

# CASTLE A M & CO

## FORM S-3

(Securities Registration Statement (simplified form))

Filed 4/24/2007

|             |   |
|-------------|---|
| Address     | 3400 N WOLF RD<br>FRANKLIN PARK, Illinois 60131 |
| Telephone   | 708-455-7111                                    |
| CIK         | 0000018172                                      |
| Industry    | Misc. Fabricated Products                       |
| Sector      | Basic Materials                                 |
| Fiscal Year | 12/31   |

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

**FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**A. M. CASTLE & CO.**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**36-0879160**

(I.R.S. Employer Identification No.)

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

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

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**Jerry M. Aufox  
General Counsel  
3400 North Wolf Road  
Franklin Park, Illinois 60131  
(847) 455-7111**

(Name, address, including zip code, and telephone number,  
including area code, of registrant's agent for service)

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*Copy to:*

**Helen R. Friedli, P.C.  
McDermott Will & Emery LLP  
227 West Monroe Street, Suite 4700  
Chicago, Illinois 60606  
(312) 372-2000**

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413 (b) under the Securities Act, please check the following box.

#### CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum offering price per share(1) | Proposed maximum aggregate offering price(1) | Amount of registration fee |
|--|-------------------------|--|--|----------------------------|
| Common Stock, par value \$0.01 per share           | 4,254,283               | \$33.27                                      | \$141,539,995                                | \$4,346                    |

- (1) Estimated solely for purposes of computing the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 on the basis of the average of the high and low sales prices reported on the American Stock Exchange on April 18, 2007.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), shall determine.**

**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell, and we are not soliciting an offer to buy, these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED APRIL 24 , 2007**

**Prospectus**

**4,254,283 Shares**

**A. M. CASTLE & CO.**

**[LOGO]**

**Common Stock**

We may offer and sell up to 2,254,283 shares of common stock from time to time. In addition, the selling stockholder identified in this prospectus may offer and sell up to 2,000,000 shares of common stock from time to time, in amounts, at prices and on terms that will be determined at the time the securities are offered. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholder. We urge you to read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

Our common stock is traded on the American Stock Exchange and the Chicago Stock Exchange under the symbol "CAS." On April 23, 2007, the last reported sale price of our common stock on the American Stock Exchange was \$34.83 per share.

**Investing in our common stock involves a high degree of risk. See "Risk Factors" in the accompanying prospectus supplements or incorporated by reference into this prospectus, for a discussion of certain risks you should consider before buying any securities hereunder.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

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**This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.**

**The date of this prospectus is \_\_\_\_\_, 2007**

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, utilizing a “shelf” registration process. Under this shelf process, we, together with the selling stockholder, may sell the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we and the selling stockholder may offer. Each time we and the selling stockholder sell securities, we and the selling stockholder will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.” You should rely only on the information contained in or incorporated by reference in this prospectus and any prospectus supplement. Neither we nor the selling stockholder have authorized anyone to provide you with information other than the information contained or incorporated by reference in this prospectus or any prospectus supplement. Neither we nor the selling stockholder are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus speaks only as of the date of this prospectus and the information in the documents incorporated or deemed to be incorporated by reference in this prospectus speaks only as of the respective dates those documents were filed with the SEC. Unless otherwise indicated or the context otherwise requires, in this prospectus: “A. M. Castle”, the “Company,” “we,” “us” and “our” refer to A. M. Castle & Co. and its subsidiaries.

### A. M. CASTLE & CO.

We believe that we are a leading distributor and provider of processed specialty metals and plastics to a wide range of commercial customers serving principally the North American market, but with a significantly growing global presence. Our business is organized into two reportable segments, Metals and Plastics. Our Metals segment is primarily focused on supplying, processing and distributing engineered and specialized grades of metals including specialty steel, titanium, aluminum and high performance nickel alloys in a variety of forms such as plates, sheet, round bar, hexagon, square and flat bars, tubing and coil. Our Metals segment performs processing services to meet customer requirements, including cutting, grinding, shearing, heat treating, burning and annealing. Our Plastics segment stocks and distributes a wide variety of plastics in forms that include plate, rod, tube, clear sheet, tape, gaskets and fittings. Processing activities within our Plastics segment are based on customer specification and include cut to length, cut to shape, bending and forming.

We were originally incorporated in Illinois in 1890 and reincorporated in Delaware in 1966. In 2001, we reincorporated in Maryland by merging into a subsidiary incorporated in Maryland. Our corporate and executive offices are located at 3400 N. Wolf Road, Franklin Park, Illinois 60131, and our telephone number at that address is (847) 455-7111. We maintain a website at [www.amcastle.com](http://www.amcastle.com). The information contained in our website is not a part of, and is not incorporated by reference into, this prospectus.

### RISK FACTORS

Before you invest in our common stock, in addition to the other information, documents or reports incorporated by reference in this prospectus and in any prospectus supplement, you should carefully consider the risk factors set forth in the section entitled “Risk Factors” in any prospectus supplement as well as in “Part I, Item 1A. Risk Factors,” in our most recent annual report on Form 10-K, and in “Part II, Item 1A. Risk Factors,” in our quarterly reports on Form 10-Q filed subsequent to such Form 10-K, which are incorporated by reference into this prospectus and any prospectus supplement in their entirety, as the same may be updated from time to time by our future filings under the Exchange Act. Each of the risks described in these sections and documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a loss of your investment.

### USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, the net proceeds from the sale of the securities by A. M. Castle will be used for retirement of debt and general corporate purposes. We will not receive any of the proceeds from the sale of shares by the selling stockholder.

## **DIVIDEND POLICY**

We paid no dividends in 2005. We have declared and paid a dividend of \$0.06 per share on our common stock in each of the quarters of 2006 and the first quarter of 2007. Our current dividend policy anticipates the payment of quarterly dividends in the future. The declaration and payment of dividends to holders of common stock will be in the discretion of our Board of Directors, will be subject to contractual restrictions contained in our then-existing credit facilities and will be dependent upon our future earnings, cash flows, financial condition and capital requirements, general business conditions, legal, tax, regulatory and other factors our Board of Directors deems relevant. In addition, under the terms of our charter, so long as any shares of Series A Cumulative Convertible Preferred Stock, or Series A Preferred Stock, remain outstanding, we may not pay or declare dividends on our common stock unless we are current on our Series A Preferred Stock dividends, in which case we may pay cash dividends with respect to our common stock in an amount not to exceed \$.50 per share per year. Upon the conversion of all of the Series A Preferred Stock, the existing limitation to keep dividends no greater than \$.50 per share of common stock will no longer exist. Under the terms of the Series A Preferred Stock, we have a right to convert all outstanding Series A Preferred Stock if our closing common stock price on any date after November 22, 2007 exceeds \$13.38 per share on the stock exchange on which our common stock is traded.

## SELLING STOCKHOLDER

We have included 2,000,000 shares owned by the selling stockholder in the registration statement, of which this prospectus is a part. We have agreed to pay the fees and expenses of the registration of the shares of the selling stockholder.

| Name           | Number of Shares of Common Stock Beneficially Owned Before the Offering | Percent of Class of Common Stock Beneficially Owned Before the Offering | Maximum Number of Shares of Common Stock Offered | Number of Shares of Common Stock Beneficially Owned After the Offering | Percent of Class of Common Stock Beneficially Owned After the Offering |
|----------------|---|---|--|--|--|
| W.B. & Co. (1) | 6,397,363   | 34.0%   | 2,000,000 (2)                                    | 4,397,363  | 20.8% (3)  |

(1) W. B. & Co. is a nominee partnership. Simpson Estates, Inc. and Patrick J. Herbert, III serve as general partners of W.B. & Co. Patrick J. Herbert, III is President of Simpson Estates, Inc. The principal business address of these entities is c/o Simpson Estates, Inc., 30 North LaSalle St., Suite 1232, Chicago, Illinois 60602-2504. Mr. Herbert and Simpson Estates, Inc. share voting power with respect to the shares held by W.B. & Co. Mr. Herbert has sole dispositive power with respect to 3,496,280 of these shares and shares dispositive power with respect to 149,954 shares. Mr. Herbert disclaims any beneficial interest with respect to 5,100,563 shares.

(2) Includes 1,793,722 shares that are issuable upon conversion of our Series A Preferred Stock.

(3) Assumes the issuance of 2,254,283 shares which may be offered by the Company pursuant to this prospectus.

The shares of our common stock that may be offered and sold by the selling stockholder under this prospectus and any prospectus supplements include 1,793,722 shares of common stock issuable upon conversion of our Series A Preferred Stock. We issued the Series A Preferred Stock in November 2002 for an aggregate purchase price of \$12,000,000. We sold the Series A Preferred Stock in a private placement to a number of current shareholders mainly comprised of W.B. & Co., an Illinois partnership of which Patrick J. Herbert, III, a director of the Company, is a general partner. Each share of the Series A Preferred Stock has an initial conversion price of \$6.69 per share of common stock, participates on an as-converted basis with any dividends declared and paid on the common stock and is entitled to receive a preferred cumulative dividend payable at an annual rate of 8% of the sum of \$1,000 plus any accumulated and unpaid dividends, reduced by the amount of dividends paid on the common stock into which the share of Series A Preferred Stock is convertible. To the extent dividends paid on the common stock would yield a return in excess of the dividend on the Series A Preferred Stock, then subsequent dividends payable in respect of the Series A Preferred Stock will be reduced by the amount of such excess. We agreed to register the common stock issuable upon conversion of the Series A Preferred Stock under the Securities Act of 1933 and have it listed on the stock exchange on which our common stock is traded. The common stock ownership reported in the above table is calculated and shown as if the shares of Series A Preferred Stock were converted into common stock.

## PLAN OF DISTRIBUTION

A. M. Castle and/or the selling stockholder, if applicable, may sell the securities in one or more of the following ways (or in any combination) from time to time:

- through underwriters or dealers;
- directly to one or more purchasers;
- through agents; or
- through any other methods described in a prospectus supplement.

The prospectus supplement will state the terms of the offering of the securities, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of such securities and the proceeds to be received by A. M. Castle and/or the selling stockholder, if any;
- any underwriting discounts or agency fees and other items constituting underwriters' or agents' compensation;
- any public offering price;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchanges on which the securities may be listed.

Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

Securities may also be sold in one or more of the following transactions, or in any transactions described in a prospectus supplement:

- block transactions in which a broker-dealer may sell all or a portion of the securities as agent but may position and resell all or a portion of the block as principal to facilitate the transaction;
- purchase by a broker-dealer as principal and resale by the broker-dealer for its own account;
- a special offering, an exchange distribution or a secondary distribution in accordance with the rules of any exchange on which the securities are listed;
- ordinary brokerage transactions and transactions in which a broker-dealer solicits purchasers;
- sales "at the market" to or through a market maker or into an existing trading market, on an exchange or otherwise;
- sales in other ways not involving market makers or established trading markets, including direct sales to purchasers.

The securities we and/or the selling stockholder sell by any of the methods described above may be sold to the public, in one or more transactions, either:

- at a fixed public offering price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices; or
- at negotiated prices.

We and/or the selling stockholder, if applicable, may sell the securities through agents from time to time. The prospectus supplement will name any agent involved in the offer or sale of the securities and any commissions we pay to them. Generally, any agent will be acting on a best efforts basis for the period of its appointment.

We and/or the selling stockholder, if applicable, may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase the securities from A. M. Castle at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions we pay for solicitation of these contracts.

Any underwriters and agents may be entitled under agreements entered into with A. M. Castle and/or the selling stockholder, if applicable, to indemnification by A. M. Castle and/or the selling stockholder, if applicable, against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters or agents may be required to make. Any underwriters and agents may engage in transactions with, or perform services for A. M. Castle and its affiliates in the ordinary course of business.

#### **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-3, including exhibits and schedules, under the Securities Act with respect to the common stock to be sold in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. For further information about us and our common stock, you should refer to the registration statement.

We file annual, quarterly, and current reports, proxy statements and other information with the Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934. You may read, without charge, and copy, at prescribed rates, all or any portion of the registration statement or any reports, statements or other information in the files at the Public Reference Room at the SEC's principal office at 100 F Street, N.E., Washington, D.C., 20549. You can request copies of these documents upon payment of a duplicating fee by writing to the SEC. You may call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. Our filings, including the registration statement, are also available to you on the internet website maintained by the SEC at <http://www.sec.gov>.

#### **INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

We are incorporating by reference in this prospectus the documents we file with the SEC. This means that we are disclosing important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information contained in this prospectus. We are incorporating by reference the following documents:

- Our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 22, 2007.

- Our Schedule 14A filed with the SEC on March 26, 2007.
- Our Current Reports on Form 8-K filed with the SEC on September 8, 2006, January 30, 2007 and March 12, 2007 and our Current Reports on Form 8-K/A filed with the SEC on November 7, 2006 and March 12, 2007.
- Unaudited Pro Forma financial information for the years ended December 31, 2006 and December 31, 2005 of A. M. Castle & Co. and Transtar Intermediate Holdings #2, Inc., which has been filed as Exhibit 99.1 to the registration statement that includes this prospectus.

We do not incorporate portions of any document that is either (a) described in paragraphs (d)(1) through (3) and (e)(5) of Item 407 of Regulation S-K promulgated by the SEC or (b) furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K. We hereby incorporate by reference all future filings by us made pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus.

We will provide without charge upon written or oral request, a copy of any or all of the documents which are incorporated by reference to this prospectus, other than exhibits which are specifically incorporated by reference into those documents. Requests should be directed to the General Counsel, A. M. Castle & Co., 3400 North Wolf Road, Franklin Park, Illinois 60131, telephone (847) 455-7111.

## **FORWARD-LOOKING STATEMENTS**

The matters discussed in this prospectus and any accompanying prospectus supplements that are forward-looking statements are based on management expectations that involve substantial risks and uncertainties, which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “will be,” “will continue,” “will likely result,” “would” and other words and terms of similar meaning in conjunction with a discussion of future operating or financial performance or future events. You should read statements that contain these words carefully, because they discuss our future expectations, contain projections of our future results of operations or of our financial position or state other “forward-looking” information.

The factors listed under “Risk Factors,” as well as any cautionary language in this prospectus and any accompanying prospectus supplements, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward-looking statements as a result of various factors, including, but not limited to, those described above under the heading “Risk Factors” and elsewhere in this prospectus and any accompanying prospectus supplements. Before you invest in our common stock, you should read this prospectus and any accompanying prospectus supplements completely and with the understanding that our actual future results may be materially different from what we expect.

Forward-looking statements speak only as of the date of this prospectus and any accompanying prospectus supplements as applicable. Except as required under federal securities laws and the rules and regulations of the SEC, we do not have any intention, and do not undertake, to update any forward-looking statements to reflect events or circumstances arising after the date of this prospectus or any accompanying prospectus supplements as applicable, whether as a result of new information, future events or otherwise. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this prospectus or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

## **LEGAL MATTERS**

The validity of the issuance of the shares of common stock offered hereby has been passed upon for us by Venable LLP, Baltimore, Maryland.

## **EXPERTS**

The financial statements, the related financial statement schedule and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference to the Annual Report on Form 10-K of A. M. Castle & Co. for the year ended December 31, 2006 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance on the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Transtar Intermediate Holdings #2, Inc. and Subsidiaries as of and for the years ended December 31, 2005 and 2004 incorporated in this prospectus by reference from the Current Report on Form 8-K/A of A. M. Castle & Co. dated November 7, 2006 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 14. Other Expenses of Issuance and Distribution

The following table sets forth all the costs and expenses, other than underwriting discounts, payable in connection with the issuance and distribution of the common stock being registered. Except as otherwise noted, the registrant will pay all of those amounts. All amounts shown below are estimates, except the registration fee:

|  |           |
|--|-----------|
| Registration fee of Securities and Exchange Commission | \$4,346   |
| Accountants' fees and expenses                         | \$20,000  |
| Legal fees and expenses                                | \$35,000  |
| Printing expenses                                      | \$10,000  |
| Transfer agent fees and expenses                       | \$10,000  |
| Miscellaneous  | \$20,654  |
|  | <hr/>     |
| TOTAL  | \$100,000 |

#### Item 15. Indemnification of Directors and Officers

Section 2-405.2 of the Maryland General Corporation Law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services for the amount of the benefit or profit in money, property or services actually received or (b) active and deliberate dishonesty established by a final judgment which is material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law.

Section 2-418 of Maryland General Corporation Law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (x) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by the corporation and (y) a written undertaking by him or on his behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our by-laws require us to indemnify to the fullest extent permitted by Maryland law in effect from time to time any person who is a present or former director, officer or employee of the Company and who is made a party to any proceeding (including any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative) by reason of such person's service in such capacity or as a director, officer, partner, trustee or employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which he served as such at the request of the Company against all judgments, penalties, fines, settlements

and reasonable expenses actually incurred by him in connection with such proceeding, unless it is established that (a) the act or omission of such person was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty or (b) such person actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, such person had reasonable cause to believe that the act or omission was unlawful. We may, with the approval of our Board of Directors, provide such indemnification to a person who served a predecessor of the Company in any of the capacities described above and to any agent of the Company or a predecessor of the Company.

We maintain a directors' and officers' liability insurance policy. The policy insures our directors and officers against unindemnified losses ensuing from certain wrongful acts in their capacities as directors and officers and reimburses us for those losses for which we have lawfully indemnified the directors and officers. This policy contains various exclusions, none of which apply to this offering.

#### Item 16. Exhibits

| Exhibit No. | Exhibit  | Incorporated by Reference /<br>Filed Herewith  |
|-------------|--|--|
| 1           | Form of Underwriting Agreement   | To be filed as an exhibit to a Current Report on Form 8-K of the Registrant in connection with a specific offering   |
| 3.1         | Articles of Incorporation, as amended to date, including Articles Supplementary -- Series A Cumulative Convertible Preferred Stock | Filed herewith   |
| 3.2         | By-laws  | Incorporated by reference to the Annual Report on Form 10-K filed with the SEC on March 22, 2007, File No. 001-05415 |
| 5           | Opinion of Venable LLP as to the legality of the securities being registered   | To be filed by amendment   |
| 23.1        | Consent of Deloitte & Touche LLP, Chicago, Illinois, with respect to the Company   | Filed herewith   |
| 23.2        | Consent of Deloitte & Touche LLP, Los Angeles, California, with respect to Transtar Intermediate Holdings #2, Inc.                 | Filed herewith   |
| 23.3        | Consent of Venable LLP   | Included in Exhibit 5  |
| 24          | Powers of Attorney   | Included on Signature Page hereof  |
| 99.1        | Unaudited Pro Forma Condensed Combined Statements of Operations of A. M. Castle & Co. and Transtar Intermediate Holdings #2, Inc.  | Filed herewith   |

#### Item 17. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of securities registered hereby, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a

fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however*, that paragraphs (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15 (d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on April 24, 2007.

A. M. CASTLE & CO.

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

## ADDITIONAL SIGNATURES AND POWER OF ATTORNEY

Each person whose signature to this registration statement appears below hereby constitutes and appoints Michael H. Goldberg and Lawrence A. Boik, and each of them, as his true and lawful attorney-in-fact and agent, with full power of substitution, to sign on his behalf individually and in the capacity stated below and to perform any acts necessary to be done in order to file all amendments and post-effective amendments to this registration statement, and any and all instruments or documents filed as part of or in connection with this registration statement or the amendments thereto and each of the undersigned does hereby ratify and confirm all that said attorney-in-fact and agent, or his substitutes, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on April 24, 2007.

| <b><u>Signature</u></b>                                       | <b><u>Title</u></b>  |
|---|--|
| <u>/s/ Michael H. Goldberg</u><br>Michael H. Goldberg         | President, Chief Executive Officer and Director<br>(Principal Executive Officer)       |
| <u>/s/ Lawrence A. Boik</u><br>Lawrence A. Boik               | Vice President, Chief Financial Officer and Treasurer<br>(Principal Financial Officer) |
| <u>/s/ Henry J. Veith</u><br>Henry J. Veith                   | Controller and Chief Accounting Officer<br>(Principal Accounting Officer)              |
| <u>/s/ Brian P. Anderson</u><br>Brian P. Anderson             | Director   |
| <u>/s/ Thomas A. Donahoe</u><br>Thomas A. Donahoe             | Director   |
| <u>/s/ William K. Hall</u><br>William K. Hall                 | Director   |
| <u>/s/ Patrick J. Herbert, III</u><br>Patrick J. Herbert, III | Director   |
| <u>/s/ John McCartney</u><br>John McCartney                   | Director   |
| <u>/s/ G. Thomas McKane</u><br>G. Thomas McKane               | Director   |
| <u>/s/ John W. Puth</u><br>John W. Puth                       | Director   |
| <u>/s/ Michael Simpson</u><br>Michael Simpson                 | Director   |

Attached as Exhibit 3.1 are: (1) the Articles of Incorporation as filed with the State Department of Assessments and Taxation of Maryland ("SDAT"); (2) the Articles of Merger, pursuant to which the Articles of Incorporation were amended; (3) a composite Articles of Incorporation which shows the Articles of Incorporation as amended pursuant to the Articles of Merger; and (4) the Articles Supplementary – Series A Cumulative Convertible Preferred Stock.

ARTICLES OF INCORPORATION  
OF  
CASTLE MERGER, INC.

First : The undersigned, Howard L. Rosenberg, whose address is c/o Mayer, Brown & Platt, 190 S. La Salle Street, Chicago, Illinois 60603, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

Second : The name of the corporation is Castle Merger, Inc.

Third : The corporation's principal office in the State of Maryland is located at c/o The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202. The name and address of the corporation's resident agent is The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202.

Fourth : The corporation is formed to carry on any lawful business.

Fifth : The total number of shares of stock which the corporation shall have authority to issue is 30,000,000 shares of common stock, \$.01 par value per share ("Common Stock"), and 10,000,000 shares of series preferred stock, \$.01 par value per share ("Preferred Stock").

- (a) Subject to the rights of holders of any series of preferred stock established pursuant to paragraph (b) of this Article Fifth, each share of common stock shall entitle the holder to one vote per share on all matters upon which stockholders are entitled to vote, to receive dividends and other distributions as authorized by the Board of Directors in accordance with the Maryland General Corporation Law and to all rights of a stockholder pursuant to the Maryland General Corporation Law. The common stock shall have no preferences or preemptive, conversion or exchange rights. The Board of Directors may classify or reclassify any unissued shares of common stock from time to time by setting or changing the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption.
  - (b) The Board of Directors shall have the power from time to time to classify or reclassify, in one or more series, any unissued shares of series preferred stock by
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setting or changing the number of shares constituting such series and the designation, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of such shares and, in such event, the corporation shall file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by the Maryland General Corporation Law. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article Fifth, the number of authorized shares of the former class shall be automatically decreased and the number of authorized shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the corporation has authority to issue shall not be more than the total number of authorized shares of stock set forth in the first sentence of this Article Fifth.

Sixth: The corporation shall initially have a board of one director for so long as the corporation has one stockholder. The initial director is G. Thomas McKane. Beginning at such time as the corporation has more than one stockholder, the corporation shall have such number of directors as is determined pursuant to the by-laws. However, the number of directors shall never be less than the minimum number required by the Maryland General Corporation Law.

Seventh: Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if taken or approved by (a) a majority of the corporation's board of directors and the affirmative vote of the proportion of holders of shares required by statute or (b) the unanimous vote of the corporation's board of directors and the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Eighth: The corporation reserves the right to make any amendment to the charter, now or hereafter authorized by law, including any amendment which alters the contract rights, as expressly set forth in the charter, of any outstanding shares of stock, and all rights conferred upon stockholders in the charter are granted subject to this reservation. Notwithstanding any provision of law requiring or permitting such action to be taken or approved by the affirmative votes of the holders of shares of stock entitled to cast a greater number of votes, any amendment to the charter may be approved by (a) a majority of the corporation's board of directors and the affirmative vote of the proportion of holders of shares required by statute or (b) the unanimous vote of the corporation's board of directors and the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter. In addition, a majority of the Board of Directors may amend the charter, without stockholder approval, in order to change the name of the corporation or to change the name or other designation or the par value of any class or series of stock of the corporation and the aggregate par value of the stock of the corporation.

Ninth: The provisions of Title 3, Subtitle 7 of the Maryland General Corporation Law (or any successor statute) shall not be applicable to any acquisition by any person of shares of stock of the corporation.

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Tenth: To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a Maryland corporation, no director or officer of the corporation shall be liable to the corporation or its stockholders for money damages. Neither the amendment nor the repeal of this Article, nor the adoption or amendment of any other provision of the corporation's charter or by-laws inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. The provisions of this Article shall not be deemed to limit or preclude indemnification, to the extent permitted by Maryland law, of a director or officer by the corporation for any liability as a director or officer which has not been eliminated by the provisions of this Article.

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ARTICLES OF MERGER

between

A. M. CASTLE & CO.

(a Delaware corporation)

and

CASTLE MERGER, INC.

(a Maryland corporation)

A. M. Castle & Co., a corporation duly incorporated and existing under the laws of the State of Delaware (the "Merging Corporation"), and Castle Merger, Inc., a corporation duly incorporated and existing under the laws of the State of Maryland (the "Surviving Corporation"), do hereby certify that:

FIRST : The Merging Corporation and the Surviving Corporation agree to merge in the manner hereinafter set forth (the "Merger").

SECOND : The Merging Corporation is incorporated under the laws of the State of Delaware and the Surviving Corporation is incorporated under the laws of the State of Maryland.

THIRD : The Merging Corporation was incorporated under the general laws of the State of Delaware on April 21, 1966. The Merging Corporation became qualified to do business in the State of Maryland on August 24, 1951.

FOURTH : The principal office of the Surviving Corporation in the State of Maryland is located in Baltimore City. The Merging Corporation does not have an office in the State of Maryland.

FIFTH : The Merging Corporation does not own an interest in land in the State of Maryland.

SIXTH : The terms and conditions of the Merger set forth in these Articles of Merger were advised, authorized and approved by each of the Surviving Corporation and the Merging Corporation in the manner and by the vote required by its charter or certificate of incorporation, as applicable, and the laws of the State of Maryland or Delaware, as applicable, as follows:

- (a) The sole member of the Board of Directors of the Surviving Corporation, by written consent, adopted resolutions approving the Merger on the terms and conditions set forth herein.
  - (b) The Board of Directors of the Merging Corporation, at a meeting duly called and held on January 25, 2001, adopted resolutions declaring the Merger advisable on the terms and conditions set forth herein and directing that the Merger be
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submitted to the stockholders of the Merging Corporation. The holders of a majority of the outstanding stock of the Merging Corporation entitled to vote thereon, at a meeting duly called and held on April 26, 2001, approved the Merger on the terms and conditions set forth herein.

SEVENTH: The charter of the Surviving Corporation will be amended as part of the Merger by deleting existing Article Second in its entirety and adding a new Article Second to read as follows:

"Second: The name of the corporation is A. M. Castle & Co."

EIGHTH: The total number of shares of all classes which each party to these Articles of Merger has authority to issue and the number of shares of each class are as follows:

- (a) The total number of shares of all classes which the Surviving Corporation has authority to issue is 40,000,000 shares, which includes 30,000,000 shares of common stock, par value \$.01 per share, and 10,000,000 shares of series preferred stock, par value \$.01 per share. The aggregate par value of all shares of all classes having a par value is four hundred thousand dollars (\$400,000).
- (b) The total number of shares of all classes which the Merging Corporation has authority to issue is 30,000,000 shares of common stock without par value.

NINTH: The manner and basis of converting or exchanging issued stock of the Merging Corporation into stock of the Surviving Corporation is as follows:

- (a) Each issued and outstanding share of common stock of the Merging Corporation at the Effective Time (as defined below) shall, without the necessity of any action on the part of the holder thereof, be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.
- (b) From and after the Effective Time, each outstanding certificate which prior thereto represented shares of common stock of the Merging Corporation shall be deemed for all corporate purposes to evidence the ownership of the number of shares of common stock of the Surviving Corporation into which such shares have been so converted as provided in clause (a) above.
- (c) From and after the Effective Time, the 100 shares of common stock of the Surviving Corporation issued and outstanding immediately prior to the Effective Time shall be cancelled and no consideration shall be issued in exchange therefor.
- (d) There are no shares of series preferred stock of the Surviving Corporation issued and outstanding.

TENTH: These Articles of Merger shall become effective upon acceptance for record by the State Department of Assessments and Taxation of Maryland (the "Effective Time").

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ELEVENTH: Each undersigned officer acknowledges these Articles of Merger to be the corporate act of the respective corporation on whose behalf he has signed, and further, as to all matters or facts required to be verified under oath, each undersigned officer acknowledges that to the best of his knowledge, information and belief, these matters and facts relating to the corporation on whose behalf he has signed are true in all material respects and that this statement is made under the penalties for perjury.

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COMPOSITE  
ARTICLES OF INCORPORATION  
OF  
A. M. Castle & Co.  
(As amended through June 5, 2001)

First : The undersigned, Howard L. Rosenberg, whose address is c/o Mayer, Brown & Platt, 190 S. La Salle Street, Chicago, Illinois 60603, being at least 18 years of age, does hereby form a corporation under the general laws of the State of Maryland.

Second : The name of the corporation is A. M. Castle & Co.

Third : The corporation's principal office in the State of Maryland is located at c/o The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202. The name and address of the corporation's resident agent is The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202.

Fourth : The corporation is formed to carry on any lawful business.

Fifth : The total number of shares of stock which the corporation shall have authority to issue is 30,000,000 shares of common stock, \$.01 par value per share ("Common Stock"), and 10,000,000 shares of series preferred stock, \$.01 par value per share ("Preferred Stock").

- (a) Subject to the rights of holders of any series of preferred stock established pursuant to paragraph (b) of this Article Fifth, each share of common stock shall entitle the holder to one vote per share on all matters upon which stockholders are entitled to vote, to receive dividends and other distributions as authorized by the Board of Directors in accordance with the Maryland General Corporation Law and to all rights of a stockholder pursuant to the Maryland General Corporation Law. The common stock shall have no preferences or preemptive, conversion or exchange rights. The Board of Directors may classify or reclassify any unissued shares of common stock from time to time by setting or changing the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption.
  
  - (b) The Board of Directors shall have the power from time to time to classify or reclassify, in one or more series, any unissued shares of series preferred stock by setting or changing the number of shares constituting such series and the designation, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of such shares and, in such event, the corporation shall
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file for record with the State Department of Assessments and Taxation of Maryland articles supplementary in substance and form as prescribed by the Maryland General Corporation Law. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article Fifth, the number of authorized shares of the former class shall be automatically decreased and the number of authorized shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the corporation has authority to issue shall not be more than the total number of authorized shares of stock set forth in the first sentence of this Article Fifth.

Sixth: The corporation shall initially have a board of one director for so long as the corporation has one stockholder. The initial director is G. Thomas McKane. Beginning at such time as the corporation has more than one stockholder, the corporation shall have such number of directors as is determined pursuant to the by-laws. However, the number of directors shall never be less than the minimum number required by the Maryland General Corporation Law.

Seventh: Notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if taken or approved by (a) a majority of the corporation's board of directors and the affirmative vote of the proportion of holders of shares required by statute or (b) the unanimous vote of the corporation's board of directors and the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Eighth: The corporation reserves the right to make any amendment to the charter, now or hereafter authorized by law, including any amendment which alters the contract rights, as expressly set forth in the charter, of any outstanding shares of stock, and all rights conferred upon stockholders in the charter are granted subject to this reservation. Notwithstanding any provision of law requiring or permitting such action to be taken or approved by the affirmative votes of the holders of shares of stock entitled to cast a greater number of votes, any amendment to the charter may be approved by (a) a majority of the corporation's board of directors and the affirmative vote of the proportion of holders of shares required by statute or (b) the unanimous vote of the corporation's board of directors and the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter. In addition, a majority of the Board of Directors may amend the charter, without stockholder approval, in order to change the name of the corporation or to change the name or other designation or the par value of any class or series of stock of the corporation and the aggregate par value of the stock of the corporation.

Ninth: The provisions of Title 3, Subtitle 7 of the Maryland General Corporation Law (or any successor statute) shall not be applicable to any acquisition by any person of shares of stock of the corporation.

Tenth: To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a Maryland corporation, no director or officer of the corporation shall be liable to the corporation or its stockholders for money damages. Neither the

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amendment nor the repeal of this Article, nor the adoption or amendment of any other provision of the corporation's charter or by-laws inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption. The provisions of this Article shall not be deemed to limit or preclude indemnification, to the extent permitted by Maryland law, of a director or officer by the corporation for any liability as a director or officer which has not been eliminated by the provisions of this Article.

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A.M. CASTLE & CO.

ARTICLES SUPPLEMENTARY

SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

A.M. Castle & Co., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Article Fifth of the charter of the Corporation (the "Charter"), the Board of Directors of the Corporation (the "Board of Directors") adopted resolutions classifying and designating 12,000 shares of Preferred Stock (as defined in the Charter) as shares of Series A Cumulative Convertible Preferred Stock, with the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption set forth below. Upon any restatement of the Charter, Sections 1 through 8 of this Article First shall become part of Article Fifth of the Charter, with such changes in enumeration as are necessary to complete such restatement.

Section 1. Designation of Amount. The shares of such series shall be designated as "Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred") and the authorized number of shares constituting such series shall be 12,000. In accordance with the terms hereof, each share of Series A Preferred shall have the same relative rights as and be identical in all respects with each other share of Series A Preferred.

Section 2. Dividends. When and as authorized by the Board of Directors and declared by the Corporation and to the extent permitted under the Maryland General Corporation Law, the Corporation shall pay dividends to the holders of the Series A Preferred as provided in this Section 2.

(a) In the event that the Corporation fixes a record date for the making of any dividend or distribution on the Corporation's common stock, \$.01 par value per share (the "Common Stock"), other than dividends payable solely in Common Stock, subject to the receipt of any required approval under Section 3(b)(iii), the holder of each share of Series A Preferred on such record date shall be entitled to receive an equivalent dividend or distribution on the number of shares of Common Stock into which such share of Series A Preferred is convertible as of the record date for such dividend or distribution.

(b) The Series A Preferred shall pay, in respect of each Dividend Period, cumulative dividends in an amount per share equal to the excess (if any) of (i) 8% per annum (2% on a quarterly basis) on the Accreted Value of the Series A Preferred as of the immediately preceding Dividend Reference Date (or, for the initial Dividend Period, as of the date of issuance) over (ii) the amount of any cash dividends per share of Series A Preferred that have been paid or to be paid during such Dividend Period pursuant to Section 2(a). Dividends paid pursuant to this Section 2(b) shall be payable in arrears quarterly on March 30, June 30, September 30 and December 31 of each year (each such date

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being a "Dividend Reference Date" and each such quarterly period being a "Dividend Period"). Each such dividend shall be payable to the holders of record of shares of the Series A Preferred on the March 15, June 15, September 15 and December 15, respectively, as they appear on the stock records of the Corporation at the close of business on such record date. Subject to Section 2(c), an amount equal to any such dividends not paid with respect to any Dividend Period shall be added to the Accreted Value of the Series A Preferred. Such increased Accreted Value after each Dividend Period shall be used for purposes of calculating dividends for succeeding Dividend Periods (except to the extent any such dividends included in the Accreted Value are subsequently declared and paid). Such dividends shall accrue from and including the date of issuance of such share of Series A Preferred to and including the first to occur of (i) the date on which the Series A Liquidation Value of such share of Series A Preferred is paid to the holder in accordance with Section 4, (ii) the date on which such share of Series A Preferred is converted into shares of Common Stock in accordance with Section 5 or (iii) the date on which such share is otherwise acquired by the Corporation. Such dividends shall accrue whether or not such dividends have been authorized or declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends, and such dividends shall be cumulative such that all accrued and unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividend or distribution may be declared or paid or set apart for payment with respect to any Junior Securities. The date on which the Corporation initially issues any share of Series A Preferred shall be deemed to be the "date of issuance" for such share of Series A Preferred, regardless of the number of times a transfer of such share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share of Series A Preferred.

(c) Prior to the payment of any dividends pursuant to Section 2(a) or Section 2(b) in the last Dividend Period of any calendar year, the Corporation shall make the following "true-up" adjustment, if any: to the extent the total aggregate amount of dividends paid and to be paid pursuant to Section 2(a) and Section 2(b) on the Series A Preferred for that calendar year would exceed 8% per annum on the Accreted Value (such excess, the "Total Dividend Excess") then (i) to the extent dividends paid or payable pursuant to Section 2(a) for that calendar year are less than 8% per annum on the Accreted Value, (A) first, the aggregate amount of dividends to be paid pursuant to Section 2(a), if any, and Section 2(b) in the last Dividend Period of such calendar year shall be reduced by the Total Dividend Excess (but not below zero) and (B) second, the aggregate amount of dividends payable pursuant to Section 2(a), if any, and Section 2(b) in each succeeding Dividend Period shall be reduced (but not below zero) by the amount of any remaining Total Dividend Excess until the Total Dividend Excess is reduced to zero; and (ii) to the extent dividends paid or payable pursuant to Section 2(a) for that calendar year would equal or exceed 8% per annum on the Accreted Value, (A) first, no dividends shall be payable pursuant to Section 2(b) in the last Dividend Period of that calendar year, (B) second, any dividends to be paid pursuant to Section 2(a) in the last Dividend Period of such calendar year shall be reduced by the aggregate amount of dividends paid pursuant to Section 2(b) during the first three (3) Dividend Periods of such calendar year (such aggregate amount, the "Preferred Dividend Excess") (but not below zero) and (C) third, the aggregate amount of dividends payable pursuant to Section 2(a), if any, and Section 2(b) in each succeeding Dividend Period shall be reduced (but not below zero) by the amount of any remaining Preferred Dividend Excess until the Preferred Dividend Excess is reduced to zero. It is

understood that in applying the provisions of this paragraph to any calendar year, any reductions in the amount of dividends actually paid in that calendar year due to the carry-over of any Total Dividend Excess or Preferred Dividend Excess from a prior calendar year shall be disregarded.

(d) Dividends payable pursuant to Section 2(b) are payable in cash or, if the Corporation so elects and if agreed to by the holder of shares of Series A Preferred, Common Stock. If such dividends are paid in Common Stock to any consenting holder, the Current Market Price on the date the dividends are declared will be used in calculating the number of shares paid to such holder.

(e) If a holder converts shares of Series A Preferred after the close of business on the record date for a dividend and before the opening of business on a Dividend Reference Date for such dividend, then, pursuant to Section 5(a)(vii), the holder will be required to pay to the Corporation at the time of such conversion the amount of such dividend.

(f) Except as otherwise provided herein, if at any time the Corporation pays less than the total amount of dividends then accrued with respect to the Series A Preferred, such payment shall be distributed pro rata among the outstanding shares of Series A Preferred based upon the aggregate dividends accrued but unpaid on such outstanding shares of Series A Preferred.

(g) Dividends payable on the shares of Series A Preferred for any period less than a full Dividend Period shall be computed on the basis of a 365-day year and the actual number of days elapsed in the period for which such dividend is payable.

### Section 3. Voting Rights.

(a) Except as otherwise required by law, the holders of Series A Preferred will be entitled to vote on all matters to be voted upon or actions to be taken by the Corporation's shareholders, voting as a single class with the Common Stock, with each share of Series A Preferred having a number of votes equal to the number of votes possessed by the number of whole shares of Common Stock into which such share of Series A Preferred is convertible as of the record date for the determination of shareholders entitled to vote on such matter, or if no record date is specified, as of the date of such vote or date of any written consent, as the case may be.

(b) In addition to the voting rights contained in Section 3(a), as long as any shares of Series A Preferred remain outstanding, the Corporation shall not, without the vote or written consent of the holders of a majority of the shares of Series A Preferred then outstanding (the "Majority Preferred Holders"): (i) amend, repeal, modify or supplement any provision of the Charter, these Articles Supplementary or the Corporation's bylaws, whether by merger, consolidation or otherwise, in a manner that adversely affects any of the rights, preferences or privileges of the Series A Preferred, including any increase in the number of authorized shares of Series A Preferred; (ii) create (by reclassification or otherwise) any new class or series of equity securities which by its terms has rights, preferences or privileges senior to or equal to the Series A Preferred in respect to dividends or upon liquidation; (iii) pay or declare dividends or make any distributions on any Junior Securities (other than dividends payable solely in Common Stock) unless the Corporation is current in

its payments of accumulated and unpaid dividends to the holders of the Series A Preferred shares, in which event the Corporation may pay cash dividends with respect to its Common Stock in an amount not to exceed \$.50 per share per annum; (iv) repurchase, redeem or otherwise acquire any Junior Securities (other than (A) repurchases of odd-lot holdings of less than 100 shares of Common Stock from registered shareholders at market price and (B) in accordance with the terms of any Junior Securities, the creation and issuance of which was approved by the Majority Preferred Holders); or (v) agree to do any of the foregoing; provided, however, that the foregoing shall not limit the Corporation from granting options for stock issued to employees, directors or consultants of the Corporation pursuant to a stock option or equity incentive plan approved by the Board of Directors or from the authorization or issuance of shares of stock for which such options become exercisable.

#### Section 4. Liquidation Rights .

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or otherwise, the holders of shares of Series A Preferred shall be entitled to receive, out of the assets of the Corporation available for distribution to its shareholders, for each share of Series A Preferred, an amount ("Series A Liquidation Value") equal to the greater of (i) the Accreted Value of such shares of Series A Preferred on the date of distribution, plus all dividends (whether or not declared) on such share accrued since the end of the previous Dividend Period, minus the amount of any then existing Total Dividend Excess or Preferred Dividend Excess, or (ii) the amount to which the holder of such share of Series A Preferred would be entitled if all Series A Preferred shares had been converted immediately prior to such time of liquidation, dissolution or winding up, before any distribution shall be made to the holders of any Junior Securities. If upon any liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of shares of Series A Preferred are insufficient to permit the payment in full to the holders of all such shares of all preferential amounts payable to such holders, then the entire assets of the Corporation so distributable shall be distributed ratably among the holders of the shares of Series A Preferred in proportion to the respective amounts that would be payable per share if such assets were sufficient to permit payment in full.

(b) For purposes of this Section 4, a distribution of assets in any dissolution, winding up or liquidation shall not include (i) any consolidation or merger of the Corporation with or into any other entity, provided that, in each case, effective provision is made in the certificate or articles of incorporation or other governing documents of the resulting or surviving entity or otherwise for the protection of the rights of the holders of shares of Series A Preferred, or (ii) a sale or other disposition of all or substantially all of the Corporation's assets to another person or entity.

(c) Whenever the distribution provided for in this Section 4 shall be payable or made in property other than cash, the value of such distribution shall be the fair market value of such property as determined jointly by the Corporation and the Majority Preferred Holders. If they are unable to reach agreement within a reasonable period of time, then either of the Company or the Majority Preferred Holders may require that such value be determined by an independent appraiser experienced in valuing such type of property jointly selected by the Corporation and the Majority Preferred Holders. The determination of such appraiser shall be final and binding upon the parties and the fees and expenses of such appraiser shall be split equally between the Corporation and the Majority Preferred Holders.

(d) After the payment of the full preferential amounts provided for in Section 4(a) to the holders of shares of Series A Preferred, such holders shall be entitled to no other or further participation in the distribution of the assets of the Corporation.

Section 5. Conversion.

(a) Conversion Procedure.

(i) At any time and from time to time, a holder of Series A Preferred shall have the right to convert any share(s) of Series A Preferred into the number of shares of Common Stock computed by dividing (X) the Accreted Value of such share of Series A Preferred to be converted on the date of conversion, plus all dividends (whether or not declared) accrued since the end of the previous Dividend Period, minus the amount of any then existing Total Dividend Excess or Preferred Dividend Excess, by (Y) the Conversion Price then in effect for such share of Series A Preferred, subject to the limitations set forth in Section 5(b).

(ii) Each conversion of Series A Preferred pursuant to Section 5(a) shall be effected by delivery, to the office of the Corporation or to any transfer agent for such shares, of duly endorsed certificates for the shares being converted and of written notice to the Corporation that the holder elects to convert such shares. Unless the shares issuable on conversion are to be issued in the same name as the name in which such shares of Series A Preferred are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax pursuant to Section 5(a)(viii). Conversion pursuant to Section 5(a) shall be deemed to occur immediately prior to the close of business on the date the certificates and notice are delivered. At the time any such conversion has been effected, the rights of the holders of shares of Series A Preferred so converted shall cease with respect to such shares of Series A Preferred, and such holders entitled to receive Common Stock upon conversion of such Series A Preferred shall be treated for all purposes as the record holders of such shares of Common Stock on the date conversion is deemed to have been effected.

(iii) As soon as practicable after (x) a conversion has been effected and (y) the certificate(s) representing the converted shares of Series A Preferred have been surrendered to the principal office of the Corporation or to any transfer agent for such shares, the Corporation shall deliver to the converting holder:

- (A) a certificate or certificates representing the number of shares of Common Stock issuable by reason of such conversion in such name or names and such denomination or denominations as the converting holder has specified;

- (B) a certificate representing any shares of Series A Preferred which were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which were not converted; and
- (C) any amount payable under Section 5(a)(vi) with respect to such conversion.

(iv) The Corporation shall not close its books against the transfer of Series A Preferred or of Common Stock issued or issuable upon conversion of Series A Preferred in any manner that interferes with the timely conversion of Series A Preferred. At any time that conversion of shares of Series A Preferred pursuant to this Section 5(a) has occurred, the shares of Series A Preferred so converted shall not thereafter be reissued, sold or transferred or deemed to be issued and outstanding for any purpose and the number of shares of Series A Preferred authorized to be issued by the Corporation shall be reduced by the number of shares of Series A Preferred so converted.

(v) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of issuance upon the conversion of shares of the Series A Preferred, such number of shares of Common Stock as are issuable upon the conversion of all outstanding Series A Preferred. All shares of Common Stock which are so issuable shall, when issued in accordance with the terms hereof, be duly and validly issued, fully paid and nonassessable. The Corporation shall not take any action that would cause the number of authorized but unissued shares of Common Stock to be less than the number of such shares required to be reserved hereunder for issuance upon conversion of the Series A Preferred.

(vi) If any fractional interest in a share of Common Stock would, except for the provisions of this subparagraph, be delivered upon any conversion of the Series A Preferred, the Corporation, in lieu of delivering the fractional share therefor, may pay an amount to the holder thereof equal to the Current Market Price of such fractional interest as of the date of conversion. The determination as to the amount of any cash payment in lieu of the issuance of fractional shares shall be based upon the total number of shares of Series A Preferred being converted at any one time by the holder thereof, not upon each share of Series A Preferred being converted.

(vii) If any holder surrenders shares of Series A Preferred for conversion after the close of business on the record date for the payment of a dividend and prior to the opening of business on the Dividend Reference Date for such dividend, then, notwithstanding such conversion, the dividend payable on such Dividend Reference Date will be paid to the registered holder of such shares on such record date. In such event, such shares, when surrendered for conversion, must be accompanied by payment of an amount equal to the dividend payable on such Dividend Reference Date on the shares so converted.

(viii) If a holder converts shares of Series A Preferred, the Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Common Stock upon the conversion. The holder, however, shall pay to the Corporation the amount of any tax which is due (or shall establish to the satisfaction of the Corporation the payment thereof or that no such payment is due) if the shares are to be issued in a name other than the name of such holder and shall pay to the Corporation any amount required by the last sentence of Section 5(a)(vii).

(b) Conversion Price .

(i) The "Conversion Price" of each share of Series A Preferred shall be \$6.69, subject to adjustment from time to time pursuant to this Section 5, provided, however, that in no event shall the Conversion Price be adjusted below \$4.00.

(ii) If and whenever after the date of the original issuance of Series A Preferred shares (the "Series A Original Issuance Date") the Corporation issues or sells or, in accordance with this Section 5, is deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Conversion Price in effect immediately prior to the time of such issuance or sale or deemed issuance or sale, then immediately upon such issuance or sale or deemed issuance or sale the Conversion Price shall be reduced to the Conversion Price determined by dividing (A) the sum of (1) the product derived by multiplying the Conversion Price in effect immediately prior to such issuance or sale or deemed issuance or sale by the number of shares of Common Stock Deemed Outstanding immediately prior to such issuance or sale or deemed issuance or sale, plus (2) the consideration, if any, received by the Corporation upon such issuance or sale, by (B) -- the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale or deemed issuance or sale.

(iii) Notwithstanding the foregoing, there shall be no adjustment in the Conversion Price as a result of any issuance or sale (or deemed issuance or sale) of (a) shares of Common Stock issued upon conversion of the Series A Preferred, (b) securities for which an adjustment is already made pursuant to Section 5(c)(vii), (c) shares of stock, or options to purchase stock, issued to employees, directors or consultants of the Corporation pursuant to a stock option or equity incentive plan approved by the Board of Directors, (d) securities issued in connection with the acquisition of any business that is a bona fide, arms' length transaction (as determined in good faith by the Board of Directors) which has been approved by the Board of Directors, (e) securities issued pursuant to or in connection with any strategic alliance, joint venture or corporate partnership that is a bona fide arms' length transaction (as determined in good faith by the Board of Directors) which has been approved by the Board of Directors, (f) securities issued to banks, equipment lessors or similar financial institutions in connection with a bank financing, equipment lease or other comparable transaction approved by the Board of Directors, (g) the Blair Shares, or (h) the issuance of securities for which the Majority Preferred Holders have elected (by vote or written consent) to exclude from the provisions of this Section 5(b).

(c) Effect on Conversion Price of Certain Events. For purposes of determining the Conversion Price under Section 5(b), the following shall be applicable:

(i) Issuance of Options. Except as provided in Section 5(b)(iii), if the Corporation in any manner grants, issues or sells any Options and the price per share for which Common Stock is issuable upon the exercise of such Options, or upon conversion or exchange of any Convertible Securities issuable upon exercise of such Options, is less than the Conversion Price in effect immediately prior to the time of the granting, issuance or sale of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the granting, issuance or sale of such Options for such price per share. For purposes of this paragraph, the "price per share for which Common Stock is issuable" shall be determined by dividing (A) the sum of (1) the total amount, if any, received or receivable by the Corporation as consideration for the granting, issuance or sale of such Options, plus (2) the minimum aggregate amount of additional consideration payable to the Corporation upon exercise of all such Options, plus (3) in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock -- issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options. No further adjustment of the Conversion Price shall be made when Convertible Securities are actually issued upon the exercise of such Options or when Common Stock is actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. Except as provided in Section 5(b)(iii), if the Corporation in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon conversion or exchange thereof is less than the Conversion Price in effect immediately prior to the time of such issuance or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this paragraph, the "price per share for which Common Stock is issuable" shall be determined by dividing (A) the sum of (1) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus (2) the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total

maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Conversion Price shall be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Conversion Price had been made pursuant to other provisions of this Section 5, no further adjustment of the conversion price shall be made by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time, the Conversion Price in effect at the time of such change shall be immediately adjusted to the Conversion Price that would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold, provided that if such adjustment would result in an increase of the Conversion Price then in effect, such adjustment shall not be effective until 30 days after written notice thereof has been given by the Corporation to all holders of the Series A Preferred. For purposes of this Section 5(c)(iii), if the terms of any Option or Convertible Security that was outstanding as of the Series A Original Issuance Date are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such change.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Security without the exercise of any such Option or right, the Conversion Price then in effect hereunder shall be adjusted immediately to the Conversion Price that would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued, provided, that if such expiration or termination would result in an increase in the Conversion Price then in effect, such increase shall not be effective until 30 days after written notice thereof has been given to all holders of the Series A Preferred. For purposes of this Section 5(c)(iv), the expiration or termination of any Option or Convertible Security that was outstanding as of the Series A Original Issuance Date shall not cause the Conversion Price hereunder to be adjusted unless, and only to the extent that, a change in the terms of such Option or Convertible Security caused it to be deemed to have been issued after the Series A Original Issuance Date.

(v) Calculation of Consideration Received. If any Common Stock, Option or Convertible Security is issued or sold or deemed to have been issued or sold for cash, the consideration received therefor

shall be deemed to be the amount received by the Corporation therefor. If any Common Stock, Option or Convertible Security is issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation shall be the fair market value of such consideration. If any Common Stock, Option or Convertible Security is issued to the owners of the non-surviving entity in connection with any merger in which the Corporation is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair market value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Option or Convertible Security, as the case may be. For purposes of this Section 5(c)(v), fair market value shall be determined jointly by the Corporation and the Majority Preferred Holders. If they are unable to reach agreement within a reasonable period of time, then either of the Company or the Majority Preferred Holders may require that such value be determined by an independent appraiser experienced in valuing such type of property jointly selected by the Corporation and the Majority Preferred Holders. The determination of such appraiser shall be final and binding upon the parties and the fees and expenses of such appraiser shall be split equally between the Corporation and the Majority Preferred Holders.

(vi) Record Date. If the Corporation fixes a record date for the holders of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (B) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vii) Subdivisions or Combinations of Common Stock. If the Corporation at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision shall be reduced proportionately, and if the Corporation at any time combines (by combination, reverse stock split, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination shall be increased proportionately.

(viii) Increase in Conversion Price. Except as provided in subsections (iii), (iv) and (vii) of this Section 5(c), in no event shall the Conversion Price in effect at any time be increased pursuant to any adjustment under Section 5(b) or Section 5(c).

(ix) Notices. As soon as practicable after any adjustment of the Conversion Price, the Corporation shall give written notice thereof to all holders of Series A Preferred, setting forth in reasonable detail and certifying the calculation of such adjustment.

(x) Minimum Adjustment. No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least one percent in such price; provided that any adjustments which by reason of this Section 5(c)(x) are not required to be made shall be carried forward and taken into account at such time when such adjustments would in the aggregate require an increase or decrease of at least one percent in such price. All calculations under this Section 5(c) shall be made to the nearest two decimal points.

(d) Mandatory Conversion. If on any date after the fifth anniversary of the Series A Original Issuance Date, the Current Market Price equals or exceeds 200% of the then applicable Conversion Price, as adjusted pursuant to the anti-dilution provisions described above, the Corporation may elect, by written notice delivered to the Transfer Agent (with a copy to each holder of Series A Preferred), no later than five business days after such date, to cause all (but not less than all) of the outstanding shares of Series A Preferred be converted into shares of Common Stock. Any such conversion shall be deemed to have been effected, without further action by any party, immediately prior to the close of business on the fifth business day after such notice is received by the Transfer Agent. The number of shares of Common Stock deliverable upon conversion of one share of Series A Preferred shall be equal to (i) the Accreted Value of such share on the date of conversion, plus all dividends (whether or not declared) accrued since the end of the previous Dividend Period, divided by (ii) the Conversion Price. At the time of such conversion, the rights of the holders of shares of Series A Preferred shall cease with respect to such shares of Series A Preferred, and such holders shall be treated for all purposes as the record holders of such shares of Common Stock issuable upon conversion. The provisions of Section 5(a) (other than Section 5(a)(ii)) shall apply to any mandatory conversion under this Section 5(d).

Section 6. Purchase Rights. If at any time the Corporation distributes, grants, issues or sells Purchase Rights, then each holder of shares of Series A Preferred will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder could have acquired if such holder had held the number of whole shares of Common Stock acquirable upon conversion of such holder's shares of Series A Preferred immediately before the record date for the grant, issuance or sale of such Purchase Rights, or, if no record date is fixed, the date as of which the record holders of Common Stock are to be determined for the distribution, issue or sale of such Purchase Rights.

#### Section 7. General.

(a) The Corporation shall keep at its principal office a register for the registration of Common Stock and Series A Preferred. Upon the surrender of any certificate representing Common Stock or Series A Preferred at such place, the Corporation shall, at the request of the record holder of such certificate, execute and deliver a new certificate or certificates in exchange therefor representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of shares as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate.

(b) Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder shall be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Common Stock or Series A Preferred, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor, including W.B. & Co., its own agreement shall be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

(c) Except as otherwise expressly provided hereunder, all notices referred to herein shall be in writing and shall be delivered by registered or certified mail, return receipt requested and postage prepaid, by reputable overnight courier service, charges prepaid, or by personal delivery, and shall be deemed to have been given (i) three (3) business days after being sent by registered or certified mail, (ii) one (1) business day after being deposited with such an overnight courier service, and (iii) upon delivery, if by personal delivery, if mailed or delivered (A) to the Corporation, at its principal executive offices, or (B) to any stockholder, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated by any such holder).

#### Section 8. Definitions.

"Accreted Value" equals, with respect to one share of Series A Preferred, \$1,000.00, plus the amount of any dividends added to such Accreted Value in accordance with Section 2, minus the amount of any dividends included in Accreted Value that are subsequently declared and paid (which aggregate amount shall be subject to adjustment whenever there shall occur a stock dividend, stock split, combination, subdivision or other similar event).

"Blair Shares" means 17,937 shares of Common Stock issued to William Blair & Company, LLC.

"Board of Directors" has the meaning specified in the FIRST paragraph of these Articles Supplementary.

"Charter" has the meaning specified in the FIRST paragraph of these Articles Supplementary.

"Common Stock" has the meaning specified in Section 2(a).

"Common Stock Deemed Outstanding" means, at any given time, the fully-diluted number of shares of Common Stock outstanding at such time, including, without duplication, all shares of Common Stock that are directly or indirectly issuable upon exercise, conversion or exchange of outstanding securities which by their terms are directly or indirectly convertible or exercisable into or exchangeable for Common Stock (regardless of whether such securities are actually exercisable, convertible or exchangeable at such time).

"Conversion Price" has the meaning specified in Section 5(b)(i).

"Convertible Securities" means any stock or securities directly or indirectly convertible into or exchangeable for Common Stock.

"Corporation" has the meaning specified in the introductory paragraph of these Articles Supplementary.

"Current Market Price" means the average of the closing prices of the Common Stock's sales on all securities exchanges on which such security may at the time be listed or traded, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed or traded, the average of the representative bid and asked prices quoted in the NASDAQ System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the NASDAQ System, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 11 trading days consisting of the day as of which Current Market Price is being determined and the 10 consecutive trading days prior to such day. If at any time such security is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the Current Market Price will be the fair value thereof determined in good faith by the Board of Directors.

"Dividend Period" has the meaning specified in Section 2(b).

"Dividend Reference Date" has the meaning specified in Section 2(b).

"Junior Securities" means any of the Corporation's equity securities other than the Series A Preferred.

"Majority Preferred Holders" has the meaning specified in Section 3(b).

"Options" means any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

"Preferred Dividend Excess" has the meaning specified in Section 2(c).

"Purchase Rights" means any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property which are distributed, issued, granted or sold to all record holders of any class of Common Stock.

"Series A Liquidation Value" has the meaning specified in Section 4(a).

"Series A Original Issuance Date" has the meaning specified in Section 5(b)(ii).

"Series A Preferred" has the meaning specified in Section 1.

"Total Dividend Excess" has the meaning specified in Section 2(c).

"Transfer Agent" means the transfer agent for the Series A Preferred appointed by the Corporation (which may be the Corporation).

SECOND: The shares of Series A Preferred have been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned officer acknowledges that to the best of such officer's knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles  
Supplementary to be executed under seal in its name and on behalf by the  
undersigned officer and attested to by its Secretary on this 22nd of November,  
2002.

A.M. CASTLE & CO.

By: /s/ G. Thomas McKane

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Name: G. Thomas McKane  
Title: President and  
Chief Executive Officer

Attested:

By: /s/ Jerry M. Aufox

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Name: Jerry M. Aufox  
Title: Secretary

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated March 20, 2007, relating to the financial statements and financial statement schedule of A.M. Castle & Co. and subsidiaries, and management's report on the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of A.M. Castle & Co. and subsidiaries for the year ended December 31, 2006 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/DELOITTE & TOUCHE LLP

Chicago, Illinois

April 23, 2007

**INDEPENDENT AUDITORS' CONSENT**

We consent to the incorporation by reference in this Registration Statement of A.M. Castle & Co. on Form S-3 of our report dated November 6, 2006 related to the financial statements of Transtar Intermediate Holdings #2, Inc. as of and for the years ended December 31, 2005 and 2004 appearing in the Current Report on Form 8-K/A of A.M. Castle & Co. dated November 7, 2006 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/DELOITTE & TOUCHE LLP

Los Angeles, California

April 23, 2007

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

On September 5, 2006, A.M. Castle & Co. (the “Company” or “Castle”) acquired all of the issued and outstanding capital stock of Transtar Intermediate Holdings #2, Inc. (“Transtar”) for \$180 million in cash, subject to certain adjustments. As of April 23, 2007, the estimated purchase price, net of those adjustments and including \$2.7 million of transaction related costs, is \$178.3 million.

The unaudited pro forma condensed combined statements of operations for the years ended December 31, 2006 and 2005 combine the historical consolidated statements of operations of the Company and Transtar as if the transaction had taken place on January 1 of those respective years. The historical consolidated financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the transaction, (ii) factually supportable and (iii) are expected to have a continuing impact on the combined results.

This information should be read in conjunction with (i) the accompanying notes to the unaudited pro forma condensed combined statements of operations, (ii) the Company’s separate historical audited financial statements as of and for the year ended December 31, 2006 and 2005 included in its Annual Report on Form 10-K and (iii) the financial statements of Transtar included in the Company’s Form 8-K/A dated November 7, 2006 previously filed with the U.S. Securities and Exchange Commission.

The pro forma statements of operations included herein contain a non-GAAP disclosure, EBITDA, which consists of income before provision for income taxes plus depreciation and amortization, debt extinguishment expense, and interest expense (including discount on accounts receivable sold), less interest income. EBITDA is presented as a supplemental disclosure because management believes this measure is widely used by the investment community for evaluation purposes and provides the reader with additional information in analyzing the Company’s operating results. Management uses EBITDA as part of its evaluation of the operating performance of its businesses. EBITDA should not be considered as an alternative to net income or any other item calculated in accordance with accounting principles generally accepted in the United States (“GAAP”), or as an indicator of operating performance. The definition of EBITDA used herein may differ from that used by other companies. A reconciliation of EBITDA to net income is provided in accordance with U.S. Securities and Exchange Commission requirements.

The unaudited pro forma condensed combined financial information is presented for informational purposes only. The pro forma information is not necessarily indicative of what the results of operations actually would have been had the acquisition been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future operating results of the combined company after the acquisition.

The unaudited pro forma financial information was prepared using the purchase method of accounting. Accordingly, the Company’s cost to acquire Transtar has been allocated to the assets acquired and liabilities assumed based upon management’s estimate of their respective fair values as of the date of the completion of the acquisition. Any differences between the fair value of the consideration paid and the fair value of the assets and liabilities acquired has been recorded as goodwill.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2006

(in thousands, except per share data)

|   | <u>Castle</u>     | Transtar<br>(for the period<br>1/1/06 to 9/4/06) | <u>Pro Forma<br/>Adjustments</u> | <u>Pro Forma<br/>Combined</u> |
|---|-------------------|--|----------------------------------|-------------------------------|
| Net sales   | \$ 1,177,600      | \$ 168,703                                       | \$ -                             | \$1,346,303                   |
| Costs and expenses:   |                   |  |                                  |                               |
| Cost of materials (exclusive of depreciation)                   | 839,233           | 119,041  | -                                | 958,274                       |
| Warehouse processing and delivery expense                       | 123,205           | 14,256   | -                                | 137,461                       |
| Sales, general and administrative expense                       | 109,407           | 20,144   | (15,596)c, d, e)                 | 113,955                       |
| Depreciation and amortization expense                           | <u>13,290</u>     | <u>490</u>                                       | <u>4,881 a), f)</u>              | <u>18,661</u>                 |
| Operating income  | 92,465            | 14,772   | 10,715                           | 117,952                       |
| Interest expense, net   | (8,302)           | (2,620)  | (5,980)b)                        | (16,902)                      |
| Discount on sale of accounts receivable and other               | <u>-</u>          | <u>(9)</u>                                       | <u>-</u>                         | <u>(9)</u>                    |
| Income before income taxes and equity earnings of joint venture | 84,163            | 12,143   | 4,735                            | 101,041                       |
| Income taxes  | <u>(33,329)</u>   | <u>(2,939)</u>                                   | <u>(2,051)g)</u>                 | <u>(38,319)</u>               |
| Net income before equity in earnings of joint venture           | 50,834            | 9,204  | 2,684                            | 62,722                        |
| Equity in earnings of joint venture                             | <u>4,286</u>      | <u>-</u>   | <u>-</u>                         | <u>4,286</u>                  |
| Net income  | <u>\$ 55,120</u>  | <u>\$ 9,204</u>                                  | <u>\$ 2,684</u>                  | <u>\$ 67,008</u>              |
| Shares:   |                   |  |                                  |                               |
| Basic   | 16,907            |  |                                  | 16,907                        |
| Diluted   | 19,061            |  |                                  | 19,061                        |
| Earnings per share:   |                   |  |                                  |                               |
| Basic   | \$2.95            |  |                                  | \$3.58                        |
| Diluted   | \$2.89            |  |                                  | \$3.52                        |
| EBITDA *  | \$ 110,041        |  |                                  | \$ 140,890                    |
| Reconciliation of net income to EBITDA:                         |                   |  |                                  |                               |
| Net income  | \$ 55,120         |  |                                  | \$ 67,008                     |
| Depreciation and amortization expense                           | 13,290            |  |                                  | 18,661                        |
| Interest expense, net   | 8,302             |  |                                  | 16,902                        |
| Income taxes  | <u>33,329</u>     |  |                                  | <u>38,319</u>                 |
| EBITDA  | <u>\$ 110,041</u> |  |                                  | <u>\$ 140,890</u>             |

\* Earnings before interest, income taxes and depreciation and amortization expense

(See notes to the unaudited pro forma condensed combined statements of operations)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2005  
(in thousands, except per share data)

|   | <u>Castle</u>    | <u>Transtar</u> | <u>Pro Forma<br/>Adjustments</u> | <u>Pro Forma<br/>Combined</u> |
|---|------------------|-----------------|----------------------------------|-------------------------------|
| Net sales   | \$ 958,978       | \$ 223,977      | \$ -                             | \$1,182,955                   |
| Costs and expenses:   |                  |                 |                                  |                               |
| Cost of materials (exclusive of depreciation)                   | 677,186          | 159,362         | -                                | 836,548                       |
| Warehouse processing and delivery expense                       | 108,427          | 19,971          | -                                | 128,398                       |
| Sales, general and administrative expense                       | 92,848           | 28,009          | (228) c), d), e)                 | 120,629                       |
| Depreciation and amortization expense                           | <u>9,340</u>     | <u>522</u>      | <u>7,322</u> a), f)              | <u>17,184</u>                 |
| Operating income  | 71,177           | 16,113          | (7,094)                          | 80,196                        |
| Interest expense, net   | (7,348)          | (3,607)         | (9,367)b)                        | (20,322)                      |
| Discount on sale of accounts receivable and other               | (1,127)          | 64              |                                  | (1,063)                       |
| Loss on extinguishment of debt                                  | <u>(4,904)</u>   | <u>-</u>        |                                  | <u>(4,904)</u>                |
| Income before income taxes and equity earnings of joint venture | 57,798           | 12,570          | (16,461)                         | 53,907                        |
| Income taxes  | <u>(23,191)</u>  | <u>(3,450)</u>  | <u>6,206</u> g)                  | <u>(20,435)</u>               |
| Net income before equity in earnings of joint venture           | 34,607           | 9,120           | (10,255)                         | 33,472                        |
| Equity in earnings of joint venture                             | <u>4,302</u>     | <u>-</u>        | <u>-</u>                         | <u>4,302</u>                  |
| Net income  | <u>\$ 38,909</u> | <u>\$ 9,120</u> | <u>\$ (10,255)</u>               | <u>\$ 37,774</u>              |
| Shares:   |                  |                 |                                  |                               |
| Basic   | 16,033           |                 |                                  | 16,033                        |
| Diluted   | 18,420           |                 |                                  | 18,420                        |
| Earnings per share:   |                  |                 |                                  |                               |
| Basic   | \$2.37           |                 |                                  | \$2.30                        |
| Diluted   | \$2.11           |                 |                                  | \$2.05                        |
| EBITDA *  | \$ 84,819        |                 |                                  | \$ 101,746                    |
| Reconciliation of net income to EBITDA:                         |                  |                 |                                  |                               |
| Net income  | \$ 38,909        |                 |                                  | \$ 37,774                     |
| Depreciation and amortization expense                           | 9,340            |                 |                                  | 17,184                        |
| Interest expense, net   | 7,348            |                 |                                  | 20,322                        |
| Discount on sale of accounts receivable                         | 1,127            |                 |                                  | 1,127                         |
| Loss on extinguishment of debt                                  | 4,904            |                 |                                  | 4,904                         |
| Income taxes  | <u>23,191</u>    |                 |                                  | <u>20,435</u>                 |
| EBITDA  | <u>\$ 84,819</u> |                 |                                  | <u>\$ 101,746</u>             |

\* Earnings before interest, discount on sale of accounts receivable, taxes, depreciation and amortization, and debt extinguishment expense

(See notes to the unaudited pro forma condensed combined statements of operations)

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF  
OPERATIONS

1. Description of Transaction

On September 5, 2006, Castle acquired all of the issued and outstanding capital stock of Transtar for \$180 million in cash. The purchase price will be adjusted by the amount that working capital falls outside of the minimum/maximum working capital range defined in the purchase agreement and by the outstanding net indebtedness of Transtar (except that Castle will assume any indebtedness of Transtar's two foreign subsidiaries) and transaction expenses payable by Transtar at closing. As of April 23, 2007, the estimated purchase price net of those adjustments, and including \$2.7 million of transaction related expenses, was \$178.3 million. The acquisition was funded by approximately \$117 million from an expanded revolving line of credit, \$30 million from a new term loan and existing cash.

The Company will account for the merger as a purchase under accounting principles generally accepted in the United States of America. Under the purchase method of accounting, the assets and liabilities of Transtar have been recorded as of the acquisition date at their respective fair values and have been consolidated with those of Castle. The purchase price, as reflected in these condensed combined pro forma financial statements, has been allocated as follows (in millions):

|                        |                |
|------------------------|----------------|
| Current assets         | \$ 99.7        |
| PP&E, net              | 4.3            |
| Intangible assets      | 68.3           |
| Goodwill               | 69.6           |
| Other long-term assets | <u>0.3</u>     |
| <br>                   |                |
| Total assets           | <u>242.2</u>   |
| <br>                   |                |
| Current liabilities    | 34.5           |
| Long-term liabilities  | <u>29.4</u>    |
| <br>                   |                |
| Total liabilities      | <u>63.9</u>    |
| <br>                   |                |
| Net assets             | <u>\$178.3</u> |

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## 2. Pro Forma Adjustments

- a) To reflect \$6.6 million incremental annual amortization (\$4.4 million for the period in 2006 prior to the acquisition) to be incurred on the fair value of the acquired identifiable intangible assets. Such estimated identifiable intangible assets include approximately \$66.8 million of customer relationships/contracts (11 year estimated useful life) and \$1.5 million of non-compete agreements (3 year estimated useful life).
- b) To reflect \$9.3 million incremental annual net interest expense (\$6.0 million for the period in 2006 prior to the acquisition) arising from the assumed issuance of \$147 million of debt to fund the transaction at an estimated interest rate of 7.5%, the reduction in interest income due to the assumed use of \$26.8 million of the Company's existing cash to fund the acquisition and the elimination of Transtar's debt and interest, calculated as follows (in millions):

|                                     | Year ended<br>December 31, 2005 | Period from<br>January 1, 2006 to<br>September 4, 2006 |
|-------------------------------------|---------------------------------|--|
| \$147 million debt at 7.5%          | \$ 11.1                         | \$ 7.4   |
| \$26.8 million cash at 5%           | 1.3                             | 0.9  |
| Amortization of debt issuance costs | 0.5                             | 0.4  |
| Less: Transtar's interest           | <u>(3.6)</u>                    | <u>(2.7)</u>   |
| <b>Incremental interest</b>         | <b>\$ 9.3</b>                   | <b>\$ 6.0</b>  |

Interest on the debt will be charged at a variable rate based on LIBOR. A change of 1/8<sup>th</sup> of one percent would not have a material impact on the amount of interest expense incurred.

- c) To eliminate \$1.0 million of management fees that were paid by Transtar to their previous owners for the year ended December 31, 2005 (\$6.2 million for the period in 2006 prior to the acquisition), which will no longer continue.
- d) To eliminate \$0.2 million (\$10.4 million for the period in 2006 prior to the acquisition) of costs incurred by Transtar related to this transaction which will not continue.
- e) To reflect \$1.0 million of incremental costs (\$1.0 million for the period in 2006 prior to the acquisition) expected to be incurred due to Transtar becoming a subsidiary of a U.S. public company. The incremental costs relate to compliance with various provisions of the Sarbanes-Oxley Act of 2002, as well as incremental finance staff headcount and other administrative requirements directly associated with meeting public company filing requirements.
- f) To reflect incremental depreciation expense of \$0.7 million (\$0.5 million for the period in 2006 prior to the acquisition) for fixed assets expected to be written up to fair value in the purchase price allocation.
- g) To reflect taxes on the pro forma adjustments to income at Castle's statutory rate of 37.7%.