

CASTLE A M & CO
Form 8-K
November 21, 2005

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

FORM 8 K

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

Date of Report (Date of earliest event reported) November 21, 2005

A. M. Castle & Co.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

1-5415
(Commission
File Number)

36-0879160
(IRS Employer
Identification No.)

3400 N. Wolf Road, Franklin Park, Illinois
(Address of principal executive offices)

60131
(Zip Code)

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

(Former name or former address if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13 e-4(c) under the Exchange Act (17 CFR 240.13 e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On November 17, 2005, A. M. Castle & Co. (the “Company”) entered into a Note Agreement with The Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (collectively, the “Purchasers”), pursuant to which the Company issued and sold to the Purchasers \$75 million aggregate principal amount of the Company’s 6.26% Senior Secured Notes due November 17, 2015 (the “Notes”). Interest on the Notes accrues at the rate of 6.26% annually, payable semi-annually beginning on May 15, 2006. The interest rate on the Notes will increase by 0.5% per annum beginning on December 1, 2006 unless and until the Company’s senior debt obligations are no longer secured or the Company achieves an investment grade rating on its senior indebtedness. The Notes require annual principal installment payments beginning on November 15, 2006 in amounts ranging from approximately \$5.7 million on November 15, 2006 to approximately \$9 million on November 15, 2014, with the remaining principal amount of the Notes becoming due on November 17, 2015. As a result, the Company’s annual debt service requirements under the Notes, including annual interest payments, will equal approximately \$10.0 to \$10.3 million per year. The Notes may not otherwise be prepaid without a premium.

The Notes are senior secured obligations of the Company and rank pari passu in right of payment with the Company’s other senior secured obligations, including its revolving credit facility with Bank of America, N.A., as U.S. agent, and its trade acceptance facility with The Northern Trust Company. The Notes are secured, on an equal and ratable basis with the Company’s obligations under the revolving credit facility and the trade acceptance facility, by first priority liens on all of the Company’s and its material U.S. subsidiaries’ material assets and a pledge of all of the Company’s equity interests in certain of its subsidiaries. The Note Agreement, like the Company’s other senior secured indebtedness, includes a provision to release liens on the assets of the Company and all of its subsidiaries should the Company achieve an investment grade rating on its senior indebtedness. The Notes are guaranteed by all of the Company’s material U.S. subsidiaries.

The covenants and events of default contained in the Note Agreement, including the financial covenants, are substantially the same as those contained in the Company's revolving credit facility and trade acceptance facility. The primary financial covenants include a maximum debt-to-working capital ratio, a maximum debt-to-total capital ratio and a minimum net worth provision. In addition, other covenants include restrictions or limitations with respect to the incurrence of liens, the sale of assets and mergers and consolidations. The events of default include the failure to pay principal or interest on the Notes when due, failure to comply with covenants and other agreements contained in the Note Agreement, defaults under other material debt instruments of the Company or its subsidiaries, certain judgments against the Company or its subsidiaries or events of bankruptcy involving the Company or its subsidiaries, the failure of the guaranties or security documents to be in full force and effect or a default under those agreements, or the Company's entry into a receivables securitization facility. Upon the occurrence of an event of default, the Company's obligations under the Notes may be accelerated.

The Company used the proceeds of the Notes, together with cash on hand, to prepay in full all of its obligations under its existing long-term senior secured notes.

[A copy of the Note Agreement is filed as an exhibit to this Report.]

ITEM 1.02 Termination of a Material Definitive Agreement

The Company used the proceeds of the sale of the Notes to prepay its obligations under its existing long-term senior secured notes, thereby terminating its obligations under the following agreements: (i) Note Agreement dated as of April 1, 1996 between the Company and Nationwide Life Insurance Company, (ii) Note Agreement dated as of May 15, 1997 among the Company, Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company and (iii) Note Agreement dated as of March 1, 1998 among the Company, Allstate Life Insurance Company, The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under Which an Off Balance Sheet Arrangement of a Registrant

The information under Item 1.01 is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

A. M. Castle & Co

/s/ Lawrence A. Boik

Lawrence A. Boik

Vice President – Chief Financial Officer

Date: November 21, 2005

EXHIBIT 10

-

A. M. CASTLE & CO.

\$75,000,000

6.26% SENIOR SECURED NOTES DUE NOVEMBER 17, 2015

NOTE AGREEMENT

Dated as of November 17, 2005

TABLE OF CONTENTS
(Not part of the Agreement)

		Page
1.	AUTHORIZATION OF NOTES; INTEREST RATE ADJUSTMENT	1
	1A. Authorization of Issue of Notes	1
	1B. Interest Rate Adjustment	1
2.	PURCHASE AND SALE OF NOTES	1
3.	CONDITIONS OF CLOSING	2
	3A. Documents	2
	3B. Opinion of Purchasers' Special Counsel	3
	3C. Opinion of Company's and Guarantors' Counsel	3
	3D. Representations and Warranties; No Default; Satisfaction of Conditions	4
	3E. Purchase Permitted By Applicable Laws; Approvals	4
	3F. Material Adverse Change	4
	3G. Termination of Existing Note Agreements; Payment of Note Debt	4
	3H. Certain Agreements	5
	3I. Fees and Expenses	5
	3J. Proceedings	5
4.	PREPAYMENTS	5
	4A(1). Required Prepayments	5
	4A(2). Required Prepayment Pursuant to Intercreditor Agreement	5
	4B. Optional Prepayment With Yield-Maintenance Amount	5
	4C. Notice of Optional Prepayment	6
	4D. Partial Payments Pro Rata	6
	4E. Acquisition of Notes	6
5.	AFFIRMATIVE COVENANTS	6
	5A. Corporate Existence	6
	5B. Insurance	7
	5C. Taxes, Claims for Labor and Materials	7
	5D. Maintenance of Properties	7
	5E. Maintenance of Records	7
	5F. Financial Information and Reports	7
	5G. Inspection of Properties and Records	10
	5H. ERISA	10
	5I. Compliance with Laws	11
	5J. Maintenance of Most Favored Lender Status	11
	5K. Subsequent Guarantors	12

5L.	Collateral Covenant	12
5M.	Security Interests	13
5N.	Information Required by Rule 144A	13

6.	NEGATIVE COVENANTS	13
----	--------------------	----

TABLE OF CONTENTS
(Not part of the Agreement)

		Page
6A.	Adjusted Consolidated Net Worth	13
6B.	Consolidated Debt	14
6C.	Net Working Capital	14
6D.	Liens	14
6E.	Merger or Consolidation	15
6F.	Sale of Assets	15
6G.	Disposition of Stock of Subsidiary	16
6H.	Leases	17
6I.	Transactions with Affiliates	17
6J.	Nature of Business	17
6K.	Terrorism Sanctions Regulations	17