

CASTLE A M & CO
Form PRE 14A
March 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

A. M. Castle & Co.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

A. M. CASTLE & CO.

BRIAN P. ANDERSON

Chairman of the Board

March 23, 2012

Dear Stockholder of

A. M. Castle & Co.:

You are cordially invited to attend A. M. Castle & Co.'s (Castle) 2012 annual meeting of stockholders, which will be held on Thursday, April 26, 2012, beginning at 10:00 a.m., Central Daylight Time, at our offices at 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523.

At the annual meeting, our senior executives will report to you on Castle's 2011 results and current business conditions. Our senior executives and Board members will be present to answer your questions concerning Castle.

The formal notice of the annual meeting and proxy statement follow.

Whether or not you plan to attend the annual meeting, please ensure that your shares are represented by giving us your proxy. As explained more fully in the proxy statement, you can vote in person, by signing, dating and returning the enclosed proxy, by contacting us by telephone or by submitting your vote via the internet.

Thank you for your continued interest in Castle.

Sincerely,

Brian P. Anderson

Chairman of the Board

A. M. CASTLE & CO.

1420 Kensington Road, Suite 220

Oak Brook, IL 60523

A. M. CASTLE & CO.

1420 Kensington Road, Suite 220

Oak Brook, IL 60523

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 26, 2012

NOTICE IS HEREBY GIVEN that the 2012 annual meeting of stockholders (the "Annual Meeting") of A. M. Castle & Co., a Maryland corporation ("Castle" or the "Company"), will be held at the Company's offices at 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523 on Thursday, April 26, 2012, at 10:00 a.m., Central Daylight Time, for the purposes of considering and voting upon the following:

1. To elect the 10 directors named in the attached proxy statement;
2. To approve certain issuances of shares of our common stock upon conversion of our 7.0% convertible senior notes due 2017;
3. To approve an amendment to our Charter to increase the number of authorized shares of our common stock from 30,000,000 to 60,000,000;
4. To approve our executive compensation;
5. To ratify the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
6. To conduct any other business that may properly come before the Annual Meeting.

The Board of Directors (the "Board") of the Company has fixed the close of business on March 1, 2012, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. A copy of our Annual Report to stockholders for the year ended December 31, 2011, a proxy statement and proxy card accompany this notice.

You may authorize your proxy by telephone or the internet, and may vote by written proxy or written ballot at the meeting. We encourage you to sign, date and return the enclosed proxy card promptly in the accompanying envelope, which requires no postage if mailed in the United States, or instruct us by telephone or by internet as to the authorization of your proxy. Instructions for voting are contained on the enclosed proxy card. If for any reason you should decide to revoke your proxy, you may do so at any time prior to its exercise at the Annual Meeting.

By Order of the Board of Directors,

Robert J. Perna

Vice President,

General Counsel and Secretary

Oak Brook, IL

March 23, 2012

Important Notice Regarding the Availability of Proxy Materials

for the Stockholders Meeting to Be Held on April 26, 2012:

The Proxy Statement and Annual Report are available at

<http://www.amcastle.com/investors/default.aspx>

A. M. CASTLE & CO.

1420 Kensington Road, Suite 220, Oak Brook, IL 60523

PROXY STATEMENT FOR

2012 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

The Board of Directors (Board) of A. M. Castle & Co. (Castle or the Company) is soliciting the enclosed proxy for use at our 2012 Annual Meeting of stockholders and any adjournment thereof (the Annual Meeting). As of the close of business on March 1, 2012, the record date established for determining the stockholders entitled to notice of and to vote at the Annual Meeting, there were 23,009,186 outstanding shares of the Company s common stock. Each share of common stock outstanding on the record date is entitled to one vote on all matters submitted at the Annual Meeting. If you are a participant in any of the Company s 401(k) or employee benefit plans, your proxy card will represent the number of shares allocated to your account under the plans and will serve as a direction to the plan s trustee as to how the shares in your account are to be voted.

We are first mailing this proxy statement and the enclosed proxy card to stockholders on or about March 23, 2012.

Solicitation Costs

All of the expenses involved in preparing, assembling and mailing this proxy statement and the material enclosed herewith will be paid by the Company, including, upon request, expenses incurred in forwarding proxies and proxy statements to beneficial owners of stock held in the name of another. The Company has retained Alliance Advisors to assist in the solicitation of proxies. Alliance Advisors fees are estimated to be \$7,500, plus out-of-pocket expenses, to assist with the solicitation. Officers, directors and employees of the Company may also solicit proxies from certain stockholders; however, no additional compensation will be paid to those individuals for these activities.

Voting Securities

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock of the Company entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Shares that are present and entitled to vote on any of the proposals to be considered at the Annual Meeting will be considered to be present at the Annual Meeting for purposes of establishing the presence or absence of a quorum for the transaction of business. Abstentions and broker non-votes will also be considered as present for purposes of determining the presence or absence of a quorum at the Annual Meeting.

If your shares are held in street name, your shares may be voted even if you do not provide the brokerage firm with voting instructions. Under New York Stock Exchange (NYSE) rules, your broker may vote shares held in street name on certain routine matters. We believe that only Proposal 5 (ratification of appointment of independent auditors) will be considered a routine matter for this meeting. As a result, your broker is permitted to vote your shares on that proposal at its discretion if it does not receive instruction from you. All proposals that stockholders will consider at the Annual Meeting, other than Proposal 5, are non-routine matters and if a beneficial owner of the shares has not provided voting instructions to the brokerage firm with respect to the proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

With respect to Proposal 1, Directors are elected by a plurality of the votes cast, meaning that the director nominees with the most affirmative votes are elected to fill the available seats. You may vote FOR all nominees, WITHHOLD your vote as to all nominees, or FOR all nominees except those specific nominees from whom you WITHHOLD your vote. A properly executed proxy marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. For purposes of the election of directors, abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the results of the vote. If any nominee for director fails to receive the affirmative vote of a plurality of the shares at the Annual Meeting, the majority of the directors then in office will be entitled under our Charter and Bylaws to fill the resulting vacancy on the Board. Each director chosen in this manner will hold office for a term expiring at our next annual meeting of stockholders and until his or her successor is duly elected and qualified.

The approval of certain issuances of our common stock upon conversion of our 7.0% convertible senior notes due 2017 (Proposal 2) requires the affirmative vote of a majority of all of the shares cast at the Annual Meeting, provided that shareholders holding a majority of the outstanding shares of our common stock actually cast votes on this proposal. Accordingly, an abstention will have the effect of a vote against this proposal, and broker non-votes will have the same effect as votes against this proposal, unless holders of a majority of the outstanding shares of our common stock actually cast votes on this proposal, in which event broker non-votes will not have any effect on the results of the vote.

The amendment to our Charter (Proposal 3) requires the affirmative vote of at least a majority of the outstanding shares of our common stock. If you abstain from voting, the abstention will have the same effect as an against vote. Broker non-votes will have the same effect as votes against this proposal.

The say-on-pay proposal (Proposal 4) represents an advisory vote and the results will not be binding on the Board or the Company. The affirmative vote of a majority of all of the shares cast at the Annual Meeting will constitute the stockholders' non-binding approval with respect to our executive compensation programs. The Board will review the voting results and take them into consideration when making future decisions regarding executive compensation. For purposes of this advisory vote on the say-on-pay proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the results of the vote.

The affirmative vote of the majority of all of the votes cast at the Annual Meeting is required for the adoption of the proposal to ratify the appointment of independent auditors (Proposal 5); accordingly, abstentions will not be counted as votes cast and will have no effect on the results of the vote.

All shares entitled to vote and represented by properly executed and unrevoked proxies will be voted at the Annual Meeting in accordance with the instructions given therein. If no instructions are indicated on a properly executed proxy (other than broker non-votes), the shares represented by that proxy will be voted as recommended by the Board.

If any other matters are properly presented at the Annual Meeting for consideration, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named in the enclosed form of proxy will have discretion to vote on those matters to the same extent as the person signing the proxy would be entitled to vote. It is not currently anticipated that any other matters will be raised at the Annual Meeting.

Revocability of Proxy

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. A proxy may be revoked by filing with the Company's Corporate Secretary, at or before taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed proxy, in either case later dated than the prior proxy relating to the same shares. A proxy may also be revoked by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not itself revoke a proxy. Any written notice of revocation or subsequent proxy should be sent so as to be delivered to A. M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523, Attention: Corporate Secretary, or hand delivered to the Corporate Secretary, at or before the taking of the vote at the Annual Meeting.

Householding of Proxy Materials

The U.S. Securities and Exchange Commission (SEC) has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

A number of brokers with account holders who are our stockholders may be householding our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified

otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify your broker directly or direct your written request to: Corporate Secretary, A. M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523. Stockholders who currently receive multiple copies of their proxy statement at their address and would like to request householding of their communications should contact their broker.

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board currently has 12 members. All members of the Board are elected annually. Mr. Thomas Donahoe and Mr. Michael Simpson, whom have served as directors since 2005 and 1972, respectively, will retire as directors as of the date of the Annual Meeting. As a result, the size of our Board will decrease to 10 effective upon their retirement. This action does not require a By-laws amendment, as our current By-laws provide for a range of no less than 8 or more than 12 members.

Ten directors will be elected at the Annual Meeting. All directors are elected for a term of one year, until the 2013 annual meeting of stockholders, and until their successors are elected and qualified. If any of the nominees unexpectedly becomes unavailable for election, proxy holders may vote for a substitute nominee designated by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the meeting. All nominees are currently members of our Board.

The following information is given as of the date of this proxy statement for each individual who has been recommended for election by the Board. All of our director nominees bring to our Board a wealth of leadership experience and have demonstrated business acumen and an ability to exercise sound business judgment. They also bring extensive Board experience. In addition, we believe all of our director nominees have a reputation for integrity, honesty and adherence to the highest ethical standards. The biographies of each of the director nominees is set forth below and includes the name of each nominee, the year in which each nominee first became a director of the Company, the nominee's age, business experience for the past five years, the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and individual experiences, qualifications, attributes or skills that caused the Governance Committee and the Board to determine that the person should serve as a director for the Company.

The Board recommends a vote FOR the nominees presented in Proposal 1.

Brian P. Anderson

Director since 2005

Age 61

Chairman of the Board of the Company since April 2010. Former Executive Vice President/CFO of OfficeMax, Incorporated, a distributor of business to business and retail office products, from 2004 to 2005. Prior to assuming this position in 2004, Mr. Anderson was Senior Vice President and Chief Financial Officer of Baxter International, Inc., a medical products and services company, from 1998 to 2004. Mr. Anderson is also a director of W.W. Grainger, Inc. since 1999, Pulte Homes Inc. since 2005 and James Hardie Industries, SE since 2006.

Mr. Anderson served as the chief financial officer of two publicly-traded companies, held finance positions including corporate controller and vice president of audit and was an audit partner at an international public accounting firm. As a result, he has in-depth knowledge of accounting and finance as well as familiarity in risk management and risk assessment and the application of the Committee of Sponsoring Organizations of the Treadway Commission internal controls framework. In addition, while serving as a chief financial officer of one of the two publicly-traded companies, Mr. Anderson also had primary responsibility for the supply chain and logistics of that company. Mr. Anderson presently serves on the compensation committee of one public company, the governance committee of three, and the Audit committee of three.

Reuben S. Donnelley

Director since October 2011

Age 53

Mr. Donnelley is currently a broker at Cassandra Trading Group, L.L.C., a registered broker-dealer and market maker, a position he has held since 2005. He is also a director of Simpson Estates, Inc., a private asset management firm, since 1996.

Mr. Donnelley's years of experience with capital market transactions and private equity investments provides valuable financial expertise to the Board, including extensive experience with investments in both public and private companies.

Ann M. Drake

Director since 2007

Age 64

Chairman and Chief Executive Officer of DSC Logistics, Inc., a privately owned logistics and supply chain management company, since 1994.

Ms. Drake's position as Chief Executive Officer of DCS Logistics, Inc. brings to the Board senior executive experience leading growth, combined with strong knowledge of technology, logistics and supply chain management issues.

Michael H. Goldberg

Director since 2006

Age 58

President and Chief Executive Officer of the Company since 2006. Prior to joining the Company he was Executive Vice President of Integris Metals Corp., an aluminum and stainless steel metal service center, from 2001 to 2005. From 1998 to 2001, Mr. Goldberg was Executive Vice President of North American Metals Distribution Group, a division of Rio Algom Ltd.

Mr. Goldberg's day to day leadership, as Chief Executive Officer of the Company, provides him with a deep understanding of our operations. He also has extensive experience in the metal service center industry and strong skills leading a publicly listed company.

Patrick J. Herbert, III

Director since 1996

Age 62

General Partner of W. B. & Co. and President of Simpson Estates, Inc., a private asset management firm, since 1992.

Mr. Herbert's years of executive experience with private equity investments and portfolio management provides valuable financial expertise to the Board, including extensive experience with capital market transactions and investments in both public and private companies.

Terrence J. Keating

Director since 2007

Age 62

Chairman of Accuride Corporation, a manufacturer of steel and forged aluminum wheels for vehicles, from 2007 to 2009. Mr. Keating served as Chief Executive Officer of Accuride from 2002 to 2007; and was President from 2002 to 2007. Mr. Keating served as a director of Accuride from 2002 to 2009. He is also a director of Dana Holding Corporation since 2008.

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Mr. Keating's service as Chief Executive Officer of Accuride Corporation provides the Board a perspective of someone with all facets of a worldwide business, including executive experience leading public company operations and strategic planning. He also has experience overseeing financial reporting and through his service on the board of Dana Holding Corporation, has valuable experience in governance and audit issues.

James D. Kelly

Director since 2010

Age 59

Retired Vice President Enterprise Initiatives for Cummins Inc., a global manufacturer and distributor of engines and related technologies, a position he held from March 2010 to September 2010. Previously, Mr. Kelly served as the President, Engine Business and as a Vice President for Cummins Inc. from 2005 to 2010. Between 1976 and 1988, and following 1989, Mr. Kelly was employed by Cummins in a variety of positions of increasing responsibility including, most recently, the Vice President and General Manager Mid Range Engine Business between 2001 and 2004, and the Vice President and General Manager Mid Range and Heavy Duty Engine Business from 2004 through 2005. Mr. Kelly is also a director of Wabash National Corporation since 2006 and Cummins India Limited since 2009.

Mr. Kelly's service as President, Engine Business and Vice President, Cummins, Inc. brings to the Board senior executive experience leading a worldwide business, including sales and operational expertise. Through his service on the board of Wabash National Corporation and Cummins India Limited he also has valuable experience in governance and executive compensation matters.

Pamela Forbes Lieberman

Director since 2007

Age 58

Interim Chief Operating Officer of Entertainment Resource, Inc., a video distributor, from March 2006 to August 2006. Ms. Forbes Lieberman was Director, President, and Chief Executive Officer of TruServ Corporation (now known as True Value Company), a member owned wholesaler of hardware and related merchandise, and provider of marketing, merchandising and other value added services, from 2001 to 2004. Ms. Forbes Lieberman is also a director of Standard Motor Products, Inc. since 2007, and VWR Funding, Inc. since 2009.

Ms. Forbes Lieberman's service as Chief Executive Officer of TruServ Corporation brings to the Board senior executive experience leading a public reporting wholesale/distribution business, with expertise in turnaround management, communications, culture change, and distribution and supply chain strategies. Ms. Forbes Lieberman also possesses valuable financial expertise, including extensive experience as chief financial officer of various distribution and manufacturing businesses, both public reporting and private, where she was directly responsible for financial and accounting issues, acquisition and divestitures and information systems. She also possesses public accounting expertise as a former senior manager at Price Waterhouse LLP. Through her service on the boards described above, she has valuable experience in governance, executive compensation, and finance, including private equity, and audit issues.

Gary A. Masse

Director since January 2012

Age 50

Chief Executive Officer of Precision Holding, LLC, a leading global manufacturing and engineering services company, since 2010. Mr. Masse previously served as Group President Cooper Tools & Hardware, a business unit of Cooper Industries Plc, a diversified manufacturer of electrical products, tools and hardware, from 2006 to 2010. Mr. Masse joined Cooper after nine years with Danaher Corporation, a global designer, manufacturer and marketer of a wide variety of industrial products, where he most recently served as Vice President and Group Executive of its Gilbarco/Veeder-Root business, a leading provider of equipment and integrated technology solutions to the retail petroleum and commercial fueling industry, from 2003 to 2005.

Mr. Masse's service as Chief Executive Officer of Precision Holding, LLC and his other executive and management experience well qualifies him to serve on our Board of Directors. His expertise in leading complex global organizations, as well as strong background and experience in engineering, manufacturing (domestic and international) and business development contributes greatly to the Board's composition.

John McCartney

Director since 1998

Age 59

Chairman of the Board of the Company from 2007 to April 2010. Chairman of the Board of Westcon Group, Inc., a network equipment distribution company, from 2001 to 2009 and again in March 2011 to present. Mr. McCartney was Vice Chairman of Datatec, Limited, a technology holding company, from 1998 to 2004. Mr. McCartney is also a director of Huron Consulting Group Inc. since 2004 and Chairman since May 2010, Federal Signal Corporation from 2005 to April 2010, Datatec Limited since 2008, and Covance Inc. since 2009.

Mr. McCartney's years of service in executive leadership at both public and private companies provides the Board a perspective of someone with all facets of multinational operations, including extensive industrial and manufacturing experience in the steel products and technologies sectors. Mr. McCartney also possesses valuable financial expertise, including a background in public accounting and experience as a chief financial officer of a public company where he was directly responsible for financial accounting and reporting issues. Through his service on the boards of other public companies, he also has valuable experience in executive compensation, governance, and audit issues.

PROPOSAL 2:**APPROVAL OF CERTAIN ISSUANCES OF SHARES OF COMMON STOCK UPON****CONVERSION OF OUR 7.0% CONVERTIBLE SENIOR NOTES DUE 2017**

In December 2011, we issued an aggregate of \$57.5 million principal amount of 7.0% Convertible Senior Notes due 2017 (the Notes). The Notes pay interest semi-annually at a rate of 7.0% per annum and are convertible, under certain circumstances, into cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election, at an initial conversion rate of 97.2384 shares of common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately \$10.28 per share of common stock, subject to adjustment in certain circumstances.

Since our common stock is listed on the New York Stock Exchange (the NYSE), we are subject to the NYSE's rules and regulations. Section 312.03(c) of the NYSE Listed Company Manual requires stockholder approval in certain circumstances prior to the issuance of common stock or securities convertible into or exercisable for common stock, in any transaction or series of related transactions if (1) the common stock has, or will have upon issuance, voting power equal to 20% or more of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock or (2) the number of shares of common stock to be issued is, or will upon issuance, equal 20% or more of the number of shares of common stock outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock. Based on the number of shares of our common stock outstanding at the time we issued the Notes, we would only be permitted to issue up to 4,606,494 shares of common stock (the Maximum Amount) upon conversion of the Notes, without first obtaining stockholder approval.

Since the maximum number of shares of our common stock that are potentially issuable upon the conversion of the Notes could, in certain circumstances, result in the issuance of an aggregate of 6,708,260 shares of common stock, which exceeds the Maximum Amount, we agreed in the indenture governing the Notes that, unless we obtained stockholder approval of the issuance of shares of our common stock in excess of the Maximum Amount, we would not deliver shares, or a combination of cash and shares, for conversion of any Note if such election would result in the issuance of more than 4,606,494 shares of our common stock (in the aggregate for the Notes taking into account all prior or concurrent Note conversions), which is equal to 19.99% of our common stock outstanding immediately before the issuance of the Notes.

If the stockholders approve the issuance of our common stock upon conversion of the Notes in excess of the Maximum Amount, such conversion will result in additional dilution of the voting power of our existing stockholders. If stockholders do not approve of this proposal, the Notes will remain outstanding in accordance with their terms and the terms of the indenture pursuant to which they were issued, in which case we would not be permitted to use shares of common stock instead of cash to settle amounts in excess of the Maximum Amount.

In order to enable the Company to avoid being forced to make any cash payments upon conversion and to instead have the flexibility to satisfy its conversion obligation fully in shares, we are asking you to consider and vote upon this proposal to approve the issuance of our common stock upon conversion of the Notes in excess of the Maximum Amount. While the Company does not currently know whether it will settle its conversion obligation fully in shares of common stock (or in a combination of cash and shares), if this Proposal 2 is approved, the Company would have the ability to determine at the time of the conversion the appropriate form of payment to be made, instead of being required to settle amounts in excess of the Maximum Amount in cash, which could, depending on timing and circumstances, have a material adverse impact on the Company's cash flow and liquidity.

Our ability to issue shares of common stock upon conversion of the Notes is also limited by the number of authorized but unissued shares of common stock under our Charter at the time of the conversion. Pursuant to Proposal 3 below, we are seeking to amend our Charter to increase the number of authorized shares of common stock, which, if approved by stockholders, would provide additional shares for the potential issuance of shares of common stock upon conversion of the Notes. Approval of both proposals would give us the option, in our discretion, to settle the conversion of the Notes in full through the delivery of shares of our common stock.

The Board recommends a vote FOR the approval of the issuance of our common stock upon conversion of our 7.0% Convertible Senior Notes due 2017 in excess of the NYSE limits for share issuances without stockholder approval.

Description of the Notes

The Notes will mature on December 15, 2017. The Company will pay interest on the Notes at a rate of 7.0% in cash semi-annually, in arrears, on June 15 and on December 15 of each year, beginning on June 15, 2012. The Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by certain of our domestic subsidiaries.

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

The initial conversion rate for the Notes is 97.2384 shares of common stock per \$1,000 principal amount of Notes, equivalent to an initial conversion price of approximately \$10.28 per share of common stock. The conversion rate will be subject to adjustment, but will not be adjusted for accrued and unpaid interest, if any. In addition, if an event constituting a fundamental change occurs, the Company will in some cases increase the conversion rate for a holder that elects to convert its Notes in connection with such fundamental change. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at the Company's election, together with cash in lieu of fractional shares.

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

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

payment. The Company must make the make-whole premium payments on all Notes called for redemption including Notes converted after the date we delivered the notice of redemption. The Company will pay the redemption price in cash except for any non-cash portion of the make-whole premium.

The Terms of the Notes are complex. The foregoing summary of terms is general in nature and is qualified by reference to the full text of the agreements attached as exhibits to our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on December 21, 2011 (the "8-K"). Stockholders desiring a more complete understanding of the terms of the indenture governing the Notes, are urged to read the 8-K and the exhibits thereto.

The Board recommends a vote FOR Proposal 2.

PROPOSAL 3:

AMENDMENT TO CHARTER TO INCREASE THE NUMBER OF AUTHORIZED

SHARES OF OUR COMMON STOCK

The Board approved, subject to stockholder approval, an amendment to the Company's Charter to increase the number of shares of our common stock authorized for issuance from 30,000,000 shares to 60,000,000 shares, which would increase the total number of shares of the Company's capital stock from 39,988,000 to 69,988,000. To accomplish the increase in authorized shares of common stock, the Board proposes that the first paragraph of Article Fifth of the Company's Charter be amended and restated to read in its entirety as follows (the "Amendment"):

FIFTH: The total number of shares of stock which the corporation shall have authority to issue is 69,988,000, consisting of 60,000,000 shares of common stock, \$.01 par value per share ("Common Stock"), and 9,988,000 shares of series preferred stock, \$.01 par value per share ("Preferred Stock"). The aggregate par value of all authorized Shares of all classes of stock having par value is \$699,880.

The proposed form of Articles of Amendment is set forth in Appendix A to this proxy statement and this discussion is qualified in its entirety by reference to Appendix A. If this proposal is approved, the proposed Amendment will become effective upon the filing of the Articles of Amendment with, and the acceptance for record of the Articles of Amendment by, the State Department of Assessments and Taxation of Maryland, which filing will take place as soon as reasonably practicable following the Annual Meeting.

The Company's Charter currently authorizes the issuance of 39,988,000 shares of capital stock, 30,000,000 shares of which are designated common stock, par value \$.01 per share, and 9,988,000 shares of which are designated as series preferred stock, par value \$.01 per share. Of the 30,000,000 shares of common stock currently authorized for issuance under our Charter, as of December 31, 2011, we have only 429,755 shares of our common stock available for issuance for general corporate purposes.⁽¹⁾ We believe increasing the shares of our authorized common stock strengthens the Company's flexibility to respond to future business and financial needs, is consistent with prudent financial management and is aligned with best practices. The proposed Amendment will not affect the authorization of the series preferred stock.

The Company has no present plans, arrangements, commitments or understandings with respect to the issuance of any of the additional shares of common stock that would be authorized by adoption of the Amendment, other than in connection with grants under our present and future equity compensation plans and/or the potential issuance of shares of common stock upon conversion of the Notes as described in Proposal 2 above. However, we believe that the availability of additional authorized but unissued shares of common stock will enable us to promptly and appropriately respond to future business opportunities. These opportunities may include, but are not limited to, capital raising transactions, financing and acquisition transactions, strategic investments, stock dividends, stock splits and other general corporate purposes that have not yet been identified.

Furthermore, we carefully considered the internal guidelines of our stockholders and those of the major proxy advisor firms when determining the amount of this increase in our authorized common stock. A review of our 2011 relative total shareholder return peer group ("RTSR Peer Group") shows that, on average, that peer group had 259% shares (with the highest percentage being 545% and the lowest being 134%) authorized as a percentage of shares outstanding, versus our current percentage of 130%.

For the foregoing reasons, we seek stockholder approval to increase our authorized common stock from 30,000,000 to 60,000,000 and make the corresponding change in the aggregate number of shares of all classes of stock which we have authority to issue to 69,988,000.

If the amendment is not approved, the total number of shares deliverable upon conversions of the Notes will be limited. Stockholder approval of this proposal is, therefore, required to enable us to satisfy conversions of the Notes fully in shares of our common stock, rather than making any cash settlement.

If our stockholders approve the Amendment, our Board may cause the issuance of additional shares of common stock without further vote of our stockholders, except as may be required in particular cases by our organizational documents, applicable laws or regulations, or the rules of the NYSE. The additional shares of common stock authorized in the Amendment will have the same rights and privileges as the shares of common stock presently issued and outstanding and will not be entitled to preemptive rights nor will existing stockholders have any preemptive rights to acquire any of those shares when issued. In addition, if our Board causes the Company to issue additional shares of common stock or securities convertible into or exercisable for common stock, such issuance could have a dilutive effect on the equity, earnings and voting interests of existing stockholders. The increase in the number of authorized shares of common stock also could discourage or hinder efforts by other parties to obtain control of the Company, thereby having an anti-takeover effect, although this is not the intent of our Board in proposing the Amendment. The Amendment is not being proposed in response to any known threat to acquire control of the Company.

- (1) The following table indicates, as of December 31, 2011, those shares of our common stock already used or reserved for issuance and the amount remaining available for issuance for general corporate purposes:

	September 30,	September 30,
Total Common Stock Authorized		30,000,000
<i>Less:</i>		
Shares Outstanding	23,009,665	
Shares associated with outstanding options, restricted stock units and equivalents under the Company's Equity Plans	1,954,086	
7.00% Convertible Notes due 2017	4,606,494*	
Total Reserved		29,570,245
Total Common Stock Available		429,755

* Represents the aggregate number of shares of our common stock which the Company may issue upon conversion of the Notes, without shareholder approval pursuant to NYSE Rules (Share Cap). If shareholder approval for Proposal 2 is obtained for the issuance of shares of our common stock in excess of the Share Cap, the amount reserved for issuance to satisfy conversions of the Notes fully in shares of our common stock would be 6,708,260.

The Board recommends a vote FOR Proposal 3.

PROPOSAL 4:

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires that we provide our stockholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

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As discussed in our Compensation Discussion and Analysis starting on page 20, we seek to closely align the interests of our named executive officers with the interests of our shareholders. Our compensation programs are designed to reward our named executive officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking.

Pay for performance is an essential element of the Company's executive compensation philosophy. The Company's executive compensation programs are designed so that a significant portion of an executive's compensation is dependent upon the performance of the Company. Measures of financial performance for short term and long term incentive programs, and the use of equity, are intended to align compensation with the creation of shareholder value. We believe that the Company's executive compensation programs have been effective at appropriately incentivizing long term shareholder value creation and in enabling the Company to attract and retain very talented executives within our industry.

We are asking our stockholders to indicate their support for our named executive officers compensation as described in this Proxy Statement. This Proposal 4, commonly known as a say-on-pay proposal, gives you as a stockholder the opportunity to express your views on our fiscal year 2011 executive compensation policies and procedures for named executive officers. The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this Proxy Statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission. Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

Although this is an advisory vote which will not be binding on the Company, our Board of Directors or the Human Resources Committee, we will carefully review the results of the vote. The Human Resources Committee will consider our stockholders' concerns and take them into account when designing future executive compensation programs.

The Board recommends a vote FOR Proposal 4.

PROPOSAL 5:

RATIFICATION OF APPOINTMENT OF AUDITOR

Deloitte & Touche LLP (Deloitte), which has been the Company's auditors since 2002, has been appointed by the Audit Committee as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012 (Fiscal 2012). This appointment is being presented to the stockholders for ratification. Although ratification is not required by our By-laws or otherwise, the Board is submitting the selection of Deloitte to our stockholders for ratification as a matter of good corporate practice. If the appointment of Deloitte as auditors for Fiscal 2012 is not approved by the stockholders, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during Fiscal 2012 if it determines that such a change would be in the best interests of the Company and our stockholders.

A representative from Deloitte will be present at the Annual Meeting and will have the opportunity to make a statement if he desires to do so. The representative will also be available to respond to appropriate questions.

The Board recommends a vote FOR Proposal 5.

Audit and Non-Audit Fees

The following table sets forth the aggregate fees billed or expected to be billed by Deloitte for professional services incurred for the years ended December 31, 2011 and 2010, on our behalf:

Fee Category	September 30, 2011	September 30, 2010
Audit Fees	\$ 1,415,200	\$ 1,060,500
Audit-Related Fees	197,100	
Tax Fees	210,000	242,000
Total Fees	\$ 1,822,300	\$ 1,302,500

A description of the type of services provided in each category is as follows:

Audit Fees. Consists of fees billed for professional services rendered for the audits of the Company's annual financial statements and internal controls over financial reporting, review of the interim financial statements included in the Company's quarterly reports on Form 10-Q, comfort letter procedures for debt offerings and other services normally provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees. Consists of fees billed for professional services rendered for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.

Tax Fees. Consists of fees billed for professional services rendered for tax compliance, tax advice and tax planning. These services include assistance with the preparation of various tax returns.

Pre-Approval Policy for Audit and Non-Audit Services

The Audit Committee has adopted a policy for the pre-approval of all audit and permitted non-audit services to be provided by the Company's independent auditor. Also, specific pre-approval by the Audit Committee is required for any proposed services exceeding pre-approved cost levels. The Audit Committee may delegate pre-approval authority for audit and non-audit services to one or more of its members, and such authority has been delegated to the Chairman of the Audit Committee. The decisions of any member to whom such authority is delegated are reported to the full Audit Committee at its next scheduled meeting. The Audit Committee periodically reviews reports summarizing all services provided by the independent auditor. In 2011, the Audit Committee pre-approved all audit and non-audit services provided to the Company in accordance with the Audit Committee pre-approval policy.

Report of the Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities. The Board has determined that each of the members of the Audit Committee is independent, as that term is defined in the independence requirements for audit committee members contained in the applicable rules of the SEC and the listing standards of the NYSE. The Audit Committee acts under a written charter that is reviewed by the Audit Committee at least annually. The charter was last amended in December 2010.

Management is responsible for the preparation, presentation and integrity of our consolidated financial statements, accounting and financial reporting principles, internal controls over financial reporting and disclosure controls. Deloitte, an independent registered public accounting firm and the Company's independent auditor, was responsible for performing an independent audit of the Company's most recent consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on (i) the fairness of the presentation of the Company's consolidated financial statements for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America, in all material respects and (ii) the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, based on the framework of The Committee of Sponsoring Organizations of the Treadway Commission. The Audit Committee's responsibility is to monitor and oversee these processes.

In performing these responsibilities, the Audit Committee reviewed and discussed the Company's audited consolidated financial statements and the effectiveness of internal control over financial reporting with management and Deloitte. Management represented to the Audit Committee that our financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee discussed with Deloitte matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU, Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. Deloitte also provided to the Audit Committee the letter and written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee discussed with Deloitte the matter of the firm's independence.

Based on the review and discussions described above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC.

Audit Committee

Thomas A. Donahoe, Chairman

Terrence J. Keating

Pamela Forbes Lieberman

Gary A. Masse

John McCartney

CERTAIN GOVERNANCE MATTERS

Board Meetings

During 2011, the Board held seven meetings. The Board's non-management directors also met in regularly scheduled executive sessions to evaluate the performance of the Chief Executive Officer and to discuss other corporate matters. Mr. Anderson, the Chairman of the Board, presides as the chair at meetings or executive sessions of non-management directors. Also, there were six meetings of the Audit Committee, five meetings of the Governance Committee and five meetings of the Human Resources Committee during 2011. All of the directors attended 75% or more of all the meetings of the Board and the committees on which he or she served.

Board Leadership

The Board currently separates the roles of the Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chairman of the Board, Brian P. Anderson, is an independent director and became Chairman in 2010. He is a member of the Governance Committee and also regularly attends meetings of the other standing committees of the Board. The duties of the Chairman of the Board include providing strategic leadership and guidance; establishing the agendas for meetings of the Board and independent directors with advice from senior management; advising and consulting with the Chief Executive Officer regarding strategies, risks, opportunities and other matters; and presiding over meetings of the full Board and executive sessions of independent directors.

The Chief Executive Officer, Michael H. Goldberg, was elected to the position of President and Chief Executive Officer in 2006, after previous service as Executive Vice President of Integris Metals Corp. He is the principal management officer of the Company, with responsibility for supervision of its executive and senior management and the day to day operations and performance of the Company.

While the Board believes this leadership model provides appropriate oversight and an effective governance structure, it recognizes that depending on the circumstances, other leadership models, such as combined Chief Executive Officer and Chairman of the Board, might be appropriate. Accordingly, the Board periodically reviews its leadership structure.

Oversight of Risk Management

The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. For example, the Human Resources Committee reviews risks related to the Company's overall compensation programs and effectiveness at both linking executive pay to performance and aligning the interests of our executives and our shareholders. The Audit Committee reviews risks related to financial reporting and considers various allegations and disciplinary actions regarding material violations of the Company's Code of Ethics brought to its attention on a periodic basis. Additionally, the outcome of the Company's Enterprise Risk Assessment, which identifies and evaluates potential material risks that could affect the Company and identifies appropriate mitigation measures, is reviewed with the Audit Committee annually. The full Board retains responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through periodic reports directly from senior management responsible for oversight of particular risks within the Company. In addition, key risks to the Company's business strategy are considered by the Board as part of the Company's annual strategy review.

Committees

The Board has three standing committees: the Audit Committee, the Governance Committee, and the Human Resources Committee. Each committee has a written charter adopted by the Board of Directors, copies of which are posted under the Corporate Governance section of the Company's website at www.amcastle.com/investors/investors_governance.aspx. Each committee reviews the appropriateness of its charter and performs a self-evaluation at least annually. Mr. Goldberg is the only director who is an employee of the Company, and he does not serve on any Board committee. He does not participate in the portion of any Board or committee meeting during which his compensation is evaluated.

The following table summarizes the current membership of each of our three Board committees:

Director	September 30,	September 30,	September 30,
	Audit	Board Committees Human Resources	Governance
Brian P. Anderson			X
Thomas A. Donahoe	Chair		X
Reuben S. Donnelley		X	
Ann M. Drake		X	
Patrick J. Herbert, III		X	
Terrence J. Keating	X		
James D. Kelly		Chair	X
Pamela Forbes Lieberman	X		
Gary A. Masse	X		
John McCartney	X		
Michael Simpson			Chair

The Audit Committee is charged with the engagement of the Company's independent auditors, and reviewing the results of internal audits and the audit report of the independent auditors. The Audit Committee meets on a regular basis with management and the independent auditors to review and discuss financial matters. Further, the Audit Committee is empowered to make independent investigations and inquiries into financial reporting, financial controls, or other financial matters of the Company as it deems necessary. The Audit Committee's report to stockholders is provided below under Report of the Audit Committee .

The Governance Committee is charged with assisting the Board by reviewing the size, composition, and organizational structure of the Board, identifying potential director candidates and developing and evaluating governance policies.

The Human Resources Committee is charged with approving the compensation of the Company's executive officers, reviewing succession plans for key employee positions, reviewing reports to stockholders on executive compensation and reviewing and recommending the Chief Executive Officer's compensation for approval by the Board. The Human Resources Committee also approves incentive and equity-based compensation plans and reviews the Company's retirement plans with regard to objectives, competitiveness, and investment policies. The Human Resources Committee reviews and recommends changes to the Board regarding director compensation. The Human Resources Committee's report to stockholders is provided below under Report of the Human Resources Committee .

Compensation Committee Interlocks and Insider Participation

During 2011, the Human Resources Committee consisted of Reuben S. Donnelley, Ann M. Drake, Patrick J. Herbert, III and James D. Kelly. All members of the Human Resources Committee are independent directors, and no member was an employee or former employee of the Company. During 2011, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Human Resources Committee.

Code of Ethics

The Board has adopted a Code of Ethics that applies to all officers and directors. A copy of the Code of Ethics can be found on the Corporate Governance section of the Company's website at www.amcastle.com/investors/investors_governance.aspx. Every director and officer is required to read and follow the Code. Any waiver of the Code for executive officers or directors of the Company requires the approval of the Governance Committee and must be promptly disclosed to the Company's stockholders. We intend to disclose on the Corporate Governance section of the Company's website (www.amcastle.com/investors/investors_governance.aspx) any amendments to, or waivers from, the Code that is required to be publicly disclosed under the rules of the SEC.

Corporate Governance Guidelines

The Board has adopted corporate governance guidelines which establish the practices the Board follows with respect to Board function and operations, Board organization and composition and Board conduct. A copy of the Corporate Governance Guidelines can be found on the Corporate Governance section of the Company's website at: www.amcastle.com/investors/investors_governance.aspx.

Director Candidates

Any stockholder who wishes to recommend individuals for nomination to the Board may do so in accordance with our Bylaws that require advance notice to the Company and certain other information. If you are interested in recommending a director candidate, you should request a copy of the Bylaw provisions by writing to our Corporate Secretary at 1420 Kensington Road, Suite 220, Oak Brook, Illinois 60523.

The Governance Committee identifies nominees for directors from various sources, including suggestions from Board members and management, and in the past has used third party consultants to assist in identifying and evaluating potential nominees. The Governance Committee will consider persons recommended by the stockholders in the same manner as a committee-recommended nominee.

The current membership of the Board represents a diverse mix of directors in terms of gender, race, background and expertise. In considering whether to recommend persons to be nominated for directors, including candidates recommended by shareholders, the Governance Committee will apply the criteria set forth in the Company's Corporate Governance Guidelines. These criteria include the candidate's experience, integrity, absence of conflict or potential conflict of interest, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time to Board duties. While our Corporate Governance Guidelines do not prescribe specific diversity standards, it does provide that the Board will seek a diversified membership for the Board as a whole, in terms of both the personal characteristics of individuals involved and their various experiences and areas of expertise. When identifying and evaluating candidates, the Governance Committee, as a matter of practice, also considers whether there are any evolving needs of the Board that require experience in a particular field and may consider additional factors it deems appropriate. The Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Governance Committee also conducts regular reviews of current directors whose terms are nearing expiration, but who may be proposed for re-election, in light of the considerations described above and their past contributions to the Board.

Director Independence; Financial Experts

The Board has affirmatively determined that each of Messrs. Anderson, Donnelley, Herbert, Keating, Kelly, Masse, McCartney and Ms. Drake and Ms. Forbes Lieberman (i) is independent within the definitions contained in the current NYSE listing standards and the standards set by the Board in the Company's Corporate Governance Guidelines and (ii) has no other material relationship with the Company that could interfere with his or her ability to exercise independent judgment. In addition, the Board has determined that each member of the Audit Committee is independent within the definition contained in current SEC rules. Furthermore, the Board has determined that all members of our Audit Committee meet the financial literacy requirements of the NYSE and qualify as audit committee financial experts as defined by the SEC.

Director Attendance at Annual Meeting

We typically schedule our April board meeting in conjunction with the annual meeting of stockholders and expect that our directors will attend, absent a valid reason. All of our directors attended our 2011 annual meeting of stockholders.

Communication with Directors

Stockholders and others who are interested in communicating directly with our Chairman, any individual director or our Board or non-management directors as a group may do so by writing to the directors at the following address:

A. M. Castle & Co.

Board Communication

1420 Kensington Road, Suite 220

Oak Brook, Illinois 60523

Attn: Corporate Secretary

All written communications are received and processed by the Company prior to being forwarded to the Chairman of the Board or other appropriate members of the Board. Directors generally will not be forwarded communications that are primarily commercial in nature, relate to improper or irrelevant topics, or request general information about the Company.

In addition, the Audit Committee has established both a telephonic voice call in and electronic communication method on an independent website (www.mysafeworkplace.com) entitled MySafeWorkplace which also can be accessed from the Company's website. The system provides for electronic communication, either anonymously or identified, for employees, vendors and other interested parties to communicate concerns, including concerns with respect to our accounting, internal controls or financial reporting, to the Audit Committee. Concerns may be reported via telephone at 1-800-461-9330 or via the link to MySafeWorkplace which can be found on the Corporate Governance section of the Company's website at www.amcastle.com/investors/investors_governance.aspx.

STOCK OWNERSHIP OF DIRECTORS, MANAGEMENT

AND PRINCIPAL STOCKHOLDERS

Stock Ownership of Directors and Management

The following table sets forth the number of shares and percentage of the Company's common stock that was owned beneficially as of March 1, 2012, by each of the Company's directors, each named executive officer set forth in the Summary Compensation Table and by all directors and executive officers as a group, with each person having sole voting and dispositive power except as indicated:

Beneficial Owner	September 30, Shares of Common Stock Beneficially Owned (2)	September 30, Percentage of Common Stock
Brian P. Anderson	25,819	*
Thomas A. Donahoe	26,988	*
Reuben S. Donnelley	30,631(3)	*
Ann M. Drake	16,546	*
Michael H. Goldberg	116,297	*
Patrick J. Herbert, III	5,356,264(4)	23.3%
Stephen V. Hooks	138,580	*
Terrence J. Keating	20,473	*
James D. Kelly	4,694	*
Pamela Forbes Lieberman	16,546	*
Gary A. Masse	0(1)	*
John McCartney	62,819	*
Robert J. Perna	10,829	*
Michael Simpson	602,994(5)	2.6%
Scott F. Stephens	16,119	*
G. Nicholas Jones	8,814	*
Blain A. Tiffany	23,399	*
All directors and executive officers as a group (23 persons)	6,514,436	28.2%

* *Percentage of shares owned equals less than 1%.*

(1) Mr. Masse joined the Board in January 2012.

(2) Includes (i) shares issuable upon exercise of stock options that are exercisable on March 1, 2012 or that become exercisable within 60 days after that date and (ii) phantom stock units under the Directors' Deferred Fee Plan, which are vested but have not yet settled, as follows: Mr. Anderson 7,500 stock options; Mr. Donahoe 7,500 stock options; Mr. Goldberg 20,000 stock options; Mr. Herbert 20,000 stock options and 23,836 phantom stock units; Mr. Keating 2,373 phantom stock units; Mr. Hooks 62,300 stock options; Mr. Simpson 26,000 stock options; and all directors and executive officers as a group 143,300 stock options and 26,209 phantom stock units.

The number of shares owned by each executive officer (and all executive officers as a group) includes the number of shares of Company common stock owned indirectly as of December 31, 2011, by such executive officer in our employee benefit plans, as reported to us by the plan trustee. This column also includes shares of restricted stock that were granted under the Company's 2008 Omnibus Incentive Plan, which have not yet vested.

(3) Includes 5,625 shares which Mr. Donnelley owns beneficially in a trust, and his proportionate interest of 10,267 shares held by another trust in which he is one of three beneficiaries.

(4) Includes 138,325 shares with respect to which Mr. Herbert has sole voting power and 5,217,939 shares with respect to which Mr. Herbert shares voting power. Mr. Herbert has sole dispositive power with respect to 3,340,808 shares and shares dispositive power with respect to 926,330 shares. Mr. Herbert disclaims any beneficial interest with respect to 5,281,117 shares.

(5) Includes 453,632 shares which Mr. Simpson owns beneficially in four trusts, and his proportionate interest of 20,992 shares held by another trust in which he is one of five beneficiaries.

Principal Stockholders

The only persons who held of record or, to our knowledge, owned beneficially more than 5% of the outstanding shares of our common stock as of March 1, 2012 are set forth below, with each person having sole voting and dispositive power except as indicated.

Name and address of Beneficial Owner	September 30, Shares of Common Stock Beneficially Owned	September 30, Percentage of Common Stock
Patrick J. Herbert, III (1) 30 North LaSalle Street, Suite 1232 Chicago, Illinois 60602-2504	5,356,264	23.3%
W. B. & CO., an Illinois partnership (2) Simpson Estates, Inc. 30 North LaSalle Street, Suite 1232 Chicago, Illinois 60602-2504	4,347,077	18.9%
Royce & Associates, LLC (3) 745 Fifth Avenue New York City, New York 10151	2,605,640	11.3%
Dimensional Fund Advisors LP (4) Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	1,759,478	7.6%
BlackRock Inc. (5) 40 East 52nd Street New York, New York 10022	1,351,805	5.9%
Jennison Associates LLC (6) 466 Lexington Avenue New York, NY 10017	1,216,652	5.3%
Prudential Financial, Inc. (7) 751 Broad Street Newark, NJ 07102	1,272,079	5.5%

- (1) As reported to the Company as of March 1, 2012. Includes 138,325 shares with respect to which Mr. Herbert has sole voting power and 5,217,939 shares with respect to which Mr. Herbert shares voting power. Mr. Herbert has sole dispositive power with respect to 3,340,808 shares and shares dispositive power with respect to 926,330 shares. Mr. Herbert expressly disclaimed beneficial ownership with respect to 5,281,117 shares. These shares include the shares owned by W.B. & Co. and Simpson Estates, Inc. as noted in (2) below.
- (2) As reported to the Company as of March 1, 2012. The general partners of W.B. & Co. are Patrick J. Herbert, III and Simpson Estates, Inc., which share voting power with respect to these shares. Mr. Herbert has sole dispositive power with respect to 3,340,808 of these shares and shares dispositive power with respect to 926,330 shares.
- (3) As reported in a Schedule 13G, as amended by Amendment No. 5, filed January 9, 2012, with the SEC by Royce & Associates, LLC (Royce). Royce reported that, as an investment advisor, it beneficially owned 2,605,640 shares of the common stock of the Company, over which it has sole voting and sole dispositive power with respect to 2,605,640 shares and no shared voting or shared dispositive power. The Schedule stated that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the Company s common stock and that the interest in one investment company in the Company s common stock, Royce Low Priced Stock Fund, an investment company managed by Royce, amounted to 1,799,667 shares of the Company s common stock, or 7.8% of the total outstanding common shares.

- (4) As reported in a Schedule 13G, as amended by Amendment No. 3, filed February 14, 2012, with the SEC by Dimensional Fund Advisors LP (Dimensional Funds). Dimensional Funds reported that, as an investment adviser, it beneficially owned 1,759,478 shares of the common stock of the Company, over which it has sole voting power with respect to 1,709,679 shares and sole dispositive power with respect to 1,759,478 shares and no shared voting or shared dispositive power. Dimensional Fund serves as investment adviser to four investment companies and as investment manager to certain other commingled group trusts and separate accounts (collectively, the Funds). In certain cases, subsidiaries of Dimensional Fund may act as an advisor or subadvisor to certain funds. The Funds own these shares, and in its role as investment advisor, subadvisor and/or manager, Dimensional Fund has the sole power to vote and direct investments with regard to all such shares. Dimensional Fund expressly disclaimed beneficial ownership of all shares reported beneficially owned.
- (5) As reported in a Schedule 13G, as amended by Amendment No. 2, filed February 13, 2012, with the SEC by BlackRock Inc. (Black Rock). Black Rock reported that, as a parent holding company or control person, it beneficially owned 1,351,805 shares of the common stock of the Company, over which it has sole voting and sole dispositive power with respect to 1,351,805 shares and no shared voting or shared dispositive power. The Schedule stated that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the Company s common stock but that no one person s interest in the Company s common stock is more than five percent of the total outstanding common shares. Exhibit A to the Schedule lists those subsidiaries of BlackRock that hold shares of the Company s common stock.
- (6) As reported in a Schedule 13G, filed February 13, 2012, with the SEC by Jennison Associates LLC (Jennison). Jennison reported that, as an investment advisor, it beneficially owned 1,216,652 shares of the common stock of the Company, over which it has sole voting power with respect to 1,216,652 shares and shared dispositive power with respect to 1,216,652 shares. Jennison also reported that: (i) as a consequence of investment advice that it renders to other persons, it may be deemed to be the beneficial owner of shares held by such persons; and (ii) Prudential Financial, Inc. indirectly holds 100% of the equity interest in Jennison and may be deemed to have the power to exercise or to direct the exercise of such voting and/or dispositive power that Jennison may have with respect to the Company s common stock.
- (7) As reported in a Schedule 13G, filed February 13, 2012, with the SEC by Prudential Financial, Inc. (Prudential). Prudential reported that, as a parent holding company, it beneficially owned 1,272,079 shares of the common stock of the Company, which includes the shares owned by Jennison as noted in (6) above. This Schedule stated that Prudential had sole voting and sole dispositive power with respect to 222,122 shares and shared voting and shared dispositive power with respect to 1,049,957 shares. This Schedule also stated that Prudential was reporting, for administrative convenience, the combined holdings which were held for its own benefit or for the benefit of its clients by its separate accounts, externally managed accounts, registered investment companies, subsidiaries and/or other affiliates. Prudential reported in its Schedule that Prudential is the direct or indirect parent of Jennison.

RELATED PARTY TRANSACTIONS

The Company s practice has been to refer any proposed related person transaction to the Governance Committee for consideration and approval. Our Code of Ethics requires that the Company s officers and directors avoid conflicts of interest, as well as the appearance of conflict of interests, and disclose to the Board any material transaction or relationship that could reasonably be expected to give rise to such a conflict of interest between private interests and the interests of the Company. The Board, specifically the Governance Committee, has the responsibility and discretion to review any proposed deviation or waiver from the Code of Ethics. Any waiver of this Code that is granted to a director or an executive officer is to be disclosed on the Corporate Governance section of our website at www.amcastle.com/investors/investors_governance.aspx.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s executive officers and directors and beneficial owners of more than 10% of the Company s common stock to file initial reports of ownership and reports of changes in ownership of the Company s common stock with the SEC and to furnish the Company with a copy of those reports. Based solely upon our review of the forms received by the Company or on written representation that such reports were timely filed, we believe that all such Section 16(a) filing requirements for 2011 were complied with in a timely fashion.

NON-EMPLOYEE DIRECTOR COMPENSATION

Directors who are not employees of the Company receive an annual retainer of \$60,000. The Chairman of the Board receives an additional annual retainer of \$40,000. The chairperson of the Human Resources Committee receives an additional annual retainer of \$7,500. The Governance Committee chairperson receives an additional annual retainer of \$5,000. The chairperson of the Audit Committee receives an additional annual retainer of \$10,000. In addition, each year, directors receive restricted stock in an amount equal to \$70,000, based upon the closing stock price on the date of grant which is the date of the annual meeting of stockholders, rounded to the nearest whole share. The restricted stock vests upon the expiration of one year from the date of the grant. The director restricted stock awards are subject to the terms of the Company's 2008 Omnibus Incentive Plan, which was approved by the Company's shareholders. Directors are also reimbursed for travel and accommodation expenses incurred to attend meetings and to participate in other corporate functions. In addition, the Company maintains a personal excess liability coverage policy for each of our directors. This policy coordinates coverage with a director's personal homeowner's and automobile policies.

Under the Company's Directors Deferred Fee Plan (the "Directors Plan"), a director may elect prior to the end of a calendar year to defer receipt of up to 100% of his or her board compensation for the following year, including retainers. A deferred compensation account is maintained for each director who elects to defer board compensation. A director who defers board compensation may select either an interest or a stock equivalent investment option for amounts in the director's deferred compensation account. Fees held in the interest account are credited with interest at the rate of 6% per year compounded annually. Fees deferred in the stock equivalent accounts are divided by the closing price of the Company's common stock on the day as of which such fees would otherwise have been paid to the director to yield a number of stock equivalent units. The stock equivalent account is credited on the dividend payment date with stock equivalent units equal to the product of the declared dividend per share multiplied by the number of stock equivalent units in the director's account on the record date of the dividend. Disbursement of the interest account and the stock equivalent unit account can be made only upon a director's resignation, retirement or death or otherwise as a lump sum or in installments on one or more distribution dates at the director's election made at the time of the election to defer compensation. If payment from the stock equivalent unit account is made in shares of the Company's common stock, it will be made on the later of the date of the request or the date of the termination event.

Director Compensation – Fiscal Year 2011

The following table summarizes the compensation paid or earned by the Company to non-employee directors for 2011. Employees of the Company who serve as directors receive no additional compensation for service as a director.

Name	September 30,	September 30,	September 30,
	Fees Earned or		Total
	Paid in Cash	Stock Awards	
	(\$)(1)	(\$)(2)	(\$)
Brian P. Anderson	100,000	70,001	170,001
Thomas A. Donahoe	70,000	70,001	140,001
Reuben S. Donnelley (4)	15,000	0	15,000
Ann M. Drake	60,000	70,001	130,001
William K. Hall (3)	16,875	0	16,875
Robert S. Hamada (3)	15,000	0	15,000
Patrick J. Herbert, III	60,000	70,001	130,001
Terrence J. Keating	60,000	70,001	130,001
James D. Kelly	65,625	70,001	135,626
Pamela Forbes Lieberman	60,000	70,001	130,001
Gary A. Masse (5)	0	0	0
John McCartney	60,000	70,001	130,001
Michael Simpson	65,000	70,001	135,001

- (1) In 2011, Messrs. Donahoe and Donnelley deferred their cash retainers under the Directors Plan. Both directors deferred 100% of their annual cash retainer into the interest account.
 - (2) On April 28, 2011, each director, other than Messrs. Donnelley and Masse (who were not elected as directors until October 2011 and January 2012, respectively) and Messrs. Hall and Hamada (who retired from the Board in April 2011), received an annual restricted stock award of 3,694 shares of our common stock. The amounts shown reflect the grant date fair value computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 718 (ASC Topic 718). As of December 31, 2011, each director held the following number of outstanding unvested stock awards and unexercised stock options: Mr. Anderson 3,694 stock awards, 7,500 options; Mr. Donahoe 3,694 stock awards, 7,500 options; Mr. Donnelley 0 stock awards; Ms. Drake 3,694 stock awards; Mr. Herbert 3,694 stock awards, 20,000 options; Mr. Keating 3,694 stock awards; Mr. Kelly 3,694 stock awards; Ms. Forbes Lieberman 3,694 stock awards; Mr. Masse 0 stock awards; Mr. McCartney 3,694 stock awards; and Mr. Simpson 3,694 stock awards, 26,000 options.
 - (3) Mr. Hall and Mr. Hamada retired from the Board in April 2011.
 - (4) Mr. Donnelley was elected as a director in October 2011 by the Company's Board of Directors, upon recommendation of the Governance Committee, in conjunction with an increase in the size of the Board from 10 to 11 members.
 - (5) Mr. Masse was elected as a director in January 2012 by the Company's Board of Directors, upon recommendation of the Governance Committee, in conjunction with an increase in the size of the Board from 11 to 12 members.
- Director ownership guidelines require each director to beneficially own Company common stock with a value equivalent to four times the annual cash retainer. Directors have five years from the date they are initially elected as a director or until March 5, 2014, whichever is later, in which to accumulate the required amount. Shares owned outright and beneficially, restricted stock, deferred stock units and unexercised, vested stock options count toward the ownership guidelines. Unvested stock options do not count toward satisfying these guidelines.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The Company's executive compensation programs are generally designed to incentivize long term shareholder value creation and to provide a total compensation opportunity that will allow the Company to attract, retain and motivate highly talented executives. The programs consist of the following elements:

Base salaries that are targeted at median salary levels for similar positions at a selected group of comparable companies;

Short term incentive compensation that is paid in cash upon the successful accomplishment of the Company's annual business and financial objectives;

Long term equity compensation that consists of restricted stock units and stock options, which vest over multi-year periods, and performance share units tied to the achievement of corporate financial performance goals over rolling three-year performance periods;

Total compensation (cash and long-term equity compensation) that is targeted at the median level of total compensation for comparable positions at a selected group of comparable companies;

A clawback policy that permits the Company to recover incentive compensation from executive officers to the extent such compensation would have been lower due to restated financial results;

Significant stock ownership guidelines that align executives' interests with those of stockholders;

Qualified retirement plans that provide benefits commensurate with perceived market practices and that are generally available to all other employees of the Company; and

Limited perquisites, severance benefits and non-qualified savings and retirement plans that are in line with perceived market practices.

At our 2011 annual meeting of shareholders, our shareholders expressed their continued support of our executive compensation programs by approving our non-binding advisory vote on our executive compensation. More than 99% of the votes cast supported our executive compensation policies and practices. In 2011, we reviewed our executive compensation programs, considering the results of the advisory vote on our executive compensation programs. Following such review, we continue to believe that our executive compensation programs are designed to support our business strategies and are in line with our compensation philosophy.

The Human Resources Committee of the Company's Board of Directors (the Committee) oversees the Company's executive compensation programs, operating under a committee charter that is reviewed annually and approved by our Board of Directors. All members of the Committee are independent directors. The Committee operates with the assistance of an executive compensation consultant, who is reviewed annually and is also independent of the Company.

This Compensation Discussion and Analysis (CD&A) explains the Company's executive compensation programs and how those programs apply to our named executive officers, whose compensation information is presented in the Summary Compensation Table below. In this section you will see the following:

Performance share units awarded under the 2009 long term compensation plan, which covered the three-year performance period ended December 31, 2011, did not payout under that plan.

The approved Short-Term Incentive Plan (STIP) performance goals for 2011 were weighted 50% to profitability, 30% to working capital management and the remainder to customer service, safety, and individual performance.

Stock options were eliminated as a component of the Long Term Compensation Plan (LTCP) for 2011 and modified return on invested capital was added as a performance goal.

Our named executive officers are subject to stock ownership guidelines, and post-vesting holding restrictions apply to restricted stock and stock options for all executive officers.

In early 2012, the Committee granted new long-term transitional incentive awards for fiscal years 2012-2014 to encourage the effective integration of a recently-acquired business into the Company's oil and gas commercial unit. The award provides cash and equity incentive opportunities to one of the named executive officers and selected other key managers within the Company's oil and gas commercial unit.

The Committee reviewed and approved our overall Compensation Philosophy and Strategy. Details regarding these matters are further explained in the respective sections throughout the CD&A and this proxy statement.

Oversight of the Executive Compensation Programs

The Committee approves the elements of the Company's executive compensation programs that cover the named executive officers with the exception of the Chief Executive Officer (CEO), whose compensation is reviewed and recommended by the Committee and approved by the independent members of the Board of Directors. The Committee is comprised of James D. Kelly (Chairman), Reuben S. Donnelley, Ann M. Drake, and Patrick J. Herbert, III. All directors are elected annually by the shareholders. The Board has determined that all of the Committee members are independent directors under the applicable NYSE and SEC rules. In addition, none of the Company's executive officers serves as a director of any company where an executive officer of that other company serves on the Committee.

For 2011, the Committee engaged compensation consultant, Pearl Meyer & Partners, to provide advice on matters for which the Committee is responsible, including providing the following:

Review of the Company's executive compensation programs designs and levels, including the mix of total compensation elements, compared to industry peer groups and broader market practices;

Information on emerging trends and legislative developments in executive compensation and implications for the Company;

Advice regarding changes to the Company's 2012 executive compensation programs, including changes to performance measures and the structure of equity awards under our Long Term Compensation Plan;

Review of the Company's executive stock ownership guidelines, compared to industry peer groups and broader market practices; and

Review of the Company's director compensation program compared to industry peer groups and broader market practices.

The Committee has the authority to determine the scope of Pearl Meyer & Partners' services and retains the right to terminate its engagement at any time. Pearl Meyer & Partners did not perform any additional services for the Company in 2011.

Executive Compensation Philosophy

In 2011, the Committee reviewed and approved the Company's overall Compensation Philosophy and Strategy. Pay for performance is an essential element of the Company's executive compensation philosophy. The Company's executive compensation programs are designed so that a significant portion of an executive's compensation is dependent upon the performance of the Company. Measures of financial performance for short term and long term incentive programs, and the use of equity, are intended to align compensation with the creation of shareholder value. Threshold, target and maximum performance goals under incentive programs are selected so as to generate minimum, target or maximum payouts, commensurate with performance, respectively.

These programs are designed to provide a total compensation opportunity for the named executive officers that is competitive with the total compensation opportunity offered to executives with similar responsibilities at comparable companies, the market median guideline. Actual compensation will differ from the targeted opportunity based on actual Company performance. Total compensation is the aggregate of the following categories: (i) base salary, (ii) short term incentive compensation, and (iii) long term incentive compensation. In reviewing the executive officers' target total cash compensation opportunity, the Committee uses the fiftieth percentile of the competitive market data (market median, as described below) as a guideline. Other factors considered by the Committee in setting each executive's opportunity are internal equity (rational linkage between job responsibilities and total compensation opportunities across all jobs within the Company), individual executive performance and the alignment between Company performance and pay.

In order to establish the market median guideline, the Committee reviews competitive market compensation data on a biennial basis, including the compensation practices of selected similar companies (the Compensation Peer Group), and broader industry compensation data provided by its executive compensation consultant. The Compensation Peer Group consists of publicly traded corporations which operate either in the metals industry or in the distribution of industrial products and have market capitalization and/or revenue similar to that of the Company and with which we compete for executive talent. Adjustments are made to the Compensation Peer Group biennially based on those considerations. The Committee used the same Compensation Peer Group for 2011 that it had used in 2010 to assist it in making decisions. The Compensation Peer Group consisted of the following 12 companies:

Applied Industrial Tech, Inc.
Carpenter Technology Corp.
Gibraltar Industries, Inc.
Haynes International, Inc.
Kaman Corporation

Metals USA Holdings Corp.
Olympic Steel Inc.
Quanex Building Products Corporation
Schnitzer Steel Industries, Inc.
Shiloh Industries, Inc.

Lawson Products, Inc.

Worthington Industries, Inc.

The Committee also considers compensation data for similar-sized companies covered in general industry compensation surveys. The compensation data utilized vary depending on each executive's position and responsibility, and generally cover companies with revenue similar to that of the Company.

The Company emphasizes pay for performance by placing a majority of each named executive officer's total compensation at risk through the short term and long term incentive plans. Total compensation includes the sum of base salary, target short term incentive plan opportunity and target long term compensation plan opportunity. The graph below shows the mix of fixed (base pay) and at risk pay for the named executive officers for 2011:

Executive Compensation Process

The Committee approved 2011 compensation plans for all of the Company's executive officers, except for the compensation plan of the CEO, which was recommended by the Committee and approved by the independent members of our Board of Directors in executive session. Mr. Goldberg, the Company's CEO, did not participate in the Committee's or the Board's deliberations or decisions with regard to his compensation.

Process for Executives other than the CEO

The Company utilizes a formal performance management process to establish goals for executive officers and evaluate management performance. The Committee annually reviews a summary of the performance reviews for the executive officers, which is prepared by the CEO and the Interim Vice President-Human Resources, and the CEO's recommendation for any changes in these officers' compensation.

The CEO's performance review of the executive officers addresses the executive's performance relative to established objectives and specific project assignments, and includes a review of the following leadership competencies: strategic leadership; driving execution; cross-functional alignment and collaboration; decision making; talent management; engaging and influencing others; and business and financial acumen. The individual objectives for each executive officer, other than the CEO, are determined by the CEO and reviewed and approved by the Committee.

In addition to the reviews of individual executive performance, the Committee also takes into account the overall performance of the Company (as related to the short term and long term incentive plans), as well as the analysis and findings of its executive compensation consultant regarding market pay levels and practices. The Committee then approves the compensation for the named executive officers, other than the CEO. The Committee also reviews and approves the material terms of any employment and severance agreements with named executive officers, other than the CEO, with a view to approving terms that are competitive in the marketplace and that serve to attract, motivate and retain executives.

Process for the CEO

Early each year, the Chairman of the Board holds a meeting with the CEO to discuss the CEO's prior year performance and to identify tentative goals and objectives for the CEO for the upcoming year. After this meeting, the Chairman of the Board solicits input from all Board members. The Chairman of the Board then reports to the Committee on the results of the meeting with the CEO, and shares feedback from other non-Committee directors. As with the process for the other named executive officers, the Committee also takes into account Company performance and the analysis by its executive compensation consultant. The Committee then develops

recommendations for CEO compensation for consideration by the Board, as well as CEO goals and objectives for the upcoming year. The Board of Directors meets annually, without the CEO present, to consider the recommendations of the Committee, determine any compensation adjustments applicable to the CEO and establish the CEO's goals and objectives for the upcoming year.

The key objectives established for the CEO for 2011 were: (i) achievement of short-term financial performance measures, including profitability, inventory management and working capital; (ii) continued execution of the Company's growth strategy through acquisition and international expansion, continued execution of business development plans for the Company's aerospace business and other actions; (iii) improvement in customer service and key business processes; (iv) continue development of the senior management team; and (v) improve communication with shareholders and other key stakeholders.

Components of the Executive Compensation Programs

Base Salary

With the exception of the CEO, whose compensation was reviewed and recommended by the Committee and approved by the independent members of the Board of Directors, the Committee reviewed and approved the base salaries of the executive officers, including the named executive officers. In each case, the Committee took into account the CEO's recommendation, as well as internal equity, the performance of each executive during the year, and external competitive compensation data. In February 2011, selected executive officers received merit-based salary increases ranging from 3% to 5%, effective April 1, 2011. Also, in March 2011, the independent members of the Board of Directors approved a merit-based salary increase for the CEO from \$575,000 to \$600,000 effective April 1, 2011.

In March 2012, the independent members of the Board, upon recommendation of the Committee, approved a merit-based salary increase for the CEO from \$600,000 to \$625,000, effective April 9, 2012, based in part upon his achievements of 2011 performance objectives. This action followed the Committee's earlier approval of merit-based salary increases ranging from 3% to 6% for other executive officers, including the named executive officers, for 2012, except that Mr. Tiffany received a 12% salary increase, in connection with his new position as President, Castle Metals, and Mr. Jones received a 12% salary increase due to the increase in his responsibilities following the Company's acquisition of Tube Supply, Inc.

Short Term Incentive Compensation

Short term incentive compensation is provided under the Company's STIP. This is a performance-based plan that is used to provide opportunities for annual cash bonuses to the Company's executive officers and other select managers. Approximately 165 employees participate in the STIP. All STIP awards described below are subject to the terms of the Company's 2008 Omnibus Incentive Plan, which was approved by the Company's shareholders.

2011 STIP Award. In December 2010, the Committee approved the performance goals under the Company's 2011 STIP. The STIP performance goals approved for 2011 for Messrs. Goldberg, Stephens and Perna, were based on the following drivers of overall corporate performance:

Corporate Performance Measures	September 30, Weighting
Net income	50%
Average days sales of inventory (DSI), calculated as follows: (average inventory ÷ annual cost of sales) x 360 days	30%
Customer on-time delivery (OTD)	10%
Safety performance expressed in the number of Occupational Safety and Health Act (OSHA) recordable injuries	5%
Individual performance assessment	5%

The STIP performance goals approved for 2011 for Messrs. Hooks, Jones and Tiffany were based on the factors described below relative to their respective commercial units. Prior to succeeding Mr. Hooks as President of the Company's Castle Metals and Plate commercial unit in December 2011, Mr. Tiffany was President of the Castle Metals Aerospace commercial unit. For purposes of the 2011 STIP, Mr. Tiffany's performance goals were based entirely on the performance of the Castle Metals Aerospace commercial unit and Mr. Hooks' performance goals were based entirely on the performance of the Castle Metals and Plate commercial unit.

Commercial Unit Performance Measures	September 30, Weighting
Operating profit	50%
DSI	30%
Customer on-time delivery (OTD)	10%
Safety performance expressed in the number of Occupational Safety and Health Act (OSHA) recordable injuries	5%
Individual performance assessment	5%

The Committee set the corporate profitability component to net income to focus on profitability, and set operating profit goals at the commercial unit level to encourage profitable growth. The DSI performance goals reflect the working capital intensive nature of the Company's business. The Committee also recognizes the importance of safety practices in the Company's operations and performance, and the importance of customer service in retaining existing customers and as a means to increase sales. The individual performance assessment focused on established object