CASTLE A M & CO
Form DEF 14A
June 17, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant Filed by a Party Other Than the Registrant

Check the appropriate box:

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

A.M. Castle & Co.

(Name of Registrant as Specified In Its Charter)

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Letter to Stockholders

Steve Scheinkman, CEO

June 17, 2016

Dear Fellow Stockholder:

On behalf of A. M. Castle, we would like to thank you for your trust and continued support over the past year. While 2015 proved to be a very challenging year across the commodities and metals space, our management team and Board came together to effect meaningful and long-term positive change for the Company. As a result of the strategic actions taken in 2015, we have improved the financial and competitive position of the Company, while also reducing risk and enhancing the capital efficiency of our business.

When we announced my appointment as CEO in early 2015, it was apparent that significant change was necessary to return the Company to profitability and to improve our long-term financial position. Under my leadership, we reorganized and reenergized our management team and employee base and executed against an ambitious operational restructuring and refinancing plan.

The operational restructuring plan, announced in April 2015, was implemented to right size our business to the current economic environment and allow us to better serve our customers' needs. These activities included the optimization of our facility footprint, cost cutting activities, and the opening of a new facility in Janesville, Wisconsin, which will serve as a center of excellence for our bar business in the Midwest. We executed this plan on time and within budget, and we believe that we will fully realize the expected cost reductions as projected.

In addition, over the past year we have taken significant steps to improve the capital structure of the business. Specifically, we announced a plan to refinance our public debt in January 2016, the sale of the vast majority of our energy-related inventory in February 2016, and the sale of the assets of our Total Plastics, Inc. ("TPI") subsidiary in March 2016. The refinancing activities allowed us to de-lever our balance sheet and provided the liquidity we needed to reposition the organization for long term growth. The sale of TPI and our energy-related inventory not only added liquidity, but also helped us streamline our business to focus on our Aerospace and Industrial end markets, where our competitive position is more robust. With this strategic refinancing process now substantially complete, we believe we have established the financial foundation we need to grow and prosper in the future, all while enhancing the long-term competitiveness of the business.

The Management team and I are excited about the year ahead, but understand that the hard work is not behind us. Our job is to ensure that A.M. Castle remains focused on building long-term stockholder value. We remain steadfast in our confidence about the future of A.M. Castle and we look forward to working together to support our employees as they further enhance and build our brand. We look forward to reporting even more success to you in 2016.

Sincerely,

2016 Proxy Statement

Q&A with our President and Chief Executive Officer

Steve Scheinkman was appointed as President and Chief Executive Officer of A.M. Castle in April 2015. Steve joined with extensive background in the metals service industry and had prior leadership history with A.M. Castle as he was the former President and Chief Executive Officer of Transtar Metals Corporation, which A. M. Castle acquired in late 2006. Steve's long history in the industry and knowledge of A.M. Castle made him the ideal candidate to return the Company to long-term prosperity. Steve accepted this role with the intention of recapturing A.M. Castle's niche leadership position in the industry. He led the Company through a substantial restructuring initiative in 2015, as well as a recent, successful refinancing of its public debt.

Can you talk about your first year as A.M. Castle's CEO?

Having served in the industry for 27 years, including as President of what is now Castle's aerospace business, I was well aware of the Company's strong capability to provide metal products, services, and processing capabilities at the highest levels of quality and customer satisfaction. A.M. Castle has a great brand and a strong reputation in our industry. It was for those reasons that I was very excited to accept the position as President and CEO.

The Board and I had a clear vision of how to better empower our employees, utilize their expertise and creativity, and further develop a complete and customized solution that positions Castle as the go-to growth partner for our customers at all levels of the supply chain. That being said, I don't think anyone could have predicted the headwinds that our industry experienced in 2015. Commodity pricing and ongoing end market pressures accelerated throughout the year, a trend that made my first year as CEO that much more challenging. Despite this, I am proud of our team and the progress we made on all facets that were within our control, including the successful completion of our restructuring and refinancing plans. With our improved financial and operational stability, we are now in a position to grow our business and opportunistically leverage our stronger balance sheet to improve our competitive position in 2016 and beyond.

Can you elaborate on the trends you're seeing in Castle's respective end markets? How will the reduced exposure to the Energy sector change the profile of A.M. Castle?

With the sale of our Total Plastics subsidiary and the sale of the vast majority of our energy-related inventory in early 2016, A.M. Castle looks like a much different Company than it has historically. We will now focus almost entirely on the Aerospace and Industrial end markets. These are two markets that we know deeply and in which we enjoy a strong network of diverse customers and mill partners. This narrower focus will allow us to better refine our service and sales organization, react faster to our customers' needs, and to provide a more comprehensive solution than we have in the past.

With my extensive background in Aerospace, I feel very comfortable that we can be industry leaders in that market given the changes we've made internally to build out our team and become even closer to our customers through local market empowerment. Market data and channel checks all show encouraging signs in Aerospace, and I feel confident that we can continue the positive momentum we have built in an effort to capture market share and continue to grow in that end market.

With regard to our Industrial end market, while the economic data remains less optimistic in the near-term, we now have the internal structure in place to react to our customers' demands while maintaining appropriate inventory levels and lead times. We have rightsized our branch network to reflect the current market environment, and when we do experience a rebound in the Industrial economy, we believe we will be in a strong position to capture new business and grow our market share.

How do you feel about the Company's performance? What expectations do you have for the year ahead? Can stockholders have confidence that AM Castle will find ways to create long-term stockholder value?

Our original restructuring plan from April 2015 had two essential thrusts – (1) improve the value proposition we provide our customers by increasing customer intimacy, service, and support, and (2) improve the financial position of the Company through better balance sheet management and a reduced, more efficient cost structure. Regarding the first component, we have significantly improved our value proposition by driving more resources, capabilities, responsibility, and accountability down to our branches so they may be closer to our customers and more responsive to the customers' evolving needs. We have also maintained the highest level of quality, service, and safety for which we are known. Regarding the second thrust, we have efficiently managed our inventory, sold some of our real estate and other non-core assets, and recently sold the assets of our Total Plastics, Inc. subsidiary and the vast majority of our remaining energy-related inventory, all with the ultimate goal of de-leveraging our balance sheet and driving to profitability. Our recent refinancing was crucial in improving our capital structure and throughout all of the restructuring initiatives, we've maintained our focus on customer satisfaction and quality. So with regard to everything in our control, we have delivered, in my opinion. However, as with any Company, our goal is to constantly improve stockholder value. To do that, number one priority is to become EBITDA positive as quickly as possible. All of the initiatives we've undertaken have created the platform to become a profitable Company, as we continue our recovery.

Notice of Annual Meeting of Stockholders

WHEN:	**WHERE:**
Wednesday, July 27, 2016	**I420 Kensington Road, Suite 220**
10:00 a.m., Central Time	**Oak Brook, Illinois 60523**

We are pleased to invite you to join our Board of Directors and senior management at Castle's 2016 Annual Meeting of Stockholders.

Items of Business:

1. Election of Class III directors;

2. To approve the Company's executive compensation on an advisory (non-binding) basis;

3. To ratify the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2016;

4. To approve an amendment to the 2008 A.M. Castle & Co. Omnibus Incentive Plan (the "Plan") to increase the share reserve by two million shares, and to effect certain other changes as described herein; and

5. To conduct any other business that may properly come before the Annual Meeting.

Record Date:

The Board of Directors of the Company has fixed the close of business on June 6, 2016, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. On or about June 17, 2016, a full set of proxy materials, including a copy of the Proxy Statement, the annual report and a proxy card, was first made available to our stockholders of record.

How to Vote:

Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, as well as by telephone, or by mailing a proxy card in the enclosed envelope, which requires no postage if mailed in the United States. Please review the instructions on each of your voting options described on the enclosed proxy card.

Meeting Admission Requirements:

If you plan to attend the meeting in person, refer to the question and answer section on page 63 for important details on admission requirements.

By Order of the Board of Directors,

Marec E. Edgar

Executive Vice President, General Counsel,

Secretary & Chief Administrative Officer

Oak Brook, IL
June 17, 2016

The Proxy Statement and Annual Report are available at www.proxyvote.com

GOVERNANCE HIGHLIGHTS

We are committed to good corporate governance, which promotes the long-term interests of our stockholders, strengthens our Board and Management accountability and builds trust in Castle. The Governance section of our proxy follows, which includes the below highlights:

- Independent, Non-Executive Board Chairman
- Regular Executive Sessions of Independent Directors
- Active Board Oversight of Risk Management
- Annual Board and Committee Self-Evaluations
- Stock Ownership Guidelines for Officers and Non-Employee Directors
- Cash and Equity Awards with Clawback Provisions
- Anti-Hedging and Anti-Pledging Policies

GOVERNANCE DOCUMENT DASHBOARD

You can access the following key governance materials on the “**Corporate Governance**” section of Castle’s website at

https://www.castlemetals.com/investors/corporate-governance.

**The information on our website is not part of this proxy statement and is not deemed to be incorporated by reference herein.*

· Corporate Governance Guidelines & Board and Committee Charters

· Code of Conduct for Directors

· Code of Conduct for Officers

· Audit, Human Resources, and Governance Committee Charters

· Related Party Transactions & Insider Trading Policies

Proposal 1 – Election of Class III Director Nominees

Proposal Snapshot What am I voting on? Stockholders are being asked to elect three Director nominees for a three-year term. This section includes information about the Board of Directors and each Director nominee. Voting recommendation: FOR the election of each of the Class III Director nominees. The combination of the various qualifications, skills, and experiences of the Class III Director nominees would contribute to an effective and well-functioning Board. The Director nominees possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to the Company's management.

Board Structure

Our Board is currently comprised of eight directors who are divided into three classes, each of whom is elected for a three-year term. The term of the Class III Directors expires at this year's Annual Meeting of Stockholders. If elected at the Annual Meeting, each of our Class III Directors will serve until the 2019 Annual Meeting. In connection with the 2016 Settlement Agreement with Raging Capital Group, as described below, the nominees for Class III Directors are Mr. Gary Masse, Mr. Richard N. Burger and Mr. Michael Sheehan. Prior to the settlement with Raging Capital, current Class III directors Mr. Brian Anderson and Mr. Reuben Donnelley notified the Company that they would not stand for re-election at the Annual Meeting. The Board would like to thank Mr. Anderson and Mr. Donnelley for their dedicated service to the Company.

If any of the director nominees unexpectedly become unavailable for election, proxy holders may vote for a substitute nominee designated by the Board or, as an alternative, the Board may reduce the number of directors to be elected at the meeting.

2015 Board Membership Changes

On March 17, 2015, Mr. Terrence Keating and Mr. John McCartney resigned from their positions as Class I Directors and three new directors joined our Board: Mr. Steven Scheinkman, Mr. Kenneth Traub, and Mr. Allan Young.

On April 16, 2015, Mr. Scott Dolan resigned as the Company’s President and Chief Executive Officer, and as a Class II Director. Mr. Steven Scheinkman was appointed as the Company’s President and Chief Executive Officer.

On October 30, 2015, Mr. James Kelly resigned from his position as a Class I Director of our Board.

Director Nominees Qualifications and Experience

The following biographical information is given as of the date of this Proxy Statement for all directors. Our directors have a variety of qualifications, skills and experience that contribute to an effective and well-functioning Board. All of our directors possess the following key characteristics:

- Wealth of leadership experience;
- Demonstrate business acumen and an ability to exercise sound business judgment;
- Extensive board and/or financial experience; and
- Reputation for integrity, honesty and adherence to the highest ethical standards.

The biographies of our directors include the year in which each individual first became a director of the Company, the Committee(s) of the Board on which the director currently serves, the director's age, business experience for the past five years, the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and individual experiences, qualifications, attributes or skills that caused the Governance Committee and the Board to determine that the person should serve as a director for the Company.

Settlement Agreement with Raging Capital

On May 27, 2016, the Company entered into a Settlement Agreement (the "2016 Settlement Agreement") with Raging Capital Management, LLC and certain of its affiliates (the "Raging Capital Group") and Mr. Kenneth H. Traub, Mr. Allan J. Young and Mr. Richard N. Burger.

Pursuant to the terms of the 2016 Settlement Agreement, the Board of Directors of the Company agreed to nominate for election at the Annual Meeting (a) Richard N. Burger, (b) Michael Sheehan and (c) current director Gary A. Masse to serve as Class III directors (with a term expiring at the Company's 2019 annual meeting of stockholders). The Board also agreed to appoint Mr. Masse as Chairman, effective immediately, and to disband the Finance Committee it had previously formed in connection with its prior settlement with Raging Capital in March 2015.

For additional information regarding the 2016 Settlement Agreement, see "Related Parties—Related Party Transactions and Relationships" and the Company's Current Report on Form 8-K filed with the SEC on May 27, 2016.

Class III Directors and Director Nominees

Richard Burger Age: 65 Background Richard Burger is the former Executive Vice President, Chief Financial Officer, Secretary and Treasurer of Coleman Cable, Inc., which was a public company and leading provider of electrical wire and cable products in the United States and Canada. Mr. Burger spent 17 years at Coleman Cable, 13 of which were in the EVP/CFO position where he directed numerous acquisitions and led the Company's accounting, finance, information technologies, human resources functions, and investor relations activities. Qualifications Prior to Coleman Cable, Mr. Burger was the President of Accounting Advantage, the President and CEO of Burns Aerospace, and a Vice President and Treasurer at Ferox Microsystems. His experience also includes accounting and financial roles at Fairchild Industries, Marriot Corporation and Price Waterhouse & Co. Mr. Burger received an MBA from the University of Baltimore and a Bachelor of Science with a Major in Accounting from Towson University.

Gary A. Masse Age: 54 Director since: 2012 Chairman Independent Committees Audit Human Resources Background Chief Executive Officer of Coveris Holdings Corp., a global plastics packaging company, since April 2014. Mr. Masse previously served as Chief Executive Officer of Precision Holding, LLC. a leading global manufacturing and engineering services company, from 2010 to April 2014. Mr. Masse served as Group President - Cooper Tools & Hardware, a business unit of Cooper Industries Plc, a diversified manufacturer of electrical products, tools and hardware, from 2006 to 2010. Mr. Masse joined Cooper after nine years with Danaher Corporation, a global designer, manufacturer and marketer of a wide variety of industrial products, where he most recently served as Vice President and Group Executive of its Gilbarco/Veeder-Root business, a leading provider of equipment and integrated technology solutions to the retail petroleum and commercial fueling industry, from 2003 to 2005. Qualifications Mr. Masse's service as Chief Executive Officer of Coveris Holdings Corp. and previously of Precision Holding, LLC and his other executive and management experience well qualifies him to serve on our Board. His expertise in leading complex global organizations, as well as strong background and experience in engineering, manufacturing (domestic and international), and business development contributes greatly to the Board's composition.

Michael Sheehan Age: 55 Background Michacl Sheehan is the current Chief Executive Officer of Boston Globe Media Partners. Prior to joining the Globe in January 2014, he spent 20 years at Hill Holliday, where he served as Chairman. Chief Executive Officer, President, and Chief Creative Officer. During his tenure as President and CEO, Hill Holiday grew 85%. He has also served as Executive Vice President and Executive Creative Director for DDB Chicago, another large advertising agency. Qualifications Mr. Sheehan has served on the Board of Directors of BJ's Wholesale Club where he chaired the Compensation Committee and was a member of the Governance Committee. He has also served on the Board of the American Association of Advertising Agencies, and has chaired the Board of Trustees of his alma mater, Saint Anselm College. He currently serves on the Boards of ChoiccStream, a leading programmatic advertising firm as well as the American Repertory Theater and Catholic Charities of the Archdiocese of Boston. He attended the United States Naval Academy and graduated from Saint Anselm College in 1982 with a B.A. in English.

DIRECTORS NOT STANDING FOR ELECTION
Class II Directors – Terms Expire in 2018

Pamela Forbes Lieberman Age: 62 Director since: 2007 Independent Committees Audit (Chair) Governance Human Resources Background Interim Chief Operating Officer of Entertainment Resource, Inc., a video distributor, from March 2006 to August 2006. Ms. Forbes Lieberman was Director, President, and Chief Executive Officer of TruServ Corporation (now known as True Value Company), a member owned wholesaler of hardware and related merchandise, and provider of marketing, merchandising and other value added services, from 2001 to 2004. Ms. Forbes Lieberman is also a director of Standard Motor Products, Inc., a leading manufacturer, distributor, and marketer of replacement parts for motor vehicles, since 2007, and VWR Corporation, a provider of laboratory products, services, and solutions, since 2009. She is also a member of the Board of Directors of the Company's Kreher Steel joint venture, and has served as Chairperson of the Company's Audit Committee since 2012. Qualifications Ms. Forbes Lieberman's service as Chief Executive Officer of True Value Company brings to the Board senior executive experience leading a public reporting wholesale/distribution business, with expertise in turnaround management, communications, culture change, and distribution and supply chain strategies. Ms. Forbes lieberman also possesses valuable financial expertise, including extensive experience as chief financial officer of various distribution and manufacturing businesses, both public reporting and private, where she was directly responsible for financial and accounting issues, acquisition and divestitures and information systems. She also possesses public accounting expertise as a former senior manager at PricewaterhouseCoopers LLP. Through her service on the boards described above, she has valuable experience in governance, executive compensation, and finance, including private equity, and audit issues.

Kenneth H. Traub Age: 55 Director since: March 2015 Committees None Background Managing partner at Ragin Capital Management, LLC, an investment management firm, since 2015. Mr. Traub previously served as the President and Chief Executive Officer of Ethos Management, LLC, an investment advisory company, since 2009, the General Partner of Rosemark Capital, a private equity firm, since 2013, and the President and Chief Executive Officer of American Bank Note Holographies, Inc., a global supplier of optical security devices, from 1999 until its acquisition by JDS Uniphase Corp. in 2008. Mr. Traub is currently a director of the following public companies: (i) MRV Communications, Inc., a leading provider of optical communications network equipment and integration, since 2011, (ii) DSP Group, Inc., a leading global provider of wireless chipset solutions for converged communications, since 2012, (iii) Athersys, Inc., a biotechnology company engaged in the discovery and development of therapeutic product candidates, since 2012, and (iv) Intermolecular. Inc (IMI), a supplier of advanced material technologies, since May 2016. Mr. Traub previously served as a director of Vitesse Semiconductor Corporation, a leading supplier of integrated circuit solutions for next-generation carrier and enterprise networks, since 2013. Qualifications Mr. Traub's service as Chief Executive Officer of Ethos Management, LLC and over 20 years of senior management, corporate governance, turnaround and transactional experience with various public and private companies well qualifies him to serve on our Board. His wealth of board experience will allow him to provide valuable advice and guidance to our Board.

Allan J. Young Age: 60 Director since: March 2015 Committees Governance Background Managing Partner at Raging Capital Management, LLC, an investment management firm, since 2006. Mr. Young previously served as a Director of Research at RateFinancials. Inc., an independent securities research firm, from 2003 to 2006, and as a director of SMG Indium Resources Ltd., a company that stockpiles indium for consumer electronics manufacturing applications, from 2013 to January 2016. Qualifications Mr. Young's extensive experience in financial analysis, accounting, public company reporting, and corporate governance well qualifies him to serve on our Board. His strong financial background and experience with investment analysis provides the Board with valuable financial expertise.

Class I Directors – Terms Expire in 2017

Jonathan B. Mellin Age: 52 Director since: 2014 Independent Committees Governance Background President and Chief Executive Officer of Simpson Estates, Inc., a private asset management firm, since 2013. Mr. Mellin became President of Simpson Estates, Inc. in 2012. prior to being appointed as Chief Executive Officer. Prior to joining Simpson Estates, Inc., Mr. Mellin served as the Chief Financial Officer for the Connors Family group of companies, from 2005 to 2012. Qualifications Mr. Mellin's years of experience as the Chief Financial Officer of large private companies and subsidiaries of publicly-held companies provides valuable financial expertise to the Board, including extensive experience in annual business planning, forecasting, and expense reduction. His expertise in leading complex finance functions as well as strong background and experience with strategic acquisitions and major restructuring projects contributes greatly to the Board's composition. Mr. Mellin is also a Certified Public Accountant.

Steven W. Scheinkman Age: 62 Director since: March 2015 Committees None Background President and Chief Executive Officer of the Company since April 2015. Prior to joining the Company, Mr. Scheinkman served as President and Chief Executive Officer and a director of Innovative Building Systems LLC, and certain of its affiliates and predecessor entities, a leading customer modular home producer, since 2010. He served as a director of Claymont Steel Holdings, Inc., a manufacturer of custom discrete steel plate, from 2006 to 2008. He served as the President and Chief Executive Officer and a director of Transtar Metals Corp. ("Transtar"), a supply chain manager/distributor of high alloy metal products for the transportation, aerospace and defense industries, from 1999 to 2006. Following Transtar's acquisition by the Company in September 2006, he served as President of Transtar Metals Holdings Inc. until September 2007 and thereafter served as its advisor until December 2007. He served in various capacities as an executive officer of Macsteel Service Centers USA, a distributor and processor of steel products, including President, Chief Operating Officer and Chief Financial Officer, from 1986 to 1999. Qualifications Mr. Scheinkman's extensive experience serving as an executive of various metal products companies coupled with his significant financial expertise makes him a valuable addition to the Board.

BOARD LEADERSHIP

The Board currently separates the roles of the Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chairman of the Board, Gary A. Masse, is an independent director and became Chairman in 2016. Mr. Masse also currently serves as a member of the Audit and Human Resources Committees, and also regularly attends meetings of the other standing committees of the Board. With the new Class III directors expected to join after the Annual Meeting, the Board will re-evaluate its committee structure following the Annual Meeting.

The Chairman of the Board:

- Provides strategic leadership and guidance;
- Establishes the agendas for Board meetings, with advice from senior management;
- Advises and consults with the Chief Executive Officer regarding strategies, risks, opportunities, and other matters; and
- Presides over meetings of the full Board and executive sessions of independent directors.

The Chief Executive Officer, Steven Scheinkman, was elected to the position of President and Chief Executive Officer in April 2015, after previous service as President and Chief Executive Officer of Innovative Building Systems, LLC, and certain of its affiliates and predecessor entities. He is the principal management officer of the Company, with responsibility for supervision of its executive and senior management and its day-to-day operations and performance.

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

STANDING BOARD COMMITTEES

The Board has three standing committees: the Audit Committee, the Governance Committee and the Human Resources Committee. Each committee has a written charter adopted by the Board, copies of which are posted under the "**Corporate Governance**" section of the Company's website at https://www.castlemetals.com/investors/corporate-governance.

Each Committee reviews the appropriateness of its charter and performs a self-evaluation at least annually. The Board will review the composition of each committee in light of the expected changes to the Board's composition as a result of the Annual Meeting.

The following table summarizes the current membership and responsibilities of each of our three standing Board Committees:

	Responsibilities	**Current Committee Members**
AUDIT COMMITTEE	· Oversight of the quality and integrity of the Company's financial statements and internal controls · Monitors the Company's compliance with legal and regulatory requirements · Reviews the qualifications, performance, and independence of the Company's independent auditors · Reviews the performance of the Company's internal audit function · Oversight of annual risk management assessments · Monitors reports received on the Company's incident reporting hotline · Oversight of compliance program, including an annual review of the Code of Conduct · Prepares the "Report of the Audit Committee" for our stockholders on page 52	**Ms. Forbes Lieberman (Chair)** **Mr. Anderson** **Mr. Masse**
	· Oversight of governance policies and practices	

GOVERNANCE COMMITTEE	· Reviews governance-related legal and regulatory matters that could impact the Company	**Mr. Anderson (Chair)**
	· Reviews and makes recommendations on the overall size and composition of the Board and its Committees	**Ms. Forbes Lieberman**
	· Oversight of Board recruitment, including identification of potential director candidates, evaluating candidates, and recommending nominees for membership to the full Board	**Mr. Mellin** **Mr. Young**
	· Leads the annual self-evaluation of the Board and its Committees and reports the results	

	Responsibilities	Current Committee Members
HUMAN RESOURCES COMMITTEE	· Determines the composition and value of non-CEO executive officer compensation and makes recommendations with respect to CEO compensation to the independent members of the Board who collectively have final approval authority · Reviews the compensation philosophy, selection of compensation elements to balance risk, reward, and retention objectives and the alignment of incentive compensation to the Company's strategy · Oversight of compensation plans and policies · Retains authority to retain and terminate a compensation consultant · Reviews and recommends changes to the Board regarding Director compensation · Prepares the Human Resources Committee's report to stockholders as provided below in the section entitled, "Report of the Human Resources Committee," below	**Mr. Anderson (Interim Chair[1])** **Ms. Forbes Lieberman** **Mr. Masse**

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Current members of the Human Resources Committee are Brian Anderson (Interim Chairperson), Pamela Forbes Lieberman, and Gary Masse. All members of the Human Resources Committee are independent directors pursuant to NYSE standards, and no member is, or was during such member's service on the Committee, an employee or former employee of the Company. During 2015, none of the Company's executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Human Resources Committee.

DIRECTOR INDEPENDENCE; FINANCIAL EXPERTS

The Board has affirmatively determined that each current board member, except for Mr. Scheinkman, (i) is "independent" within the definitions contained in the current NYSE listing standards and the standards set by the Board in the Company's Corporate Governance Guidelines, and (ii) has no other "material relationship" with the Company that could interfere with his or her ability to exercise independent judgment. In addition, the Board has determined that each member of the Audit Committee is "independent" within the definition contained in current SEC rules. Furthermore, the Board has determined that all members of the Company's Audit Committee meet the financial literacy requirements of the NYSE and qualify as "audit committee financial experts" as defined by the SEC, and that Mr. Anderson's simultaneous service on the audit committees of W.W. Grainger, Inc., PulteGroup, Inc., James Hardie

Industries Plc, and the Company does not impair his ability to serve effectively on the Company's Audit Committee.

[1]As a result of the related party transactions in February 2016 with W.B. & Co. and FOM Corporation described below in the section entitled "Related Party Transactions and Relationships," certain members of the Human Resources Committee were rendered no longer eligible to serve under our governance documents. To correct this, on March 9, 2016, the Board of Directors unanimously approved reconstitution of the Human Resources Committee to include the above-referenced Directors, for an interim period until such time as the Company's director elections at its Annual Meeting for 2016 are completed and the then-current Board can re-assess its committee membership.

BOARD MEETINGS AND ATTENDANCE

During 2015, the Board held seventeen meetings. The Board's non-employee directors met in regularly scheduled executive sessions to evaluate the performance of the Chief Executive Officer and to discuss other corporate matters. Mr. Anderson, the Chairman of the Board during 2015, presided as the chair at meetings or executive sessions of non-employee directors. Additionally, during 2015, there were five meetings of the Audit Committee, four meetings of the Finance Committee, seven meetings of the Governance Committee, and six meetings of the Human Resources Committee. All of the directors attended 75% or more of all the meetings of the Board and the Committees on which he or she served. All of the directors, other than Messrs. Masse and Kelly, attended the 2015 Annual Meeting of Stockholders.

NON-EMPLOYEE DIRECTOR COMPENSATION

Directors who are not employees of the Company receive an annual $60,000 cash retainer, paid in quarterly installments. Additional annual retainers are paid to our Board Leadership, as shown below:

Role	Additional Annual Retainers
Board Chairperson	$40,000
Audit Committee Chairperson*	$40,000
Governance Committee Chairperson	$5,000
Human Resources Committee Chairperson	$7,500

*Includes service as a director of the Company's Kreher Steel joint venture.

In addition, our non-employee director compensation program includes the following components:

- Annual restricted stock award in an amount valued at $70,000, based upon the 60-day trailing average stock price on the date of grant. The 2015 restricted stock grants vest upon the expiration of three years from the date of grant, and the 2016 restricted stock grants are expected to vest upon the expiration of one year from the date of grant;

- Reimbursement for travel and accommodation expenses incurred to attend meetings and participate in other corporate functions;

- Reimbursement for the cost of attending one director continuing education program annually; and

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Company-paid personal excess liability, business travel accident, and director and officer liability insurance policies covering each of our directors.

The Company also maintains a Directors Deferred Compensation Plan (the “Directors Plan”), under which a director may elect to defer receipt of up to 100% of his or her board compensation for the following year. A director may elect to defer board compensation into either an interest or a stock equivalent investment option. Compensation held in the interest account is credited with interest at the rate of 6% per year compounded annually. Compensation deferred in the stock equivalent accounts are divided by the closing price of the Company’s common stock on the day as of which such compensation would otherwise have been paid to the director to yield a number of stock equivalent units.

Disbursement of the interest account and the stock equivalent unit account can be made only upon a director’s resignation, retirement or death as a lump sum or in installments on one or more distribution dates at the director’s election made at the time of the election to defer compensation.

Director Compensation Table - Fiscal Year 2015

The following table summarizes the compensation paid to or earned by the non-employee directors for 2015. Employees of the Company who serve as directors receive no additional compensation for service as a director.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(2)	All Other Compensation ($)	Total ($)
Brian Anderson	104,688	69,815	—	—	174,503
Reuben Donnelley	60,000	69,815	7,076	—	136,891
Terrence Keating(3)	27,667	—	—	—	27,667
James Kelly(4)	69,115	69,815	—	—	138,930
Pamela Forbes Lieberman(5)	100,000	69,815	—	—	169,815
Gary Masse	60,000	69,815	—	—	129,815
John McCartney(6)	27,667	—	—	—	27,667
Jonathan Mellin	62,708	69,815	—	—	132,523
Steven Scheinkman(7)	2,500	—	—	—	2,500
Kenneth Traub	35,796	69,815	—	—	105,611
Allan Young	32,500	69,815	—	—	102,315

(1) **Stock Awards**. On April 23, 2015, each director received an annual restricted stock award of 18,667 shares of our common stock. The amounts shown reflect the grant date fair value computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 718 ("ASC Topic 718"). As of December 31, 2015, each director held the following number of shares subject to outstanding unvested stock awards:

- Mr. Anderson – 30,629 shares;
- Mr. Donnelley – 27,667 shares;
- Ms. Forbes Lieberman – 27,667 shares;
- Mr. Masse – 27,667 shares;

- Mr. Mellin – 18,667 shares;
- Mr. Traub. – 18,667 shares; and
- Mr. Young – 18,667 shares.

(2) Change in Pension Value and Nonqualified Deferred Compensation Earnings. Nonqualified deferred compensation plan interest account balances earn interest at the rate of 6% per year. The amount shown in the table above reflects that portion of the earnings that exceeds 120% of the long-term applicable federal rate (based on the average 120% rate of 3.01% for 2015). In 2015, Mr. Donnelley deferred 100% of his annual cash retainer into an interest bearing account.

(3) **Mr. Terrence Keating** resigned from the Board on March 17, 2015. In recognition of his service to the Company, the Board approved the acceleration of Mr. Keating's unvested restricted stock awards, in the amount of 14,804 shares. Pursuant to his deferred compensation election, Mr. Keating also received payouts of the cash and stock equivalent units held in his account of $98,001.55 and 9,680 shares, respectively.

(4) **Mr. James Kelly** resigned from the Board on October 30, 2015. In recognition of his service to the Company, the Board approved the acceleration of Mr. Kelly's unvested restricted stock awards, in the aggregate amount of 27,667 shares.

(5) **Ms. Pamela Forbes Lieberman's** Board fees earned include $30,000 compensation received for being a member of Kreher Steel Company's Board of Directors.

(6) **Mr. John McCartney** resigned from the Board on March 17, 2015. In recognition of his service to the Company, the Board approved the acceleration of Mr. McCartney's unvested restricted stock awards, in the aggregate amount of 14,804 shares. Pursuant to his deferred compensation election, Mr. McCartney also received payouts of the cash and stock equivalent units held in his account of $56,944.48 and 3,006 shares, respectively.

(7) **Mr. Steven Scheinkman** was elected to the Company's Board on March 17, 2015, and served as a non-employee director until his election as Chief Executive Officer on April 16, 2015. The compensation he received for his service as Chief Executive Officer in 2015 is set forth in the Summary Compensation Table.

Director Stock Ownership Guidelines

Director stock ownership guidelines require each director to beneficially own Company common stock with a value equivalent to four times the annual cash retainer (not including any chairperson retainer(s)). Directors have five years from the date they are initially elected as a director in which to accumulate the required amount. The equity components that are used to meet the director stock ownership guidelines are as follows:

- Shares owned outright and beneficially;
- Restricted stock;
- Stock equivalent units; and
- Unexercised, vested stock options.

Please see the "Stock Ownership" section below for additional detail on the stock holdings of our directors.

OVERSIGHT OF RISK MANAGEMENT

The Board is actively involved in oversight of risks that could affect the Company. The Board implements its risk oversight function both as a whole and through delegation to Board Committees, which meet regularly and report back to the full Board. The risk management role of each of our Board Committees is detailed further below:

- The Audit Committee oversees the risk related to the Company's financial statements, financial reporting process and accounting and legal matters. The Audit Committee oversees the internal audit function, the Company's Code of Conduct program and monitors the Company's cyber security action plans. Additionally, the outcome of the

Company's periodic Enterprise Risk Assessment, which identifies and evaluates potential material risks that could affect the Company and identifies appropriate mitigation measures, is reviewed with the Audit Committee.

- The Governance Committee oversees the governance-related risk, including development of the Company's policies and practices, and Board succession planning.

- The Human Resources Committee oversees the risks associated with the Company's compensation programs. As discussed in more detail on page 32, the Human Resources Committee reviews and approves compensation features that mitigate risk and align pay to performance with the interests of our executives and our stockholders.

The full Board retains responsibility for general oversight of risks. Key risks to the Company's business strategy are considered by the Board as part of the Company's annual strategy review. Additional information regarding the risks faced by the Company are included in our Annual Report on Form 10-K for the year ended December 31, 2015, as amended.

CODE OF CONDUCT

The Board has adopted a Code of Conduct for Directors and a Code of Conduct for Officers. A copy of our Code of Conduct policies can be found on the "**Corporate Governance**" section of the Company's website at https://www.castlemetals.com/investors/corporate-governance.

Every Director and Officer is required to read and follow the Code that is applicable to their role. Any waiver of either Code of Conduct requires the approval of the Governance Committee, and must be promptly disclosed to our stockholders. We intend to disclose on the "**Corporate Governance**" section of our website any amendments to, or waivers from, the Code of Conduct.

DIRECTOR CANDIDATES

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

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

The current membership of the Board represents a diverse mix of directors in terms of background and expertise. In considering whether to recommend persons to be nominated for directors, the Governance Committee will apply the criteria set forth in the Company's Corporate Governance Guidelines, which include:

- Business experience;
- Integrity;
- Absence of conflict or potential conflict of interest;

· Ability to make independent analytical inquiries;

· Understanding of the Company's business environment; and

· Willingness to devote adequate time to Board duties.

While our Corporate Governance Guidelines do not prescribe specific diversity standards, they do provide that the Board will seek a diversified membership for the Board as a whole, in terms of both the personal characteristics of individuals involved, their various experiences and areas of expertise. When identifying and evaluating candidates, the Governance Committee, as a matter of practice, also considers whether there are any evolving needs of the Board that require experience in a particular field, and may consider additional factors it deems appropriate. The Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Governance Committee also conducts regular reviews of current directors whose terms are nearing expiration, but who may be proposed for re-election, in light of the considerations described above and their past contributions to the Board.

Under the Company's Corporate Governance Guidelines, no director may be nominated for re-election following their 72nd birthday. On the recommendation of the Governance Committee, the Board may waive this requirement as to any director if it deems a waiver to be in the best interests of the Company.

RELATED PARTIES

Our Related Party Transactions Policy governs the review, approval and ratification of transactions involving the Company and related persons where the amount involved exceeds $120,000. Related persons include:

- Directors;
- Director nominees;
- Executive officers;
- 5% stockholders;
- Immediate family members of the above persons; and
- Entities in which the above persons have a direct or indirect material interest.

Potential related party transactions are reviewed by the General Counsel, and if the General Counsel determines that the proposed transaction is a related-party transaction for such purposes, the proposed transaction is then submitted to the Governance Committee for review.

The Governance Committee considers all of the relevant facts and circumstances available, including but not limited to:

- whether the proposed transaction is on terms that are fair to the Company and no less favorable to the Company than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to, the Company;
- the impact on a director's independence, in the event such person is a director; and
- whether the proposed transaction would present an improper conflict of interest.

In the event that the Company becomes aware of a related-party transaction that has not been previously approved or ratified by the Governance Committee, a similar process will be undertaken by the Governance Committee in order to determine if the existing transaction should continue or be terminated.

A copy of our Related Party Transactions Policy can be found on the "**Corporate Governance**" section of our website at https://www.castlemetals.com/investors/corporate-governance.

Related Party Transactions and Relationships

Raging Capital Management, LLC

2015 Settlement Agreement

On March 17, 2015, the Company entered into a Settlement Agreement (the "2015 Settlement Agreement") with the Raging Capital Group and Mr. Steven W. Scheinkman, Mr. Kenneth Traub and Mr. Allan Young.

Pursuant to the terms of the 2015 Settlement Agreement, the size of the Board of Directors was expanded from 9 to 10 members, and the Company agreed to nominate three Raging Capital Group director nominees to our Board. The Board also formed a Finance Committee to review, evaluate and make recommendations to the Board regarding the Company's capital structure, working capital management and other financial policies.

If the members of Raging Capital Group cease collectively to beneficially own less than 1,762,835 shares of the Company's common stock, then one Raging Capital Group nominee selected by the Raging Capital Group (initially, Mr. Young) will promptly tender his resignation from the Board and any committee of the Board on which he is a member; provided, that the Board may, but is not obligated, to accept any such resignation.

Following Mr. Dolan's resignation and the appointment of Mr. Scheinkman as President and Chief Executive Officer of the Company, the Company and the Raging Capital Group entered into a First Amendment to Settlement Agreement to allow the Company to reduce the size of its current Board to nine directors. A Second Amendment to the Settlement Agreement was entered into following Mr. Kelly's resignation in October 2015 to allow the Company to further reduce the size of the Board to eight directors. All other terms of the Raging Capital 2015 Settlement Agreement remain unchanged.

2016 Settlement Agreement

On May 27, 2016, the Company entered into the 2016 Settlement Agreement with the Raging Capital Group and Mr. Kenneth H. Traub, Mr. Allan J. Young and Mr. Richard N. Burger.

Pursuant to the terms of the 2016 Settlement Agreement, the Board of Directors of the Company agreed to nominate for election at the Company's 2016 annual meeting of stockholders (a) Richard N. Burger, (b) Michael Sheehan and (c) current director Gary A. Masse to serve as Class III directors (with a term expiring at the Company's 2019 annual meeting of stockholders). In addition, the Board agreed to disband the Finance Committee it had previously formed in connection with the 2015 Settlement Agreement and to hold its 2016 Annual Meeting of stockholders no later than July 27, 2016.

The members of the Raging Capital Group, Mr. Burger, Mr. Traub and Mr. Young also agreed to customary standstill restrictions during the standstill period beginning on the date of execution of the 2016 Settlement Agreement and ending on the date that is one day after the Company's 2018 annual meeting of stockholders, including specified prohibitions against solicitation of proxies, submission of stockholder proposals, nomination of director candidates, formation of a group, calling a special meeting and engaging in extraordinary transactions with or involving the Company.

The standstill also restricts the members of the Raging Capital Group from acquiring beneficial ownership of in excess of 22.5% of the Company's total outstanding common stock or beneficial ownership of any of the Company's 12.75% Senior Secured Notes due 2016 (the "Old Secured Notes"), 12.75% Senior Secured Notes due 2018 (the "New Secured Notes"), 7.0% Convertible Senior Notes due 2017 (the "Old Convertible Notes"), 5.25% Convertible Senior Secured Notes due 2019 (the "New Convertible Notes") or any other interests in the Company's indebtedness such that the aggregate principal amount of all such indebtedness exceeds $40,000,000.

Raging Capital Group's Ownership of Equity and Debt Securities

Two of our directors, Messrs. Young and Traub, are Managing Partners of, and hold an economic interest in, Raging Capital Group. Raging Capital Group currently owns approximately 14.6% of the Company's outstanding common stock (excluding shares underlying the Company's New Convertible Notes held by Raging Capital), $27,500,000 principal amount of the Company's New Secured Notes and $2,940,000 principal amount of the Company's New Convertible Notes.

In the first quarter of 2016, the Company entered into separate Transaction Support Agreements (the “Support Agreements”) with holders of the Company’s Old Secured Notes and Old Convertible Notes to refinance the Company’s public indebtedness. The Raging Capital Group is party to one of the Support Agreements. For additional information on the terms of the Support Agreements, as amended, see the Company’s Current Reports on Form 8-K filed with the SEC on March 22, 2016 and May 13, 2016.

As a holder of the Company’s Old Secured Notes and Old Convertible Notes, which were exchanged through private exchanges (the “Note Exchanges”) in early 2016 for the Company’s New Secured Notes and New Convertible Notes, respectively, pursuant to the terms of the Support Agreements (as defined above). Raging Capital Group received interest payments in 2015 with respect to such notes, commensurate with other holders of the Old Secured Notes and Old Convertible Notes. In connection with the exchange of its Old Secured Notes, Raging Capital Group received a consent payment commensurate with similarly situated holders of the Old Secured Notes. Raging Capital Group will receive interest payments with respect to the New Secured Notes and New Convertible Notes in 2016, commensurate with other holders thereof.

Simpson Estates, Inc.

Two of our current directors, Mr. Mellin and Mr. Donnelley are general partners of, and hold an economic interest in, entities affiliated with Simpson Estates, Inc. (collectively, “Simpson”). Simpson currently owns approximately 21.1% of the Company’s outstanding common stock and $32,496,000 principal amount of the Company’s New Secured Notes. Simpson is also party to one of the Support Agreements described above. Simpson received interest payments in 2015 with respect to its Old Secured Notes, and in connection with the exchange of its Old Secured Notes, received a consent payment commensurate with similarly situated holders of the Old Secured Notes.

Simpson will receive interest payments with respect to the New Secured Notes in 2016, commensurate with other holders thereof.

STOCK OWNERSHIP

Directors, Director Nominees and Management

The following table sets forth the number of shares and percentage of the Company's common stock that was owned beneficially as of June 6, 2016, by each of the Company's directors and director nominees, each current or former named executive officer ("Named Executive Officer") set forth in the Summary Compensation Table, and by all directors, director nominees and executive officers as a group, with each person having sole voting and dispositive power except as indicated:

Beneficial Owner	**Shares of Common Stock Beneficially Owned (1)**	**Percentage of Common Stock**	**Additional Information**
Directors and Director Nominees			
Brian Anderson	69,894	*	
Richard Burger	—	—	
Reuben Donnelley	4,261,752	13.3%	See note 2 under "Principal Stockholders" table below.
Pamela Forbes Lieberman	50,017	*	
Gary Masse	35,471	*	
Jonathan Mellin	5,151,938	16.0%	See note 2 under "Principal Stockholders" table below.
Michael Sheehan	—	—	
Kenneth Traub	37,555	*	See note 4 under "Principal Stockholders" table below.
Allan Young	18,667	*	See note 4 under "Principal Stockholders" table below.
Named Executive Officers			
Steven Scheinkman	7,500	*	
Patrick Anderson	25,682	*	Includes 4,800 vested, unexercised stock options.
Marec Edgar	—	—	
Thomas Garrett†	32,591	*	Includes 7,991 vested, unexercised stock options.
Ronald Knopp	16,344	*	

Former Named Executive Officers			
Scott Dolan	238,265	*	
Stephen Letnich	—	—	
All directors, director nominees and executive officers as a group (12 persons)	5,343,174	16.6%	Includes 4,800 vested, unexercised stock options.

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

† *Mr. Garrett separated from employment on March 15, 2016.*

Principal Stockholders

The only persons who held of record or, to our knowledge (based on our review of Schedules 13D, 13F and 13G, and amendments thereto), owned beneficially more than 5% of the outstanding shares of our common stock as of March 1, 2016, are set forth below, with each person having sole voting and dispositive power except as indicated:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned		Percentage of Common Stock (1)
Jonathan B. Mellin Reuben S. Donnelley W.B. & Co. FOM Corporation 30 North LaSalle Street, Suite 1232 Chicago, Illinois 60602-2504	6,789,269	(2)	21.1%
Stone House Capital Management, LLC SH Capital Partners, L.P. Mark Cohen 950 Third Avenue, 17th Floor New York, New York 10022	4,000,000	(3)	12.4%
Raging Capital Master Fund, Ltd. c/o Ogier Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY 1-9007, Cayman Islands Raging Capital Management, LLC William C. Martin Kenneth H. Traub Allan J. Young Robert L. Lerner Ten Princeton Avenue, P.O. Box 228 Rocky Hill, New Jersey 08553 Richard N. Burger	6,101,741	(4)	18.2%
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	2,719,632	(5)	8.5%

(1) Applicable percentage ownership is based upon 32,129,911 shares of common Stock outstanding as of June 6, 2016.

(2) Based on a Schedule 13D/A filed with the SEC on March 29, 2016. W.B. & Co. shares voting power with respect to 4,228,281 shares of common stock. Mr. Mellin has sole voting power over 54,323 shares of common stock, shared voting power over 5,097,615 shares of common stock, sole dispositive power over 109,791 shares of common stock and shared dispositive power over 869,334 shares of common stock. Mr. Donnelley has sole voting and dispositive power over 33,471 shares of common stock and shared voting power over 4,228,281 shares of common stock. FOM Corporation has sole voting power over 1,594,372 shares of common stock, shared voting and dispositive power over 572,688 shares of common stock and shared dispositive power over 572,688 shares of common stock.

(3) Based on a Schedule 13D/A filed with the SEC on March 24, 2016. Each of Stone House Capital Management, LLC, SH Capital Partners, L.P. and Mark Cohen share voting and dispositive power with respect to the 4,000,000 shares of common stock beneficially owned by them.

(4) Based on a Schedule 13D/A filed with the SEC on May 31, 2016. Includes 1,414,724 shares underlying the New Convertible Notes. Each of Raging Capital Management, LLC and William C. Martin share voting and dispositive power with respect to 6,045,519 shares of common stock. Mr. Traub has sole voting power over 37,555 shares of common stock and sole dispositive power over 18,888 shares of common stock. Mr. Young has sole voting power over 18,667 shares of common stock.

(5) Based on a Schedule 13G/A filed on January 12, 2016.