

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
KEYSTONE TUBE COMPANY, LLC, ¹ et al.,	Case No. 17-11330 (____)
Debtors.	(Joint Administration Requested)

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER
AUTHORIZING THE DEBTORS TO (I) ASSUME THE EXIT FACILITY
COMMITMENT LETTER, (II) PAY AND REIMBURSE RELATED FEES AND
EXPENSES, AND (III) INDEMNIFY THE PARTIES THERETO**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby file this motion (the “Motion”) for entry of an order authorizing the Debtors to assume the \$125,000,000 *Senior Secured Facilities Exit Facility Commitment Letter Agreement* dated June 1, 2017 (including the Exit Facility Term Sheet (as defined therein), as amended, modified, waived, or supplemented from time to time in accordance with its terms, the “Exit Facility Commitment Letter”) with PNC Bank, National Association (“PNC”), (ii) pay and reimburse related fees and expenses, and (iii) indemnify the parties thereto. The Exit Facility Commitment Letter (redacted as to information contained in the section of the Exit Facility Term Sheet entitled “Fee Structure”) is attached to the proposed order submitted herewith. Although Debtor A.M. Castle & Co. is technically designated as the “Borrower” under the Exit Facility Commitment Letter (subject to diligence and determination of final structure) and is the only Debtor party to the Exit Facility Commitment Letter, the Exit Facility Term Sheet contemplates

¹ The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Keystone Tube Company, LLC (8746); A.M. Castle & Co. (9160); HY-Alloy Steels Company (9160); Keystone Service, Inc. (9160); and Total Plastics, Inc. (3149). The location of the Debtors’ headquarters and service address is 1420 Kensington Road, Suite 220, Oak Brook, IL 60523.



that the remaining Debtors will be Guarantors. Hence, this Motion is brought on behalf of the Debtors collectively.

Introduction

1. Concurrently herewith, the Debtors have filed the *Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* (the "Plan").

2. The Debtors believe that the Plan provides the best restructuring alternative available to these estates. The Plan contemplates implementing a new senior secured exit financing facility in order to repay certain existing first lien debt and to provide additional working capital liquidity to the reorganized Debtors on a post-emergence basis.

3. Consistent with the Plan and following an extensive marketing effort, the Debtors negotiated the terms of the Exit Facility Commitment Letter with PNC and executed such commitment prior to the commencement of these bankruptcy cases. The Debtors believe that the financing contemplated under the Exit Facility Commitment Letter is advantageous to the Debtors given the low interest rate that will be charged and the amount of liquidity (up to \$125 million) that will be made available to the reorganized Debtors, subject to the borrowing base and other conditions set forth in the Exit Facility Commitment Letter.

4. The Debtors now seek to assume the Exit Facility Commitment Letter in order to ensure that the funding contemplated thereunder will be available to the Debtors following confirmation of the Plan. By assuming the Exit Facility Commitment Letter, the Debtors will be agreeing to reimburse PNC for its reasonable fees and expenses in connection with its due diligence and preparation of definitive documents with respect to the contemplated

exit facility, and to indemnify PNC as to any damages or losses that PNC or its affiliated persons may incur as a result of, or in connection with, the exit facility.

Jurisdiction and Venue

5. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

6. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The statutory predicates for the relief requested herein are sections 105(a), 363(b), 365(a), 503(b), and 507(a) of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Background

8. On the date hereof (the “Petition Date”), the Debtors each filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are

operating their businesses and managing their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. The factual background regarding the Debtors, including their current and historical business operations and the events precipitating the chapter 11 filing, is set forth in detail in the *Declaration of Patrick R. Anderson in Support of the Debtors' Chapter 11 Petitions and Related Requests for Relief* (the "First Day Declaration") filed concurrently herewith and fully incorporated herein by reference.²

Relevant Factual Background

10. Prior to the Petition Date, on June 2, 2017, the Debtors and PNC entered into the Exit Facility Commitment Letter.

11. The Exit Facility Commitment Letter contemplates a \$125 million senior secured, revolving credit facility for the Debtors (the "Exit Facility"), to be entered into upon the effective date of the Plan. Under the Exit Facility Commitment Letter, PNC has agreed to act as Agent, Lead Arranger and Sole Book Runner of the Exit Facility. The Exit Facility Commitment Letter sets forth certain of the anticipated terms and conditions of the Exit Facility, as summarized further below.³ Consummation of the Exit Facility will be subject to the completion of definitive documentation, the satisfaction of certain conditions, including this Court's approval thereof, and the payment by the Debtors of required fees and expenses.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the First Day Declaration.

³ The description of the Exit Facility Commitment Letter presented herein is a summary of the principal terms of such agreement, and is qualified in all respects by the actual terms and conditions of the Exit Facility Commitment Letter.

12. The proceeds of the Exit Facility, upon closing, would be used to (a) refinance certain existing debt of the Debtors and their subsidiaries, including debt under a contemplated debtor-in-possession facility (the “DIP Facility”),⁴ (b) pay fees and expenses related to this transaction, (c) satisfy ongoing capital expenditures, and (d) provide for the ongoing growth and working capital needs of the Debtors. It is a requirement of the Exit Facility Commitment Letter that the Debtors obtain an order approving this Motion within thirty (30) days after the filing of the motion to approve the DIP Facility.

13. Interest on the indebtedness under the Exit Facility is expected to accrue based on the applicable LIBOR-based rate, as set forth in the Exit Facility Commitment Letter. The obligations of the Debtors and their existing and future subsidiaries are, subject to certain conditions, to be secured by a first priority perfected security interest in all or substantially all of their respective assets and the Debtors’ equity interests in subsidiaries.

14. Pursuant to the Exit Facility Commitment Letter, and in consideration for PNC’s commitment, the Debtors were required to pay PNC a customary deposit for reasonable costs and expenses that may be incurred by PNC in connection with the transactions contemplated by the Exit Facility Commitment Letter (the “PNC Expenses”), which deposit is subject to reduction on a dollar-for-dollar basis for the deposit paid by the Debtors to PNC in connection with the DIP Facility Commitment Letter. As a result of the simultaneous execution of the DIP Facility Commitment Letter and the Exit Facility Commitment Letter, no additional deposit was required under the Exit Facility Commitment Letter at that time; at that time;

⁴ On June 2, 2017, the Debtors executed an \$85,000,000 *Senior Secured Credit Facilities DIP Facility Commitment Letter* with PNC (the “DIP Facility Commitment Letter”). Concurrently herewith, the Debtors are filing a separate motion to approve the DIP Facility.

however, the deposit is subject to replenishment requirements as set forth in the Exit Facility Commitment Letter.

15. Pursuant to the Exit Facility Commitment Letter, the Debtors have agreed to pay all reasonable fees, costs and expenses of PNC in connection with, *inter alia*, (i) legal and business due diligence, (ii) the preparation, negotiation, execution and delivery of the Exit Facility Commitment Letter, and (iii) the enforcement of any of PNC's rights and remedies under the Exit Facility Commitment Letter, which fees and expenses are payable whether or not the Exit Facility is consummated. The Exit Facility Commitment Letter requires the Debtors to obtain an order of this Court approving the Debtors' reimbursement obligations with respect to such PNC Expenses.

16. Further, the Exit Facility Commitment Letter contains an exclusivity provision that requires the Debtors to work solely with PNC in order to consummate the Exit Facility until the Exit Facility Commitment Letter expires; however, there is a "fiduciary out" in that nothing in the Exit Facility Commitment Letter shall require the Debtors or any of their directors or officers (in such person's capacity as a director or officer) to take any action, or to refrain from taking any action, to the extent that taking such action or refraining from taking such action would be inconsistent with such party's fiduciary obligations under applicable law. Such provision is reasonable under the circumstances, including the fact that the Debtors actively solicited multiple potential lenders prepetition prior to the execution of the Exit Facility Commitment Letter.

17. Finally, the Exit Facility Commitment Letter contains a standard indemnification provision in favor of PNC, pursuant to which the Debtors agreed to indemnify and hold harmless PNC and its affiliates and each of their directors, officers and employees (each, an “Indemnified Person”), from and against any and all losses, claims, damages, expenses and liabilities incurred by any Indemnified Person that arise out of or relate to any investigation or other proceeding (including any threatened investigation or litigation or other proceedings and whether or not such Indemnified Person is a party thereto) relating to the Exit Facility Commitment Letter, the Exit Facility Term Sheet or the transactions contemplated thereby, including, without limitation, the reasonable fees and disbursements of counsel (which fees and disbursements may include, but are not limited to, reasonable fees and disbursements of in-house counsel incurred in connection with any of the foregoing), but excluding any of the foregoing claimed by any Indemnified Person to the extent incurred by reason of the gross negligence or willful misconduct of such Indemnified Person as determined by a final nonappealable judgment of a court of competent jurisdiction. PNC also will not be responsible or liable to the Debtors or any other person for indirect, punitive, or consequential damages which may be alleged as a result of the Exit Facility Commitment Letter, the Exit Facility Term Sheet or any of the transactions contemplated thereby.

18. The Exit Facility Commitment Letter expires on the earlier of (a) July 31, 2017, if substantially final definitive documentation has not been negotiated between the Debtors and PNC on or prior to such date (unless otherwise extended in writing by the Debtors and PNC in their sole discretion); (b) August 31, 2017 (or such later date as may be agreed in writing by

the Debtors and PNC in their sole discretion), if the Exit Facility has not closed on or before such date; or (c) upon the closing of the Exit Facility.

Relief Requested

19. The Debtors seek authority to (i) assume the Exit Facility Commitment Letter, (ii) pay and reimburse the PNC Expenses in accordance with the terms of the Exit Facility Commitment Letter, and (iii) indemnify each Indemnified Person (including PNC) in accordance with the terms of the Exit Facility Commitment Letter.

Basis for Relief

A. The Debtors Should Be Authorized to Assume the Exit Facility Commitment Letter Under 11 U.S.C. §§ 105(a), 363(b), and 365(a)

20. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the Court’s approval, may . . . assume any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). The standard to be applied by a court in determining whether an executory contract or unexpired lease should be assumed is the “business judgment” test, which is premised upon the debtor’s business judgment that assumption would be beneficial to its estate. *In re Market Square Inn, Inc.*, 978 F.2d 116, 121 (3d Cir. 1992) (the “resolution of [the] issue of assumption or rejection will be a matter of business judgment by the bankruptcy court”); *In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (D. Del. 2003) (“A debtor’s determination to reject an executory contract can only be overturned if the decision was the product of bad faith, whim or caprice.”). Accordingly, debtors are given significant discretion when requesting authorization to assume or reject an executory contract. *See In re Federal Mogul Global, Inc.*, 293 B.R. 124, 126 (D. Del. 2003) (“The business

judgment test dictates that a court should approve a debtor's decision to reject a contract unless that decision is the product of bad faith or a gross abuse of discretion."); *In re AbitibiBowater Inc.*, 418 B.R. 815, 831 (Bankr. D. Del. 2009) ("This is not a difficult standard to satisfy . . .").

21. To the extent that an assumption of an executory contract constitutes a use of property of the estate, section 363(b)(1) of the Bankruptcy Code provides that a debtor-in-possession "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). A court can authorize a debtor to use property of the estate pursuant to section 363(b)(1) when such use is an exercise of the debtor's sound business judgment and when such use is proposed in good faith. *In re Delaware & Hudson R.R. Co.*, 124 B.R. 169, 176 (D. Del. 1991); *see also Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (Bankr. D. Del. 1999) (trustee need only have a "sound business purpose" to justify use of estate property pursuant to section 363(b)).

22. Additionally, section 105(a) provides that the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Pursuant to section 105(a), orders are appropriate where they are essential to the debtor's reorganization efforts and do not pose a burden on the debtor's creditors. *See U.S. Lines, Inc. v. Am. S.S. Owners Mut. Prot. & Indem. Ass'n (In re U.S. Lines, Inc.)*, 197 F.3d 631, 640 (2d Cir. 1999).

23. Here, the Debtors have determined, in the exercise of their business judgment, that it is critical to the execution of the Plan and the Debtors' operations post-

emergence to assume the Exit Facility Commitment Letter. Pursuant to the Exit Facility Commitment Letter, subject to the satisfaction of the conditions to closing set forth therein, PNC has agreed to commit up to \$125 million under the Exit Facility. Such funding is necessary for the reorganized Debtors to satisfy their obligations under the Plan, and to have sufficient working capital in order to invest in the company's operations after emergence from bankruptcy. The Debtors believe that the financing contemplated under the Exit Facility Commitment Letter is advantageous to the Debtors given the low interest rate that will be charged and the amount of liquidity (up to \$125 million, subject to a borrowing base and other conditions set forth therein) that would be made available to the reorganized Debtors, subject to the terms and conditions set forth therein and a closing of the Exit Facility.

24. Given the importance of the Exit Facility to a successful reorganization in these cases and that approval of the Exit Facility Commitment Letter within thirty (30) days of the filing of the motion to approve the DIP Facility is a condition to PNC's funding commitment, the Debtors have determined that obtaining Court approval to assume the Exit Facility Commitment Letter is in the best interests of their estates. The Debtors believe that, in light of all of the facts and circumstances of these cases, the terms of the Exit Facility Commitment Letter are fair, reasonable, and appropriate and are integral to assuring that the Debtors' estates can maximize their value for all stakeholders.

25. Courts in this district and other districts have approved similar relief. *See, e.g., In re Verso Corp.*, No. 16-10163 (KG) (Bankr. D. Del. May 25, 2016) (authorizing debtors to enter into and perform under engagement and fee letters relating to exit financing and to pay

fees and expenses, and provide indemnification, thereunder); *In re Hercules Offshore, Inc.*, No. 15-11685 (KJC) (Bankr. D. Del. Aug. 24, 2015) (approving assumption of exit financing commitment letter and authorizing payment of fees and expenses, and indemnification, of the parties thereto); *see also In re Peabody Energy Corp.*, No. 16-42459 (Bankr. E.D. Mo. Jan. 27, 2017) (same); *In re SH 130 Concession Co.*, No. 16-10262 (Bankr. W.D. Tex. April 21, 2017) (same).

B. Approval of the PNC Expenses and Indemnification Under 11 U.S.C. §§ 503(b) and 507(a) is Fair and Reasonable Under the Circumstances

26. Based on the foregoing authorities and under the circumstances of these cases, the Debtors submit that the provisions of the Exit Facility Commitment Letter providing for the reimbursement of the PNC Expenses and the indemnification of the Indemnified Persons (including PNC) are fair and reasonable and should be awarded on an administrative expense basis under sections 503(b) and 507(a) of the Bankruptcy Code in accordance with the terms and conditions of the Exit Facility Commitment Letter.

27. The terms of the Exit Facility Commitment Letter are the product of extensive arm's length negotiations among the Debtors and PNC, as well as their respective counsel and financial advisors. Under the Exit Facility Commitment Letter, the Debtors are committing to reimburse PNC for its reasonable expenses (*i.e.*, the PNC Expenses) incurred as part of its due diligence in connection with the Exit Facility and the preparation and negotiation of definitive documentation relating thereto. As is customary, PNC would not undertake the significant investment of time and resources involved in originating the Exit Facility absent the Debtors' agreement to reimburse the PNC Expenses. To this end, the Debtors have already paid

PNC a customary deposit prepetition on account of both the contemplated Exit Facility and the DIP Facility, and any portion thereof remaining after accounting for PNC Expenses incurred in connection with the DIP Facility will be maintained by PNC as the deposit under the Exit Facility Commitment Letter.

28. Further, the indemnification provision under the Exit Facility Commitment Letter offers standard protections by the Debtors to the Indemnified Persons (including PNC) to ensure that such parties can turn to these estates for reimbursement in the event that they suffer losses through their financing efforts in support of these cases.

29. The Debtors believe that the terms and conditions set forth in the Exit Facility Commitment Letter are well within the range of “market” fees, protections and other terms typically received by parties entering into similar agreements and reflect an exercise of their sound business judgment. Accordingly, in the exercise of their business judgment, the Debtors have determined, and respectfully submit that, for all of the foregoing reasons, the reimbursement provisions of the Exit Facility Commitment Letter and the indemnification provision therein should be approved on an administrative expense basis under sections 503(b) and 507(a) of the Bankruptcy Codes.

Waiver of Bankruptcy Rule 6004(h) and 6006(d)

30. To implement the foregoing successfully, the Debtors respectfully request that the Court enter an order waiving the 14-day stay period under Bankruptcy Rules 6004(h) and 6006(d).

Notice

31. No trustee, examiner or statutory committee has been appointed in the Debtors' cases. Pursuant to Bankruptcy Rule 4001, the Debtors shall provide notice of the hearing on this Motion by serving a copy of this Motion, by hand or overnight mail or courier service (or for those set up to receive electronic transmissions, by electronic transmission), upon the following parties, or their counsel, if known: (a) the Office of the United States Trustee; (b) the Debtors' largest 35 unsecured creditors (on a consolidated basis); (c) the Debtors' prepetition lenders; (d) counsel to the Ad Hoc Lender Committee; (e) counsel to SGF, Inc.; (f) the Prepetition First Lien Agent; (g) Shipman & Goodwin, as counsel to the First Lien Agent; (h) the Prepetition Indenture Trustee; (i) any other known party that asserts a lien against the Debtors' assets; (j) counsel to PNC; and (k) all parties that have filed notices of appearance and requests for notices in these cases. The Debtors respectfully request that such notice is sufficient and request that this Court find that no further notice of the hearing is required.

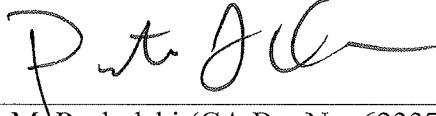
No Prior Request

32. No prior request for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors request that the Court enter an order substantially in the form submitted herewith authorizing the Debtors to assume the Exit Facility Commitment Letter, (ii) pay and reimburse the PNC Expenses in accordance with the terms of the Exit Facility Commitment Letter, and (iii) indemnify each Indemnified Person (including PNC) in accordance with the terms of the Exit Facility Commitment Letter.

Dated: June 18, 2017

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Proposed Counsel for the Debtors
and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

KEYSTONE TUBE COMPANY, LLC,¹ et al.,

Debtors.

Chapter 11

Case No. 17-11330 (____)

(Jointly Administered)

Re: Docket No. ____

**ORDER AUTHORIZING THE DEBTORS TO (I) ASSUME THE EXIT
FACILITY COMMITMENT LETTER, (II) PAY AND REIMBURSE RELATED
FEES AND EXPENSES, AND (III) INDEMNIFY THE PARTIES THERETO**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), authorizing the Debtors to (i) assume the *\$125,000,000 Senior Secured Facilities Exit Facility Commitment Letter Agreement* dated June 1, 2017 (including the Exit Facility Term Sheet (as defined therein), as amended, modified, waived, or supplemented from time to time in accordance with its terms, the “Exit Facility Commitment Letter”) with PNC Bank, National Association (“PNC”) attached hereto as **Exhibit A**, (ii) pay and reimburse related fees and expenses, and (iii) indemnify the parties thereto, pursuant to sections 105(a), 363(b), 365(a), 503(b), and 507(a) of title 11 of the United States Code (the “Bankruptcy Code”); and it appearing that the relief requested in the Motion is in the best interest of the Debtors’ estates, their creditors and other parties-in-interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the *Amended Standing Order of Reference* from the United States District Court for

¹ The Debtors, together with the last four digits of each Debtor’s tax identification number, are: Keystone Tube Company, LLC (8746); A.M. Castle & Co. (9160); HY-Alloy Steels Company (9160); Keystone Service, Inc. (9160); and Total Plastics, Inc. (3149). The location of the Debtors’ headquarters and service address is 1420 Kensington Road, Suite 220, Oak Brook, IL 60523.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

the District of Delaware, dated February 29, 2012; and it appearing that this Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and adequate notice of the Motion having been given under the circumstances and no further notice need be given; and after due deliberation and cause appearing therefore; it is hereby:

IT IS HEREBY FOUND AND DETERMINED THAT:³

1. This Court has core jurisdiction over these chapter 11 cases, the Motion, this Order, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested in the Motion are sections 105(a), 363(b), 365(a), 503(b), and 507(a) of the Bankruptcy Code and Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

2. The notice given by the Debtors of the Motion and the hearing thereon constitutes proper, timely, adequate and sufficient notice thereof and complies with the Bankruptcy Code, the Bankruptcy Rules and applicable local rules, and no other or further notice is necessary.

³ This Order constitutes the Court’s findings of fact and conclusions of law under Fed. R. Civ. P. 52, as made applicable herein by Bankruptcy Rules 7052 and 9014. Any and all findings of fact shall constitute findings of fact even if stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law even if stated as findings of fact.

3. The Debtors' decision to assume the Exit Facility Commitment Letter is a sound exercise of their business judgment and is based on good, sufficient and sound business purposes and justifications.

4. The terms and conditions of the Exit Facility Commitment Letter, including the fees and expenses set forth therein, are fair and reasonable and were negotiated at arm's length and in good faith.

5. The indemnification provisions contained in the Exit Facility Commitment Letter, and the reimbursement provisions regarding the PNC Expenses are integral components of the transaction, without which PNC would not have entered into the Exit Facility Commitment Letter.

6. The relief requested in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
DECREED THAT:**

1. The Motion is granted as set forth herein.

2. The Debtors are authorized to (i) assume the Exit Facility Commitment Letter in its entirety, (ii) comply with the terms thereof, and (iii) take any and all actions necessary to implement the terms of the Exit Facility Commitment Letter.

3. The Exit Facility Commitment Letter may be modified, amended, supplemented or waived by the parties thereto in accordance with the terms thereof, in each case without further order of the Court.

4. The Debtors are authorized to pay the PNC Expenses in accordance with the terms of the Exit Facility Commitment Letter. To the extent that any PNC Expenses were incurred prepetition and remain unpaid as of the date hereof, the Debtors are authorized to pay such PNC Expenses. Without limiting any other provision of this Order, the Court finds that the PNC Expenses provided under the Exit Facility Commitment Letter: (i) are necessary to the preservation of the Debtors' estates and are approved and allowed as administrative expenses pursuant to sections 503(b) and 507(a) of the Bankruptcy Code, and (ii) shall be payable pursuant to the terms of the Exit Facility Commitment Letter. Under no circumstances shall the PNC Expenses be subject to any otherwise applicable set-off, counterclaim, or recoupment. None of the PNC Expenses shall be subject to further approval of the Court and no recipient of any PNC Expenses shall be required to file any interim or final application with the Court as a condition precedent to the Debtors' obligation to pay such PNC Expenses. None of the PNC Expenses, nor the prepetition deposit, shall be subject to avoidance under sections 542, 547, or 548 of the Bankruptcy Code. The Debtors are authorized and directed to pay any PNC Expenses regardless of whether the Exit Facility is consummated.

5. PNC is authorized to retain the deposit paid by the Debtors prepetition (subject to the terms of the Exit Facility Commitment Letter). The automatic stay of section 362 of the Bankruptcy Code is hereby deemed modified to the extent necessary to enable PNC to deduct any PNC Expenses from the deposit.

6. The indemnification in favor of the Indemnified Persons (including PNC) contained in the Exit Facility Commitment Letter is hereby approved. The Debtors are

authorized to indemnify each Indemnified Person in accordance with the terms of the Exit Facility Commitment Letter. Without limiting any other provision of this Order, the Court finds that the indemnification of the Indemnified Persons provided under the Exit Facility Commitment Letter is necessary to the preservation of the value of the estates and is approved and allowed as an administrative expense pursuant to sections 503(b) and 507(a) of the Bankruptcy Code in the event that such indemnification obligation arises. The automatic stay of section 362 is deemed modified to the extent necessary to enable the parties to the Exit Facility Commitment Letter to perform thereunder, and to exercise any and all of their contractual rights thereunder, without seeking further relief from the automatic stay, and neither the Debtors nor any other party in interest may enforce the automatic stay against PNC or any indemnified person under the indemnity obligations under the Exit Facility Commitment Letter with respect to such rights.

7. The provisions and effect of this Order, any actions taken pursuant to this Order, and the respective rights, obligations, remedies and protections provided for herein shall survive the conversion, dismissal or closing of these chapter 11 cases or the appointment of a trustee herein, and the terms and provisions of this Order shall continue in full force and effect notwithstanding the entry of any such order.

8. The Debtors are further authorized to take any and all actions necessary or appropriate to effectuate the relief granted pursuant to this Order.

9. Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), this Order shall take effect immediately upon its entry.

10. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Rule 6004(a) and the Local Rules are satisfied by such notice.

11. The terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

12. All objections to the Motion or relief requested therein that have not been withdrawn, waived or settled, and all reservations of rights included therein, are overruled on the merits.

13. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: _____ 2017

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Exit Facility Commitment Letter

PNC Bank, National Association
200 South Wacker Drive, Suite 600
Chicago, Illinois 60606



June 1, 2017

\$125,000,000
Senior Secured Credit Facilities
Exit Facility Commitment Letter

A.M. Castle & Co.
1420 Kensington Road
Suite 220
Oakbrook, IL 60523
Attention: Patrick R. Anderson

Dear Patrick:

You have requested that PNC Bank, National Association ("PNC") provide A.M. Castle & Co. (as a reorganized debtor under the Plan of Reorganization, defined below, the "Borrower" or "you")¹ with an aggregate of \$125,000,000 in senior secured financing (the "Exit Facility"), the proceeds of which will be used to (a) refinance certain existing debt of Borrower and its subsidiaries (including the "DIP Facility" as defined in that certain DIP Facility Commitment Letter dated as of the date hereof delivered by PNC to Borrower) upon Borrower's emergence from bankruptcy proceedings, (b) pay fees and expenses related to this transaction, (c) satisfy ongoing capital expenditures, and (d) provide for the ongoing working capital needs of Borrower and certain of its subsidiaries. Borrower has advised PNC that it and certain of its subsidiaries intend to file voluntary petitions under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") in order to implement a restructuring under a "pre-packaged" plan of reorganization in substantially the form previously provided to PNC, or another form satisfactory to PNC (the "Plan of Reorganization").

PNC is pleased to provide its commitment to provide the full amount of the Exit Facility as more fully described in the attached Memorandum of Terms and Conditions (the "Exit Facility Term Sheet") attached to this commitment letter (the "Exit Facility Commitment Letter"). Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Exit Facility Term Sheet.

1. Titles and Roles.

¹ As provided in the Exit Facility Term Sheet, after review of Borrower's corporate organization chart, PNC may request that certain subsidiaries of Borrower also be Borrowers.

PNC is pleased to inform you of its undertaking to act as the administrative agent and collateral agent (in such capacity, the "Agent") for the Exit Facility. In addition to the title of Agent, PNC shall have the title of Lead Arranger and Sole Book Runner. It is understood that, with respect to the Exit Facility, no additional agents, co-agents, arrangers or bookrunners will be appointed, no other titles will be conferred and no other compensation paid without the consent of PNC.

2. Information Requirements.

You represent and warrant that: (i) all written information (other than financial projections referred to in clause (ii) below, information of a general industry or macroeconomic nature and other forward looking statements) that has been or will hereafter be made available to PNC by you or any of your representatives in connection with the transactions contemplated hereby, as and when furnished, and when taken as a whole and giving effect to all supplemental information, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of circumstances under which the statements were made (in each case after giving effect to all supplemental information thereto) and (ii) all financial projections concerning the Borrower (the "Projections") that have been or will hereafter be prepared by you, or on behalf of you, and made available to PNC, have been or will be prepared in good faith based upon assumptions you believed to be reasonable at the time of preparation thereof (collectively, the information in clauses (i) and (ii) the "Information Materials"). You agree to furnish us with supplemental information from time to time until the Closing Date, so that the representations and warranties in this paragraph remain correct in all material respects on the Closing Date as if the Information Materials were being furnished, and such representations and warranties were being made, on such date; it being recognized by PNC that projections of future events are not to be viewed as facts or guarantees of financial performance and actual results may differ from projected results and such differences may be material. In issuing this Exit Facility Commitment Letter, PNC is using and relying on the Information Materials without independent verification thereof.

3. Indemnification; Expenses.

You hereby agree to indemnify and hold harmless PNC and its affiliates and each of their directors, officers and employees (each, an "Indemnified Person"), from and against any and all losses, claims, damages, expenses and liabilities incurred by any Indemnified Person that arise out of or relate to any investigation or other proceeding (including any threatened investigation or litigation or other proceedings and whether or not such Indemnified Person is a party thereto) relating to this Exit Facility Commitment Letter, the Exit Facility Term Sheet or the transactions contemplated hereby, including without limitation the reasonable fees and disbursements of counsel (which fees and disbursements may include, but are not limited to, reasonable fees and disbursements of in-house counsel incurred in connection with any of the foregoing), but excluding any of the foregoing claimed by any Indemnified Person to the extent incurred by reason of the gross negligence or willful misconduct of such Indemnified Person as determined by a final nonappealable judgment of a court of competent jurisdiction. PNC shall not be responsible or liable to the Borrower or any other person for indirect, punitive, or consequential damages which may be alleged as a result of this Exit Facility Commitment Letter, the Exit

Facility Term Sheet or any of the transactions contemplated hereby. The Borrower's obligations under this paragraph shall survive any termination of this letter except that upon the execution of the definitive financing agreements the terms of such agreements shall supersede these provisions.

The Borrower hereby agrees to pay PNC \$250,000 upon execution of this Exit Facility Commitment Letter as a deposit (the "Deposit") for reasonable costs and expenses that may be incurred by PNC in connection with its due diligence, credit investigation and the transactions contemplated by this Exit Facility Commitment Letter and the Exit Facility Term Sheet; provided, that the amount of the Deposit shall be reduced on a dollar-for-dollar basis to reflect a credit for the deposit, if applicable, paid by the Borrower to PNC in connection with the DIP Facility. Such Deposit shall be refundable to the Borrower (less the reasonable costs and expenses incurred by PNC, including reasonable fees and disbursements of outside counsel) in the event the transactions contemplated hereby do not close. If PNC's costs and expenses and/or legal fees and expenses exceed the amount of the Deposit, PNC shall promptly inform the Borrower and reserves the right to require an increase in the amount of the Deposit to cover such increased costs. In addition, the Borrower hereby agrees to pay all costs and expenses incurred by PNC, including reasonable fees and expenses of PNC's inside and outside counsel, as well as the costs of providing PNC with such appraisal, audits, financial reports and other documents as may be requested in connection with the credit and due diligence investigation and the transactions contemplated by this Exit Facility Commitment Letter and the Exit Facility Term Sheet. PNC agrees to promptly notify the Borrower when PNC's costs and expenses and/or legal fees and expenses reach \$200,000. The Borrower's reimbursement obligations set forth in this paragraph are unconditional and the Borrower shall be obligated to reimburse PNC for such costs and expenses regardless of whether the Exit Facility is consummated. The Borrower agrees to promptly seek Bankruptcy Court approval of the Borrower's reimbursement obligations set forth in this paragraph and the Borrower's indemnification obligations set forth above, including PNC's right to receive reimbursement of all cost and expense set forth in this paragraph and indemnification obligations set forth above shall be entitled to priority as an administrative expense claim under Section 503(b)(1) of the Bankruptcy Code and to immediate payment upon demand by PNC without any further order of the Bankruptcy Court. The Borrower acknowledges that PNC, in its sole discretion, may require customer, vendor and credit reference checks as well as liens and tax liens, judgment searches, and background reports of the Borrower, and certain key individuals associated with the Borrower.

4. Sharing of Information; Absence of Fiduciary Relationships.

You acknowledge that PNC is a financial services firm and PNC may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of you, your affiliates and of other companies that you may do business with or may be the subject of the transactions contemplated by this Exit Facility Commitment Letter. PNC agrees that neither it nor its affiliates will use confidential information obtained from you or your affiliates or on your or their behalf by virtue of the transactions contemplated hereby in connection with the performance by PNC and its affiliates of services for other companies or other persons and neither PNC nor its affiliates will furnish any such information to any of their other customers. You also acknowledge that PNC and its respective affiliates have no obligation to use in connection with the transactions

contemplated hereby, or to furnish to you, confidential information obtained from other companies or other persons.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and your affiliates and PNC and its affiliates is intended to be or has been created in respect of any of the transactions contemplated by this Exit Facility Commitment Letter, irrespective of whether PNC has advised or is advising you on other matters, (b) PNC, on the one hand, and you, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of PNC and you waive, to the fullest extent permitted by law, any claims you may have against us for breach of fiduciary duty or alleged breach of fiduciary duty in connection with the transactions contemplated by this Exit Facility Commitment Letter and agree that we will have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on your behalf, including equity holders, employees or creditors, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Exit Facility Commitment Letter, (d) you have been advised that PNC and its affiliates are engaged in a broad range of transactions that may involve interests that differ from your and your affiliates' interests and that PNC has no obligation to disclose such interests and transactions to you or your affiliates, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate and (f) PNC has been, is and will be acting solely as a principal and, except as otherwise expressly agreed in writing by the relevant parties, has not been, is not and will not be acting as an advisor, agent or fiduciary for you, any of your affiliates or any other person or entity. In addition, PNC may employ the services of its affiliates in providing certain services hereunder and may exchange with such affiliates in connection therewith information concerning you, and such affiliates shall be entitled to the benefits afforded to, and subject to the obligations of, PNC under this Exit Facility Commitment Letter. In addition, you acknowledge and agree that (i) PNC and/or one or more of its affiliates may provide financing, equity capital, financial advisory and/or other services to parties whose interest may conflict with your interests and (ii) we have not provided you with legal, tax or accounting advice and that you have obtained such independent advice from your own advisors, representatives and agents.

5. Confidentiality.

You agree that you will not disclose the contents of this Exit Facility Commitment Letter, the Exit Facility Term Sheet or PNC's involvement with the Exit Facility to any third party (including, without limitation, any financial institution or intermediary) without PNC's prior written consent other than (a) to you and your directors, officers, employees, accountants, affiliates, equityholders, co-investors, attorneys or advisors, or your secured lenders and noteholders so long as the portion of the Exit Facility Term Sheet under the heading "Fee Structure" and the contents thereof have been redacted, in connection with Exit Facility and the other transactions contemplated by this Exit Facility Commitment Letter and the Exit Facility Term Sheet; provided that this Exit Facility Commitment Letter and the Exit Facility Term Sheet (but not the portion of the Exit Facility Term Sheet under the heading "Fee Structure" or the contents thereof other than (i) the existence thereof and the contents thereof with respect to fees generally in the aggregate as part of projections or pro forma information, and (ii) a generic disclosure of sources and uses to the extent necessary in other disclosures) may also be disclosed

as part of the Borrower's filings with the Bankruptcy Court and / or an 8-K issuance as required subject to PNC's prior written approval (such approval not to be unreasonably withheld), and (b) as may be compelled in a judicial or administrative proceeding or as otherwise required by law (in which case, to the extent permitted by law, you agree to inform PNC promptly thereof). Except in connection with a filing with the Bankruptcy Court and / or an 8-K issuance as required, you agree to inform all such persons who receive information concerning this Exit Facility Commitment Letter or the Exit Facility Term Sheet that such information is confidential and may not be used for any purpose other than in connection with the Exit Facility and the other transactions contemplated by this Exit Facility Commitment Letter and may not be disclosed to any other person. PNC reserves the right to review and approve, in advance, all materials and disclosures that contain PNC's name or any affiliate's name or describes this financing commitment.

PNC shall, until two (2) years from the date hereof, treat confidentially in accordance with its customary procedures for handling confidential information, all non-public information received by it from you or your affiliates and representatives in connection with the Exit Facility; provided, however, upon the execution and delivery of the definitive credit documentation, the provisions of the credit documentation shall govern the confidentiality matters described in this paragraph to the extent provided therein. Nothing herein shall prevent PNC from disclosing any such information (i) with your consent, (ii) in any legal, judicial or administrative, proceeding where, in their reasonable judgment, disclosure is required by law or regulations (in which case such person shall promptly notify you, in advance, to the extent permitted by law), (iii) upon the request or demand of any regulatory authority having jurisdiction over PNC or its affiliates or managed funds, (iv) in connection with the proposed Exit Facility and on a confidential basis to any of its affiliates or managed funds or the shareholders, employees, directors, officers, legal counsel, independent auditors, professionals, advisors and other experts or agents of PNC or their respective affiliates or managed funds who, in each case are informed of the confidential nature of such information and are or have been advised of their obligation to keep information of this type confidential, (v) to industry trade organizations information with respect to the Exit Facility that is customary for inclusion in league table measurements, (vi) to the extent any such information (w) becomes publicly available other than by reason of a breach of the confidentiality obligations set forth in this paragraph, (x) becomes available to PNC on a non-confidential basis from a source other than you or on your behalf and, to PNC's knowledge, not in violation of any confidentiality agreement or obligation owed to you, (y) was available to PNC on a non-confidential basis prior to its disclosure to PNC by you or on your behalf or (z) was independently developed by PNC without reliance on confidential information, (vii) as otherwise required by any applicable law, rule, regulation or compulsory legal process (in which case such person shall promptly notify you, in advance, of such disclosure to the extent permitted by law), (viii) for purposes of establishing any defense available under securities laws, including, without limitation, establishing a "due diligence" defense, or (ix) in enforcing PNC's rights with respect to this Exit Facility Commitment Letter. Notwithstanding the foregoing, this Exit Facility Commitment Letter and the Exit Facility Term Sheet (including the portion of the Exit Facility Term Sheet under the heading "Fee Structure" and the contents thereof) may be disclosed to the respective professionals representing the Borrower's first lien lenders, second lien bondholders, and third lien bondholders, provided that such professionals agree to maintain the confidentiality of such information and agree to treat such information on a "professionals eyes only" basis.

You hereby agree that if the portion of Exit Facility Term Sheet under the heading "Fee Structure" is required to be filed with any Bankruptcy Court or disclosed to any U.S. trustee for purposes of obtaining approval to pay any fees provided for therein or otherwise, then except as approved in writing by PNC, you shall promptly notify PNC and take all reasonable actions necessary to prevent the "Fee Structure" from becoming publicly available, including, without limitation, filing a motion or an ex parte request pursuant to sections 105(a) and 107(b) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure seeking a bankruptcy court order authorizing the Borrower to file the "Fee Structure" under seal to the maximum extent permitted by the Bankruptcy Court; provided, however, that if the Bankruptcy Court does not permit such filing under seal, then any such filing shall be redacted to the maximum extent permitted by the Bankruptcy Court and approved by PNC in writing (such approval not to be unreasonably withheld). The provisions of this section shall survive any termination or completion of the arrangement provided by this Exit Facility Commitment Letter.

6. Acceptance and Termination.

When accepted, this Exit Facility Commitment Letter (together with the Exit Facility Term Sheet) constitutes the entire agreement between PNC and you concerning the Exit Facility and replaces and supersedes all prior understandings, statements and negotiations. The commitment of PNC will expire at 11:59 p.m. Central time on June 2, 2017, unless on or before that date you sign and return the enclosed copy of this letter. Thereafter, PNC's undertakings under this Exit Facility Commitment Letter will expire on the earlier of (a) August 31, 2017 (or such later date as may be agreed in writing by the Borrower and PNC in their sole discretion) (the "Exit Commitment Termination Date"; provided, that if substantially final definitive documentation has not been negotiated between Borrower and PNC on or prior to July 31, 2017, then, unless otherwise extended in writing by the Borrower and PNC in their sole discretion, the Exit Commitment Termination Date shall be deemed to be July 31, 2017), if the Exit Facility has not closed on or before that date and (b) upon the closing of the Exit Facility.

7. Exclusivity.

On or prior to the Exit Commitment Termination Date, Borrower (on behalf of itself and its subsidiaries) agrees to work exclusively with PNC to consummate the Exit Facility and agrees that it will not (a) engage in any discussions with any other lender or funding source regarding a debt financing alternative to the Exit Facility, (b) provide any deposit to any other lender or funding source in connection with a debt financing alternative to the Exit Facility, (c) solicit or accept a proposal or commitment from another lender or funding source in connection with a debt financing alternative to the Exit Facility, or (d) otherwise permit or encourage another person to solicit a debt financing proposal or conduct due diligence in connection with a debt financing alternative to the Exit Facility. Notwithstanding anything to the contrary in this Section nothing in this Section shall require the Borrower or any of its directors or officers (in such person's capacity as a director or officer) to take any action, or to refrain from taking any action, to the extent that taking such action or refraining from taking such action would be inconsistent with such party's fiduciary obligations under applicable law.

8. Patriot Act.

PNC hereby notifies you that pursuant to the requirements of the U.S.A. PATRIOT ACT (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it and each of the Lenders is required to obtain, verify and record information that identifies you and your affiliates, which information may include your or their respective names and addresses, and other information that will allow PNC and each of the Lenders to identify you or any of them in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for PNC and each of the Lenders.

9. Survival of Obligations.

The provisions of Sections 2, 3, 4, 5 and 10 hereof shall survive the termination of the undertakings of PNC hereunder, provided that your obligations hereunder shall automatically terminate and be superseded by the provisions of the credit documentation upon the initial funding thereunder.

10. Miscellaneous.

(a) This Exit Facility Commitment Letter and all matters relating hereto or arising herefrom (whether arising under contract law, tort law or otherwise) shall, in accordance with Section 5-1401 of the General Obligations Law of the State of New York, be governed by and construed in accordance with the laws of the State of New York. Each party hereto irrevocably waives, to the fullest extent permitted by applicable law, (i) any right it may have to a trial by jury in any legal proceeding arising out of or relating to this Exit Facility Commitment Letter or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory) and (ii) any objection that it may now or hereafter have to the laying of venue of any such legal proceeding in the state or federal courts located in New York or, after commencement of any bankruptcy case by the Borrower, Wilmington, Delaware, and each of the parties hereto submits to the exclusive jurisdiction and venue of such courts, including the Bankruptcy Court (after commencement of any bankruptcy case there by the Borrower), relative to any such claim, controversy or dispute.

(b) This Exit Facility Commitment Letter may not be assigned by you and no rights of yours hereunder may be transferred and no obligations may be delegated without the prior written consent of PNC.

(c) This Exit Facility Commitment Letter may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same letter. Delivery of an executed counterpart of a signature page to this Exit Facility Commitment Letter by facsimile or other similar method of electronic transmission (e.g. "pdf or "tif") shall be as effective as delivery of an original executed counterpart of this Exit Facility Commitment Letter.

(d) This Exit Facility Commitment Letter may not be amended or modified, or any provisions hereof waived, except by a written agreement signed by all parties hereto. This Exit Facility Commitment Letter is not intended to create a fiduciary relationship among the parties hereto.

If the foregoing accurately sets forth your understanding, please indicate your acceptance hereof by signing the enclosed copy of this Exit Facility Commitment Letter and returning them to James Clifton, PNC Bank, National Association, 200 South Wacker Drive, Suite 600, Chicago, Illinois 60606 (email: james.clifton@pnc.com), together with payment of the Deposit. If you elect to deliver this Exit Facility Commitment Letter by facsimile or other similar method of electronic transmission, please arrange for the executed originals to follow by next-day courier. We are pleased to have this opportunity and very much look forward to working with you.

Sincerely,

PNC BANK, NATIONAL ASSOCIATION

By: _____
Name: Jim Clifton
Title: Senior Vice President

Agreed and Accepted:

A.M. CASTLE & CO.

By: _____
Name:
Title:

Borrower's TIN: _____

**MEMORANDUM OF TERMS AND CONDITIONS
EXIT FACILITY COMMITMENT LETTER**

June 1, 2017

This Memorandum of Terms and Conditions ("Exit Facility Term Sheet") is subject in its entirety to the Exit Facility Commitment Letter of even date herewith to which this Exit Facility Term Sheet is attached. Capitalized terms used herein but not defined herein shall have the meaning ascribed thereto in the Exit Facility Commitment Letter. This Exit Facility Term Sheet is intended as an outline of certain of the material terms of the Exit Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in the credit documentation.

General Terms:

Borrower(s): A.M. Castle & Co., as a reorganized debtor upon emergence from a case filed under chapter 11 of the United States Bankruptcy Code (11 U.S.C. §§ 101, et. seq., the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). Following legal review of the corporate structure, corporate formation and acquisition agreements, PNC may request that certain of the subsidiaries of A.M. Castle & Co. also be Borrowers.

Guarantor(s): Existing and future domestic subsidiaries of the Borrower and existing and future Canadian and Mexican subsidiaries of the Borrower. The United Kingdom subsidiary will be included at the Agent's option within 60 days following the Closing Date.

Agent: PNC Bank, National Association ("PNC" or "Agent").

Lender: PNC Bank, National Association.

Purpose: (i) Refinance the Prepetition First Lien Secured Claim (as defined in the Plan of Reorganization and the DIP Facility) in connection with Borrower's emergence from bankruptcy proceedings.

(ii) Pay fees and expenses related to this transaction.

(iii) Fund ongoing capital expenditures.

(iv) Provide for on-going working capital needs.

Exit Facility: \$125,000,000 senior secured revolving credit facility. For purposes hereof, the "Maximum Revolver Amount" means \$125,000,000 plus the amount of the Accordion defined below exercised by Borrower and implemented under the terms of the Credit Documentation. The maximum amount that may be outstanding under the Exit Facility at any time shall be the lesser of the Maximum Revolver Amount less the Availability Block defined below and the Borrowing Base defined below.

The Maximum Revolver Amount will increase to \$130,000,000 if the Agent elects to include the United Kingdom Subsidiary as a Guarantor within 60 days of the Closing Date.

Availability:

Usage under the Exit Facility shall not exceed the sum of the following (the "Borrowing Base"):

- (a) up to 85% of Eligible Accounts Receivable (or up to 90% of Eligible Accounts Receivable to the extent subject to credit insurance satisfactory to Agent) aged less than 60 days past due (not to exceed 120 days from invoice date), cross aged on the basis of 50% or more past due, plus;
- (b) up to the lesser of (i) 75% of the costs of Eligible Inventory or (ii) 90% of the net orderly liquidation value percentage ("NOLV") of Eligible Inventory, of which up to \$2,000,000 of "excess and obsolete" inventory as defined in the Borrower's most recent appraisal may be included in the Borrowing Base, minus
- (c) the Availability Block, minus
- (d) applicable reserves.

For avoidance of doubt, NOLV at the initial measurement date and each future measurement date of the Borrowing Base will reflect a six-month liquidation scenario as reflected in the Borrower's most recent appraisal.

Sub Limits:

- 1) Letters of Credit to be issued under the Exit Facility limited to \$20,000,000.
- 2) Borrowing Base availability attributable to Mexican assets limited to \$13,000,000.
- 3) Borrowing Base availability attributable to Canadian assets limited to \$20,000,000.
- 4) If PNC elects to include United Kingdom guarantors, Borrowing Base availability attributable to United Kingdom assets shall be limited to an amount to be determined after due diligence.

All criteria for (a) eligible assets, including without limitation the definitions of Eligible Accounts Receivable and Eligible Inventory, (b) advance rates, and (c) applicable reserves and sublimits, shall be determined by Agent. Without limiting the foregoing, Agent shall establish a reserve for Canadian "priority payables" that may have priority over Agent's liens on the Canadian assets, a reserve for Mexican wages and employee benefits that may have priority over Agent's liens on the Mexican assets and a reserve for "extended" or "extendable" retention of

title claims, a reserve for the prescribed part of net property that would be made available for the satisfaction of unsecured liabilities and a reserve for liabilities which constitute preferential debts, in each case that may have priority over Agent's liens on the United Kingdom assets.

The "Availability Block" shall total \$10,000,000 as of the Closing Date. \$5,000,000 of the Availability Block shall be applied against the calculation of the Borrowing Base and \$5,000,000 of the Availability Block shall be applied against the Line Cap. The Availability Block shall be reduced to zero upon Agent's receipt of audited financial statements for any year ending on or after December 31, 2018 evidencing positive net income for the Borrower and its subsidiaries.

**Uncommitted
Accordion:**

Subject to conditions to be determined, Borrower may request that the Maximum Revolver Amount be increased by up to \$25,000,000 but no Lender shall be obligated to increase its commitment.

**Mandatory
Prepayments:**

Subject to customary exceptions, mandatory prepayments for voluntary and involuntary asset dispositions, extraordinary receipts and debt and equity issuances. Mandatory prepayments shall not result in a permanent reduction in the Exit Facility unless an Event of Default exists and required lenders so direct.

Maturity:

The earlier of (a) five (5) years from the closing date and (b) 180 days prior to the maturity of the Junior Lien Debt (as defined below).

Interest Rates:

Interest Rate: For the period from the closing date through the end of the first full calendar quarter following the closing date, LIBOR Rate borrowings shall bear interest at the LIBOR Rate plus the margin set forth in Level III of the table below and Base Rate borrowings shall bear interest at the Base Rate plus the margin set forth in Level III of the table below, as applicable. Thereafter, the interest rate margins shall be adjusted as of the first day of each calendar quarter based on the average daily Excess Availability for the preceding quarter in accordance with the following table:

<u>Level</u>	<u>Average Daily Excess Availability</u>	<u>LIBOR Margin</u>	<u>Base Rate Margin</u>
I	> 66 2/3% of Maximum Revolver Amount	2.00%	1.00%
II	> 33 1/3% but ≤ 66 2/3% of Maximum Revolver Amount	2.25%	1.25%
III	≤ 33 1/3% of Maximum Revolver	2.50%	1.50%

	Amount		
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"Excess Availability" means, as of any date of determination, the amount available to be borrowed under the Exit Facility at such time (net of then outstanding obligations under the Exit Facility).

Interest will be calculated on the daily outstandings on a 360 day year for the actual number of days elapsed and will be due monthly in arrears on the first business day of each month for Base Rate borrowings and on the last day of each interest period for LIBOR Rate borrowings.

The "Base Rate" shall mean, for any day, a fluctuating per annum rate of interest equal to the highest of (i) the interest rate per annum announced from time to time by the Agent at its Principal Office as its then prime rate, which rate may not be the lowest rate then being charged commercial borrowers by the Agent, (ii) the Overnight Bank Funding Rate plus $\frac{1}{2}$ of 1%, and (iii) the one month LIBOR rate plus 100 basis points (1%).

LIBOR Rate pricing will be adjusted for any statutory reserves. In the event that the PNC LIBOR rate at any time would be determined to be less than zero, such rate shall be deemed to be zero.

The Borrower shall pay Letter of Credit fees equal to the applicable spread over LIBOR on the aggregate face amount of the Letters of Credit issued under the Exit Facility, together with a fronting fee of 0.25%.

Default Rate: 2% over the applicable rate.

Collateral: The Exit Facility (including any cash management, hedging and other bank products provided by any Lender or its affiliates will be secured by (collectively, the "Collateral"):

- (i) first priority perfected security interest in all of the Borrower's and each Guarantor's present and future property wherever located, including without limitation accounts, general intangibles, contract rights, all rights to the payment of money, instruments, documents, chattel paper, inventory, machinery, equipment, furniture, fixtures, real property (but only if owned, and subject to the following sentence), licenses, trademarks, tradenames, patents, copyrights and other intellectual property, all proceeds and products thereof; with it agreed that any machinery and equipment in the Mexican subsidiary will be excluded from Collateral if financed with a third party (it being agreed and understood that such third party financing shall be subject to dollar limitations to be agreed as well as an intercreditor agreement with Agent providing for, among others, access to such machinery and equipment) and

- (ii) first priority perfected security interest in (a) 100% of the member or ownership interests of Borrower in its domestic subsidiaries and any Guarantors, whether presently existing or subsequently formed or acquired, and (b) 65% of the Borrower's or any domestic subsidiary's existing or subsequently formed or acquired material foreign subsidiaries.

Without limiting the foregoing, the Exit Facility shall be secured by (i) on the Closing Date, a first priority mortgage (accompanied by customary title insurance and other real property deliverables reasonably requested by Agent) on the real property located in Bedford Heights, Ohio, and (ii) after the Closing Date at Agent's request during any Cash Dominion Period, a first priority mortgage (accompanied by customary title insurance and other real property deliverables reasonably requested by Agent) in all other owned domestic real property of Borrower and its subsidiaries, provided that Agent may require the mortgages described in this clause (ii) at closing in the event such real property also secures the Junior Lien Debt.

The Exit Facility will be cross-collateralized and cross-defaulted with all other present and future obligations of the Borrower and the Guarantors to the Lender.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

***Additional
Matters:***

**Field Examinations
and Appraisals:**

Field examinations will be charged at PNC's applicable rate, which for examinations performed by PNC is currently \$1,250 per person-day (based on an eight (8) hour day), plus expenses and administrative fees. So long as no Event of Default exists, Borrower shall not be obligated to

reimburse Agent for more than 3 field examinations in any calendar year or more than 2 appraisals of inventory in any calendar year.

**Collections and
Remittances:**

All customers shall be directed to make remittances to deposit accounts subject to control agreements in favor of Agent. Borrower shall retain dominion over such deposit accounts unless an Event of Default occurs or Liquidity (as defined below) falls below the greater of 12.5% of the Line Cap (defined below) and \$10,000,000 for five (5) consecutive business days, in either of which cases Agent may exercise dominion over such deposit accounts and cause funds deposited in such deposit accounts to be swept to Agent on a daily basis and applied to the obligations under the Exit Facility until no Event of Default exists and Liquidity exceeds the greater of 12.5% of the Line Cap and \$10,000,000 for 60 consecutive days (such period during which Agent may exercise dominion, the "Cash Dominion Period"). Within 90 days following the Closing, Borrower shall establish and maintain its primary treasury management with PNC. For the purpose of crediting the Borrower's loan account and calculating interest, all items of payment shall be deemed applied by Agent one (1) business day following the business day of Agent's receipt thereof. "Line Cap" means, as of any date of determination, the lesser of the Maximum Revolver Amount and the Borrowing Base.

Expenses:

All expenses incurred by Agent or any Lender, including reasonable legal fees, accounting, appraisal, audit, searches and the filing and recording of UCC filings and other security interests, and any other costs and expenses in reference to structuring, documenting, closing, monitoring or enforcing the agreements shall be for the account of the Borrower and payable at closing and otherwise on demand.

**Conditions
Precedent:**

Including, but not limited to, the following, with all documents to be satisfactory in form and substance to the Agent:

- a) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower or Guarantors, taken as a whole, since December 31, 2016.
- b) No material threatened or pending litigation or material contingent obligations.
- c) Execution of loan documentation and satisfactory legal review of all documentation.
- d) Satisfactory legal opinions.

- e) Satisfactory results of a pre-fund asset-based field examination to roll forward results from the field examination completed prior to the date hereof, which shall be completed by examiners satisfactory to Agent and upon which Agent is entitled to rely.
- e) Evidence that all actions necessary or, in the opinion of the Agent, desirable, to perfect and protect the security interests of the Agent have been taken.
- f) The Borrower will have minimum "Liquidity" (defined herein as the sum of (i) unrestricted domestic cash maintained in accounts subject to control agreements in favor of Agent plus (ii) Excess Availability) of \$20,000,000, at closing after Fees, expenses, advances made at closing, cure payments and administrative and other expenses associated with the bankruptcy proceedings of Borrower and subtraction of trade payables 60 days or more past due. Such availability to be evidenced by a Borrowing Base Certificate for the Exit Facility, satisfactory to the Agent.
- g) Evidence that Borrower and its subsidiaries are in compliance with all pertinent Federal, State, and local regulations including, but not limited to, those with respect to EPA, OSHA and ERISA.
- h) Borrower shall have filed with the Bankruptcy Court a motion to authorize and approve this Exit Facility Term Sheet and the performance of Borrower's obligations thereunder and shall obtain an order approving the same within 30 days following the filing of the motion to approve the DIP Facility.
- i) The Bankruptcy Court shall have entered an order, in form and substance satisfactory to Agent, confirming the Plan of Reorganization (the "Confirmation Order"), and the Confirmation Order shall be a final non-appealable order, which has not been stayed by the Bankruptcy Court or by any other court having jurisdiction to issue any such stay. The Confirmation Order shall have been entered upon proper notice to all parties to be bound by the Plan of Reorganization, all as may be required by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and any applicable local bankruptcy rules. In addition to the foregoing, unless waived by Agent, the time to appeal the Confirmation Order or to seek review, rehearing, or certiorari with respect to the Confirmation Order must have expired, no appeal or petition for review, rehearing or certiorari with respect to the provisions of the Confirmation Order may be pending, and the Confirmation Order must otherwise be in full force and effect.

- j) The conditions precedent to the confirmation of the Plan of Reorganization set forth in the Plan of Reorganization shall have occurred and the conditions precedent to the "effective date" set forth in the Plan of Reorganization shall have occurred; in each case, none of such conditions precedent shall have been waived without the prior written consent of Agent; with respect to such conditions precedent to the confirmation of the Plan of Reorganization and effective date, Borrower and the creditors' committee shall have confirmed to Agent in writing that such conditions precedent have been satisfied or waived and that the "effective date" has occurred. All other actions, documents and agreements necessary to implement the Plan of Reorganization shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.
- k) There shall be no adversary proceeding pending in the Bankruptcy Court, or litigation commenced outside of the bankruptcy proceedings that is not stayed pursuant to section 362 of the Bankruptcy Code, seeking to enjoin or prevent the financing or the transactions contemplated hereby.
- l) Evidence of cancellation of all commitments from, satisfaction in full of all indebtedness with respect to the Prepetition First Lien Secured Claims, the Prepetition Second Lien Secured Claims and the Prepetition Third Lien Secured Claims (as each term is defined in the Plan of Reorganization provided to PNC prior to the date hereof), and termination of all existing liens in favor of the Prepetition First Lien Agent and the Prepetition Indenture Trustee (as each term is defined in the Plan of Reorganization provided to PNC prior to the date hereof) and any other creditor with a lien on the Collateral (except for permitted liens acceptable to Agent), including delivery of a letter confirming the termination if requested by the Agent.
- m) Issuance of indebtedness in the principal amount of up to \$167,400,000 containing terms and conditions satisfactory to Agent (the "Junior Lien Debt") (i) in satisfaction of the Prepetition Second Lien Secured Claims and the Prepetition Third Lien Secured Claims in accordance with the Plan of Reorganization and (ii) on account of new capital contributed in accordance with the Commitment Agreement (as defined in the Plan of Reorganization) contemplated by the Plan of Reorganization. Agent shall have received evidence reasonably satisfactory to the Agent that Borrower received \$40,000,000 (subject to reduction as set forth in the Plan of Reorganization, but in no event less than \$25,000,000) of proceeds under the Commitment Agreement, in exchange for

certain Junior Lien Debt as contemplated by the Plan of Reorganization. The Junior Lien Debt may be secured by a lien on the Collateral junior and subordinate to Agent's lien on the Collateral subject to an intercreditor agreement in form and substance satisfactory to Agent and Lenders (without limiting the foregoing, such junior and subordinate lien shall be a "silent second", Borrower shall not pay interest in cash during the period from the Closing Date through and including the first anniversary of the Closing Date or during a Cash Dominion Period or at any other time subject to conditions to be determined (including, without limitation, a minimum availability or liquidity covenant) and no prepayments may be made in respect of the Junior Lien Debt).

- n) Evidence satisfactory to Agent that owned real property is free of material environmental problems.
- o) Delivery of evidence of insurance coverage satisfactory to Agent, and a lender's loss payee endorsement, naming the Agent as loss payee or an additional insured, as applicable.
- p) No default exists under the DIP Facility.
- q) Agent shall have received, at least five (5) business days prior to the closing date, all documentation and other information about each Borrower and each Guarantor, in each case as has been requested by Agent at least ten (10) business days prior to the closing date by Agent, that is required by regulatory authority under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

Covenants:

Usual and customary covenants of PNC for transactions of this type including but not limited to maintenance of corporate existence, payment on indebtedness and taxes when due, financial reporting requirements (to include monthly internal and annual audited financial statements of the Borrower, quarterly financial statements, monthly accounts receivable and accounts payable agings, monthly inventory listings, and monthly Borrowing Base certificates (springing to weekly Borrowing Base certificates and weekly collateral reporting during any Cash Dominion Period)), delivery of certificate of non-default, limitation on dividends and stock repurchases, limitation on capital expenditures, restriction and quality standards with respect to investments, limitation on other debt (however, foreign working capital lines of credit will be permitted subject to limitations to be determined), limitation on other liens or guarantees, limitation on change of control, limitations on intercompany transactions and advances, no change in nature of business, limitations on mergers or

acquisitions, no change in fiscal year, no additional subsidiaries, limitation on sale of assets.

There will be a monthly fixed charge covenant ("FCC") of 1.0 times, defined as EBITDA less non-financed capital expenditures and cash taxes paid divided by the sum of interest and principal on all indebtedness; provided, that such fixed charge covenant will only be tested during a Covenant Testing Period. The FCC will be measured monthly, on a trailing twelve month basis. Any measurement occurring from the Closing Date through December 31, 2017 will utilize results from January 1, 2017 through the most recent month end. For any monthly periods prior to the Closing Date included in the FCC, interest expense will be calculated using stipulated amounts to be determined that reflect the Borrower's pro forma capital structure. For avoidance of doubt, any interest expense that is not paid in cash shall be excluded from the FCC.

A Covenant Testing Period means the period commencing on the last day of the most recent fiscal month ending on or prior to the date that Liquidity falls below the greater of 10.0% of the Line Cap and \$9,000,000 for five consecutive business days and for which Agent has received Borrower's financial statements and ending on the first day thereafter that Liquidity has exceeded the greater of 10.0% of the Line Cap and \$9,000,000 for 60 consecutive days.

There will also be an annual non-financed capital expenditure covenant.

**Representations
and Warranties:**

Borrower will make such representations and warranties as may be appropriate in Agent's judgment in light of the proposed transaction and the general circumstances of the Borrower.

Events of Default:

Appropriate events of default, including but not limited, to the following:

- 1) Any non-payment when due of interest and/or principal of any advance, loan or drawing under the Exit Facility, or any fee thereunder. Payment defaults to include violation of the Borrowing Base.
- 2) Any breach in any material respect of any representation or warranty when made.
- 3) Any violation in any respect of any affirmative or negative covenant, subject to customary thresholds and materiality baskets to be agreed.
- 4) Any of the security interest or liens granted by the Collateral Documents ceases to be valid, binding and enforceable first priority security interest.

- 5) Any default related to other material indebtedness by the Borrower or any of its subsidiaries which has continued beyond the grace period or for a period of time sufficient to permit the acceleration of such indebtedness.
- 6) Any bankruptcy, insolvency, reorganization, attachment, receivership or similar proceeding shall be instituted by or against the Borrower or any Guarantor, except for the pending bankruptcy case of the Borrower and its subsidiaries.
- 7) Any judgment or judgments in the aggregate for the payment of money in excess of an amount to be determined shall be rendered against the Borrower or any of its subsidiaries unless the same shall be contested in good faith, and the Borrower establishes reserves satisfactory to Agent.
- 8) Any material adverse change in Borrower's or any Guarantor's results of operations, condition (financial or otherwise), and/or assets.

Governing Law: New York – submission by Borrower to New York jurisdiction.