

CASTLE A M & CO
Form 10-Q/A
August 04, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
(Amendment No. 1)**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For Quarterly Period Ended June 30, 2010 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.)

3400 North Wolf Road, Franklin Park, Illinois

60131

(Address of Principal Executive Offices)

(Zip Code)

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

None

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

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

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

Class

Outstanding at July 23, 2010

Common Stock, \$0.01 Par Value

22,958,969 shares

Explanatory Paragraph

The purpose of this Amendment No. 1 to the Quarterly Report on Form 10-Q of A.M. Castle & Co. (the Company) for the quarter ended June 30, 2010, as filed with the Securities and Exchange Commission on July 29, 2010, (Original Filing), is to correct a typographical error in the Results of Operations: Second Quarter 2010 Comparisons to Second Quarter 2009 section of Item 2 on page 20 of the Original Filing. The fifth sentence in the Cost of Materials paragraph should read: The Company recorded LIFO expense of \$3.0 million in the second quarter of 2010 compared to a LIFO credit of \$14.2 million during the same prior year period. This is the only change that was made to Item 2 or to any other portion of the Original Filing. This Amendment No. 1 continues to describe conditions as of the date of the Original Filing, and accordingly, the Company has not updated the disclosures contained herein to reflect events that occurred at a later date.

In accordance with Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, the Company has set forth the text of Item 2, as amended, in its entirety. Currently-dated certifications from the Company's Chief Executive Officer and Chief Financial Officer have been included as exhibits to this Amendment No. 1.

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, 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.

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 in the second quarter of 2010 compared to the prior year period in both the Metals and Plastics segments, reflecting the increases in the overall global economy compared to the second quarter of 2009.

Metals segment sales increased 22.5% from the second quarter of 2009. Average tons sold per day increased 20.6%, which was primarily driven by alloy bar, carbon bar and tubing volume increases. Key end-use markets that experienced increased demand in the second quarter include oil and gas, mining equipment and heavy industrial equipment.

The Company's Plastics segment reported a sales increase of 27.6% compared to the second quarter of 2009, primarily due to higher sales volume reflecting strength in retail point-of-purchase display, life sciences applications and automotive.

Management uses the Purchaser's Managers Index (PMI) provided by the Institute of 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 2008 through the second quarter of 2010. 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. Based on the data below, the index rose above 50.0 during the third quarter of 2009 and has continued to increase through the second quarter of 2010.

| YEAR | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 |
|------|-------|-------|-------|-------|
| 2008 | 49.2 | 49.5 | 47.8 | 36.1 |
| 2009 | 35.9 | 42.6 | 51.5 | 54.6 |
| 2010 | 58.2 | 58.8 | | |

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. Therefore, management forecasts an increase in 2010 net sales due to a combination of demand and pricing increases. The long-term outlook on demand for the Company's end-markets is less predictable.

Results of Operations: Second Quarter 2010 Comparisons to Second Quarter 2009

Consolidated results by business segment are summarized in the following table for the quarter ended June 30, 2010 and 2009.

| | 2010 | 2009 | Fav/(Unfav) | |
|----------------------------------|--------------|--------------|-------------|----------|
| | | | \$ Change | % Change |
| Net Sales | | | | |
| Metals | \$ 213.3 | \$ 174.1 | \$ 39.2 | 22.5% |
| Plastics | 26.8 | 21.0 | 5.8 | 27.6% |
| Total Net Sales | \$ 240.1 | \$ 195.1 | \$ 45.0 | 23.1% |
| Cost of Materials | | | | |
| Metals | \$ 160.4 | \$ 130.6 | \$ (29.8) | (22.8)% |
| <i>% of Metals Sales</i> | <i>75.2%</i> | <i>75.0%</i> | | |
| Plastics | 18.1 | 14.5 | (3.6) | (24.8)% |
| <i>% of Plastics Sales</i> | <i>67.5%</i> | <i>69.0%</i> | | |
| Total Cost of Materials | \$ 178.5 | \$ 145.1 | \$ (33.4) | (23.0)% |
| <i>% of Total Sales</i> | <i>74.3%</i> | <i>74.4%</i> | | |
| Operating Costs and Expenses | | | | |
| Metals | \$ 52.4 | \$ 50.5 | \$ (1.9) | (3.8)% |
| Plastics | 7.3 | 6.8 | (0.5) | (7.4)% |
| Other | 1.6 | 0.3 | (1.3) | (433.3)% |
| Total Operating Costs & Expenses | \$ 61.3 | \$ 57.6 | \$ (3.7) | (6.4)% |
| <i>% of Total Sales</i> | <i>25.5%</i> | <i>29.5%</i> | | |
| Operating Income (Loss) | | | | |
| Metals | \$ 0.5 | \$ (7.0) | \$ 7.5 | 107.1% |

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| | | | | | |
|-------------------------------|----|-------|----------|--------|----------|
| <i>% of Metals Sales</i> | | 0.2% | (4.0)% | | |
| Plastics | | 1.4 | (0.3) | 1.7 | 566.7% |
| <i>% of Plastics Sales</i> | | 5.2% | (1.4)% | | |
| Other | | (1.6) | (0.3) | (1.3) | (433.3)% |
| Total Operating Income (Loss) | \$ | 0.3 | \$ (7.6) | \$ 7.9 | 103.9% |
| <i>% of Total Sales</i> | | 0.1% | (3.9)% | | |

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 \$240.1 million, an increase of \$45.0 million, or 23.1%, compared to the second quarter of 2009. Higher net sales in the second quarter of 2010 were primarily the result of higher shipping volumes in the metals and plastics markets. Metals segment sales during the second quarter of 2010 of \$213.3 million were \$39.2 million, or 22.5%, higher than the same period last year. Average tons sold per day increased 20.6%. The increase in sales volume was driven primarily by alloy bar, carbon bar and tubing activity. Key end-use markets that experienced increased demand in the second quarter include oil and gas, mining equipment and heavy industrial equipment. Carbon and alloy plate volumes remained flat due to continued softness in the crane and construction industries. Aluminum sales volume was down compared to the same period last year as commercial and business jet markets have yet remained essentially flat.

Plastics segment sales during the second quarter of 2010 of \$26.8 million were \$5.8 million, or 27.6% higher than the second quarter of 2009 primarily due to higher sales volume reflecting increased demand in the retail point-of-purchase display, life sciences applications and automotive end-use markets.

Cost of Materials:

Cost of materials (exclusive of depreciation and amortization) during the second quarter of 2010 were \$178.5 million, an increase of \$33.4 million, or 23.0%, compared to the second quarter of 2009. Material costs for the Metals segment for the second quarter of 2010 were \$160.4 million or 75.2% as a percent of sales compared to \$130.6 million or 75.0% as a percent of sales for the second quarter of 2009. Material costs as a percentage of net sales were higher in second quarter of 2010 than 2009 due to several factors that occurred during the first half of 2010 including selling inventory at lower than anticipated prices due to a competitive pricing environment. Cost of materials increased in the second quarter of 2010 compared to 2009 by \$29.8 million primarily due to the increase in sales volume. The Company recorded LIFO expense of \$3.0 million in second quarter of 2010 compared to a LIFO credit of \$14.2 million during the same prior year period. Material costs for the Plastics segment were 67.5% as a percent of sales for the second quarter of 2010 as compared to 69.0% for the same period last year, primarily due to pricing pressures easing during the second quarter of 2010.

Operating Expenses and Operating (Loss) Income:

On a consolidated basis, operating costs and expenses increased \$3.7 million, or 6.4%, compared to the second quarter of 2009. Operating costs and expenses were \$61.3 million, or 25.5% of sales, compared to \$57.6 million, or 29.5% of sales during the second quarter of 2009. The increase in operating expenses for the second quarter of 2010 compared to the second quarter of 2009 primarily relate to the following:

Warehouse, processing and delivery costs increased by \$3.9 million of which \$2.9 million is the result of higher sales volume and \$1.0 million is due to increased payroll costs as the Company resumed full workweek schedules beginning in January 2010 and reinstated the Company 401(k) contributions in April 2010;

Depreciation and amortization expense was \$0.2 million lower primarily due to certain intangible assets becoming fully amortized in 2009.

Consolidated operating income for the second quarter of 2010 was \$0.3 million compared to operating loss of \$7.6 million for the same period last year. The Company's second quarter 2010 operating income as a percent of net sales increased to 0.1% from (3.9)% in the second quarter of 2009.

Other Income and Expense, Income Taxes and Net Income:

Interest expense was \$1.3 million in the second quarter of 2010, a decrease of \$0.3 million versus the same period in 2009 primarily as a result of reduced borrowings.

For the quarters ended June 30, 2010 and 2009, the Company recorded a \$0.1 million tax expense and a \$3.8 million tax benefit, respectively. The effective tax rate for the quarters ended June 30, 2010 and 2009 were 7.2% and 41.3%, respectively. The decline in the effective tax rate compared to the second quarter of 2009 was primarily the result of the increased earnings of the joint venture and the increased benefit due to the higher effective tax rate on U.S. source losses than on the Company's foreign source income.

Equity in earnings of the Company's joint venture, Kreher Steel, was \$1.4 million in the second quarter of 2010, compared to equity in losses of \$0.1 million for the same period last year. The increase is primarily a result of higher demand in the automotive and oil and gas sectors and higher pricing for Kreher's products compared to the same period last year.

Consolidated net income for the second quarter of 2010 was \$0.4 million, or \$0.02 per diluted share, versus net loss of \$5.5 million, or \$0.24 per diluted share, for the same period in 2009.

Results of Operations: Six Months 2010 Comparisons to Six Months 2009

Consolidated results by business segment are summarized in the following table for the six months ended June 30, 2010 and 2009.

| | 2010 | 2009 | Fav/(Unfav) | |
|----------------------------------|---------------|---------------|--------------------|-----------------|
| | | | \$ Change | % Change |
| Net Sales | | | | |
| Metals | \$ 413.0 | \$ 405.2 | \$ 7.8 | 1.9% |
| Plastics | 50.1 | 42.1 | 8.0 | 19.0% |
| Total Net Sales | \$ 463.1 | \$ 447.3 | \$ 15.8 | 3.5% |
| Cost of Materials | | | | |
| Metals | \$ 313.4 | \$ 298.4 | \$ (15.0) | (5.0)% |
| <i>% of Metals Sales</i> | <i>75.9%</i> | <i>73.6%</i> | | |
| Plastics | 34.2 | 28.9 | (5.3) | (18.3)% |
| <i>% of Plastics Sales</i> | <i>68.3%</i> | <i>68.6%</i> | | |
| Total Cost of Materials | \$ 347.6 | \$ 327.3 | \$ (20.3) | (6.2)% |
| <i>% of Total Net Sales</i> | <i>75.1%</i> | <i>73.2%</i> | | |
| Operating Costs and Expenses | | | | |
| Metals | \$ 105.0 | \$ 109.8 | \$ 4.8 | 4.4% |
| Plastics | 14.3 | 13.9 | (0.4) | (2.9)% |
| Other | 3.0 | 2.2 | (0.8) | (36.4)% |
| Total Operating Costs & Expenses | \$ 122.3 | \$ 125.9 | \$ 3.6 | 2.9% |
| <i>% of Total Net Sales</i> | <i>26.4%</i> | <i>28.1%</i> | | |
| Operating (Loss) Income | | | | |
| Metals | \$ (5.4) | \$ (3.0) | \$ (2.4) | (80.0)% |
| <i>% of Metals Sales</i> | <i>(1.3)%</i> | <i>(0.7)%</i> | | |
| Plastics | 1.6 | (0.7) | 2.3 | 328.6% |
| <i>% of Plastics Sales</i> | <i>3.2%</i> | <i>(1.7)%</i> | | |
| Other | (3.0) | (2.2) | (0.8) | (36.4)% |

| | | | | | | | |
|-------------------------------|----|---------------|----|---------------|----|-------|---------|
| Total Operating (Loss) Income | \$ | (6.8) | \$ | (5.9) | \$ | (0.9) | (15.3)% |
| <i>% of Total Net Sales</i> | | <i>(1.5)%</i> | | <i>(1.3)%</i> | | | |

Other Operating loss includes the costs of executive, finance and legal departments, and other corporate activities which support both the metals and plastics segments of the Company.

Net Sales:

Consolidated net sales were \$463.1 million, an increase of \$15.8 million, or 3.5%, versus the first half of 2009. Higher net sales were primarily the result of higher shipping volumes in the metals and plastics markets. Metals segment sales during the first half of 2010 of \$413.0 million were \$7.8 million, or 1.9%, higher than the same period last year.

Average tons sold per day increased 2.9%. The increase in demand experienced in the first half of 2010 was driven primarily by alloy and carbon bar, alloy and carbon plate and tubing activity. Key end-use markets that experienced increased demand in the first half of 2010 include oil and gas, mining equipment and heavy industrial equipment. Plastics segment sales during the first half of 2010 of \$50.1 million were \$8.0 million, or 19.0% higher than the same period last year. The Plastics business also experienced increased sales volume during the six months ended June 30, 2010 reflecting strength in retail point-of-purchase display, life sciences applications and automotive end-use markets.

Cost of Materials:

Cost of materials (exclusive of depreciation and amortization) during the first half of 2010 were \$347.6 million, an increase of \$20.3 million, or 6.2%, compared to the first half of 2009. Material costs for the Metals segment for the first six months of 2010 were \$313.4 million or 75.9% as a percent of sales compared to \$298.4 million or 73.6% as a percent of sales for the first six months of 2009. Material costs as a percentage of net sales were higher in the first half of 2010 than 2009 due to several factors that occurred during the first half of 2010 including selling inventory at lower than anticipated prices due to a competitive pricing environment. Cost of materials increased by \$15.0 million during the first half of 2010 compared to the same 2009 period. On average, material costs were lower in the first six months of 2010 compared to the same 2009 period. Additionally, the Company had LIFO expense of \$5.0 million in 2010 compared to a LIFO credit of \$25.2 million during the prior year period. Material costs for the Plastics segment were consistent at 68.3% and 68.6% as a percent of sales for the first half of 2010 and 2009, respectively.

Operating Expenses and Operating Loss:

On a consolidated basis, year-to-date operating costs and expenses decreased \$3.6 million, or 2.9%, compared to the same period last year. Operating costs and expenses were \$122.3 million, or 26.4% as a percent of sales, compared to \$125.9 million, or 28.1% as a percent of sales last year. In response to the declining demand for its products resulting from continued challenges in the global economy and the metals and plastics markets, the Company implemented numerous initiatives during April 2009 in response to lower sales activity levels. The cost reduction actions primarily focused on payroll related costs, the Company's largest operating expense category, resulting in reduced work weeks and furloughs, suspension of the Company's 401(k) contributions, and executive salary cuts of at least 10 percent. Full workweeks and 401(k) contributions were reinstated in January and April 2010, respectively.

The decrease in operating expenses for the first half of 2010 compared to 2009 primarily relate to the following:

Warehouse, processing and delivery costs increased by \$1.9 million which is comprised of a \$2.9 million increase due to higher sales volume, partially offset by a \$1.0 million decrease resulting from the incremental impact of the cost reduction initiatives implemented in 2009 related to workforce reductions and suspension of the Company 401(k) contributions;

Sales, general and administrative costs decreased by \$5.1 million primarily due to lower payroll related costs of \$4.6 million resulting from the incremental impact of the cost reduction initiatives implemented in 2009 related to workforce reductions and suspension of the Company 401(k) contributions and lower ERP implementation costs of \$0.7 million; and

Depreciation and amortization expense was \$0.4 million lower due to a decrease in capital expenditures across the Company in 2009 and 2010 compared to previous years and certain intangible assets becoming fully amortized in 2009.

Consolidated operating loss for the six months ended June 30, 2010 was \$6.8 million compared to operating loss of \$5.9 million for the same period last year, primarily due to lower sales volume during the first quarter of 2010 compared to 2009.

Other Income and Expense, Income Taxes and Net Income:

Interest expense was \$2.5 million for the six months ended June 30, 2010, a decrease of \$0.7 million versus the same period in 2009 primarily as a result of reduced borrowings.

For the six-month periods ended June 30, 2010 and 2009, the Company recorded a \$2.8 million tax benefit and a \$4.2 million tax benefit, respectively. The \$2.8 million tax benefit for the six-month period ended June 30, 2010 is due to pre-tax losses incurred for the first six months of 2010. The effective tax rate for the six months ended June 30, 2010 and 2009 were 29.8% and 46.4%, respectively. The decline in the 2010 effective tax rate compared to the six months ending June 30, 2009 was primarily the result of the increased earnings of the joint venture and by the increased benefit due to the higher effective tax rate on U.S. source losses than on the Company's foreign source income.

Equity in earnings of the Company's joint venture, Kreher Steel, was \$2.3 million for the six months ended 2010, compared to equity in losses of \$0.2 million for the same period last year. The increase is a result of higher demand and pricing for Kreher's products compared to the same period last year.

Consolidated net loss for the first half of 2010 was \$4.2 million, or \$0.18 per diluted share, versus a net loss of \$5.0 million, or \$0.22 per diluted share, for the same period in 2009.

Accounting Policies:

Effective January 1, 2010, the Company adopted new consolidation guidance that applies to variable interest entities. See *Note 2* to the condensed consolidated financial statements for more information regarding the Company's adoption of standards updates. 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, 2009.

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 half of 2009, the Company focused on reducing working capital, primarily inventory levels, in response to decreased demand for the Company's products, which resulted in net cash flow from operations of \$16.5 million.

During the first half of 2010, the Company increased working capital levels to support increased sales activity, which resulted in net cash flow from operations of \$2.7 million.

During the six months ended June 30, 2010, net sales exceeded cash receipts from customers, resulting in a cash outflow of \$28.1 million for the six months ended June 30, 2010 compared to a \$47.0 million cash inflow for the six months ended June 30, 2009. Net sales increased 3.5% from the first half of 2010. Average receivable days outstanding was 49.4 days for the six months ended June 30, 2010 as compared to 55.6 days for first half of 2009, reflecting faster collections.

During the six months ended June 30, 2010, sales of inventory exceeded inventory purchases, resulting in a cash inflow of \$0.3 million for the six months ended June 30, 2010 compared to a \$31.8 million cash inflow for the six months ended June 30, 2009. Average days sales in inventory was 146.2 days for the six months ended June 30, 2010 versus 187.3 days for the first half of 2009. There was an 8 day reduction in average inventory days outstanding during the second quarter 2010 as compared to the first quarter of 2010 primarily resulting from the Company's inventory reduction efforts in all of its businesses. Management remains committed to improving these turn rates during the balance of 2010.

During the six months ended June 30, 2010, purchases exceeded cash paid for inventories and other goods and services, resulting in a cash inflow of \$26.3 million during the six months ended June 30, 2010 compared to a cash outflow of \$49.2 million for the same period last year.

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

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, 2010, 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, 2010 | Availability as of June 30, 2010 | Weighted Average Interest Rate for the six months ended June 30, 2010 |
|-------------------|---------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------|
| U.S. Revolver A | \$ 1.8 | \$ 81.9 | 2.43% |
| U.S. Revolver B | 24.0 | 26.0 | 1.36% |
| Canadian facility | | 9.3 | 0.23% |
| Trade acceptances | 9.4 | n/a | 1.22% |

- (a) A trade acceptance is a form of debt instrument having a definite maturity and obligation to pay and which has been accepted by an acknowledgement by the company

upon whom it is
drawn.

As of June 30, 2010, the Company had \$11.2 million of short-term debt which includes trade acceptances of \$9.4 million and \$1.8 million related to the U.S. Revolver A. The Company has classified U.S. Revolver A as short-term based on its ability and intent to repay amounts outstanding under this instrument within the next 12 months.

Management believes the Company will be able to generate sufficient cash from operations and planned working capital improvements (principally from reduced inventories) 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, 2010 were \$3.3 million, a decrease of \$1.7 million compared to the same period last year. Management believes that annual capital expenditures will approximate \$8.0 to 10.0 million in 2010.

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:

| | | |
|-------------------|-----------|-------------|
| 2010 | \$ | 7.6 |
| 2011 | | 7.8 |
| 2012 | | 8.1 |
| 2013 | | 32.5 |
| 2014 | | 9.1 |
| 2015 and beyond | | 9.6 |
| Total debt | \$ | 74.7 |

As of June 30, 2010 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, 2010 |
|-----------------------------------------|-----------------------------------------------------|------------------------------------|
| Funded debt-to-capital ratio | less than 0.55 | 0.18 |
| Working capital-to-debt ratio | greater than 1.0 | 3.60 |
| Minimum adjusted consolidated net worth | \$261.6 | \$ 324.3 |

As of June 30, 2010, the Company had \$3.1 million of irrevocable letters of credit outstanding, which primarily consisted of \$2.4 million for compliance with the insurance reserve requirements of its workers' compensation insurance carrier.

Part II. OTHER INFORMATION

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 4, 2010

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 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 |