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)

DECLARATION OF PATRICK R. ANDERSON IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND RELATED REQUESTS FOR RELIEF

I, Patrick R. Anderson, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Financial Officer and Executive Vice President of A.M. Castle & Co. ("A.M. Castle" or a "Debtor" and along with Keystone Tube Company, LLC, HY-Alloy Steels Company, Keystone Service, Inc., and Total Plastics, Inc. (the "Debtors") and I am the Treasurer for each of the other Debtors. In my above-described capacities, I am familiar with the Debtors' day-to-day operations, books and records, and business and financial affairs.

2. I joined A.M. Castle & Co. in 2007 and have been the Chief Financial Officer of A.M. Castle and Executive Vice President since May 2015. Prior to my current positions, I was Interim CFO, Vice President and Treasurer, Corporate Controller and Chief Accounting Officer from September 2007 to May 2015. I hold the position of Treasurer of the other Debtors. Prior to joining the Debtors, I served at Deloitte & Touche, LLP from 1994 to

[1] The Debtors, together with the last four digits of each Debtor's tax identification number, are: Keystone Tube Company, LLC (8746); HY-Alloy Steels Company (9160); A.M. Castle & Co. (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.

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2007. I graduated in 1994 from the University of Illinois Urbana-Champaign with a Bachelor of Science degree in Accountancy.

3. I submit this declaration (the "Declaration") to assist the Court and other parties in interest in understanding the circumstances that compelled the commencement of these chapter 11 cases (the "Chapter 11 Cases") and in support of (i) the Debtors' voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on the date hereof (the "Petition Date") and (ii) the request for related relief, in the form of motions and applications that the Debtors have filed with the Court (the "First Day Pleadings" and "Second Day Pleadings").

4. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, my discussion with the members of the Debtors' senior management, information provided to me by employees working under my supervision or the Debtors' professional advisors Pachulski Stang Ziehl & Jones LLP ("PSZ&J"), as legal restructuring counsel, and Imperial Capital, LLC ("Imperial"), as investment banker and financial advisor, or my opinion based upon experience, knowledge, and information concerning the operations of the Debtors and operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

5. Part I of the Declaration describes the restructuring of the Debtors' operations under the Plan. Part II describes the background of the Debtors and their operations.

Part III describes the Debtors' capital structure. Part IV describes the events leading to the commencement of the cases. Part V describes the relief the Debtors are seeking in their First Day Pleadings. Part VI describes the relief the Debtors are seeking in pleadings filed on the Petition Date but which will be presented to the Court after the "first day hearing."

I.

OVERVIEW

6. Today, the Debtors commenced these cases in order to implement a pre-packaged chapter 11 plan that has the support of the Debtors' principal creditor constituents and will effectuate a comprehensive balance sheet restructuring (the "Restructuring"). Through the Restructuring, the Debtors will emerge from bankruptcy as a deleveraged and well-capitalized company that will be in position to thrive and to continue to provide its customers with the high-quality, dependable products and services that are its hallmark.

7. Under the terms of the Restructuring, which are set forth in greater detail in the *Prepackaged Joint Chapter 11 Plan of Reorganization* (the "Plan"),[2] which was filed contemporaneously herewith, the Debtors will meaningfully deleverage their balance sheet by: (a) satisfying $112 million of its Prepetition First Lien Secured Claims either through (i) payment in full in cash from the proceeds of a new asset based loan facility or (ii) a roll up of the existing facility and payment of cash, (b) satisfying $177 million in Prepetition Second Lien Secured Claims through (i) the issuance of $111.875 million initial principal amount of new second lien convertible notes, (ii) $6.65 million in cash, and (iii) 65% of the new equity in A.M.

[2] Capitalized terms not defined herein have the meanings used in the Plan.

Castle (subject to dilution as set forth in the Plan), (c) satisfying $22.3 million of their Prepetition Third Lien Secured Claims through the (i) the issuance of $3.125 million initial principal amount of new second lien convertible notes and (ii) 15% of the new equity in A.M. Castle (subject to dilution as set forth in the Plan).

8. As set forth in greater detail herein, the Debtors' prepetition lenders have also agreed, subject to the Court's approval, to permit the Debtors to use cash collateral to help fund the costs of the Debtors' day-to-day operations and the Restructuring.

9. The effect of the restructuring on the Debtors' capital structure is summarized as follows:

Type of Claim	Estimated Prepetition Claim Amount	Estimated Recovery Under Plan
Prepetition First Lien Secured Claims	$112.0 million (plus accrued interest)	100%, either through New ABL Facility or New Roll-Up Facility and Cash
Prepetition First Second Secured Claims	$177.0 million (plus accrued interest)	63%-69% (approx.)[3]
Prepetition Third Lien Secured Claims	$22.3 million (plus accrued interest)	14%-26% (approx.)[4]
General Unsecured Claims	$90 million - $100 million (approx.)	100%

10. The Debtors' creditors throughout their capital structure overwhelmingly support the Restructuring. Pursuant to the *Restructuring Support Agreement*, which is annexed to the *Disclosure Statement for Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization*

[3] Estimated recovery is based upon the New Notes to be issued in the original principal amount of $111.875 million, plus $6.65 million in Cash, plus 65% of the New Common Stock, subject to dilution as set forth in the Plan, which together are estimated to yield a recovery in the aggregate of $119 million to $131 million.

[4] Estimated recovery is based upon the New Notes to be issued in the original principal amount of $3.125 million, plus 15% of the New Common Stock, subject to dilution as set forth in the Plan which together are estimated to yield a recovery in the aggregate of $3 million to $6 million.

(the "Disclosure Statement") as Exhibit B (as amended from time to time and including all exhibits thereto, the "RSA"), holders of 100% in principal amount of the Prepetition First Lien Secured Claims, approximately 92% in principal amount of the Prepetition Second Lien Secured Claims, and approximately 61% in principal amount of the Prepetition Third Lien Secured Claims, have agreed, subject to the terms and conditions of the RSA, to vote in favor of the Plan.

11. To reap the full benefits of the Restructuring, the Debtors must exit these Chapter 11 Cases quickly. The Debtors have agreed under the RSA to use reasonable best efforts to meet certain milestones for the restructuring process set forth in the RSA, including that confirmation of the prepackaged Plan occurs no later than sixty (60) days after the Petition Date, and that the prepackaged Plan becomes effective no later than August 31, 2017. To meet these deadlines, the Debtors have proposed the following timetable for the Restructuring:

Proposed Timetable	
Voting Record Date	May 10, 2017 (prepetition)
Commencement of Solicitation	May 15, 2017 (prepetition)
Voting Deadline	June 2, 2017, at 4:00p.m. (prevailing Eastern Time) (prepetition)
Plan Supplement Filing Date	Five (5) Business Days prior to the Combined Hearing
Proposed Plan/Disclosure Statement Objection Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)
Proposed Executory Contract Objection Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)
Proposed Equity Holder Election Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)
Proposed Plan/Disclosure Statement Reply Deadline	Three (3) Business Days prior to the Combined Hearing
Proposed Combined Hearing Date	On or about August 3 or 4, 2017

12. In keeping with the desire to limit the length of these Chapter 11 Cases, the Debtors began soliciting votes on the prepackaged Plan before filing their chapter 11 petitions for relief. On May 15, 2017, the Debtors served the Disclosure Statement pursuant to sections 1125 and 1126(b) of the Bankruptcy Code on holders of impaired claims entitled to vote and have requested the voting creditors to submit their ballots by the voting deadline of June 2, 2017, at 4:00 p.m. (Prevailing Eastern Time). As described below, the voting creditors overwhelmingly support confirmation of the Plan. Specifically, 100% of the Holders of the Prepetition First Lien Secured Claims in amount and 100% in number, 100% of the Holders of the Prepetition Second Lien Secured Claims in amount and 100% in number, and 79.24% of the Holders of the Prepetition Third Lien Secured Claims in amount and 62.50% in number, voted in favor of the Plan.

II.

BACKGROUND

A. Corporate History and Structure

13. A chart that describes the Debtors' corporate organizational structure is annexed hereto as **Exhibit A**. Debtor A.M. Castle is the principal operating entity of the Debtors and is organized as a Maryland company. A.M. Castle is the parent and sole owner of the remaining Debtors, and also has direct and indirect interests in various foreign affiliates that are not affected by these Chapter 11 Cases. Debtors Keystone Tube Company, LLC and HY-Alloy Steels Company are both organized in Delaware. Debtor Keystone Service, Inc. is organized in

Indiana. Debtor Total Plastics, Inc. ("Total Plastics") is a corporation organized in Michigan. In March 2016, the Debtors completed a sale of substantially all assets of Total Plastics, which included the entirety of the Debtors' plastics segment. The proceeds of the sale were used to repay the Debtors' indebtedness and allowed the Debtors to focus on their core business segment, metals.

B. Key Assets and Operations

14. The Debtors are a publicly-traded specialty metals distribution company serving customers on a global basis. The Debtors provide a broad range of products and value-added processing and supply chain services to a wide array of customers. The Debtors' customers are principally within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, oil and gas, and retail sectors of the global economy. Particular focus is placed on the aerospace and defense, power generation, mining, heavy industrial equipment, and general manufacturing industries, as well as general engineering applications.

15. The Debtors' corporate headquarters are located in Oak Brook, Illinois. As of May 31, 2017, the Debtors had 619 full-time employees. Of these employees, 617 are full time and two part-time, and 124 are represented by the United Steelworkers of America under collective bargaining agreements. As of December 31, 2016, the Debtors operated out of 21 service centers located throughout North America (16), Europe (3) and Asia (2). The Debtors' service centers hold inventory and process and distribute products to both local and export markets.

16. Service centers act as supply chain intermediaries between primary producers, which deal in bulk quantities in order to achieve economies of scale, and end-users in a variety of industries that require specialized products in significantly smaller quantities and forms. Service centers also manage the differences in lead times that exist in the supply chain. While original equipment manufacturers and other customers often demand delivery within hours, the lead time required by primary producers can be as long as several months. Service centers provide value to customers by aggregating purchasing, providing warehousing and distribution services to meet specific customer needs, including demanding delivery times and precise metal specifications, and by providing value-added metals processing services.

17. The Debtors also compete to a lesser extent with primary metals producers who typically sell to larger customers requiring shipments of large volumes of metal.

18. The Debtors' marketing strategy focuses on distributing highly engineered specialty grades and alloys of metals as well as providing specialized processing services designed to meet very precise specifications. Core products include alloy, aluminum, nickel, stainless steel, carbon and titanium. Inventories of these products assume many forms such as plate, sheet, extrusions, round bar, hexagon bar, square and flat bar, tubing and coil. Depending on the size of the facility and the nature of the markets it serves, the Debtors' service centers are equipped as needed with bar saws, plate saws, oxygen and plasma arc flame cutting machinery, trepanning machinery, boring machinery, honing equipment, water-jet cutting equipment, stress relieving and annealing furnaces, surface grinding equipment, CNC machinery, and sheet shearing and cut-to-length equipment. Various specialized fabrications are also performed for

customers through pre-qualified subcontractors that thermally process, turn, polish, cut-to-length and straighten alloy and carbon bar.

19. The Debtors purchase metals from many producers. Material is purchased in large lots and stocked at its service centers until sold, usually in smaller quantities and typically with some value-added processing services performed. The Debtors' ability to provide quick delivery of a wide variety of specialty metals products, along with its processing capabilities and supply chain management solutions, allows customers to lower their own inventory investment by reducing their need to order the large quantities required by producers and their need to perform additional material processing services. Some of the Debtors' purchases are covered by long-term contracts and commitments, which generally have corresponding customer sales agreements.

20. Thousands of customers from a wide array of industries are serviced primarily through the Debtors' own sales organization. Orders are primarily filled with materials shipped from Company stock. The materials required to fill the balance of sales are obtained from other sources, such as purchases from other distributors or direct mill shipments to customers. Deliveries are made principally by the Debtors' fleet contracted through third party logistics providers. Common carrier delivery is used in areas not serviced directly by the Company's fleet. The Debtors' broad network of locations provides same or next-day delivery to most of their markets, and two-day delivery to substantially all of the remaining markets.

The Debtors' customer base is well diversified and, therefore, the Debtors do not have dependence upon any single customer, or a few customers. The customer base includes many Fortune 500 companies as well as thousands of medium- and smaller-sized firms.

III.

CAPITAL STRUCTURE AND PREPETITION INDEBTEDNESS

A. Equity Ownership

21. A.M. Castle was originally incorporated in Delaware in 1966 but subsequently organized as a Maryland corporation in 2001. A.M. Castle was first listed on the American Stock Exchange but later began trading on the New York Stock Exchange in 2007. A.M. Castle files annual reports with, and furnishes other information to, the SEC. Shares of common stock of A.M. Castle are currently traded on the OTCQB Ventures Market under the symbol "CASL." As of the date hereof, A.M. Castle had approximately 32,768,385 issued and outstanding shares of common stock. All other Debtors are 100 percent owned either directly or indirectly by A.M. Castle.

B. Prepetition Indebtedness

22. As of the date hereof, the Debtors' significant prepetition indebtedness is approximately $411 million, which includes secured financing obligations in the principal amount of approximately $311 million and general unsecured obligations in the approximate amount of $90 million to $100 million. The parties and the details regarding the Debtors' prepetition indebtedness are summarized below.

i. First Lien Debt

23. *First Lien Credit Agreement*. The First Lien Lenders (as defined below) extended certain credit facilities to A.M. Castle & Co. and Total Plastics, Inc. in the form of term loans and delayed draw term loans (the "First Lien Facilities") pursuant to that certain Credit and Guaranty Agreement, dated as of December 8, 2016 (as amended, supplemented, or otherwise modified from time to time, the "First Lien Credit Agreement," and together with the other Credit Documents (as defined in the First Lien Credit Agreement), the "First Lien Credit Documents"), among A.M. Castle & Co. ("A.M. Castle") and Total Plastics, Inc., as borrowers, the remaining Debtors and certain of their non-Debtor affiliates, as guarantors, Cantor Fitzgerald Securities, as administrative and collateral agent (the "First Lien Agent"), and the lenders that are parties thereto from time to time (the "First Lien Lenders," and, together with the First Lien Agent, the "Prepetition First Lien Creditors"). As of the Petition Date, the Debtors were jointly and severally indebted to the Prepetition First Lien Creditors pursuant to the First Lien Credit Documents, without defense, counterclaim, or offset of any kind, in the aggregate principal amount of $112,000,000 *plus* the Exit Fee (as defined in the First Lien Credit Agreement) *plus* accrued and unpaid interest with respect thereto and any additional fees, costs, expenses (including any attorneys', financial advisors', and other professionals' fees and expenses), reimbursement obligations, indemnification obligations, contingent obligations, and other charges of whatever nature, whether or not contingent, whenever arising, due, or owing, and all other Obligations (as defined in the First Lien Credit Agreement) owing under or in connection with the First Lien Credit Documents (collectively, the "Prepetition First Lien Obligations").

24. *First Lien Collateral*. In connection with the First Lien Credit Agreement, the Debtors entered into that certain Pledge and Security Agreement, dated as of December 8, 2016 (as amended, supplemented or otherwise modified from time to time, the "First Lien Security Agreement"), by and between A.M. Castle & Co. and the other Debtors, as grantors, and the First Lien Agent, as collateral agent for the First Lien Lenders. Pursuant to the First Lien Security Agreement and the other First Lien Credit Documents, the Prepetition First Lien Obligations are secured by valid, binding, perfected first-priority security interests in and liens on (the "Prepetition First Priority Liens") the "Collateral" (the "Prepetition First Lien Collateral"), as defined in the First Lien Credit Agreement and First Lien Security Agreement, including substantially all of the Debtors' assets, including cash (the "Cash Collateral"), in each case subject to certain exceptions as set forth in the First Lien Security Agreement..

ii. Second Lien Debt

25. *Second Lien Notes*. A.M. Castle & Co. issued 12.75% senior secured notes due 2018 (the "Second Lien Notes") pursuant to that certain Indenture, dated as of February 8, 2016 (as amended, supplemented, or otherwise modified from time to time, the "Second Lien Notes Indenture," and together with the other Notes Documents (as defined in the Second Lien Notes Indenture), the "Second Lien Notes Documents"), by and among A.M. Castle & Co., as issuer, the remaining Debtors and certain of their non-Debtor affiliates, as guarantors, and U.S. Bank National Association, as indenture trustee and collateral agent (the "Second Lien Trustee," and together with the holders of the Second Lien Notes, the "Prepetition Second Lien Creditors"). As of the Petition Date, the Debtors were jointly and severally indebted to the

Prepetition Second Lien Creditors pursuant to the Second Lien Notes Documents, without defense, counterclaim, or offset of any kind, in the aggregate principal amount of $177,019,000 *plus* accrued and unpaid interest with respect thereto and any additional fees, costs, expenses (including any attorneys', financial advisors', and other professionals' fees and expenses), reimbursement obligations, indemnification obligations, contingent obligations, and other charges of whatever nature, whether or not contingent, whenever arising, due, or owing, and all other Obligations (as defined in the Second Lien Notes Indenture) owing under or in connection with the Second Lien Notes Documents (collectively, the "Prepetition Second Lien Obligations").

26. *Second Lien Collateral*. In connection with the Second Lien Notes Indenture, the Debtors entered into that certain Pledge and Security Agreement, dated as of February 8, 2016 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Security Agreement"), by and between A.M. Castle & Co. and the other Debtors, as grantors, and the Second Lien Trustee, as collateral agent for the holders of Second Lien Notes. Pursuant to the Second Lien Security Agreement and the other Second Lien Notes Documents, the Prepetition Second Lien Obligations are secured by valid, binding, perfected second-priority security interests in and liens on (the "Prepetition Second Priority Liens") the "Collateral" (the "Prepetition Second Lien Collateral"), as defined in the Second Lien Security Agreement, including substantially all of the Debtors' assets, including the Cash Collateral, in each case subject to certain exceptions as set forth in the Second Lien Security Agreement.

iii. Third Lien Debt

27. *Convertible Notes*. A.M. Castle & Co. issued 5.25% convertible senior secured notes due 2019 (the "Third Lien Notes," and together with the First Lien Facilities and the Second Lien Notes, the "Prepetition Secured Debt") pursuant to that certain Indenture, dated as of May 19, 2016 (as amended, supplemented, or otherwise modified from time to time, the "Third Lien Notes Indenture," and together with the other Notes Documents (as defined in the Third Lien Notes Indenture), the "Third Lien Notes Documents"), by and among A.M. Castle & Co., as issuer, the remaining Debtors and certain of their non-Debtor affiliates, as guarantors, and U.S. Bank National Association, as indenture trustee and collateral agent (the "Third Lien Trustee," and together with the holders of Third Lien Notes, the "Prepetition Third Lien Creditors"). As of the Petition Date, the Debtors were jointly and severally indebted to the Prepetition Third Lien Creditors pursuant to the Third Lien Notes Documents, without defense, counterclaim, or offset of any kind, in the aggregate principal amount of $22,323,000 *plus* accrued and unpaid interest with respect thereto and any additional fees, costs, expenses (including any attorneys', financial advisors', and other professionals' fees and expenses), reimbursement obligations, indemnification obligations, contingent obligations, and other charges of whatever nature, whether or not contingent, whenever arising, due, or owing, and all other Obligations (as defined in the Third Lien Notes Indenture) owing under or in connection with the Third Lien Notes Documents (collectively, the "Prepetition Third Lien Obligations," and together with the Prepetition First Lien Obligations and Prepetition Second Lien Obligations, the "Prepetition Secured Obligations"). For purposes of this Motion: "Prepetition Agents"

means, collectively, the First Lien Agent, the Second Lien Trustee and the Third Lien Trustee; "Prepetition Secured Creditors" means, collectively, the Prepetition First Lien Creditors, the Prepetition Second Lien Creditors and the Prepetition Third Lien Creditors; and "Prepetition Secured Debt Documents" means, collectively, the First Lien Credit Documents, the Second Lien Notes Documents and the Third Lien Notes Documents.

28. *Third Lien Collateral*. In connection with the Third Lien Notes Indenture, the Debtors entered into that certain Pledge and Security Agreement, dated as of May 19, 2016 (as amended, supplemented or otherwise modified from time to time, the "Third Lien Security Agreement"), by and between A.M. Castle & Co. and the other Debtors, as grantors, and the Third Lien Trustee, as collateral agent for the holders of Third Lien Notes. Pursuant to the Third Lien Security Agreement and the other Third Lien Notes Documents, the Prepetition Third Lien Obligations are secured by valid, binding, perfected third-priority security interests in and liens on (the "Prepetition Third Priority Liens," and together with the Prepetition First Priority Liens and Prepetition Second Priority Liens, the "Prepetition Liens") the "Collateral" (the "Prepetition Third Lien Collateral," and together with the Prepetition First Lien Collateral and Prepetition Second Lien Collateral, the "Prepetition Collateral"), as defined in the Third Lien Security Agreement, including substantially all of the Debtors' assets, including the Cash Collateral, in each case subject to certain exceptions as set forth in the Third Lien Security Agreement.

iv. Intercreditor Agreements

29. *Senior Intercreditor Agreement*. The First Lien Agent, Second Lien Trustee, and the Third Lien Trustee are parties to that certain Amended and Restated

Intercreditor Agreement, dated as of February 8, 2016 (as amended, supplemented or otherwise modified from time to time, the "Senior Intercreditor Agreement"). The Senior Intercreditor Agreement, among other things, (A) confirms the senior priority of the security interests of the Prepetition First Lien Creditors in the assets and properties of the Debtors (including the Prepetition Collateral) to the junior priority security interests of the Prepetition Second Lien Creditors and Prepetition Third Lien Creditors, (B) provides that the Prepetition Second Lien Creditors and the Prepetition Third Lien Creditors shall be deemed to have consented to the use of Cash Collateral by the Debtors under certain circumstances, and (C) provides certain other rights and obligations between the Prepetition First Lien Creditors, on the one hand, and the Prepetition Second Lien Creditors and the Prepetition Third Lien Creditors, on the other hand, relating to the Prepetition Collateral. The Senior Intercreditor Agreement is a "subordination agreement" within the meaning of Section 510(a) of the Bankruptcy Code.

30. *Junior Intercreditor Agreement*. The Second Lien Trustee and the Third Lien Trustee are parties to that certain Junior Lien Intercreditor Agreement, dated as of May 19, 2016 (as amended, supplemented or otherwise modified from time to time, the "Junior Intercreditor Agreement," and together with the Senior Intercreditor Agreement, the "Intercreditor Agreements"). The Junior Intercreditor Agreement, among other things, (A) confirms the senior priority of the security interests of the Prepetition Second Lien Creditors in the assets and properties of the Debtors (including the Prepetition Collateral) vis-à-vis the junior priority security interests of the Prepetition Third Lien Creditors, (B) provides that the Prepetition Third Lien Creditors shall be deemed to have consented to the use of Cash Collateral

by the Debtors under certain circumstances, and (C) provides certain other rights and obligations between the Prepetition Second Lien Creditors and the Prepetition Third Lien Creditors relating to the Prepetition Collateral. The Junior Intercreditor Agreement is a "subordination agreement" within the meaning of Section 510(a) of the Bankruptcy Code.

v. Other Indebtedness

31. The Debtors incur general unsecured trade debt in the ordinary course of business. As of the Petition Date, the Debtors estimate that they have approximately $90-$100 million in general unsecured obligations, which the Debtors intend to continue to pay in the ordinary course. In addition, as addressed herein, the Debtors are the subject of various litigation claims, which are disputed.

IV.

EVENTS LEADING TO CHAPTER 11

32. In light of current market conditions and operating results, the Debtors cannot continue to service their existing debt load, without jeopardizing their business. The Debtors therefore commenced discussions with the largest holders of the Prepetition First Lien Secured Claims, Prepetition Second Lien Secured Claims, and Prepetition Third Lien Secured Claims regarding a capital restructuring and were successful in reaching agreement.

A. Restructuring Support Agreement

33. On April 6, 2017, the Debtors and the Consenting Creditors representing 100% of the Prepetition First Lien Secured Claims, approximately 92% of the Prepetition Second Lien Secured Claims, and approximately 61% of the Prepetition Third Lien Secured Claims entered into the RSA. The terms of the RSA are incorporated in the Plan.

34. Pursuant to the RSA, each Consenting Creditor agreed to exercise all votes to which it is entitled with respect to the principal amount of the Prepetition First Lien Secured Claims, the Prepetition Second Lien Secured Claims, and the Prepetition Third Lien Secured Claims to accept the Plan.

35. While the RSA is in effect, each Consenting Creditor also agreed, subject to certain exceptions, not to transfer any Claims held by it that are subject to the RSA, except to another Consenting Creditor or transferee who agrees to be bound by the RSA.

36. Under the RSA, the Debtors agreed, among other things, to: (i) support and take all actions that are reasonably necessary and appropriate to obtain orders of the Bankruptcy Court in furtherance of the consummation of the Plan and the Restructuring; (ii) timely respond to any objections filed with the Bankruptcy Court to the entry of any such orders; (iii) support and consummate the Restructuring in a timely manner; (iv) execute and deliver any documents that may be required to consummate the Restructuring; (v) take commercially reasonable actions in furtherance of the Restructuring; and (vi) operate its business in the ordinary course consistent with past practice.

37. Under the RSA, the Debtors also agreed to notify the Consenting Creditors of certain events, including the receipt of certain third party proposals or governmental notices, the assertion of certain third party approval rights, anticipated failures of a covenant or condition under the RSA, the receipt of certain complaints or notices of certain litigation, and any failure by the Company to comply with the RSA. The RSA requires the Debtors (i) to act in good faith and use reasonable best efforts to support and complete successfully the solicitation of votes on

the Restructuring, (ii) to use reasonable best efforts to satisfy the milestones set forth in the RSA, (iii) not to waive, amend or modify the definitive documents relating to the Restructuring without the prior written consent of the Required Consenting Creditors, (iv) not to execute any such definitive document that is not materially consistent with the RSA or is not acceptable to the required majority of Consenting Creditors; (v) to object to any motions in the Bankruptcy Court for any relief that is inconsistent with the RSA in any material respect or would, or reasonably be expected to, prevent the consummation of the Restructuring or otherwise frustrate the purposes of the RSA; (vi) to use reasonable best efforts to obtain any required third party or governmental approvals of the Restructuring; (vii) to maintain its good standing and legal existence; (viii) not to take any actions inconsistent with the RSA, the Plan or the Restructuring; (ix) not to delay or interfere with implementation of the Restructuring or directly or indirectly seek or solicit any discussions relating to, or enter into any agreements relating to, any restructuring, sale of assets, merger, workout or plan of reorganization of the Debtors other than the Plan except as may be required by fiduciary obligations under applicable law; (x) to provide draft copies of all definitive documents and material motions, applications, or other documents that the Company intends to file with the Bankruptcy Court to the Consenting Creditors and their counsel at least five business days prior to the date when the Debtors intend to file such document, or as soon as reasonably practicable, but in no event later than three business days, where five business days' notice is not reasonably practicable; (xi) to maintain and insure its physical assets and facilities, and maintain books and records consistent with prior practice; and (xii) subject to confidentiality obligations, to timely respond to information requests by the

Consenting Creditors and provide reasonable access to facilities and property, management, and certain books and records.

38. Under the RSA, each of the Consenting Creditors agreed, subject to the terms and conditions set forth therein, among other things: (i) to support and consummate the Restructuring in a timely manner; (ii) to execute and deliver any documents that may be required to consummate the Restructuring; (iii) to take all commercially reasonable actions in furtherance of the Restructuring; (iv) to vote any claim it holds as a holder of the Debtors' debt to accept the Plan; (v) not to take or to direct any of its debt agents to take any actions inconsistent with such Consenting Creditor's obligations under the RSA; (vi) not to object to, delay, impede, or take any other action to interfere with, delay, or postpone acceptance, confirmation or implementation of the Plan, (vii) not to, directly or indirectly, seek, solicit, encourage, assist, consent to, propose, file, support, participate in the formulation of or vote for any restructuring, sale of assets, merger, workout or plan of reorganization of the Debtors other than the Plan, and (viii) subject to certain exceptions, to limit its ability to sell, transfer, assign, pledge, grant a participation interest in or otherwise dispose of, directly or indirectly, its right, title or interest in respect of any claim relating to the debt claims that it has against the Debtors in whole or in part.

39. The RSA requires the Debtors to use commercially reasonable efforts to preserve relationships with current customers, distributors, suppliers, vendors and others having business dealings with the Debtors. Further, under the RSA, each of the Consenting Creditors has agreed that the Debtors shall not be under any obligation to obtain consent with respect to the

payment of any trade payables and other obligations that arise in the ordinary course of the Debtors' business.

B. Chapter 11 Case Milestones

40. The RSA contemplates that the Debtors will proceed expeditiously through chapter 11. The Debtors have agreed in the RSA to use commercially reasonable efforts to implement the Chapter 11 Cases in accordance with the following milestones:

- Commencing solicitation of the prepackaged Plan by 11:59 p.m. prevailing Eastern Time on May 15, 2017 (the "**Solicitation Commencement Date**");
- Commencing the Chapter 11 Cases by 11:59 p.m. prevailing Eastern Time on June 20, 2017;
- Entry of an order confirming the Debtors' Plan and approving the Disclosure Statement (the "**Confirmation Order**") no later than 60 days after the Petition Date; and
- Occurrence of the Plan's effective date no later than August 31, 2017.

41. Failure to meet any of the milestones may result in the Required Consenting Creditors terminating the RSA. Such a result could potentially and disastrously derail the Debtors' emergence from chapter 11 and the prospects of reorganizing as a deleveraged and properly capitalized company poised to succeed.

V.

RELIEF SOUGHT IN FIRST DAY PLEADINGS

42. As described below, the First Day Pleadings seek relief intended to preserve the value of the Debtors and maintain continuity of operations by, among other things,

(i) preserving the Debtors' relationships with their customers, vendors, suppliers, and employees; (ii) ensuring continued employee morale; (iii) providing use of cash collateral; (iv) maintaining the Debtors' cash management systems and other business operations without interruption; and (v) establishing certain administrative procedures to facilitate an orderly transition into, and uninterrupted operations throughout, these Chapter 11 Cases. This relief is critical to the Debtors' restructuring efforts and, without it, the Debtors' businesses would suffer immediate and irreparable harm.

A. Motion for Order Directing Joint Administration of Related Chapter 11 Cases for Procedural Purposes Only

43. In this motion, the Debtors request entry of an order directing joint administration of their Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one file and one docket for all of the Chapter 11 Cases under the lead case, Keystone Tube Company, LLC ("**Keystone**"). Further, the Debtors request that an entry be made on the docket of each of the Chapter 11 Cases of the Debtors other than Keystone to indicate the joint administration of the Chapter 11 Cases.

44. Given the integrated nature of the Debtors' businesses, joint administration of the Chapter 11 Cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders that will be filed in the Chapter 11 Cases will almost certainly affect each of the Debtors. I believe that an order directing joint administration of the Chapter 11 Cases will reduce fees and costs by avoiding duplicative filings and objections and will allow the United States

Trustee for the District of Delaware (the "U.S. Trustee") and all parties in interest to monitor the Chapter 11 Cases with greater ease and efficiency.

B. Application For Order Authorizing Retention and Employment of Kurtzman Carson Consultants, LLC as Claims and Noticing Agent to the Debtors Nunc Pro Tunc the Petition Date Pursuant to 28 U.S.C. §§ 156(c),11 U.S.C. § 105(a), and Local Rule 2002-1(f)

45. By this application, pursuant to section 156(c) of title 28 of the United States Code, section 105(a) of the Bankruptcy Code, and Local Rule 5075-1, the Debtors request authority to appoint Kurtzman Carson Consultants, LLC ("KCC") as claims and noticing agent ("Claims and Noticing Agent") in the Debtors' Chapter 11 Cases, in accordance with the terms and conditions of that certain engagement agreement dated as of April 17, 2017, effective *nunc pro tunc* to the Petition Date.

46. The Debtors request entry of an order appointing KCC as the Claims and Noticing Agent for the Debtors and their Chapter 11 Cases, including assuming full responsibility for the distribution of notices and the maintenance, processing, and docketing of proofs of claim filed in the Debtors' Chapter 11 Cases. While the Debtors are seeking approval to not file their schedules of assets and liabilities because all valid unsecured claims will be paid in full under the Plan, they anticipate that creditors will nevertheless file proofs of claim. In addition, there will be nearly 10,000 entities to be noticed on their creditor matrix in connection with the notice of commencement, notice of the confirmation hearing, and other hearings and notices that require the Debtors to serve on all parties in interest. In view of the number of anticipated parties in interest and the complexity of the Debtors' businesses, I believe that the

appointment of KCC as Claims and Noticing Agent is in the best interests of the Debtors' estates and their creditors.

C. Motion (I) Authorizing the Debtors to File a Consolidated List of Creditors in Lieu of Submitting a Separate Mailing Matrix for Each Debtor, (II) Authorizing the Debtor to Redact Certain Personal Identification Information for Individual Creditors, and (III) Granting Related Relief

47. By this motion, Debtors seek entry of an order (a) authorizing the Debtors to file a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor; (b) authorizing the Debtors to redact certain personal identification information for individual creditors; and (c) granting related relief.

48. In addition to the reasons set forth in the motion, I believe that permitting the Debtors to maintain a single consolidated list of creditors (the "Creditor Matrix"), in lieu of filing a separate creditor matrix for each Debtor, is warranted. Requiring the Debtors to segregate and convert their computerized records to a Debtor-specific creditor matrix format would be an unnecessarily burdensome task and result in duplicate mailings. In addition, I believe that it would not only be prudent but also beneficial to permit the Debtors to redact address information of individual creditors—including the Debtors' employees—and interest holders from the creditor matrix because such information could be used to perpetrate identity theft. The Debtors propose to provide an un-redacted version of the Creditor Matrix to the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), any official committee appointed in these chapter 11 cases, and to the Court.

D. Motion for Order Under Sections 105, 345, 363, 1107, and 1108 of the Bankruptcy Code Authorizing (I) Maintenance of Existing Bank Accounts, (II) Continuance of Existing Cash Management System, Bank Accounts, Checks and Related Forms, and (III) Granting Related Relief

49. Through this motion, the Debtors request entry of interim and final orders (i) authorizing the Debtors to (a) continue using their existing cash management system, (b) continue using their existing business forms and bank accounts, (c) continue their intercompany transactions, and (d) pay related prepetition obligations. The Debtors also request that the Court authorize the Banks (as defined in the Cash Management Motion) to honor prepetition checks and continue to provide the Debtors with cash management and credit card services and to charge related bank fees or charges as described in the Motion. The Debtors also request that the Court authorize the banks (as defined below) to honor prepetition checks and continue to provide the Debtors with cash management and credit card services and to charge related Bank Fees (as defined below) pursuant to prepetition agreements.

50. Before the Petition Date, the Debtors employed a cash management system to collect funds generated by their operations and to disburse funds to satisfy obligations incurred in the ordinary course of their business (the "Cash Management System"). The Debtors maintain a Cash Management System consisting of (a) five (5) bank accounts located at Bank of America Merrill Lynch (the "BofA Accounts"), (b) one (1) bank account located at Wells Fargo Bank, NA (the "Wells Fargo Account"), and (c) one (1) bank account located at Citibank N.A. (the "Citi Account" and together with the BofA Accounts and Wells Fargo Account, the "Bank Accounts"). A.M. Castle & Co. is the owner of each of the Bank Accounts. A list of the Debtors'

is set forth on Exhibit A to the Cash Management Motion and a schematic diagram of the Cash Management System is attached as Exhibit B thereto.

51. Upon my review of the relevant account documents, each bank is designated as an authorized depository by the U.S. Trustee pursuant to the U.S. Trustee's Operating Guidelines for Chapter 11 Cases (the "UST Operating Guidelines"). Furthermore, my review of the account documentation obtained from various banks showed that all of the Debtors' accounts are deposit accounts, and none of the Debtors funds are invested in money market funds. Accordingly, the Debtors comply with the requirements of section 345(b) of the Bankruptcy Code.

52. The Debtors and certain Debtor and non-Debtor affiliates maintain business relationships with each other (the "Intercompany Transactions") resulting in intercompany receivables and payables in the ordinary course of business (the "Intercompany Claims"). In connection with the daily operation of the Cash Management System, as funds are disbursed throughout the Cash Management System and as business is transacted between the Debtors and non-Debtors, at any given time there may be Intercompany Claims owing by one Debtor to another or to a non-Debtor. Certain Intercompany Claims are settled in cash while others are reflected as journal entry receivables and payables, as applicable, in the respective Debtors' accounting systems.

53. The Debtors track all fund transfers in their respective accounting system and can ascertain, trace, and account for all Intercompany Transactions. The Debtors will also put in place monitoring systems to be able to track postpetition intercompany transfers. If the

Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors and their creditors and other stakeholders.

54. In my opinion, the Cash Management System constitutes an ordinary course and essential business practice providing significant benefits to the Debtors, including the ability to control corporate funds, ensure the maximum availability of funds when and where necessary, reduce borrowing costs and administrative expenses by facilitating the movement of funds, and ensure the availability of timely and accurate account balance information consistent with prepetition practices. The use of the Cash Management System has historically reduced the Debtors' expenses by enabling the Debtors to use funds in an optimal and efficient manner. I believe that the continued use of the Cash Management System without interruption is vital to the Debtors' business operations and the success of these Chapter 11 Cases.

E. Motion for an Order Authorizing the Debtors to Pay Prepetition Employee Wages, Benefits, and Related Items

55. By this motion (the "Wage Motion"), the Debtors are seeking (i) to pay (a) prepetition wages, salaries, and other accrued compensation (collectively, the "Prepetition Compensation"); (b) sales incentive payments to rank and file employees, (c) unreimbursed and unpaid prepetition business expenses (collectively, the "Prepetition Business Expenses"); (d) prepetition deductions; (e) prepetition contributions to, and benefits under, employee benefit plans and programs, including the Debtors' 401(k) plan (collectively, the "Prepetition Benefit Programs"); and (f) all costs and expenses incident to the foregoing payments and contributions, including payroll-related taxes and related processing and administration costs (the "Prepetition

Processing Costs") and (ii) to continue Continued Benefits as set forth in detail in the Wage Motion.

56. I believe that the relief in the Wage Motion is essential to keep the Debtors operations running as a going concern, while the Debtors complete the confirmation process of their plan of reorganization, the votes for which were solicited prior to the Petition Date. Maintaining the goodwill of the Debtors' employees and ensuring the uninterrupted availability of their services will protect the going concern value of the estates and contribute toward a successful reorganization, which will help preserve the value of the Debtors' estates. Satisfying the Employee Obligations will go a long way towards maintaining employee goodwill, and thus achieving these goals.

57. Furthermore, any harm resulting from the Debtors' failure to obtain the relief requested herein would not be limited to the Debtors' estates. Because the amounts represented by Prepetition Compensation, the Incentive Payments, the Benefits Programs, and Prepetition Business Expenses (owed to employees) are needed to enable the Debtors' employees or independent contractors to meet their own personal obligations, they would suffer undue hardship and, in many instances, serious financial difficulties if the relief requested herein is not granted.

58. Under the Wage Motion, the aggregate payments and benefits received by any employee on account will not exceed the $12,850.

In light of the foregoing, the Debtors respectfully submit that the payment of the Employee Obligations as requested herein is (a) in the best interests of the Debtors, their estates and their

creditors and (b) necessary to prevent immediate and irreparable harm to the Debtors and their estates and to preserve the going concern value.

F. Motion for Entry of Interim and Final Orders Under Section 366 of the Bankruptcy Code (A) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Service, (B) Deeming Utility Providers Adequately Assured of Future Performance, (C) Establishing Procedures for Determining Adequate Assurance of Payment, and (D) Granting Related Relief

59. To ensure the uninterrupted supply of water, electricity, natural gas, waste management, telephone, and other utility services (collectively, the "Utility Services"), that are critical to the operations of the Debtors' businesses, in this motion (the "Utilities Motion") the Debtors request entry of interim and final orders (i) approving the Debtors' proposed form of adequate assurance of payment for postpetition Utility Services (as hereinafter defined); (ii) establishing procedures for resolving objections by Utility Companies (as hereinafter defined) relating to the adequacy of the proposed adequate assurance; and (iii) prohibiting the Utility Companies from altering, refusing, or discontinuing service to, or discriminating against, the Debtors on the basis of the commencement of these Chapter 11 Cases or that a debt owed by the Debtors for Utility Services rendered before the Petition Date (as hereinafter defined) was not paid when due.

60. To operate their businesses and manage their properties, the Debtors obtain Utility Services from a number of utility companies or their brokers. Uninterrupted Utility Services are essential to the Debtors' ongoing operations, and, therefore, the success of the Debtors' reorganization. Indeed, any interruption in Utility Services, even for a brief period of time, would disrupt the Debtors' ability to continue operations and service their customers. This

disruption would adversely impact customer relationships and result in a decline in the Debtors' revenues and profits. Such a result could seriously jeopardize the Debtors' reorganization efforts and, ultimately, the value of the Debtors' estates and creditor recoveries. It is, therefore, critical that Utility Services continue uninterrupted during these Chapter 11 Cases.

I believe and am advised that the proposed procedures are necessary to the success of the Debtors' Chapter 11 Cases because if such procedures are not approved, the Debtors could be forced to address numerous requests by utility companies for adequate assurance in a disorganized manner during the critical first weeks of the Chapter 11 Cases. Moreover, a Utility Company could blindside the Debtors by unilaterally deciding –on or after the thirtieth day following the Petition Date– that it is not adequately protected and threatening to discontinue service or making an exorbitant demand for payment to continue service. Discontinuation of Utility Service could disrupt operations and jeopardize the Debtors' reorganization efforts and, ultimately, the value of the Debtors' estates and creditor recoveries.

G. Debtors' Motion for Entry of Order (I) Authorizing, but not Directing, Debtors to (A) Maintain Existing Insurance Programs and (B) Pay All Obligations in Respect Thereof, (II) Perform Obligations Under Premium Financing Agreements in the Ordinary Course of Business and Grant Liens on Unearned Premiums, (III) Authorizing Banks and Financial Institutions to Honor and Process All Related Checks and Electronic Payment Requests, and (IV) Granting Related Relief

61. By the motion (the "Insurance Motion"), the Debtors are seeking entry of an order (i) authorizing, but not directing, the Debtors to (a) maintain the Debtors' existing insurance programs on an uninterrupted basis in accordance with their historical practices and (b) pay all premiums, deductibles, fees, and other obligations in respect thereof, whether relating to the prepetition or post-petition period, (ii) perform obligations under premium finance

agreements in the ordinary course of business and grant lender a first priority security interest against all gross unearned premiums solely with respect to the Insurance Program policies that are financed, (iii) authorizing financial institutions to honor and process all checks and electronic payment requests related to the foregoing, and (iv) granting such other and further relief as requested.

62. In connection with the operation of their businesses, the Debtors maintain comprehensive insurance programs (the "Insurance Programs") that include a variety of policies through several different insurance carriers (the "Insurance Carriers"). A detailed list of the Insurance Programs is annexed to the Insurance Motion as Exhibit B.

63. The Debtors maintain the Insurance Programs to protect their property, management, and personnel against damages and other accident-related risks that may arise in the course of their businesses. The Insurance Programs include the following types of coverage:

- Property
- Cargo
- General Liability
- Automobile Liability / Physical Damage
- Workers' Compensation / Employer's Liability
- Master Foreign Package
- Excess Liability (Primary)
- Excess Liability
- Excess Liability
- Aviation Products Liability
- Employment Practices Liability
- Crime
- Directors & Officers (Primary)

- Directors & Officer (First Excess)
- Directors & Officers (Second Excess)
- Directors & Officers (Lead Side A)
- Fiduciary Liability (Primary)
- Fiduciary Liability (Excess)
- Special Crime

64. The Debtors have incurred and continue to incur certain obligations relating to the Insurance Programs (such obligations, including those which accrued prior to the Petition Date, the "Insurance Obligations"). The different categories of Insurance Obligations include (a) fixed-rate premiums based on a rate established by each Insurance Carrier, which are generally payable on an annual basis, (b) deductibles and other fees related to the Insurance Programs, and (c) payments to insurance agents and brokers who assist the Debtors with the procurement and negotiation of the Insurance Programs.

65. I believe that appropriate circumstances exist to justify the continuation of the Insurance Programs in the ordinary course of business, as contemplated by the Insurance Motion. The relief requested in this Motion will help minimize any disruption in the Debtors' business operations during the period between the Petition Date and confirmation of a chapter 11 plan, as well as after their emergence from chapter 11, thereby preserving the value of the Debtors' estates.

66. I believe the relief requested in this Motion is necessary for the Debtors to continue their operations during the pendency of the chapter 11 cases. If the Insurance Programs were to lapse, the Debtors would be required to obtain replacement insurance, likely at a cost greater than the cost of the current Insurance Programs. Furthermore, replacing the Insurance

Programs would divert the time and resources of the Debtors' directors and officers away from the restructuring process. As such, I believe the relief sought herein is in the best interest of the Debtors and their estates.

67. Continuation of the Insurance Programs and payment of the Insurance Obligations are imperative to the Debtors' continued operations, ability to restructure, and preservation of value of their estates. It is essential for the Debtors to carry insurance in their day-to-day operations, or they run the risk of, among other harms, incurring financial responsibility and legal liability for potential occurrences not covered by insurance. Moreover, in many cases, coverage provided by the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities.

68. The Debtors need to minimize the risks associated with operating their businesses. Even a brief delay or suspension in the Debtors' ability to pay the Insurance Obligations could create significant risk that the Debtors would void or otherwise lose the benefits of the Insurance Programs. Risks to the Debtors posed by any disruption of their insurance coverage include, among other things: (a) potential incurrence of direct liability for payment of claims that would otherwise have been payable by the Insurance Carriers under the Insurance Programs; (b) possible incurrence of material costs or losses that would otherwise have been reimbursed by the Insurance Carriers under the Insurance Programs; (c) consequences to the Debtors' ability to conduct business in jurisdictions that require them to maintain certain insurance coverage; (d) the possible inability to obtain equivalent coverage from alternative

sources; and (e) potential incurrence of higher costs in order to re-establish lapsed insurance policies or obtain new insurance coverage.

Accordingly, the Court should grant the relief requested herein because maintenance of the Insurance Programs and payment of all Insurance Obligations are warranted and are in the best interests of the Debtors' estates, creditors, and all other parties in interest.

H. Motion for Order Authorizing Payment of Prepetition Sales, Use, Franchise, and Similar Taxes and Fees

69. In this motion (the "Tax Motion"), the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to pay various local, state, and federal taxing authorities all franchise taxes, sales and use taxes, property taxes, excise taxes, and other taxes and fees (the "Taxes") that arose before the Petition Date, including all Taxes subsequently determined by audit or otherwise to be owed for periods before the Petition Date, and (ii) authorizing applicable banks and financial institutions (collectively, the "Banks") to receive, honor, process, and pay all checks issued or to be issued and electronic funds transfers requested or to be requested relating to the above.

70. The Debtors seek to pay the prepetition Taxes to, among other things, discourage the taxing authorities from taking actions that may interfere with the Debtors' continued business operations. Nonpayment of these obligations may cause taxing authorities to take precipitous action, including, but not limited to, asserting liens, seeking to lift the automatic stay, or revoking or suspending necessary licenses, any of which would disrupt the Debtors' day-to-day operations and could potentially impose significant costs on the Debtors' estates.

71. Certain prepetition Taxes, such as sales and use taxes, are held on trust by the company and, as a consequence, are not property of the Debtors' estates. Instead, those prepetition Taxes must be remitted to the relevant taxing authorities. Failure to these and other Taxes may also inhibit the Debtors' reorganization efforts. Certain of the states in which the Debtors operate have specific tax laws that hold officers and directors of collecting entities personally liable for certain taxes owed by those entities and impose criminal penalties for failure to pay certain taxes.

72. The Debtors must continue to pay the prepetition Taxes to continue operating in certain jurisdictions and to avoid costly distractions during the Chapter 11 Cases. Specifically, it is my understanding that the Debtors' failure to pay the prepetition Taxes could adversely affect the Debtors' business operations because the governmental authorities could assert liens on the Debtors' property, assert penalties and/or significant interest on past-due taxes, or possibly bring personal liability actions against directors, officers, and other employees in connection with non-payment of the prepetition Taxes, thus distracting the Debtors' management and employees from their important reorganization efforts.

73. At different times during the year, the Debtors file tax returns and remit taxes to states and other local taxing authorities in which they have a tax nexus. The failure to remit prepetition Taxes, such as sales and use taxes, and certain other taxes, significantly increases the Debtors' officers' and directors' exposure to possible personal liability during the pendency of these Chapter 11 Cases. The threat of a lawsuit or criminal prosecution, and any ensuing liability, would distract the Debtors and their officers and directors from important tasks

during a critical time. This would be detrimental to parties in interest because the dedicated and active participation of the Debtors' officers and directors is integral to the Debtors' continued operations and essential to the orderly administration of these Chapter 11 Cases. The Debtors' estates are best served by eliminating the possibility of these distractions at the outset of these Chapter 11 Cases. Accordingly, because the proposed relief is in the best interests of the Debtors' estates, the Court should authorize the Debtors to pay the prepetition Taxes.

I. Motion (I) Authorizing Payment of Prepetition Claims of General Unsecured Creditors and (II) Authorizing Applicable Banks and other Financial Institutions to Honor and Process Related Checks and Transfers, and (III) Granting Related Relief

74. By this motion (the "Trade Claim Motion"), the Debtors are seeking entry of interim and final orders (i) authorizing, but not directing, the Debtors to pay, in the ordinary course of business, allowed prepetition claims (collectively, the "Trade Claims") of general unsecured creditors that provide goods or services related to the Debtors' operations (collectively, the "Trade Creditors"); and (ii) authorizing applicable banks and financial institutions (collectively, the "Banks") to receive, honor, process, and pay all checks issued or to be issued and electronic funds transfers requested or to be requested relating to the above. The Debtors also request authority to condition the payment of Trade Claims upon the respective Trade Creditor's agreement to maintain or reinstate contract terms during the pendency of these chapter 11 cases that are at least as favorable as the most favorable trade terms existing in the six (6) months before the Petition Date or such other trade terms acceptable to the Debtors (the "Customary Trade Terms").

75. The Debtors are a specialty metals distribution company serving customers on a global basis. The Debtors provide a broad range of products and value-added processing and supply chain services to a wide array of customers. The Debtors' customers are principally within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, oil and gas, and retail sectors of the global economy. Particular focus is placed on the aerospace and defense, power generation, mining, heavy industrial equipment, and general manufacturing industries, as well as general engineering applications. To perform each of these services, the Debtors require various specialized materials, tools, equipment in addition to the customary goods and services that are necessary to operate a business like the Debtors.

76. Through the Trade Creditors, the Debtors purchase specialty metals and the related processing services (heat treat, polish, straighten, etc.). The Debtors purchase goods and services for the purpose of operating cranes, side-loaders, forklifts, scales, racks, saws, saw blades, and repairs related to this and other equipment. The Debtors hire transportation services in connection from the shipping of their products and delivery of goods, including packing and shipping materials, some of which are specialized. In addition, the Debtors purchase protective and safety equipment to help ensure that their employees are working in a protected and safe work environment. The Trade Creditors provide the Debtors with uninterrupted access to the necessary goods and services that enable them to operate their businesses smoothly.

77. The Debtors incur numerous fixed, liquidated, and undisputed payment obligations to the Trade Creditors in the ordinary course of business. For the six (6) months

before the Petition Date, the Debtors' average monthly payment to Trade Creditors was approximately $28.2 million. As of the Petition Date, approximately $27.5 million of undisputed Trade Claims have accrued.

78. The Debtors are not seeking to pay these amounts immediately or in one lump sum; rather, the Debtors intend to pay these amounts as they become due and payable in the ordinary course of the Debtors' business. As of the Petition Date, the Debtors have approximately $2.8 million in cash on hand. Furthermore, concurrently with the filing of this Motion, the Debtors have filed the *Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors To Use Cash Collateral Pursuant to 11 U.S.C. §§ 363, (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364 and 507(b) and (III) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001(b) and (c),* seeking authorization to obtain postpetition financing (the "Cash Collateral Motion"), which will provide the necessary additional liquidity for the Debtors to continue operations in the ordinary course of business.

79. The goal of these prepackaged chapter 11 cases is to deleverage the Debtors' balance sheet with minimal interruption of their business operations. I believe that disrupting the flow of necessary goods and services could hamper the Debtors' ability to operate their businesses and supply products to their customers, which would damage their leading market reputation and possibly adversely affect their relationship with customers and the Trade Creditors. Accordingly, it is imperative that the Debtors maintain positive relationships with their Trade Creditors, who are essential to the Debtors' business operations, throughout the course of

these chapter 11 cases. The Debtors negotiated the terms of their prepackaged plan with this goal in mind: under the prepackaged plan, the legal, equitable, and contractual rights of holders of administrative expense claims, priority tax claims, priority non-tax claims, other secured claims, and general unsecured claims (consisting of the Trade Claims that are the subject of this Motion) will be unaltered. In addition, the prepackaged plan is supported by the requisite majority of creditors in amount in the only creditor classes that are impaired under the prepackaged plan. Accordingly, the relief requested in this Motion furthers the Debtors' overarching restructuring goals without prejudice to the Debtors' stakeholders.

80. I believe that it is a sound exercise of the Debtors' business judgment to pay the Trade Claims as they become due in the ordinary course of business because doing so will avoid value-destructive business interruption. The goods and services provided by Trade Creditors are necessary for the continued operation of the Debtors' businesses. The Debtors anticipate that failure to pay the Trade Claims as they become due is likely to result in the Trade Creditors refusing to provide essential goods and services and/or conditioning the delivery of such goods and services on compliance with onerous and commercially unreasonable terms. A Trade Creditor's nonperformance could materially disrupt the Debtors' operation of their businesses and jeopardize the continued viability of the Debtors' businesses as well as their restructuring efforts. Such disruptions would ultimately be to the detriment of the Debtors' stakeholders.

81. In addition, because the Trade Creditors are already familiar with the Debtors' assets and business needs through long-standing relationships, they are in the best

position to provide the necessary goods and services to the Debtors, and are the most likely to do so on commercially reasonable terms. Forcing the Debtors to obtain replacement goods and services would likely cause substantial delay and significant costs.

82. Delaying payments to the Trade Creditors could prevent the Debtors from obtaining goods and services that are essential to their continued performance under customer contracts, and could erode their reputation among customers. In a worst case scenario, nonperformance may lead to termination of customer contracts, resulting in substantial damage to the Debtors' businesses and injuring the Debtors and their respective estates and creditors. The relief requested in this Motion is immediately necessary on an interim basis to avoid irreparable harm to the Debtors, their estates, and their creditors.

83. I believe that authority to pay the Trade Claims as they come due will assist the smooth transition into and out of these chapter 11 cases and will ensure the Debtors' continued operation during the intervening period. Moreover, no party in interest will be prejudiced by the relief requested herein because the Trade Claims are unimpaired under the prepackaged Plan and will be paid in full upon the effective date of the prepackaged Plan. Thus, the relief requested herein seeks to alter only the timing, not the amount or priority, of such payments. Accordingly, paying the relatively modest amount of Trade Claims— approximately eight percent (8%) of the total debt to be restructured in these chapter 11 cases—in the ordinary course is prudent when compared to the amount the Debtors' stakeholders stand to lose if the Debtors' businesses were to be interrupted. In light of the foregoing, payment of the Trade Claims as provided herein, is a sound exercise of the Debtors' business judgment, is necessary to

avoid immediate and irreparable harm to the Debtors' estates, is in the best interests of the Debtors' and their respective estates and creditors, and is warranted under the circumstances.

J. Motion of Debtors Pursuant to Sections 105, 361, 362, 363, 503, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, and 9014 and Local Rules 2002-1(b), 4001-2, 9013-1(m) for Entry of Interim and Final Orders (I) Authorizing the Debtors to Use Cash Collateral, (II) Granting Adequate Protection, and (III) Modifying the Automatic Stay, and (IV) Scheduling a Final Hearing

84. By this motion (the "Cash Collateral Motion"), the Debtors seeking entry of interim and final orders (i) authorizing the Debtors to use cash collateral, (ii) granting adequate protection, (iii) modifying the automatic stay, and (iv) scheduling a final hearing.

85. The Debtors are an operating metals distribution company with hundreds of employees, vendors, and customers that depend on the Debtors' continuing performance of their ongoing business obligations. The Debtor have an urgent and immediate need for authority to use cash collateral subject to the terms of the Cash Collateral Motion in order to, among other things: (a) continue to operate their business in an orderly manner; (b) maintain their valuable relationships with employees, vendors, and customers; (c) pay various administrative professionals' fees to be incurred in the chapter 11 cases; and (d) support the Debtors' working capital, general corporate and overall operational needs. The foregoing expenditures are critically necessary to preserve and maintain the going concern value of the Debtors' business and, ultimately, help ensure a successful reorganization under the Debtors' proposed prepackaged plan. Without access to cash collateral, I believe the Debtors would be forced to cease operations and liquidate their assets.

86. The Debtors intend to use Cash Collateral consistent with the budget annexed to the Cash Collateral Motion and their ordinary course prepetition practices, without material interruption or alteration. I believe that from the standpoint of the Debtors' employees, vendors, and customers, the commencement of these chapter 11 cases should have little to no impact. Further, the Debtors have the consent of their prepetition lenders to access cash collateral on the terms set forth in the Cash Collateral Motion.

K. Debtors' Motion for Entry of an Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement, (B) Confirmation of Prepackaged Plan of Reorganization, and (C) the Assumption of Executory Contracts and Cure Amounts; (II) Fixing the Deadlines to Object to Disclosure Statement, Prepackaged Plan, and Proposed Assumption or Rejection of Executory Contracts and Cure Amounts; (III) Approving (A) Prepetition Solicitation Procedures, (B) Form and Manner of Notice of Commencement, Combined Hearing, Assumption of Executory Contracts and Cure Amounts Related Thereto, and Objection Deadlines, and (C) Form and Manner of Notice of Equity Holder Election Forms; (IV) Conditionally (A) Directing the United States Trustee Not to Convene Section 341(a) Meeting of Creditors and (B) Waiving Requirement of Filing Statements of Financial Affairs and Schedules of Assets and Liabilities; and (V) Granting Related Relief

87. By this motion (the "Confirmation Procedures Motion"),[5] the Debtors are seeking entry of an order:

(a) Scheduling a combined hearing (the "Combined Hearing") to consider (i) approving the adequacy of the *Disclosure Statement for the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* (as may be amended, modified or supplemented from time to time the "Disclosure Statement"),[6] (ii) confirmation of the *Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization* (as may be amended, modified, or supplemented from time to time, the "Plan"),[7] and (iii) the proposed assumption or rejection of executory contracts, unexpired leases and any related cure costs in connection therewith (the "Cure Amounts");

[5] Capitalized terms not defined in this Section L have the meanings used in the Confirmation Procedures Motion.
[6] The Disclosure Statement (with the Plan attached as an exhibit thereto) has been filed contemporaneously with this Motion.
[7] Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

(b) Establishing the deadline (the "Plan/Disclosure Statement Objection Deadline") to object to the adequacy of the Disclosure Statement and confirmation of the Plan;

(c) Establishing the deadline (the "Executory Contract Objection Deadline" and, together with the Plan/Disclosure Statement Objection Deadline, the "Objection Deadlines") to object to the proposed assumption or rejection of Executory Contracts and Unexpired Leases and any related Cure Amounts;

(d) Approving the prepetition Solicitation Procedures (as defined below), including the forms of Ballots (as defined below);

(e) Approving the form and manner of notice of the commencement of the Chapter 11 Cases, the Combined Hearing, the assumption of Executory Contracts and Unexpired Leases, Cure Amounts, and the Objection Deadlines;

(f) Approving the forms related to the equity holder election forms (the "Equity Holder Election Forms") and the procedures related thereto;

(g) Conditionally (i) directing the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") not to convene an initial meeting of creditors under section 341(a) of the Bankruptcy Code, and (ii) waiving the requirement that the Debtors file statements of financial affairs and schedules of assets and liabilities; and

(h) Granting related relief.

88. The following table identifies the key dates relevant to the Solicitation Procedures:

Proposed Timetable	
Voting Record Date	May 10, 2017 (prepetition)
Commencement of Solicitation	May 15, 2017 (prepetition)
Voting Deadline	June 2, 2017, at 4:00p.m. (prevailing Eastern Time) (prepetition)
Plan Supplement Filing Date	Five (5) Business Days prior to the Combined Hearing
Proposed Plan/Disclosure Statement Objection Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)
Proposed Executory Contract Objection Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)

Proposed Timetable	
Proposed Equity Holder Election Deadline	Five (5) Business Days prior to the Combined Hearing, at 4:00p.m. (prevailing Eastern Time)
Proposed Plan/Disclosure Statement Reply Deadline	Three (3) Business Days prior to the Combined Hearing
Proposed Combined Hearing Date	On or about August 3 or 4, 2017

Combined Hearing

89. I believe the scheduling of the Combined Hearing on the Proposed Combined Hearing Date is in the best interest of the Debtors and their respective estates and stakeholders. The Proposed Combined Hearing Date will enable the Debtors to meet the RSA's deadlines for confirmation and consummation of the Plan. Critically, if the deadlines under the RSA are not satisfied, the Required Consenting Creditors will have the right to terminate the RSA. Accordingly, holding the Combined Hearing on the Proposed Combined Hearing Date will facilitate the successful reorganization of the Debtors' estates by ensuring the continued support of the Consenting Creditors under the RSA.

90. In addition, the Proposed Combined Hearing Date, which the Debtors propose to set at least thirty-five (35) days after the date of service of notice, will provide parties in interest with the requisite notice prescribed under Bankruptcy Rule 3017(a).

Objection Deadlines/Replies

91. The Debtors request that the Court set the Plan/Disclosure Statement Objection Deadline five (5) Business Days prior to the Combined Hearing, at 4:00 p.m. (prevailing Eastern Time). This date will be at least twenty-eight (28) days after the date on which Debtors would provide notice. The Debtors further request that the Court fix three (3)

Business Days prior to the Combined Hearing Date, as the deadline for the Debtors and other Plan supporters to file replies to any timely-filed objections or responses to any objections filed in respect of the Plan or Disclosure Statement (the "Plan/Disclosure Statement Reply Deadline").

92. I believe these proposed timelines will afford holders of Claims and Equity Interests ample notice of the Plan/Disclosure Objection Deadline. It will also provide the Debtors and other Plan supporters adequate time to consider any objections to the Disclosure Statement or confirmation of the Plan and address those objections through responsive briefs, modifications to the Plan, or otherwise.

Section 341 Hearing and Schedules

93. The Debtors solicited acceptances of the Plan prior to the Petition Date and received acceptances from the requisite number of creditors and amount of Claims in the Voting Classes. The Debtors intend to complete the Plan confirmation process and emerge from Chapter 11 by August 31, 2017, if not sooner. As a result, I believe that the meeting of creditors contemplated by section 341 of the Bankruptcy Code need not be convened if the Debtors consummate the Plan on or before such date.

94. In addition, the Debtors also request that the time for filing their Schedules and SOFAs be extended until August 31, 2017 and be waived in the event the Plan is confirmed on or prior to that date. I believe cause exists to further extend the deadline because requiring the Debtors to file Schedules and SOFAs would distract the Debtors' management and advisors from the work of ensuring a smooth transition into these Chapter 11 Cases and an expedited confirmation of the Plan, which is required pursuant to the terms of the RSA. Given the

confirmation timeline in these Chapter 11 Cases, the Schedules and SOFAs would also be of limited utility to most parties in interest -- the Debtors have already solicited acceptances of the Plan from creditors in the Voting Classes. The minimal benefit of requiring the Debtors to prepare the Schedules and SOFAs will be significantly outweighed by the substantial expenditure of time and resources the Debtors will be required to devote to the preparation and filing of the documents. For these reasons, the Debtors request that the Court waive the requirement for the Debtors to file SOFAs and Schedules, and waive the need to convene a creditors' meeting, if the Plan is consummated on or before August 31, 2017.

VI.

RELIEF SOUGHT IN "SECOND DAY" PLEADINGS

95. As described below, the Debtors filed pleadings on the Petition Date that will be heard on regular notice. Like the First Day Pleadings, the Second Day Pleadings described below seek relief intended to preserve the value of the Debtors and maintain continuity of operations by, among other things, (i) assumption of the RSA, (ii) providing for additional liquidity through postpetition financing, and (iii) an exit financing facility the Debtors will use to fund their operations after emerging from chapter 11. This relief is critical to the Debtors' restructuring efforts.

A. Motion of Debtors for Entry of an Order Authorizing the Debtors to (I) Assume the Restructuring Support Agreement and the Commitment Agreement, (II) Pay and Reimburse Related Fees and Expenses, and (III) Indemnify the Parties Thereto

96. By this motion (the "RSA Motion"), the Debtors are seeking authorization to (i) assume (a) the *Restructuring Support Agreement* dated as of April 6, 2017 (as amended,

modified, waived, or supplemented from time to time in accordance with its terms, including the amendments dated May 12, 2017 and June 8, 2017, the "RSA") with the Consenting Creditors (as defined therein) and (b) the *Commitment Agreement* dated as of June 16, 2017 (as amended, modified, waived, or supplemented from time to time in accordance with its terms, the "Commitment Agreement") with the Commitment Parties (as defined therein),[8] (ii) pay and reimburse related fees and expenses, and (iii) indemnify the parties thereto.

97. Concurrently herewith, the Debtors filed the Plan, which proposes to implement the transactions contemplated under the RSA and the Commitment Agreement.

98. I believe that the Plan provides the best restructuring alternative available to these estates. Notably, the Plan is comprised of the following key elements:

- providing a 100% recovery to Allowed General Unsecured Claims and all creditors who are Unimpaired under the Plan;
- implementing a new senior secured exit financing facility and issuing second lien secured New Money Notes in consideration of a capital infusion of up to $40 million to refinance or exchange the Prepetition First Lien Secured Claims and to provide working capital for the Reorganized Debtors;
- deleveraging the Debtors' balance sheet by exchanging approximately $200 million of the Prepetition Second Lien Notes and the Prepetition Third Lien Notes for New Common Stock in the Reorganized Debtors and certain convertible Exchange Notes, together with certain Cash distributions; and
- extinguishing all of the existing Equity Interests in A.M. Castle & Co., but providing Holders of such Equity Interests with the opportunity to receive a 20% share of New Common Stock in Reorganized Parent, subject to dilution, as part of a settlement encompassed in the Plan.

[8] The description of the RSA and the Commitment Agreement presented herein is a summary of the principal terms of such agreements, and is qualified in all respects by the actual terms and conditions of the RSA and the Commitment Agreement, respectively. Copies of the RSA and Commitment Agreement are attached to the proposed order submitted with such motion as Exhibits A and B, respectively.

99. Through the Plan, the Debtors expect to reduce their ongoing cash interest expense by more than 70% and to create a sustainable capital structure that will uniquely position the Reorganized Debtors for success in the metals industry.

100. Prior to the Petition Date, the Debtors solicited votes on the Plan from the Holders of Impaired Claims. The results unequivocally demonstrate overwhelming creditor support for the Plan. Specifically, 100% of the Holders of the Prepetition First Lien Secured Claims in amount and 100% in number, 100% of the Holders of the Prepetition Second Lien Secured Claims in amount and 100% in number, and 79.24% of the Holders of the Prepetition Third Lien Secured Claims in amount and 62.50% in number, voted in favor of the Plan.

101. The Debtors now seek to assume the RSA and the Commitment Agreement in order to ensure the continuing support and commitment of the Consenting Creditors and the Commitment Parties in accordance with the terms thereof.

The RSA

102. Prior to the Petition Date, the Debtors engaged in good-faith, arm's length negotiations with certain of their largest creditors regarding the terms of a potential financial restructuring. After weeks of negotiations, those discussions ultimately resulted in execution of the RSA on April 6, 2017. The creditors that executed the RSA and have agreed to support the Debtors' restructuring efforts include Holders of 100% of the Prepetition First Lien Secured Claims, approximately 92% of the Prepetition Second Lien Secured Claims, and approximately 61% of the Prepetition Third Lien Secured Claims.

103. Pursuant to the RSA, the Debtors will effectuate a global restructuring of their capital structure (the "Restructuring"), while preserving the Debtors' business operations and going concern value and satisfying all general unsecured claims in full.

104. The RSA includes certain "case milestones," including: (a) entry of an order approving this Motion within thirty (30) days following the Petition Date, (b) entry of an order confirming the Plan and approving the Disclosure Statement within sixty (60) days following the Petition Date, and (c) the occurrence of the effective date of the Plan by August 31, 2017. Failure to meet any of the milestones may result in the Consenting Creditors terminating the RSA. Such a result would derail the Debtors' prospects of expeditiously emerging from chapter 11 with a deleveraged balance sheet, to the detriment of all of their stakeholders.

105. Further, under the RSA, the Debtors agreed to pay the reasonable fees and expenses incurred by the legal and financial advisors to: (a) the Consenting Creditors represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul, Weiss") (consisting of (i) Ducera Partners LLC, as financial advisor, (ii) Paul, Weiss, as legal counsel, (iii) Young Conaway Stargatt & Taylor, LLP, as co-counsel, and (iv) any reasonably necessary specialist counsel expressly approved in writing by the Debtors, which approval shall not be unreasonably withheld), and (b) SGF, Inc., in its capacity as a Consenting Creditor (consisting of Goodwin Procter LLP and one local counsel for SGF, in an aggregate amount, including all amounts attributable to negotiating, documenting and entering into the RSA, implementing the transactions contemplated by the Restructuring, and enforcing the RSA, of up to $125,000), as such fees and expenses become due (the "Restructuring Expenses"). All prepetition

Restructuring Expenses shall have been paid by the Debtors or will be paid as cure payments pursuant to this Court's approval of this Motion.

106. Lastly, the Debtors agreed to indemnify and hold harmless (the "Creditor Indemnification") the Consenting Creditors and certain other parties (each, an "Indemnified Person") from and against any and all losses, claims, damages, liabilities, and reasonable fees and expenses, joint or several, to which an Indemnified Person may become subject to the extent arising out of or in connection with (i) any third-party claim, challenge, litigation, investigation, or proceeding with respect to the RSA, these chapter 11 cases, or the transactions contemplated by the RSA, or (ii) any breach by the Debtors under the RSA, and to reimburse such Indemnified Persons for any reasonable legal or other reasonable out-of-pocket expenses as they are incurred in connection with investigating, responding to, or defending any of the foregoing and to reimburse such Indemnified Person for any reasonable legal or other reasonable out-of-pocket expenses as they are incurred in connection with investigating, responding to, or defending any of the foregoing, all in accordance with terms of the RSA.[9]

The Commitment Agreement

107. Prior to the Petition Date, on June 16, 2017, the Debtors and the Commitment Parties entered into the Commitment Agreement. The Commitment Parties consist of all of the Holders of the Prepetition First Lien Secured Claims. The Commitment Agreement contains the same case milestones as the RSA, including the requirement that this Court enter an

[9] The Creditor Indemnification does not apply to losses, claims, damages, liabilities, or expenses to the extent that they are finally judicially determined to have resulted from any breach of the RSA by an Indemnified Person or bad faith, gross negligence, or willful misconduct of the Indemnified Person seeking indemnification.

order approving the RSA Motion within thirty (30) days following the Petition Date. Further, the Commitment Agreement may be terminated if the RSA is terminated.

108. Pursuant to the Commitment Agreement, each of the Commitment Parties agreed, subject to the terms and conditions set forth therein, to purchase its Commitment Amount (as defined therein) of New Notes to be issued by the Reorganized Debtors under the Plan (the "New Money Notes") for an aggregate purchase price of up to $40 million (the "New Money Amount"), subject to decrease based on the Debtors' Opening Liquidity as of the Effective Date. The New Money Notes will be issued at a price of $800 in cash for each $1,000 in principal amount of New Money Notes.

109. In consideration for the Commitment Parties' agreements in the Commitment Agreement, the Debtors agreed to pay the Commitment Parties a put option payment equal to $2.0 million (which represents 5.0% of the maximum New Money Amount) (the "Put Option Payment"). In addition, the Debtors agreed to reimburse the reasonable fees and expenses incurred by the legal and financial advisors to the Commitment Parties represented by Paul, Weiss (the "Commitment Expenses") and to indemnify the Commitment Parties generally consistent with the provisions of the Creditor Indemnification in the RSA.

110. I believe that assuming the RSA and the Commitment Agreement is critical to implementing the Plan and is therefore in the best interests of their estates. Pursuant to the RSA, among other things, Holders of approximately 92% of the aggregate Prepetition First Lien Secured Claims, the Prepetition Second Lien Claims, and the Prepetition Third Lien Secured Claims – the only three classes of Impaired Claims – have agreed, subject to the terms

and conditions thereof, to support the Plan. The Commitment Agreement, in turn, obligates the Commitment Parties to fund up to $40 million in new money to purchase the New Money Notes to be issued by the Reorganized Debtors under the Plan. Such funding is necessary for the Reorganized Debtors to have sufficient working capital to satisfy their obligations under the Plan and to invest in the company's operations after emergence from bankruptcy. Indeed, without the RSA and the Commitment Agreement and the support of the Consenting Creditors and the Commitment Parties, it would be far more expensive and difficult (if not impossible) for the Debtors to successfully reorganize.

111. The terms of the RSA and the Commitment Agreement are the product of extensive arm's length negotiations among the Debtors, the Consenting Creditors, and the Commitment Parties, as well as their respective counsel and financial advisors, and represent the culmination of an extensive collaborative restructuring process in which all of the above-mentioned parties were represented.

112. Given the significance of the support of the Consenting Creditors and the Commitment Parties to confirmation of the Plan (and that failure to obtain approval of the RSA Motion within thirty (30) days of the Petition Date would give rise to a termination right in favor of such parties), the Debtors have determined that obtaining Court approval to assume the RSA and the Commitment Agreement is in the best interests of all stakeholders. I believe that in light of all of the facts and circumstances of these cases the terms of the RSA and the Commitment Agreement are fair, reasonable and appropriate and are integral to maximizing the value of the Debtors' estates for the benefit of all stakeholders.

113. The ongoing commitments of the Consenting Creditors and the Commitment Parties have been, and will be, of direct benefit to the Debtors, their estates, and the future success of these cases. The foregoing parties have been integrally involved in the negotiation and formulation of the proposed Plan and its key terms and, absent their support, it would be far more expensive and difficult (if not impossible) for the Debtors to successfully reorganize. These reimbursement provisions relating to the Restructuring Expenses and the Commitment Expenses are designed to compensate the Consenting Creditors and the Commitment Parties, respectively, for the out-of-pocket expenses that such parties are incurring in order to aid the Debtors' restructuring efforts. The Put Option Payment, by contrast, compensates the Commitment Parties for committing to invest up to $40 million of new money capital in the Reorganized Debtors and the financial risk that the Commitment Parties are taking by committing such capital. The Put Option Payment, which equals $2 million, or 5% of the maximum New Money Amount, represents a customary and market-rate fee under the circumstances. Finally, I am informed that the Creditor Indemnification under the RSA and the Commitment Agreement are standard protections offered by the Debtors to the Consenting Creditors and the Commitment Parties to ensure such parties can turn to these estates for reimbursement in the event that they suffer losses through their restructuring efforts in support of these estates.

114. The Debtors believe that the terms and conditions set forth in the RSA and the Commitment Agreement 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. I respectfully submit that, for all of the foregoing reasons, the reimbursement provisions of the RSA and the Commitment Agreement, the Put Option Payment and the Creditor Indemnification should be approved.

115. Under the circumstances of these cases, the Debtors submit that the provisions of the RSA and the Commitment Agreement providing for the reimbursement of the Restructuring Expenses and the Commitment Expenses, respectively, and the Put Option Payment and the Creditor Indemnification (if an indemnification event occurs) are fair and reasonable and should be awarded in accordance with the terms and conditions of the RSA and the Commitment Agreement.

B. Motion of Debtors Pursuant to Sections 105, 361, 362, 363, 364, 503, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, and 9014 and Local Rules 2002-1(b), 4001-2, and 9013-1(m) for Entry of Final Order (I) Authorizing the Debtors to Incur Postpetition Debt and to Use Cash Collateral, (II) Granting Liens and Superpriority Claims in Favor Of PNC Bank, National Association, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief

116. By this motion (the "DIP Motion") the Debtors are seeking of a final order (the "Final Order") (i) authorizing the Debtors to incur postpetition debt and to use cash collateral in which the DIP Lender (as defined below) will have an interest, (ii) granting superpriority liens and superpriority claims in favor of PNC Bank, National Association ("PNC"), as administrative agent and postpetition lender (the "DIP Agent" or "DIP Lender", as applicable), (iii) modifying the automatic stay and (iv) granting related relief. The Debtors, the DIP Agent, and the DIP Lender propose entering into a *Debtor-in-Possession Revolving Credit and Security Agreement*, as amended, modified, waived, or supplemented from time to time in

accordance with its terms, the "DIP Facility Loan Agreement"), substantially in the form attached to the DIP Motion as Exhibit 2.

117. The Debtors have the consent of the Prepetition Agents and the Prepetition Secured Creditors (each as defined in the DIP Motion) to the relief requested in the DIP Motion and set forth in the Final Order. By separate motion, the Debtors have sought interim and final authority to use cash collateral (the "Cash Collateral Motion") in which the Prepetition Agents have an interest. Because the Debtors' existing secured lenders have consented to the use of their cash collateral on an interim basis, as set forth in the proposed order attached to the Cash Collateral Motion, the Debtors do not seek expedited or interim approval of this Motion.

118. By the DIP Motion, the Debtors seek authority to consummate a new $85 million senior, secured debtor-in-possession financing facility (the "DIP Facility") with PNC substantially on the terms set forth in the DIP Facility Loan Agreement. Subject to certain closing date availability requirements, up to $75 million of the proceeds of the DIP Facility would be used to pay-down the existing Prepetition First Lien Obligations (as defined in the DIP Motion), which currently total $112 million in principal amount. The DIP Facility will consensually prime the obligations of each of the Debtors' existing secured lenders, and will provide lower cost financing during the Debtors' cases pending consummation of the Debtors chapter 11 plan and the exit financing contemplated thereby, which PNC also has committed to provide pursuant to, and subject to the terms and conditions set forth in, that certain

$125,000,000 Senior Secured Facilities Exit Facility Commitment Letter Agreement dated June 1, 2017 (the "Exit Facility Commitment Letter").[10]

119. The Debtors are already heavily leveraged and the principal goal of these cases is to effectuate a pre-packaged restructuring that will reduce the Debtors' secured debt and interest burden. Under these circumstances, the Debtors are not able to obtain alternative financing from outside parties on an unsecured or junior secured basis.

120. The Debtors also propose to enter into the DIP Facility because it will save the Debtors' estates approximately $1 million of interest charges over the next 60-75 days pending the consummation of the Debtors' plan. I believe the DIP Facility as an important step toward the successful consummation of the Debtors' Plan, including the closing of the Exit Facility in accordance with the Exit Facility Commitment Letter.

121. Not only do the Debtors expect significant interest savings as a result of the repayment of a portion of the Prepetition First Lien Obligations as contemplated by the DIP Facility Loan Agreement, but also the additional liquidity under the DIP Facility would provide a useful cushion for the Debtors' operations and further minimize any risk to the Debtors' business during the course of these cases. The DIP Facility also has the full support of the Prepetition Secured Creditors.

122. The terms of the DIP Facility Loan Agreement were negotiated in good faith and at arm's-length between the Debtors and PNC, resulting in an agreement that is designed to permit the Debtors to maximize the value of their assets through the pre-packaged

[10] Concurrently herewith, the Debtors have filed the *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*.

plan confirmation process. I believe the proposed terms are fair, reasonable and appropriate under the circumstances, and should be approved.

C. Motion 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 (III0 Indemnify the Parties Thereto

123. By this motion (the "Exit Facility Motion"), the Debtors are seeking entry of an order authorizing the assumption of 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.

124. 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.

125. 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.

126. 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.

127. 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"),[11] (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.

128. I believe 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

[11] 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.

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. I 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.

129. 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, obtaining Court approval to assume the Exit Facility Commitment Letter is in the best interests of their estates. I 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.

130. 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.

131. 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.

132. I 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, I 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.

Dated: June 18, 2017

Patrick R. Anderson

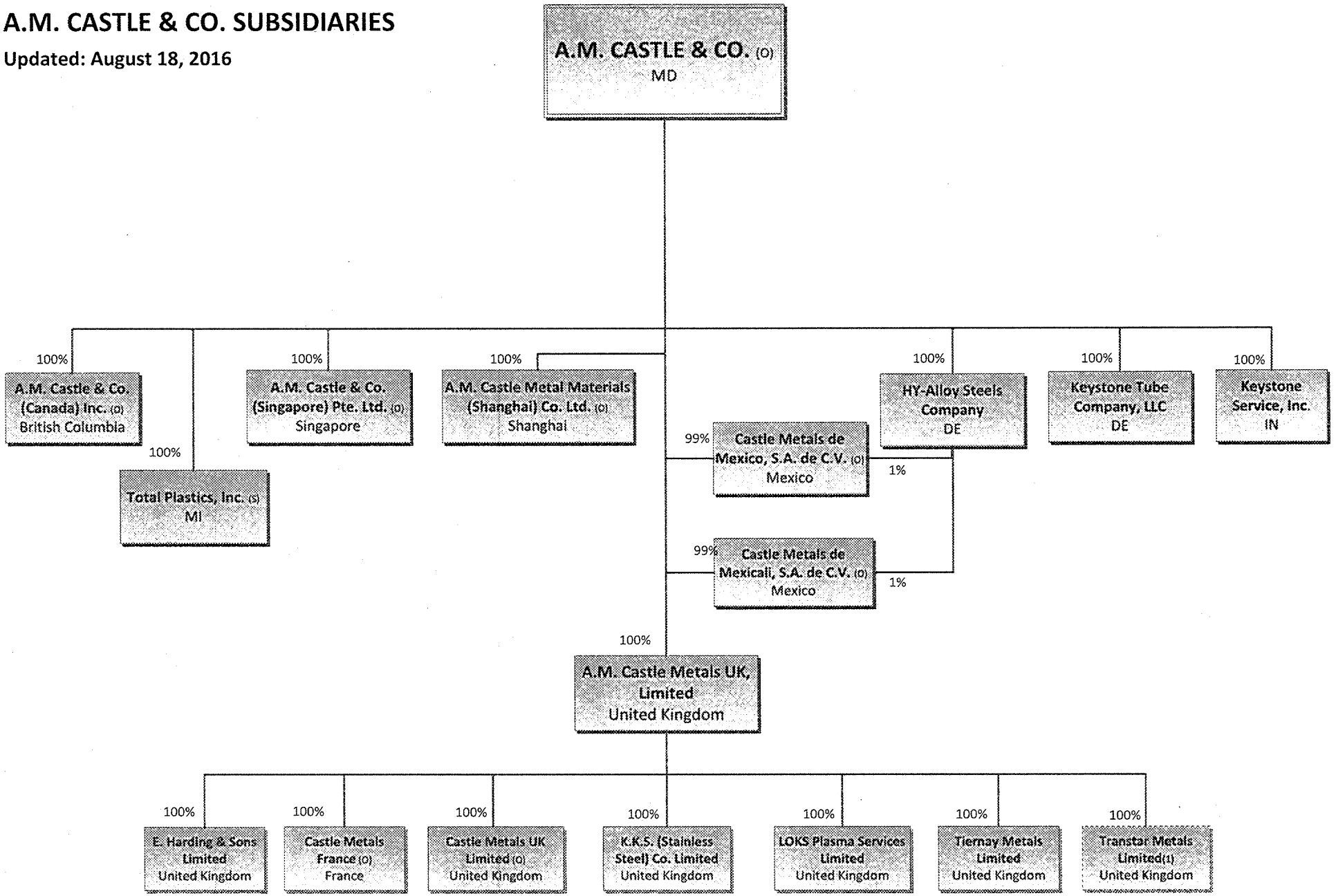
Patrick R. Anderson

EXHIBIT A

(Organizational Chart)

A.M. CASTLE & CO. SUBSIDIARIES

Updated: August 18, 2016



(O) – Operating Company
(1) – Entity in Liquidation
(S) – Shell Company