Traded: NYSE (CAS)
Member: S&P SmallCap 600 Index

FOR IMMEDIATE RELEASE TUESDAY, APRIL 27, 2010

A. M. CASTLE & CO. REPORTS 2010 FIRST QUARTER RESULTS; AND OUTLOOK FOR BALANCE OF 2010

FRANKLIN PARK, IL, APRIL 27th – **A. M. Castle & Co. (NYSE: CAS)**, a global distributor of specialty metal and plastic products, value-added services and supply chain solutions, today reported financial results for the first quarter ended March 31, 2010.

Consolidated net sales were \$223.0 million for the three-months ended March 31, 2010, compared to \$252.2 million in the first quarter of 2009. Net loss for the quarter was \$4.6 million or a \$0.20 loss per diluted share as compared to net income of \$0.5 million or \$0.02 earnings per diluted share in the prior year quarter.

The Company's Metals segment sales were \$199.7 million in the first quarter of 2010, compared to \$231.1 million last year. Sequentially, average tons sold per day improved by 22.0% compared to the fourth quarter 2009, reflecting the ongoing recovery in the industrial economy. However, average tons sold were 10.9% lower compared to the first quarter of 2009.

In the Plastics segment, first quarter sales of \$23.3 million were up \$2.2 million compared to \$21.1 million in the prior year period.

“We experienced increased activity and increased optimism from our customers during the first quarter. Overall, sales activity was better than expected. In addition, our efforts on working capital initiatives resulted in strong improvements in our inventory and accounts receivable positions. We also achieved our best quarter for safety performance in many years,” stated Michael Goldberg, President and CEO of A. M. Castle.

“Sales activity accelerated throughout the first quarter of 2010. However, reported gross profit margins of 24.2% were lower than we had expected primarily due to the competitive pricing environment. We expect our gross profit margins to improve throughout the balance of the year,” Goldberg continued.

The Company’s debt-to-capital ratio was 20.9% as of March 31, 2010, compared to 21.9% at year-end 2009. Total debt was \$83.2 million as of March 31, 2010, compared to \$89.2 million at year-end 2009. Interest expense during the first quarter was \$1.3 million, or \$0.4 million lower than the prior year period due to reduced borrowings and lower weighted average interest rates.

“We still expect to report net losses in the first half of 2010, reflecting the late cycle lag effect of our markets. If the economic recovery continues, we expect to be profitable in the second half of this year. We have continued to execute well on our balance sheet and operating cost improvement initiatives and we are excited about our prospects for growth in the balance of 2010,” concluded Goldberg.

Webcast Information

Management will hold a conference call at 11:00 a.m. ET today to review the Company's results for the three month period ended March 31, 2010 and to discuss business conditions and outlook. The call can be accessed via the Internet live or as a replay. Those who would like to listen to the call may access the webcast through <http://www.amcastle.com>.

An archived version of the conference call webcast will be accessible for replay on the above website until the next earnings conference call. A replay of the conference call will also be available for seven days by calling 303-590-3030 (international) or 800-406-7325 and citing code 4284169.

About A. M. Castle & Co.

Founded in 1890, A. M. Castle & Co. is a global distributor of specialty metal and plastic products, value-added services and supply chain solutions, principally serving the producer durable equipment sector of the economy. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller-sized firms spread across a variety of industries. Within its metals business, it specializes in the distribution of alloy and stainless steels; nickel alloys; aluminum and carbon. Through its subsidiary, Total Plastics, Inc., the Company also distributes a broad range of value-added industrial plastics. Together, Castle operates over 56 locations throughout North America, Europe and Asia. Its common stock is traded on the New York Stock Exchange under the ticker symbol "CAS".

Regulation G Disclosure

This press release and the financial statements included in this release include non-GAAP financial measures. The non-GAAP financial information should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. However, we believe that non-GAAP reporting, giving effect to the adjustments shown in the reconciliation contained in the attached financial statements, provides meaningful information and therefore we use it to supplement our GAAP guidance. Management often uses this information to assess and measure the performance of our operating segments. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations and to provide an additional measure of performance.

The Company believes that the use and presentation of EBITDA, which is defined by the company as income before provision for income taxes plus depreciation and amortization, and interest expense, less interest income, is widely used by the investment community for evaluation purposes and provides the investors, analysts and other interested parties with additional information in analyzing the Company's operating results

Cautionary Statement on Risks Associated with Forward Looking Statements

Information provided and statements contained in this release 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 release and the Company assumes no obligation to update the information included in this release. 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" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. 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.

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)

Unaudited

	For the Three Months Ended March 31,	
	<u>2010</u>	<u>2009</u>
Net sales	\$ 222,996	\$ 252,244
Costs and expenses:		
Cost of materials (exclusive of depreciation and amortization)	169,043	182,180
Warehouse, processing and delivery expense	28,904	30,926
Sales, general, and administrative expense	26,942	31,960
Depreciation and amortization expense	<u>5,150</u>	<u>5,416</u>
Operating (loss) income	(7,043)	1,762
Interest expense, net	(1,293)	(1,705)
(Loss) income before income taxes and equity in earnings (losses) of joint venture	<u>(8,336)</u>	<u>57</u>
Income taxes	<u>2,848</u>	<u>445</u>
(Loss) Income before equity in earnings (losses) of joint venture	(5,488)	502
Equity in earnings (losses) of joint venture	866	(22)
Net (loss) income	<u>\$ (4,622)</u>	<u>\$ 480</u>
Basic (loss) earnings per share	<u>\$ (0.20)</u>	<u>\$ 0.02</u>
Diluted (loss) earnings per share	<u>\$ (0.20)</u>	<u>\$ 0.02</u>
EBITDA *	<u>\$ (1,027)</u>	<u>\$ 7,156</u>

**Earnings before interest, taxes, and depreciation and amortization*

Reconciliation of EBITDA to net income:

	For the Three Months Ended March 31,	
	<u>2010</u>	<u>2009</u>
Net (loss) income	\$ (4,622)	\$ 480
Depreciation and amortization expense	5,150	5,416
Interest expense, net	1,293	1,705
Income taxes	<u>(2,848)</u>	<u>(445)</u>
EBITDA	<u>\$ (1,027)</u>	<u>\$ 7,156</u>

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value data)

Unaudited

	March 31, 2010	As of December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 26,200	\$ 28,311
Accounts receivable, less allowances of \$4,228 and \$4,195	126,507	105,832
Inventories, principally on last-in, first-out basis (replacement cost higher by \$117,965 and \$116,816)	161,413	170,960
Other current assets	6,227	5,241
Income tax receivable	18,615	18,970
Total current assets	<u>338,962</u>	<u>329,314</u>
Investment in joint venture	24,251	23,468
Goodwill	50,095	50,072
Intangible assets	46,691	48,575
Prepaid pension cost	20,292	19,913
Other assets	3,647	3,906
Property, plant and equipment, at cost		
Land	5,194	5,192
Building	52,018	51,945
Machinery and equipment	180,670	178,545
	<u>237,882</u>	<u>235,682</u>
Less - accumulated depreciation	<u>(156,550)</u>	<u>(152,929)</u>
	<u>81,332</u>	<u>82,753</u>
Total assets	<u>\$ 565,270</u>	<u>\$ 558,001</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 88,452	\$ 71,295
Accrued liabilities	24,079	22,419
Income taxes payable	1,363	1,848
Deferred income taxes	9,638	9,706
Current portion of long-term debt	7,639	7,778
Short-term debt	9,679	13,720
Total current liabilities	<u>140,850</u>	<u>126,766</u>
Long-term debt, less current portion	65,903	67,686
Deferred income taxes	31,333	32,032
Other non-current liabilities	4,999	5,281
Pension and post retirement benefit obligations	8,136	8,028
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value - 10,000 shares authorized; no shares issued and outstanding at March 31, 2010 and December 31, 2009	-	-
Common stock, \$0.01 par value - 30,000 shares authorized; 23,115 shares issued and 22,899 outstanding at March 31, 2010 and 22,906 outstanding at December 31, 2009	230	230
Additional paid-in capital	178,625	178,129
Retained earnings	151,765	156,387
Accumulated other comprehensive loss	(13,401)	(13,528)
Treasury stock, at cost - 216 shares at March 31, 2010 and 209 shares at December 31, 2009	<u>(3,170)</u>	<u>(3,010)</u>
Total stockholders' equity	<u>314,049</u>	<u>318,208</u>
Total liabilities and stockholders' equity	<u>\$ 565,270</u>	<u>\$ 558,001</u>