



A. M. Castle & Co.



2018 ANNUAL REPORT

Officers and Directors

Officers

Steven W. Scheinkman

President & Chief Executive Officer

Patrick R. Anderson

Executive Vice President, Chief Financial Officer
& Treasurer

Marec E. Edgar

Executive Vice President, General Counsel,
Secretary & Chief Administrative Officer

Ronald E. Knopp

Executive Vice President & Chief Operating
Officer

Directors

Jeffrey A. Brodsky

Co-Founder & Managing Director
Quest Turnaround Advisors, LLC

Jonathan B. Mellin

President & Chief Executive Officer
Simpson Estates, Inc.

Jacob Mercer

Whitebox Advisors LLC

Steven W. Scheinkman

President & Chief Executive Officer
A.M. Castle & Co.

Jonathan Segal

Managing Director
Highbridge Capital Management, LLC

Michael J. Sheehan

Former Chief Executive Officer
Boston Globe Media Partners

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

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

Commission File Number: 1-5415

A. M. CASTLE & CO.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

36-0879160

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

1420 Kensington Road, Suite 220, Oak Brook, Illinois

(Address of principal executive offices)

60523

(Zip Code)

Registrant's telephone number, including area code (847) 455-7111

**Securities registered pursuant to Section 12(b) of the Act:
None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock - \$0.01 par value

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2017 (the last business day of the registrant's most recently completed second fiscal quarter) was \$2,425,857. As fully described at *Note 2 - Bankruptcy Related Disclosures* to the consolidated financial statements herein, on August 31, 2017 the registrant emerged from its chapter 11 bankruptcy cases and accordingly, all common equity existing as of that date was canceled without recovery and the registrant issued new voting common equity.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

The number of shares outstanding of the registrant's common stock on March 12, 2018 was 3,734,109 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Documents Incorporated by Reference

This Annual Report on Form 10-K incorporates by reference portions of the registrant's Definitive Proxy Statement for its 2018 Annual Meeting of Stockholders. In the event the registrant does not file a Proxy Statement for its 2018 Annual Meeting of Stockholders with the United States Securities and Exchange Commission within 120 days after the end of the registrant's 2017 fiscal year, this information will be included in an amendment to this Annual Report on Form 10-K.

Applicable Part of Form 10-K

Part III

Disclosure Regarding Forward-Looking Statements

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy, and the cost savings and other benefits that we expect to achieve from our facility closures and organizational changes. These statements often include words such as "believe," "expect," "anticipate," "intend," "predict," "plan," "should," or similar expressions. These statements are not guarantees of performance or results, and they involve risks, uncertainties, and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements, including those risk factors identified in Item 1A "Risk Factors" of this report. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future, to reflect the occurrence of unanticipated events or for any other reason.

INDUSTRY AND MARKET DATA

In this report, we rely on and refer to information and statistics regarding the metal service center industry and general manufacturing markets. We obtained this information and these statistics from sources other than us, such as the Metals Service Center Institute, which we have supplemented where necessary with information from publicly available sources and our own internal estimates. Although we have not independently verified such information, we have used these sources and estimates and believe them to be reliable.

PART I

ITEM 1 — Business

In this Annual Report on Form 10-K, "the Company," "we" or "our" refer to A. M. Castle & Co., a Maryland corporation, and its subsidiaries included in the consolidated financial statements, except as otherwise indicated or as the context otherwise requires.

Company Overview

The Company is a specialty metals distribution company serving customers on a global basis. The Company provides a broad range of products and value-added processing and supply chain services to a wide array of customers. The Company's customers are principally within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, 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.

On June 18, 2017 (the "Petition Date"), A.M. Castle & Co. and four of its subsidiaries (together with A.M. Castle & Co., the "Debtors") filed voluntary petitions for reorganization under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the "Bankruptcy Court"). The four subsidiaries in the chapter 11 cases were Keystone Tube Company, LLC, HY-Alloy Steels Company, Keystone Service, Inc. and Total Plastics, Inc. Also on June 18, 2017, the Debtors filed the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization with the Bankruptcy Court and on July 25, 2017, the Debtors filed the Debtors' Amended Prepackaged Joint Chapter 11 Plan of Reorganization (the "Plan") with the Bankruptcy Court. On August 2, 2017, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan. On August 31, 2017 (the "Effective Date"), the Plan became effective pursuant to its terms and the Debtors emerged from their chapter 11 cases.

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 852, "Reorganizations" and ASC No. 805, "Business Combinations", the Company adopted fresh-start accounting upon emergence from their chapter 11 cases and became a new entity for financial reporting purposes as of September 1, 2017. References in this report to "Successor" refer to the Company on or after the Effective Date. References to "Predecessor" refer to the Company prior to the Effective Date. Operating results for the Successor and Predecessor periods are not necessarily indicative of the results to be expected for a full fiscal year. For accounting

purposes all emergence related transactions of the Predecessor including the impact of the issuance of the Successor common stock, the entry into a new asset-based revolving credit facility and new senior secured convertible notes, and the accelerated debt obligations of the Company that were satisfied pursuant to the terms of the Plan, were recorded as of August 31, 2017. Accordingly, the consolidated financial statements for the Successor are not comparable to the consolidated financial statements for the Predecessor.

For more information on the chapter 11 cases, including the key components of the Plan, detail of liabilities subject to compromise and reorganization items, net, see *Note 2 - Bankruptcy Related Disclosures* to the consolidated financial statements included elsewhere in this report.

In March 2016, the Company completed the sale of substantially all the assets of its wholly-owned subsidiary, Total Plastics, Inc. ("TPI"). Prior to the sale of TPI, the Company had two reportable business segments, Metals and Plastics. Subsequent to the sale of TPI, which represented the Company's Plastics segment in its entirety, the Company has only one reportable business segment, Metals.

The Company's corporate headquarters is located in Oak Brook, Illinois. As of December 31, 2017, the Company operates out of 22 service centers located throughout North America (17), Europe (3) and Asia (2). The Company's service centers hold inventory and process and distribute products to both local and export markets.

Industry and Markets

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 ("OEM") 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.

The principal markets served by the Company are highly competitive. With the February 2016 closure of the Company's Houston and Edmonton facilities, which primarily serviced the oil and gas sector of the energy market, the Company became principally focused on two key markets, aerospace and industrial. Competition within these markets is based on service, quality, processing capabilities, inventory availability, timely delivery, ability to provide supply chain solutions and price. The Company competes in a highly fragmented industry. Competition in the various markets in which the Company participates comes from a large number of value-added metals processors and service centers on a regional and local basis, some of which have greater financial resources and some of which have more established brand names in the local, regional and global markets served by the Company.

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

In order to capture scale efficiencies and remain competitive, many primary metal producers are consolidating their operations and focusing on their core production activities. These producers have increasingly outsourced metals distribution, inventory management and value-added metals processing services to metals service centers. This process of outsourcing allows them to work with a relatively small number of intermediaries rather than many end customers. As a result, metals service centers, including the Company, are now providing a range of services for their customers, including metal purchasing, processing and supply chain solutions.

The Company's 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 Company's 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 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.

Procurement

The Company purchases 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 Company's 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 Company's purchases are covered by long-term contracts and commitments, which generally have corresponding customer sales agreements.

Thousands of customers from a wide array of industries are serviced primarily through the Company's 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 third party logistics providers using their fleets, which display Company-branding. Otherwise, common carrier delivery is used in areas not serviced directly by such third party logistics providers. The Company's 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.

Customers

The Company's customer base is well diversified and therefore, the Company does 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.

For information on the Company's net sales by geographic area, see *Note 15 - Segment Reporting* within the notes to the Company's consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

Employees

As of December 31, 2017, the Company had 930 full-time employees. Of these full-time employees, 132 were represented by the United Steelworkers of America under collective bargaining agreements.

Joint Venture

The Company held a 50% joint venture interest in Kreher Steel Company, LLC ("Kreher"), a national distributor and processor of carbon and alloy steel bar products, headquartered in Melrose Park, Illinois, until the Company sold its ownership share to its joint venture partner in August 2016. The Company's equity in the earnings (losses) of this joint venture is reported separately in the Company's Consolidated Statements of Operations and Comprehensive Loss. For information on the Company's sale of its ownership share of Kreher, see *Note 4 - Joint Venture* within the notes to the Company's consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

Access to SEC Filings

The Company makes available free of charge on or through its Web site at www.castlemetals.com the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC"). Information on our Web site does not constitute part of this Annual Report on Form 10-K.

ITEM 1A — Risk Factors

(Dollar amounts in millions, except per share data)

Our business, financial condition, results of operations, and cash flows are subject to various risks, many of which are not exclusively within our control that may cause actual performance to differ materially from historical or projected future performance. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. Any of the following risks, as well as other risks and uncertainties not currently known to us or that we currently consider to be immaterial, could materially and adversely affect our business, financial condition, results of operations, or cash flows.

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our debt instruments.

We have substantial debt service obligations. As of December 31, 2017, we had approximately \$275.7 million of total debt outstanding, excluding capital lease obligations of \$0.3 million, all of which is secured. The debt outstanding, in order of priority, was comprised of \$101.0 million of borrowings against our new Revolving Credit and Security Agreement (the "New ABL Facility"), \$168.8 million aggregate principal amount of 5.00% / 7.00% Convertible Senior

Secured Paid In Kind (PIK) Toggle Notes due 2022 (the “Second Lien Notes”), including \$2.4 million of restricted Second Lien Notes issued to certain members of management (“MIP Notes”), and short-term borrowings of approximately \$5.9 million under a local credit facility, entered into by the Company’s French subsidiary under which it may borrow against 100% of the eligible accounts receivable factored, with recourse, up to 6.5 million euros (the “Foreign Line of Credit”).

Our substantial level of indebtedness could have significant effects on our business, including the following:

- it may be more difficult for us to satisfy our financial obligations;
- our ability to obtain additional financing for working capital, capital expenditures, strategic acquisitions or general corporate purposes may be impaired;
- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, which will reduce the funds available to use for operations and other purposes, including potentially accretive acquisitions;
- our ability to fund a change of control offer under our debt instruments may be limited;
- our substantial level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited; and
- our substantial level of indebtedness may make us more vulnerable to economic downturns and adverse developments in our business.

We expect to obtain the funds to pay our expenses and to satisfy our debt obligations from our operations and available resources under the New ABL Facility. Our ability to meet our expenses and make these principal and interest payments as they come due, therefore, depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future, and our anticipated revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives which could have an adverse effect on our financial condition or liquidity.

We may not be able to generate sufficient cash to service all of our existing debt service obligations, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful.

Our total outstanding debt under our New ABL Facility, the Second Lien Notes, including MIP Notes, and the Foreign Line of Credit has an aggregate principal amount of \$275.7 million as of December 31, 2017. Our ability to make scheduled payments on or to refinance our debt obligations depends on our future financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. Therefore, we may not be able to maintain or realize a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments, capital expenditures or potentially accretive acquisitions, sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous borrowing covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations which could have an adverse effect on our financial condition or liquidity.

Our debt instruments impose significant operating and financial restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions and our failure to comply with the covenants contained in our debt instruments could result in an event of default that could adversely affect our operating results.

Our debt agreements impose, and future debt agreements may impose, operating and financial restrictions on us. These restrictions limit or prohibit, among other things, our ability to:

- incur additional indebtedness, or issue disqualified capital stock;
- pay dividends, redeem subordinated debt or make other restricted payments;
- make certain investments or acquisitions;
- grant or permit certain liens on our assets;
- enter into certain transactions with affiliates;
- merge, consolidate or transfer substantially all of our assets;
- incur dividend or other payment restrictions affecting certain of our subsidiaries;
- transfer, sell or acquire assets; and
- change the business we conduct.

These covenants could adversely affect our ability to finance our future operations or capital needs, withstand a future downturn in our business or the economy in general, engage in business activities, including future opportunities that may be in our interest, and plan for or react to market conditions or otherwise execute our business strategies. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, in certain circumstances, the relevant lenders or holders of such indebtedness could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations and may not be able to continue our operations as planned.

Our future operating results are impacted by the volatility of the prices of metals, which could cause our results to be adversely affected.

The prices we pay for metal raw materials and the prices we charge for products may fluctuate depending on many factors, including general economic conditions (both domestic and international), competition, production levels, import duties and other trade restrictions and currency fluctuations. To the extent metal prices decline, we would generally expect lower sales, pricing and possibly lower operating income. Depending on the timing of the price changes and to the extent we are not able to pass on to our customers any increases in our metal raw materials prices, our operating results may be adversely affected. In addition, because we maintain substantial inventories of metals in order to meet short lead-times and the just-in-time delivery requirements of our customers, a reduction in our selling prices could result in lower profitability or, in some cases, losses, either of which could adversely impact our ability to remain in compliance with certain provisions of our debt instruments, as well as result in us incurring impairment charges.

The Company's actual financial results may vary materially from the projections that it filed with the bankruptcy court in connection with the confirmation of the Company's plan of reorganization.

In connection with the disclosure statement the Company filed with the bankruptcy court, and the hearing to consider confirmation of its plan of reorganization, the Company prepared projected financial information to demonstrate to the bankruptcy court the feasibility of the plan of reorganization and its ability to continue operations upon its emergence from bankruptcy. Those projections were prepared solely for the purpose of the bankruptcy proceedings and have not been, and will not be, updated on an ongoing basis and should not be relied upon by investors. At the time they were prepared, the projections reflected numerous assumptions concerning the Company's anticipated future performance and with respect to prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks and the assumptions underlying the projections and/or valuation estimates may prove to be wrong in material respects. Actual results will likely vary significantly from those contemplated by the projections. As a result, investors should not rely on these projections.

The Company's financial condition and results of operations for periods after the effective date of the Company's plan of reorganization are not comparable to the financial condition and results of operations for periods prior to the effective date of the Company's plan of reorganization and historical financial information may not be indicative of the Company's future financial performance.

On August 31, 2017, the effective date of the Company's plan of reorganization, the Company adopted fresh-start reporting as a result of the bankruptcy reorganization as prescribed in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and the provisions of FASBASC No. 852, "Reorganizations". As required by fresh-start reporting, the Company's assets and liabilities were recorded at fair value by allocating the reorganization value determined in connection with the plan of reorganization. Accordingly, the Company's financial condition and results of operations from and after the effective date of the Company's plan of reorganization are not comparable, in various material respects, to the financial condition and results of operations prior to the effective date of the Company's plan of reorganization. Further, as a result of the implementation of the Company's plan of reorganization and the transactions contemplated thereby, the Company's historical financial information may not be indicative of its future financial performance.

Our common stock is traded on the OTCQB® Venture Market (the "OTCQB"), which could have an adverse impact on the market price and liquidity of our common stock and could involve additional risks compared to being listed on a national securities exchange.

The Company's Common Stock is presently traded on the OTCQB under the ticker "CTAM". The trading of our common stock in the OTC market rather than a national securities exchange may negatively impact the trading price of our common stock and the levels of liquidity available to our shareholders. Securities traded in the OTC market generally have less liquidity due to factors such as the reduced number of investors that will consider investing in the securities, the reduced number of market makers in the securities, and the reduced number of securities analysts that follow such securities. As a result, holders of shares of our common stock may find it difficult to resell their shares at prices quoted in the market or at all.

Furthermore, because of the limited market and generally low volume of trading in our common stock that could occur, the share price of our common stock could be more likely to be affected by broad market fluctuations, general market conditions, fluctuations in our operating results, changes in the markets perception of our business, and announcements made by us, our competitors, or parties with whom we have business relationships.

Because our common stock trades on the OTCQB, in some cases, we may be subject to additional compliance requirements under applicable state laws in the issuance of our securities. The lack of liquidity in our common stock may also make it difficult for us to issue additional securities for financing or other purposes, or to otherwise arrange for any financing we may need in the future. Accordingly, we urge that extreme caution be exercised with respect to existing and future investments in our common stock

Holders of our Second Lien Notes can require us to repurchase their Second Lien Notes following a fundamental change, which includes, among other things, the acquisition of more than 50% of our outstanding voting power by a person or group. We may not have sufficient funds to satisfy such cash obligations.

As of December 31, 2017, we had approximately \$168.8 million of aggregate principal amount outstanding under the Second Lien Notes, including \$2.4 million of MIP Notes. Interest on the Second Lien Notes accrues at the rate of 5.00%, except that the Company may, in certain circumstances, pay at the rate of 7.00% in kind. Interest on the Second Lien Notes in the first 12 months is required to be paid in kind at a rate of 7.00%. Upon the occurrence of a fundamental change (as defined in the indenture for the Second Lien Notes), which includes the acquisition of more than 50% of our outstanding voting power by a person or group, we may be required to repurchase some or all of the Second Lien Notes for cash at a repurchase price equal to 100% of the principal amount of the Second Lien Notes being repurchased, plus any accrued and unpaid interest up to but excluding the relevant fundamental change repurchase date. We may not have sufficient funds to satisfy such cash obligations and, in such circumstances, may not be able to arrange the necessary financing on favorable terms or at all. In addition, our ability to satisfy such cash obligations will be restricted pursuant to covenants contained in the indenture for the Second Lien Notes and will be permitted to be paid only in limited circumstances. We may also be limited in our ability to satisfy such cash obligations by applicable law or the terms of other instruments governing our indebtedness. Our inability to make any cash payments that may be required to satisfy the obligations described above would trigger an event of default under the Second Lien Notes, which in turn could constitute an event of default under our other outstanding indebtedness, thereby potentially resulting in the acceleration of certain of such indebtedness, the prepayment of which could further restrict our ability to satisfy such cash obligations.

The conversion of our Second Lien Notes into common stock will dilute the ownership interest of our existing shareholders.

Any issuance by us of our common stock upon conversion of our Second Lien Notes will dilute the ownership interest of our existing shareholders. In addition, any such issuance of common stock could have a dilutive effect on our net income per share to the extent that the average stock price during the period is greater than the conversion prices and exercise prices of the Second Lien Notes. Furthermore, any sales in the public market of our common stock issuable upon conversion of the Second Lien Notes could adversely affect prevailing market prices of our common stock.

We service industries that are highly cyclical, and any downturn in our customers' industries could reduce our revenue and profitability.

Many of our products are sold to customers in industries that experience significant fluctuations in demand based on economic conditions, energy prices, consumer demand, availability of adequate credit and financing, customer inventory levels, changes in governmental policies and other factors beyond our control. As a result of this volatility in the industries we serve, when one or more of our customers' industries experiences a decline, we may have difficulty increasing or maintaining our level of sales or profitability if we are not able to divert sales of our products to customers in other industries. Historically, we have made a strategic decision to focus sales resources on certain industries, specifically the aerospace, heavy equipment, machine tools and general industrial equipment industries. A downturn in these industries has had, and may in the future continue to have, an adverse effect on our operating results. We are also particularly sensitive to market trends in the manufacturing sectors of the North American economy. In 2015, the downturn in the oil and gas sector had a significant impact on our financial results as sales to customers which operate in that market were significantly lower than they had been previously. In February 2016, we announced the sale of all inventory from our Houston and Edmonton facilities that primarily serviced the oil and gas sector. With this sale and the subsequent closure of the Houston and Edmonton facilities, we significantly lowered our exposure to oil-related market fluctuations. Going forward, we will be primarily focused on two key industries, aerospace and industrial.

A portion of our sales, particularly in the aerospace industry, are related to contracts awarded to our customers under various U.S. Government defense-related programs. Significant changes in defense spending, or in government priorities and requirements could impact the funding, or the timing of funding, of those defense programs, which could negatively impact our results of operations and financial condition. The level of U.S. spending for defense, alternative energy and other programs to which such funding is allocated, is subject to periodic congressional appropriation actions, including the sequestration of appropriations in fiscal years 2013 and after, under the Budget Control Act of 2011, and is subject to change at any time.

Our industry is highly competitive, which may force us to lower our prices and may have an adverse effect on our operating results.

The principal markets that we serve are highly competitive. Competition is based principally on price, service, quality, processing capabilities, inventory availability and timely delivery. We compete in a highly fragmented industry. Competition in the various markets in which we participate comes from a large number of value-added metals processors and service centers on a regional and local basis, some of which have greater financial resources than we do and some of which have more established brand names in the local markets we serve. We also compete to a lesser extent with primary metals producers who typically sell to very large customers requiring shipments of large volumes of metal. Increased competition could force us to lower our prices or to offer increased services at a higher cost to us, which could have an adverse effect on our operating results.

Our operating results are subject to the seasonal nature of our customers' businesses.

A portion of our customers experience seasonal slowdowns. Historically, our revenues in the months of July, November and December have been lower than in other months because of a reduced number of shipping days and holiday or vacation closures for some customers. Dependent on market and economic conditions, our sales in the first two quarters of the year, therefore, can be higher than in the third and fourth quarters due to this seasonality. As a result, analysts and investors may inaccurately estimate the effects of seasonality on our operating results in one or more future quarters and, consequently, our operating results may fall below expectations.

An impairment or additional restructuring charge could have an adverse effect on our operating results.

We continue to evaluate opportunities to reduce costs and improve operating performance. These actions could result in restructuring and related charges, including but not limited to asset impairments, employee termination costs, charges for pension benefits, and pension curtailments, which could be significant and could adversely affect our financial condition and results of operations.

We have a significant amount of long-lived assets. We review the recoverability of long-lived assets whenever significant events or changes occur which might impair the recovery of recorded costs, making certain assumptions regarding future operating performance. The results of these calculations may be affected by the current demand and any decline in market conditions for our products, as well as interest rates and general economic conditions. If impairment is determined to exist, we will incur impairment losses, which may have an adverse effect on our operating results.

Our ability to use our net operating loss carryforwards ("NOLs") is limited.

We have incurred substantial losses since 2008. As of December 31, 2017, we had United States ("U.S.") federal net operating loss carryforwards, or NOLs, of \$162.5 million. The U.S. federal NOLs will expire in various years beginning with 2032. These U.S. federal NOLs reflect the attribute reduction for the cancellation of indebtedness resulting from our bankruptcy proceedings. We have determined that an ownership shift of greater than fifty percent occurred in 2015, 2016 and 2017 and as such, a significant portion of the pre-ownership shift NOLs are subject to an annual utilization under Internal Revenue Code ("IRC") section 382 limitation that will act to prevent the Company from utilizing most of its losses against future taxable income. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership that we cannot predict or control that could result in further limitations being placed on our ability to utilize our federal NOLs. In addition, we may not generate future taxable income so that we can use our available NOLs as an offset. As of December 31, 2017, we have a full valuation allowance against our federal and state NOLs that we do not expect to utilize under IRC section 382 as we have concluded, based on all available evidence, that it is more likely than not that we will not utilize these federal and state NOLs prior to their respective expiration.

Changes in United States tax laws could have a material adverse effect on our business, cash flow, results of operations or financial condition.

On December 22, 2017, the U.S. enacted significant changes to the U.S. tax law following the passage and signing of H.R.1, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (the "Tax Act") (previously known as "The Tax Cuts and Jobs Act"). The Tax Act contains many significant changes to the U.S. tax laws, the consequences of which have not yet been fully determined. Changes in corporate tax rates, the realizability of the deferred tax assets and/or liabilities relating to our U.S. operations, the taxation of foreign earnings, and the deductibility of expenses (such as executive compensation) contained in the Tax Act or other tax reform legislation could have a material impact on the value of our deferred tax assets and/or liabilities, could result in significant charges in the current or future taxable years, and could increase our future U.S. tax expense. Furthermore, changes to the taxation of undistributed foreign earnings could change our future intentions regarding the reinvestment of such earnings. The foregoing items could have a material adverse effect on our business, cash flow, results of operations or financial condition.

Disruptions or shortages in the supply of raw materials could adversely affect our operating results and our ability to meet our customers' demands.

Our business requires materials that are sourced from third party suppliers. If, for any reason, our primary suppliers of metals should curtail or discontinue their delivery of raw materials to us at competitive prices and in a timely manner, our operating results could suffer. Unforeseen disruptions in our supply bases could materially impact our ability to deliver products to customers. The number of available suppliers could be reduced by factors such as industry consolidation and bankruptcies affecting metals producers, or suppliers may be unwilling or unable to meet our demand due to industry supply conditions. If we are unable to obtain sufficient amounts of raw materials from our traditional suppliers, we may not be able to obtain such raw materials from alternative sources at competitive prices to meet our delivery schedules, which could have an adverse impact on our operating results. To the extent we have quoted prices to customers and accepted orders for products prior to purchasing necessary raw materials, or have existing contracts, we may be unable to raise the price of products to cover all or part of the increased cost of the raw materials to our customers.

In some cases the availability of raw materials requires long lead times. As a result, we may experience delays or shortages in the supply of raw materials. If we are unable to obtain adequate and timely deliveries of required raw materials, we may be unable to timely supply customers with sufficient quantities of products. This could cause us to lose sales, incur additional costs, or suffer harm to our reputation, all of which may adversely affect our operating results.

Increases in freight and energy prices would increase our operating costs and we may be unable to pass these increases on to our customers in the form of higher prices, which may adversely affect our operating results.

We use energy to process and transport our products. The prices for and availability of energy resources are subject to volatile market conditions, which are affected by political, economic and regulatory factors beyond our control. Our operating costs increase if energy costs, including electricity, diesel fuel and natural gas, rise. During periods of higher freight and energy costs, we may not be able to recover our operating cost increases through price increases without reducing demand for our products. In addition, we typically do not hedge our exposure to higher freight or energy prices.

We operate in international markets, which expose us to a number of risks.

Although a majority of our business activity takes place in the United States, we serve and operate in certain international markets, which exposes us to political, economic and currency related risks, including the following:

- potential for adverse change in the local political or social climate or in government policies, laws and regulations;
- difficulty staffing and managing geographically diverse operations and the application of foreign labor regulations;
- restrictions on imports and exports or sources of supply;
- currency exchange rate risk; and
- changes in duties and taxes.

In addition to the United States, we operate in Canada, Mexico, France, the United Kingdom, Singapore, and China. An act of war or terrorism or major pandemic event could disrupt international shipping schedules, cause additional delays in importing or exporting products into or out of any of these countries, including the United States, or increase the costs required to do so. In addition, acts of crime or violence in these international markets could adversely affect our operating results. Fluctuations in the value of the U.S. dollar versus foreign currencies could reduce the value of these assets as reported in our consolidated financial statements, which could reduce our stockholders' equity. If we do not adequately anticipate and respond to these risks and the other risks inherent in international operations, it could have a material adverse impact on our operating results.

The imposition of tariffs or duties on imported metals could significantly increase the price of the metals we purchase from international suppliers and/or shortages in the supply of raw materials.

On April 19, 2017, the U.S. Department of Commerce (the "DOC") initiated an investigation under Section 232 of the Trade Expansion Act of 1962 to determine the effects of steel imports on U.S. national security. On January 11, 2018, the DOC submitted its investigation report to the President, who, on March 8, 2018, signed two Presidential Proclamations imposing a 25% tariff on steel, and a 10% tariff on aluminum, imported from all countries except Canada and Mexico beginning on March 23, 2018. The imposition of these, or any future imposition of tariffs or duties, is expected to have a pervasive impact on the metals market in which we operate and could result in a decrease in imports and higher prices for those imports which are sold into the U.S. For the metals we buy internationally, we may be unable to pass through the higher costs to our customers, which could adversely impact our financial condition and operating results. In addition, a decrease in imports could cause a disruption or shortage in the availability of the raw materials that we buy, which could limit our ability to meet our customer's demand or purchase material at competitive prices. This could cause us to lose sales, incur additional costs, or suffer harm to our reputation, all of which may adversely affect our operating results.

Political and economic uncertainty arising from the outcome of the recent referendum on the membership of the United Kingdom in the European Union could adversely impact our financial condition and operating results.

On June 23, 2016, the United Kingdom voted to leave the European Union (the "EU"), which triggered short-term financial volatility, including a decline in the value of the British pound in comparison to both the U.S. dollar and the euro. Before the United Kingdom leaves the EU, a process of negotiation is required to determine the future terms of the United Kingdom's relationship with the EU. The uncertainty before, during and after the period of negotiation could have a negative economic impact and result in further volatility in the markets for several years. Such ongoing uncertainty may result in various economic and financial consequences for businesses operating in the United Kingdom, the EU and beyond.

During the Successor period September 1, 2017 through December 31, 2017, approximately 0.1% of our consolidated net sales were attributable to operations in the United Kingdom, and approximately 9.3% of our consolidated net sales were attributable to operations in Europe overall. During the Predecessor period January 1, 2017 through August 31, 2017, approximately 2.3% of our consolidated net sales were attributable to operations in the United Kingdom, and approximately 9.4% of our consolidated net sales were attributable to operations in Europe overall. The Company and its various subsidiaries hold financial assets and liabilities denominated in British pounds, including cash and cash equivalents, accounts receivable, and accounts payable, and the future impacts of the United Kingdom's exit from the EU could have a materially adverse impact on our financial condition and operating results.

A portion of our workforce is represented by collective bargaining units, which may lead to work stoppages.

As of December 31, 2017, approximately 21% of our U.S. employees were represented by the United Steelworkers of America ("USW") under collective bargaining agreements, including hourly warehouse employees at our distribution centers in Cleveland, Ohio and Hammond, Indiana. As these agreements expire, there can be no assurance that we will succeed in concluding collective bargaining agreements with the USW to replace those that expire. Although we believe that our labor relations have generally been satisfactory, we cannot predict how stable our relationships with the USW will be or whether we will be able to meet the USW requirements without impacting our operating results and financial condition. The USW may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our relationship with the USW could negatively impact the timely processing and shipment of our products, which could strain relationships with customers or suppliers and adversely affect our operating results. On October 1, 2014, we entered into a four-year collective bargaining agreement with the USW, which covers approximately 104 employees at our largest facility in Cleveland, Ohio. This agreement is scheduled to expire in September 2018, and our goal is to engage in early negotiations in the spring of 2018 to secure another four-year agreement and avoid disruption to the business. Approximately 28 employees at our Hammond, Indiana facility are covered by a separate collective bargaining agreement with the USW that was renegotiated in August 2016 and expires in August 2020.

We rely upon our suppliers as to the specifications of the metals we purchase from them.

We rely on mill or supplier certifications that attest to the physical and chemical specifications of the metals received from our suppliers for resale and generally, consistent with industry practice, do not undertake independent testing of such metals. We rely on our customers to notify us of any product that does not conform to the specifications certified by the supplier or ordered by the customer. Although our primary sources of products have been domestic suppliers, we have and will continue to purchase product from foreign suppliers when we believe it is appropriate. In the event that metal purchased from domestic suppliers is deemed to not meet quality specifications as set forth in the mill or supplier certifications or customer specifications, we generally have recourse against these suppliers for both the cost of the products purchased and possible claims from our customers. However, such recourse will not compensate us for the damage to our reputation that may arise from sub-standard products and possible losses of customers. Moreover, there is a greater level of risk that similar recourse will not be available to us in the event of claims by our customers related to products from foreign suppliers that do not meet the specifications set forth in the mill or supplier certifications. In such circumstances, we may be at greater risk of loss for claims for which we do not carry, or do not carry sufficient, insurance.

Our business could be adversely affected by a disruption to our primary distribution hubs.

Our largest facilities, in Cleveland (Ohio), Hammond (Indiana), and Janesville (Wisconsin) serve as primary distribution centers that ship product to our other facilities as well as external customers. Our business could be adversely impacted by a major disruption at any of these facilities due to unforeseen developments occurring in or around the facility, such as:

- damage to or inoperability of our warehouse or related systems;
- a prolonged power or telecommunication failure;
- a natural disaster, environmental or public health issue, or an act of war or terrorism on-site.

A prolonged disruption of the services and capabilities of these or other of our facilities could adversely impact our operating results.

Damage to or a disruption in our information technology systems could impact our ability to conduct business and could subject us to liability for failure to comply with privacy and information security laws.

Difficulties associated with the design and implementation of our enterprise resource planning ("ERP") or other information technology systems could adversely affect our business, our customer service and our operating results.

We rely primarily on one information technology system to provide inventory availability to our sales and operating personnel, improve customer service through better order and product reference data and monitor operating results. Difficulties associated with upgrades or integration with new systems could lead to business interruption that could harm our reputation, increase our operating costs and decrease profitability. In addition, any significant disruption relating to our current information technology systems, whether resulting from such things as fire, flood, tornado and other natural disasters, power loss, network failures, loss of data, security breaches and computer viruses, or otherwise, may have an adverse effect on our business, our operating results and our ability to report our financial performance in a timely manner.

The success of our business depends on the security of our networks and, in part, on the security of the network infrastructures of our third-party vendors. In connection with conducting our business in the ordinary course, we store and transmit limited amounts of customer, vendor, and employee information, including account or credit card information, and other personally identifiable information. Unauthorized or inappropriate access to, or use of, our networks, computer systems or services, whether intentional, unintentional or as a result of criminal activity, could potentially jeopardize the security of this confidential information. A number of other companies have publicly disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their networks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the perception of the effectiveness of our security measures could be harmed and we could lose employees, customers, or vendors. A party that is able to circumvent our security measures could misappropriate our proprietary information or the information of our customers, vendors, or employees, cause interruption in our operations, or damage our computers or those of our customers or vendors which could expose us to claims from such persons or from regulators, financial institutions or others with whom we do business, any of which could have an adverse impact on our financial condition and results of operations.

We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach related to us or the parties with which we have commercial relationships, could damage our reputation and expose us to a risk of loss, litigation, and possible liability. We cannot give assurance that the security measures we take will be effective in preventing these types of activities. We also cannot give assurance that the security measures of our third-party vendors, including network providers, providers of customer and vendor support services, and other vendors, will be adequate. In addition to potential legal liability, these activities may adversely impact our reputation or our revenues and may interfere with our ability to provide our products and services, all of which could adversely impact our business.

Ownership of our stock is concentrated, which may limit stockholders' ability to influence corporate matters.

Following our bankruptcy, the Company's ownership is concentrated among a small group of institutional investors and/or hedge funds and the Company's management team. Certain directors, their affiliates, and/or any other concentrated ownership interests may have the voting power to substantially affect or control the outcome of matters requiring a stockholder vote including the election of directors and the approval of significant corporate matters. Such a concentration of control could adversely affect the market price of our common stock or prevent a change in control or other business combinations that might be beneficial to us.

We could be vulnerable to interest rate fluctuations on our indebtedness, which could hurt our operating results.

We are exposed to various interest rate risks that arise in the normal course of business. Market risk arises from changes in interest rates. We currently finance our operations with both fixed rate and variable rate borrowings, and the market value of our \$168.8 million of fixed rate borrowings may be impacted by changes in interest rates. In addition, if in the future interest rates subsequently increase significantly, it could significantly increase the interest expense on our variable rate borrowings which could have an adverse effect on our operating results and liquidity.

Commodity hedging transactions may expose us to loss or limit our potential gains.

We have entered into certain fixed price sales contracts with customers which expose us to risks associated with fluctuations in commodity prices. As part of our risk management program, we may use financial instruments from time-to-time to mitigate all or portions of these risks, including commodity futures, forwards or other derivative instruments. While intended to reduce the effects of the commodity price fluctuations, these transactions may limit our potential gains or expose us to losses. Also, should our counterparties to such transactions fail to honor their obligations

due to financial distress, we would be exposed to potential losses or the inability to recover anticipated gains from these transactions. As of December 31, 2017, we are not a direct party to any derivative instruments.

We may face risks associated with current or future litigation and claims.

From time to time, we are involved in a variety of lawsuits, claims and other proceedings relating to the conduct of our business. These suits concern issues including contract disputes, employment actions, employee benefits, taxes, environmental, health and safety, personal injury and product liability matters. Due to the uncertainties of litigation, we can give no assurance that we will prevail on all claims made against us in the lawsuits that we currently face or that additional claims will not be made against us in the future. While it is not feasible to predict the outcome of all pending lawsuits and claims, we do not believe that the disposition of any such pending matters is likely to have a materially adverse effect on our financial condition or liquidity, although the resolution in any reporting period of one of more of these matters could have an adverse effect on our operating results for that period. Also, we can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

We could incur substantial costs in order to comply with, or to address any violations under, environmental and employee health and safety laws, which could adversely affect our operating results.

Our operations are subject to various environmental statutes and regulations, including laws and regulations governing materials we use and our facilities. In addition, certain of our operations are subject to international, federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. Our operations are also subject to various employee safety and health laws and regulations, including those concerning occupational injury and illness, employee exposure to hazardous materials and employee complaints. Certain of our facilities are located in industrial areas, have a history of heavy industrial use and have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Currently unknown cleanup obligations at these facilities, or at off-site locations at which materials from our operations were disposed, could result in future expenditures that cannot be currently quantified, but which could have a material adverse effect on our financial condition, liquidity or operating results.

Potential environmental legislative and regulatory actions could impose significant costs on the operations of our customers and suppliers, which could have a material adverse impact on our results of operations, financial condition and cash flows.

Climate change regulation or some form of legislation aimed at reducing greenhouse gas (“GHG”) emissions is currently being considered in the United States as well as elsewhere globally. As a metals distributor, our operations do not emit significant amounts of GHG. However, the manufacturing processes of many of our suppliers and customers are energy intensive and generate carbon dioxide and other GHG emissions. Any adopted future climate change and GHG regulations may impose significant costs on the operations of our customers and suppliers and indirectly impact our operations.

Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our results of operations, financial condition and cash flows.

We have various mechanisms in place that may prevent a change in control that stockholders may otherwise consider favorable.

In August 2013, we elected by resolution of the Board of Directors to become subject to Section 3-803 of the Maryland General Corporation Law (the “MGCL”). As a result of this election, the Board of Directors was classified into three separate classes of directors, with each class generally serving three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. The provision for a classified board could prevent a party who acquires control of a majority of our outstanding voting stock from obtaining control of our Board of Directors until the second annual stockholders meeting following the date the acquiring party obtains the controlling interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us and could increase the likelihood that incumbent directors will retain their positions.

In addition, our charter and by-laws and the MGCL include provisions that may be deemed to have anti-takeover effects and may delay, defer or prevent a takeover attempt that stockholders might consider to be in their best interests. For example, the MGCL, our charter and bylaws require the approval of the holders of two-thirds of the votes entitled to be cast on the matter to amend our charter (unless our Board of Directors has unanimously approved the amendment,

in which case the approval of the holders of a majority of such votes is required), and contain certain advance notice procedures for nominating candidates for election to our Board of Directors.

Furthermore, we are subject to the anti-takeover provisions of the MGCL that prohibit us from engaging in a “business combination” with an “interested stockholder” for a period of five years after the date of the transaction in which the person first becomes an “interested stockholder,” unless the business combination or stockholder interest is approved in a prescribed manner. The application of these and certain other provisions of our charter or the MGCL could have the effect of delaying or preventing a change of control, which could adversely affect the market price of our common stock.

The provisions of our debt instruments also contain limitations on our ability to enter into change of control transactions. In addition, the repurchase rights in our Second Lien Notes triggered by the occurrence of a fundamental change (as defined in the indenture for the Second Lien Notes), and the additional shares of our common stock by which the conversion rate is increased in connection with certain fundamental change transactions, as described in the indenture for the Second Lien Notes, could discourage a potential acquirer.

ITEM 1B — *Unresolved Staff Comments*

None.

ITEM 2 — Properties

The Company's corporate headquarters are located in Oak Brook, Illinois. All properties and equipment are sufficient for the Company's current level of activities. As of December 31, 2017, distribution centers and sales offices are maintained at each of the following locations, most of which are leased, except as indicated:

<u>Locations</u>	<u>Approximate Floor Area in Square Feet</u>
North America	
Bedford Heights, Ohio	374,400 (1)
Charlotte, North Carolina	116,500 (1)
Fairless Hills, Pennsylvania	71,600 (1)
Fort Smith, Arkansas	28,000
Grand Prairie, Texas	78,000 (1)
Hammond, Indiana (H-A Industries)	252,595
Janesville, Wisconsin	208,000
Kennesaw, Georgia	87,500
Mexicali, Mexico	160,220
Mississauga, Ontario	57,000
Paramount, California	155,568
Queretaro, Mexico	32,291
Santa Catarina, Nuevo Leon, Mexico	97,692
Saskatoon, Saskatchewan	15,000
Selkirk, Manitoba	50,000 (1)
Stockton, California	60,000
Wichita, Kansas	68,900
Europe	
Trafford Park, England	30,000
Tarbes, France	36,705
Montoir de Bretagne, France	38,940
Asia	
Shanghai, China	45,700
Singapore	39,578
Sales Offices	
Auburn, Massachusetts	<i>(Intentionally left blank)</i>
Bilbao, Spain	<i>(Intentionally left blank)</i>
Fairfield, Ohio	<i>(Intentionally left blank)</i>
Sub-Total	2,104,189
Headquarters	
Oak Brook, Illinois	39,361 (2)
GRAND TOTAL	2,143,550

(1) Represents owned facility.

(2) The Company's principal executive office does not include a distribution center.

ITEM 3 — *Legal Proceedings*

The Company is party to a variety of legal proceedings, claims, and inquiries, including proceedings or inquiries by governmental authorities, which arise from the operation of its business. These proceedings, claims, and inquiries are incidental to and occur in the normal course of the Company's business affairs. The majority of these proceedings, claims, and inquiries relate to commercial disputes with customers, suppliers, and others; employment and employee benefits-related disputes; product quality disputes with vendors and/or customers; and environmental, health and safety claims. It is the opinion of management that the currently expected outcome of these proceedings, claims, and inquiries, after taking into account recorded accruals and the availability and limits of our insurance coverage, will not have a material adverse effect on the consolidated results of operations, financial condition or cash flows of the Company.

ITEM 4 — *Mine Safety Disclosures*

Not applicable.

Executive Officers of the Registrant

The following selected information for each of our current executive officers (as defined by regulations of the SEC) was prepared as of March 14, 2018.

<u>Name and Title</u>	<u>Age</u>	<u>Business Experience</u>
Patrick R. Anderson Executive Vice President, Chief Financial Officer & Treasurer	46	Mr. Anderson began his employment with the registrant in 2007 as Vice President, Corporate Controller and Chief Accounting Officer. In September 2014, he was appointed to the position of Interim Vice President, Chief Financial Officer and Treasurer, and in May 2015 was appointed to his current role as the Executive Vice President, Chief Financial Officer & Treasurer. Prior to joining the registrant, he was employed with Deloitte & Touche LLP (a global accounting firm) from 1994 to 2007.
Marec E. Edgar Executive Vice President, General Counsel, Secretary & Chief Administrative Officer	42	Mr. Edgar began his employment with the registrant in April 2014, as Vice President, General Counsel and Secretary. In May 2015, he was appointed to his current role as Executive Vice President, General Counsel, Secretary & Chief Administrative Officer. Prior to joining the registrant, he held positions of increasing responsibility with Gardner Denver, Inc. (a global manufacturer of industrial compressors, blowers, pumps, loading arms and fuel systems) from 2004 to 2014. Most recently, he served as Assistant General Counsel and Risk Manager and Chief Compliance Officer of Gardner Denver.
Ronald E. Knopp Executive Vice President, Chief Operating Officer	47	Mr. Knopp began his employment with the registrant in 2007 and was appointed to the position of Operations Manager of the Bedford Heights facility. In 2009, he was appointed Director of Operations for the Western Region and in 2010 served as Director of Operations for the Metals and Plate Commercial Units. In July 2013, Mr. Knopp was appointed to the position of Vice President, Operations, and in May 2015 was appointed to his current position as Executive Vice President, Chief Operating Officer. Prior to joining the registrant, Mr. Knopp served as Plant Manager for Alcoa, Inc., Aerospace Division (global producer of aluminum) from 2003 to 2007.
Steven W. Scheinkman President & Chief Executive Officer	64	President and Chief Executive Officer of the Company since April 2015. Mr. Scheinkman also served as an independent member of the Company's Board of Directors from March 2015 to April 2015. Prior to joining the registrant, Mr. Scheinkman served as President and Chief Executive Officer and a director of Innovative Building Systems LLC, and certain of its affiliates and predecessor entities (a leading customer modular home producer) since 2010. He served as a director of Claymont Steel Holdings, Inc. (a manufacturer of custom discrete steel plate) from 2006 to 2008. He served as the President and Chief Executive Officer and a director of Transtar Metals Corp. ("Transtar") (a supply chain manager/distributor of high alloy metal products for the transportation, aerospace and defense industries) from 1999 to 2006. Following Transtar's acquisition by the Company in September 2006, he served as President of Transtar Metals Holdings, Inc. until September 2007, and thereafter served as its advisor until December 2007. He served in various capacities as an executive officer of Macsteel Service Centers USA (a distributor and processor of steel products) including President, Chief Operating Officer and Chief Financial Officer, from 1986 to 1999.

PART II

ITEM 5 — *Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

In connection with our reorganization and emergence from bankruptcy, on the Effective Date all of our outstanding pre-emergence common stock and all other equity interests in the Company (as defined in the Plan and which include the Company’s prior common stock, \$0.01 par value per share, warrants to purchase 2.5 million shares of the Company’s prior common stock at an exercise price of \$0.50 per share, and warrants to purchase 2.5 million shares of the Company’s prior common stock at an exercise price of \$0.65 per share) were automatically canceled and extinguished as of such date. Pursuant to the Plan, on the Effective Date, the Company created a new class of common stock, par value \$0.01 per share (the “New Common Stock”).

On the Effective Date, by operation of the Plan, the Company issued an aggregate of 2.0 million shares of its New Common Stock, as follows:

- 1.3 million shares were issued to the holders of Prepetition Second Lien Secured Claims (as defined by the Plan) in partial satisfaction of their claims, pursuant to an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of such act and Regulation D promulgated thereunder;
- 0.3 million shares were issued to the holders of Prepetition Third Lien Secured Claims (as defined by the Plan) in partial satisfaction of their claims, pursuant to an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of such act and Regulation D promulgated thereunder;
- 0.4 million shares were issued to participating holders of the Company’s outstanding common stock as of August 2, 2017 in partial satisfaction of their interests, pursuant to an exemption from the registration requirements of the Securities Act under Section 1145 of the Bankruptcy Code; and

Pursuant to the Plan, on September 1, 2017, the Company issued 1.7 million shares of restricted stock, together with an aggregate original principal amount of \$2.4 million of restricted notes convertible into an additional 0.6 million shares of New Common Stock as of the Effective Date, were issued as awards under the Company’s 2017 Management Incentive Plan to certain officers of the Company, pursuant to an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of such act and Regulation D promulgated thereunder.

From August 31, 2017, through November 8, 2017, our New Common stock traded on the OTC Pink tier of the OTC Markets Group, Inc. On November 9, 2017, our New Common Stock began trading on the OTCQB tier of the OTC Markets Group, Inc. (“OTCQB”) under the symbol “CTAM”. Prior to our emergence from bankruptcy, there was no established public trading market for our New Common Stock.

The following table sets forth the intraday high and low sales prices of our common stock as reported on OTCQB for the periods presented. Such quotations represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions:

Quarter Ended	High	Low
September 30, 2017 (beginning on August 31, 2017)	\$ 5.25	\$ 2.00
December 31, 2017	\$ 5.25	\$ 3.67

As of December 31, 2017, the last reported sales price of our common stock as reported on OTCQB was \$3.71 per share and there were approximately 331 stockholders of record of our common stock, which excludes stockholders whose shares were held in nominee or street name by brokers.

See Part III, Item 12, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters”, for information regarding common stock authorized for issuance under equity compensation plans.

ITEM 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations

Information regarding the business and markets of A.M. Castle & Co. and its subsidiaries (the “Company”) is included in Item 1 “Business” of this annual report on Form 10-K.

The following discussion should be read in conjunction with the Company’s consolidated financial statements and related notes thereto in Item 8 “Financial Statements and Supplementary Data”. The following discussion and analysis of our financial condition and results of operations contain forward-looking statements and includes numerous risks and uncertainties, including those described under Item 1A “Risk Factors” and “Disclosure Regarding Forward-Looking Statements” of this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements.

EXECUTIVE OVERVIEW

The Company’s strategy is to become a leading global provider of metals products and services and specialized supply chain solutions to targeted global industries.

On June 18, 2017 (the “Petition Date”), A.M. Castle & Co. and four of its subsidiaries (together with the A.M. Castle & Co., the “Debtors”) filed voluntary petitions for reorganization under chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) with the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the “Bankruptcy Court”). The four subsidiaries in the chapter 11 cases are Keystone Tube Company, LLC, HY-Alloy Steels Company, Keystone Service, Inc. and Total Plastics, Inc. Also on June 18, 2017, the Debtors filed the Debtors’ Prepackaged Joint Chapter 11 Plan of Reorganization with the Bankruptcy Court and on July 25, 2017, the Debtors filed the Debtors’ Amended Prepackaged Joint Chapter 11 Plan of Reorganization (the “Plan”) with the Bankruptcy Court. On August 2, 2017, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the the Plan. On August 31, 2017 (the “Effective Date”), the Plan became effective pursuant to its terms and the Debtors emerged from their chapter 11 cases.

On the Effective Date, by operation of the Plan, among other things:

- The Company issued an aggregate of 2.0 million shares of its New Common Stock consisting of 1.3 million shares issued to holders of Prepetition Second Lien Secured Claims (as defined by the Plan) in partial satisfaction of their claims; 0.3 million shares issued to holders of Prepetition Third Lien Secured Claims (as defined by the Amended Plan) in partial satisfaction of their claims; 0.4 million shares issued to participating holders of the Company’s outstanding common stock as of August 2, 2017.
- All agreements, instruments, and other documents evidencing, related to or connected with any equity interests of the Company (which include warrants to purchase such common stock, and awards under management equity plans adopted before the Effective Date) were extinguished without recovery.
- All outstanding indebtedness, accrued interest, and related fees of the Debtors under that certain Credit and Guaranty Agreement, dated December 8, 2016, by and among the Company, Highbridge International Capital Management, LLC, Corre Partners Management, LLC, Whitebox Credit Partners, L.P., WFF Cayman II Limited, and SGF, LLC and Cantor Fitzgerald Securities, among others (as amended, the “Former Credit Agreement”), amounting to \$49.4 million, was paid in full with the proceeds of borrowings under the New ABL Facility (defined below) and the issuance of Second Lien Notes under the Indenture dated August 31, 2017 (“Second Lien Notes Indenture”).
- All outstanding indebtedness of the Debtors under the Company’s 12.75% Senior Secured Notes due 2018 (“New Secured Notes”) and the Indenture dated February 8, 2016 (“New Secured Notes Indenture”), by and between the Company, as issuer, its guarantors, and U.S. Bank National Association, as trustee, and all outstanding indebtedness of the Debtors under the Company’s 5.25% Convertible Senior Secured Notes due 2019 (“New Convertible Notes”) and the Indenture dated May 19, 2016 (“New Convertible Notes Indenture”), by and between the Company, as issuer, its guarantors, and U.S. Bank National Association, as trustee, was discharged and canceled in exchange for cash, Second Lien Notes and New Common Stock in the Company.
- The A.M. Castle & Co. 2017 Management Incentive Plan became effective.
- All of the existing members of the Board were deemed to have resigned and were replaced by the new Board of the Company consisting of six members, four of whom are new to the Board.

Pursuant to the Plan, on September 1, 2017, the Company issued 1.7 million restricted New Common Stock shares, together with an aggregate original principal amount of \$2.4 million of 5.00% / 7.00% Convertible Senior Secured PIK

Toggle Notes due 2022 ("Second Lien Notes") convertible into an additional 0.6 million shares of New Common Stock as of the Effective Date, and issued as awards under the A.M. Castle & Co. 2017 Management Incentive Plan to certain officers of the Company.

Pursuant to the Plan, on the Effective Date, the Debtors entered into a new senior secured asset-based lending facility due 2022 ("New ABL Facility").

The obligations of the Borrowers have been guaranteed by the subsidiaries of the Company named therein as guarantors. The New ABL Facility provides for a \$125.0 million senior secured, revolving credit facility for the Company. Subject to certain exceptions and permitted encumbrances, the obligations under the New ABL Facility are secured by a first priority security interest in substantially all of the assets of each of the Borrowers and certain of their foreign subsidiaries. The proceeds of the advances under the New ABL Facility may only be used to (i) pay certain fees and expenses to the Agent and the lenders under the New ABL Facility, (ii) provide for Borrowers' working capital needs and reimburse drawings under letters of credit, (iii) repay the obligations under the Debtor-in-Possession Revolving Credit and Security Agreement dated as of June 10, 2017, by and among the Company, the lenders party thereto, and PNC Bank, National Association, and certain other existing indebtedness, and (iv) provide for the Borrowers' capital expenditure needs, in accordance with the New ABL Facility.

On the Effective Date, in connection with its entering into the New ABL Facility, the Company borrowed an aggregate amount equal to \$78.8 million, of which \$49.4 million was used to pay down outstanding indebtedness, accrued interest, and related fees of the Company under the Former Credit Agreement.

Pursuant to the Plan, on the Effective Date, the Company entered into the Second Lien Notes Indenture and, pursuant thereto, issued approximately \$164.9 million in Second Lien Notes.

The Second Lien Notes are five-year senior obligations of the Company and certain of its subsidiaries, secured by a lien on all or substantially all of the assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, which lien the Indenture Agent has agreed will be junior to the lien of the Agent under the New ABL Facility.

Recent Market and Pricing Trends

Although year over year net sales were down 2.7% in the combined periods September 1, 2017 through December 31, 2017 and January 1, 2017 through August 31, 2017 compared to the year ended December 31, 2016, sales volumes increased on virtually all the products the Company sells. Overall, the Company's average tons shipped per day in 2017 were 8.9% higher than 2016. Pricing also improved for many of the Company's core products, with the exception of pricing decreases in two of the Company's most significant products, aluminum and stainless. Also, net sales in the year ended December 31, 2016 included the Company's \$27.1 million sale of its entire inventory at its Houston and Edmonton facilities to an unrelated third party. The sale of this inventory was the result of a strategic decision to lower the Company's exposure to oil and gas market fluctuations. Including that sale of inventory, net sales in the year ended December 31, 2016 from the Houston and Edmonton locations, which were closed in February 2016, were \$33.0 million.

Industry data provided by the Metals Service Center Institute ("MSCI") indicates that overall 2017 U.S. steel service center shipment volumes increased 5% compared to 2016 levels. According to MSCI data, industry sales volumes of products consistent with the Company's product mix increased 7% in 2017 compared to 2016. All of the U.S. steel service center products tracked by the MSCI had shipment volume increases in 2017 compared to 2016 with the exception of carbon pipe and tube products, which had a decrease. The products which had the most significant increases according to MSCI data included carbon alloy bar, cold finished carbon bar, and SBQ carbon bar. The MSCI data included more modest sales volume increases for carbon plate, aluminum and stainless products.

The Company's operating results for both its successor and predecessor periods in 2017 were positively impacted by the increased demand for its products, which, in the aggregate, outpaced the demand increase reported by the MSCI. As a result of the Company's recent restructuring activities, which management believes lowered the variable and fixed costs contributing to each ton sold by the Company, the increased demand allowed the Company to experience operating margin growth, and therefore, growth in operating margin dollars, in the combined periods September 1, 2017 through December 31, 2017 and January 1, 2017 through August 31, 2017 compared to the year ended December 31, 2016.

The demand for the Company's products may change from time to time based on, among other things, general economic conditions, industry capacity, and the cyclical nature of the industries in which the Company's customers operate. A decrease in the demand for the Company's products has a significant impact on the Company's operating results. A decrease in demand results in lower sales dollars which, once costs and expenses are factored in, leads to less dollars

earned from normal operations. Although the lower demand also decreases the cost of materials and operating costs, including warehouse, delivery, selling, general and administrative expenses, the decrease in these costs and expenses is often less than the decrease in sales dollars due to fixed costs, resulting in lower operating margins. Management believes its recent restructuring activities have put the Company in a better position to react to variability in end-market demand and manage the impact that demand variability might have on operating margins. Management also believes the Company's overall operating results will continue to be significantly impacted by the pricing of its products, which, in many cases, can have a more significant impact on the Company's operating results than demand because of the following reasons, among others:

- Changes in volume resulting from changes in demand typically result in corresponding changes to the Company's variable costs. However, as pricing changes occur, variable expenses are not directly impacted.
- If surcharges are not passed through to the customer or are passed through without a mark-up, the Company's profitability will be adversely impacted.

Although pricing for many of the Company's products improved in 2017 compared to the historically low prices witnessed in 2016, the pricing environment remains competitive, which, coupled with the Company's aggressive sales pricing to sell excess and slower moving inventory and residual financial impacts of its recent reorganization, tempered the gross material margins achieved by the Company in 2017. Despite this, overall the gross material margin achieved by the Company, calculated as net sales less cost of materials divided by net sales, increased from 21.0% in 2016 to 24.0% in the combined successor and predecessor periods in 2017. Cost of materials for 2016 included \$27.1 million from the sale of all inventory at the Houston and Edmonton facilities to an unrelated third party at a zero gross profit margin and \$14.2 million of aged and excess inventory that was sold for \$2.5 million. Excluding these specified items, gross margin for 2016 was 22.1%. The Company was able to improve its gross margin from 2016 by implementing improved inventory management strategies and, though not fully matured, the better matching sales prices with the inventory replacement cost. Although pricing uncertainty remains in the market, the Company expects its margins will continue to improve in 2018 as its excess inventory is sold and replaced with inventory better matched to the current market conditions.

Current Business Outlook

With the February 2016 closure of the Company's Houston and Edmonton facilities, which primarily serviced the oil and gas sector of the energy market, the Company became principally focused on two key markets, aerospace and industrial.

The aerospace market continues to be strong with defense and commercial spending driving the demand for the Company's aluminum and stainless products. The Company expects the aerospace market to remain stable and for business to improve, particularly where the Company has long-term contracts with subcontractors who support platforms that are anticipated to grow. However, the Company does anticipate continued pressure on transactional pricing resulting from competition in the market.

General sentiment in the industrial market has improved with mining, heavy machinery and light vehicles all having a positive outlook. Given the Company's lower cost structure, which is the result of its restructuring activities, it does see an opportunity to grow market share by improving its conversion rate on transactional business on a competitive basis at still accretive net margins.

As expected, pricing for many of the Company's products began to rise in 2017. The Company was not able to fully benefit from the improved pricing environment, however, as it continues to aggressively sell its excess and slower moving inventory at lower gross material margins and due to residual financial impacts of its recent financial reorganization. Management projects that its gross material margins will improve in 2018 as a result of better matching of inventory sales prices with the inventory replacement cost and increasing sales prices which, the Company believes it will be able to pass on to its customers. The Company expects uncertainty to contribute to a competitive pricing environment in 2018, particularly given the recent enactment of a 25% tariff on steel and a 10% tariff on aluminum imported from all countries except Canada and Mexico under Section 232 of the Trade Expansion Act of 1962. However, given its long-standing relationships with domestic steel mills, the Company also believes it is currently well-positioned to take advantage of an increasing pricing environment expected to result from the tariffs and may have a competitive price advantage relative to other U.S. based steel service centers that are more reliant on imported steel and aluminum products.

RESULTS OF OPERATIONS

Our discussion of comparative period results is based upon the following components of the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income.

Net Sales —The Company derives its sales from the processing and delivery of metals. Pricing is established with each customer order and includes charges for the material, processing activities and delivery. The pricing varies by product line and type of processing. From time to time, the Company may enter into fixed price arrangements with customers while simultaneously obtaining similar agreements with its suppliers.

Cost of Materials — Cost of materials consists of the costs that the Company pays suppliers for metals and related inbound freight charges, excluding depreciation and amortization which are included in operating costs and expenses discussed below.

Operating Costs and Expenses — Operating costs and expenses primarily consist of:

- Warehouse, processing and delivery expenses, including occupancy costs, compensation and employee benefits for warehouse personnel, processing, shipping and handling costs;
- Sales expenses, including compensation and employee benefits for sales personnel;
- General and administrative expenses, including compensation for executive officers and general management, expenses for professional services primarily related to accounting and legal advisory services, bad debt expense, data communication and computer hardware and maintenance;
- Restructuring expense, net, including moving costs associated with plant consolidations, employee termination and related benefits costs associated with workforce reductions, lease termination costs and other exit costs; and
- Depreciation and amortization expenses, including depreciation for all owned property and equipment, and amortization of various intangible assets (amortization in predecessor period only).

Presentation of Predecessor and Successor

The Company adopted fresh-start reporting as of the Effective Date. As a result of the application of fresh-start reporting, the Company's financial statements for periods prior to the Effective Date are not comparable to those for periods subsequent to the Effective Date. References in this report to "Successor" refer to the Company on or after the Effective Date. References to "Predecessor" refer to the Company prior to the Effective Date. Operating results for the Successor and Predecessor periods are not necessarily indicative of the results to be expected for a full fiscal year. References such as the "Company," "we," "our" and "us" refer to A.M. Castle & Co. and its consolidated subsidiaries, whether Predecessor and/or Successor, as appropriate.

In the following discussion and analysis of the results of operations and liquidity, the Company compares certain financial information for the year ended December 31, 2017 to the year ended December 31, 2016. The Company believes that in certain instances, combining the financial results when discussing the Predecessor and Successor periods within the year ended December 31, 2017 is useful for management and investors to assess the Company's ongoing financial and operational performance and trends.

Periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) compared to the Year Ended December 31, 2016 (Predecessor)

The following table sets forth certain statement of operations data for the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and for the year ended December 31, 2016 (Predecessor). Included in the operating results below for the year ended December 31, 2016 (Predecessor) is the sale of all inventory and subsequent closure of the Company's Houston and Edmonton facilities which occurred in the first quarter of 2016.

	Successor		Predecessor					
	September 1, 2017 through December 31, 2017		January 1, 2017 through August 31, 2017		Year Ended December 31, 2016		Favorable/ (Unfavorable)	
	\$	% of Net Sales	\$	% of Net Sales	\$	% of Net Sales	Year-over-Year \$ Change	Year-over-Year % Change
<i>(Dollar amounts in millions)</i>								
Net sales	\$ 164.9	100.0 %	\$ 353.9	100.0 %	\$ 533.1	100.0 %	\$ (14.3)	(2.7)%
Cost of materials (exclusive of depreciation and amortization) ^(a)	127.8	77.5 %	266.5	75.3 %	421.3	79.0 %	27.0	6.4 %
Operating costs and expenses ^(b)	49.0	29.7 %	100.2	28.3 %	182.1	34.2 %	32.9	18.1 %
Operating loss	\$ (11.9)	(7.2)%	\$ (12.8)	(3.6)%	\$ (70.3)	(13.2)%	\$ 45.6	64.9 %

^(a) Cost of materials includes \$0.5 million of inventory scrapping expenses associated with restructuring activities for the year ended December 31, 2016 (Predecessor).

^(b) Operating costs and expenses include \$0.6 million of restructuring expenses for the period January 1, 2017 through August 31, 2017 (Predecessor) and \$12.9 million of restructuring expenses for the year ended December 31, 2016 (Predecessor).

Net Sales

Net sales of \$164.9 million in the period September 1, 2017 through December 31, 2017 (Successor) and \$353.9 million in the period January 1, 2017 through August 31, 2017 (Predecessor) were a decrease of \$14.3 million, or 2.7%, compared to the year ended December 31, 2016 (Predecessor). Net sales in the year ended December 31, 2016 (Predecessor) included the Company's \$27.1 million sale of its entire inventory at its Houston and Edmonton facilities to an unrelated third party. The sale of this inventory, which was sold at a zero gross margin (calculated as net sales, less cost of materials), was the result of a strategic decision to lower the Company's exposure to oil and gas market fluctuations. Including that sale of inventory, net sales in the year ended December 31, 2016 (Predecessor) from the Houston and Edmonton locations, which were closed in February 2016, were \$33.0 million. Despite the closure of these two locations, the Company posted an 8.9% increase in tons sold per day to customers in 2017 compared to 2016. Excluding the tons sold from the Houston and Edmonton locations in the year ended December 31, 2016 (Predecessor), tons sold per day increased 10.2%. Tons sold per day increased for most of the products the Company sells with the largest improvements in alloy bar and carbon and alloy plate. Offsetting the positive impact of the increase in sales volumes was an overall 4.7% decrease in average selling prices.

In 2017, the average selling prices for most of the Company's products improved compared to the historically low average selling prices in 2016. However, a decrease in the average selling price of aluminum and a slight decrease in the average selling price of stainless, two of the highest contributing products in the Company's sales mix, resulted in an overall 4.7% decrease in average selling prices.

Cost of Materials

Cost of materials (exclusive of depreciation and amortization) were \$127.8 million in the period September 1, 2017 through December 31, 2017 (Successor) and \$266.5 million in the period January 1, 2017 through August 31, 2017 (Predecessor) compared to \$421.3 million in the year ended December 31, 2016 (Predecessor). The \$27.0 million, or 6.4%, decrease in the combined 2017 periods as compared to 2016 is mainly due to the \$27.1 million of cost of materials recognized on the sale of all inventory at the Company's Houston and Edmonton facilities in the year ended December 31, 2016 (Predecessor), as discussed above, partially offset by the increase in sales volume in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) compared to the year ended December 31, 2016 (Predecessor). Also, in an effort to reduce the amount of aged and excess inventory on hand, cost of materials in the year ended December 31, 2016 (Predecessor) included

\$14.2 million of aged and excess inventory that was sold for \$2.5 million in the fourth quarter of 2016, which increased the operating loss in the year ended December 31, 2016 (Predecessor) by \$11.7 million.

Cost of materials (exclusive of depreciation and amortization) increased to 77.5% of net sales in the period September 1, 2017 through December 31, 2017 (Successor) from 75.3% of net sales in the period January 1, 2017 through August 31, 2017 (Predecessor) due mainly to aggressive product pricing and sales of aged and excess inventory in the period and lower average tons sold per day in the period September 1, 2017 through December 31, 2017 compared to the prior eight month period. Cost of materials was 79.0% of net sales in the year ended year ended December 31, 2016 (Predecessor). The prior year 2016 percentage was affected by the sale of the Houston and Edmonton inventory and the sales of aged and excess inventory.

Operating Costs and Expenses and Operating Loss

Operating costs and expenses in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and for the year ended December 31, 2016 (Predecessor) were as follows:

	Successor	Predecessor		Favorable/ (Unfavorable)	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016	Year- over-Year \$ Change	Year- over-Year % Change
<i>(Dollar amounts in millions)</i>					
Warehouse, processing and delivery expense	\$ 25.3	\$ 50.2	\$ 84.5	\$ 9.0	10.7%
Sales, general and administrative expense	20.5	39.2	68.3	8.6	12.6%
Restructuring expense, net	—	0.6	12.9	12.3	95.3%
Depreciation and amortization expense	3.2	10.2	16.4	3.0	18.3%
Total operating costs and expenses	\$ 49.0	\$ 100.2	\$ 182.1	\$ 32.9	18.1%

Total operating costs and expenses decreased by \$32.9 million from \$182.1 million in the year ended December 31, 2016 (Predecessor) to \$49.0 million in the period September 1, 2017 through December 31, 2017 (Successor) and \$100.2 million in the period January 1, 2017 through August 31, 2017 (Predecessor):

- Warehouse, processing and delivery expense decreased by \$9.0 million primarily as a result of lower payroll, benefit and freight costs as well as the timing of the resolution of certain real estate and personal property tax matters associated with the Houston and Edmonton facilities, which were closed in the first quarter of 2016. The resolution of these matters contributed approximately \$3.9 million to the overall decrease in warehouse, processing and delivery expenses.
- Sales, general and administrative expense decreased by \$8.6 million mainly as a result of lower payroll, benefit and outside services costs.
- Restructuring expense, net, was \$0.6 million in the period January 1, 2017 through August 31, 2017 (Predecessor), while restructuring expense, net, was \$12.9 million in the year ended December 31, 2016 (Predecessor). Restructuring expenses in the year ended December 31, 2016 (Predecessor) consisted mainly of lease termination charges associated with the closure of the Company's Houston and Edmonton facilities and moving expenses associated with plant consolidations. The Company recorded no restructuring expenses in the period September 1, 2017 through December 31, 2017 (Successor) as all of the previously announced restructuring activities are complete.
- Depreciation and amortization expense decreased by \$3.0 million due mainly to no amortization of intangible assets in the period September 1, 2017 through December 31, 2017 (Successor) and lower depreciation expense in both the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) resulting from plant consolidations and closures, and equipment sales occurring in the first quarter of 2016.

Operating loss in the period September 1, 2017 through December 31, 2017 (Successor) was \$11.9 million and \$12.8 million, including restructuring charges of \$0.6 million, in the period January 1, 2017 through August 31, 2017 (Predecessor). Operating loss in the year ended December 31, 2016 (Predecessor) was \$70.3 million, which included restructuring charges of \$12.9 million and the \$11.7 million impact of the sale of aged and excess inventory in the fourth quarter of 2016.

Other Income and Expense, Income Taxes and Net Loss

Interest expense, net was \$7.6 million in the period September 1, 2017 through December 31, 2017 (Successor) and \$23.4 million in the period January 1, 2017 through August 31, 2017 (Predecessor) compared to \$36.4 million in the year ended December 31, 2016 (Predecessor). Effective on the bankruptcy Petition Date, the Company discontinued recording interest expense on outstanding prepetition debt classified as liabilities subject to compromise. As a result, interest expense for the period January 1, 2017 through the Effective Date, August 31, 2017, excludes approximately \$4.9 million of contractual interest expense associated with the New Secured Notes and New Convertible Notes. Following the Plan becoming effective on August 31, 2017, the Company has significantly reduced its debt and contractual interest burden from what it had been in the comparable prepetition periods.

Financial restructuring expense of \$7.0 million in the period January 1, 2017 through August 31, 2017 (Predecessor) was comprised of legal and other professional fees incurred prior to filing the chapter 11 bankruptcy petitions in connection with the financial restructuring of the debt and equity of the Company.

The unrealized gain on embedded conversion option of \$2.4 million in the period September 1, 2017 through December 31, 2017 (Successor) is the result of the mark-to-market adjustment associated with the bifurcated embedded derivative liability of the Company's Second Lien Notes. The unrealized loss on embedded conversion option of \$0.1 million in the period January 1, 2017 through August 31, 2017 (Predecessor) and unrealized gain on embedded conversion option of \$10.5 million in the year ended December 31, 2016 (Predecessor) are the result of mark-to-market adjustments associated with the bifurcated embedded derivative liability of the Company's New Convertible Notes, which were discharged and canceled by operation of the Plan. Because of the chapter 11 bankruptcy proceedings, the fair value of the derivative liability for the embedded conversion feature of the New Convertible Notes was estimated to be \$0 as of the Petition Date, and the carrying value of the embedded conversion feature was written off to reorganization items, net in the second quarter of 2017.

Debt restructuring loss of \$8.6 million in the year ended December 31, 2016 (Predecessor) consisted primarily of consent fees and legal and other direct costs incurred in conjunction with private exchange offer and consent solicitation to certain eligible holders to exchange New Secured Notes for the Company's outstanding 12.75% Senior Secured Notes due 2016 (the "Secured Notes"), the issuance of New Convertible Notes in exchange for outstanding 7.0% Senior Secured Convertible Notes due 2017 ("Convertible Notes"), and the termination of the Company's senior secured asset-based revolving credit facility in existence at that time. These fees were partly offset by gains resulting from the conversion of New Convertible Notes to equity. On the Effective Date, pursuant to the Plan, all outstanding indebtedness of the Company under the New Secured Notes and New Convertible Notes was discharged and canceled.

Other (income) expense, net, was a gain of \$2.8 million in both the period September 1, 2017 through December 31, 2017 (Successor) and the period January 1, 2017 through August 31, 2017 (Predecessor) compared to a loss of \$7.6 million in the year ended December 31, 2016 (Predecessor). These gains or losses are primarily related to foreign currency transaction gains or losses on unhedged intercompany financing arrangements.

Reorganization items, net, in the period September 1, 2017 through December 31, 2017 (Successor) was a expense of \$2.1 million compared to a gain of \$74.5 million in the period January 1, 2017 through August 31, 2017 (Predecessor). Amounts recorded relate to expenses and income directly associated with the chapter 11 proceedings and incurred during or, in the case of some professional fees, after the pendency of the Company's chapter 11 cases. The balance for the period September 1, 2017 through December 31, 2017 (Successor) is comprised solely of professional fees. The balance for the period January 1, 2017 through August 31, 2017 (Predecessor) is comprised of a gain on extinguishment of debt of \$90.0 million and a gain on fresh-start revaluation of \$16.6 million. Offsetting these gains are \$10.3 million related to the write-off of debt issuance costs and discounts related to the New Secured Notes and the New Convertible Notes, prepayment penalties and debt related fees of \$13.2 million, professional fees of \$7.3 million and key employee incentive plan expense of \$1.2 million (refer to Note 2 - *Bankruptcy Relates Disclosures*, to the consolidated financial statements).

The Company recorded an income tax benefit of \$3.2 million in the period September 1, 2017 through December 31, 2017 (Successor) and an income tax benefit of \$1.4 million in the period January 1, 2017 through August 31, 2017 (Predecessor). Income tax benefit was \$2.5 million in the year ended December 31, 2016 (Predecessor). The Company's effective tax rate is expressed as income tax expense (benefit), which includes tax expense (benefit) on the Company's share of joint venture losses in the year ended December 31, 2016 (Predecessor), as a percentage of income (loss) from continuing operations before income taxes and equity in losses of joint venture. The effective tax rate was 19.3% and 4.0% in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor), respectively, and 2.3% in the year ended December 31, 2016 (Predecessor). The change in the effective tax rate between periods resulted from changes in the geographic mix and

timing of income (losses), the inability to benefit from current year losses due to valuation allowance positions in the U.S., the impact of the recent U.S. tax reform, and the impact of intraperiod allocations.

Equity in losses of joint venture was \$4.2 million in the year ended December 31, 2016. Included in the equity in losses of joint venture was an impairment charge of \$4.6 million related to the write-down of the Company's investment in joint venture to fair value. In August 2016, the Company completed the sale of its joint venture, Kreher Steel Company, LLC ("Kreher"), for aggregate cash proceeds of \$31.6 million (refer to Note 4 - *Joint Venture* to the consolidated financial statements).

Loss from continuing operations was \$13.3 million in the period September 1, 2017 through December 31, 2017 (Successor). Income from continuing operations of \$36.2 million in the period January 1, 2017 through August 31, 2017 (Predecessor) includes the gain of \$74.5 million for reorganization items, net. Loss from continuing operations was \$114.1 million in the year ended December 31, 2016 (Predecessor). Income from discontinued operations, net of income taxes, was \$6.1 million in the year ended December 31, 2016 (Predecessor), which includes an after-tax gain on the sale of its wholly-owned subsidiary, Total Plastics, Inc. ("TPI") of \$1.3 million and an income tax benefit of \$3.8 million consisting mainly of a \$4.2 million income tax benefit from the reversal of an income tax valuation allowance.

Net loss was \$13.3 million in the period September 1, 2017 through December 31, 2017 (Successor). Net income was \$36.2 million in the period January 1, 2017 through August 31, 2017 (Predecessor), which includes the gain of \$74.5 million for reorganization items, net. Net loss in the year ended December 31, 2016 (Predecessor), which includes income from discontinued operations (net of income taxes) of \$6.1 million, was \$108.0 million.

Liquidity and Capital Resources

Cash and cash equivalents increased (decreased) as follows:

	Successor	Predecessor	
	September 1, 2017 Through December 31, 2017	January 1, 2017 Through August 31, 2017	Year Ended December 31, 2016
<i>(Dollar amounts in millions)</i>			
Net cash used in operating activities	\$ (20.6)	\$ (50.3)	\$ (35.0)
Net cash (used in) from investing activities	(3.7)	5.3	76.9
Net cash from (used in) financing activities	24.7	18.6	(16.5)
Effect of exchange rate changes on cash and cash equivalents	0.6	0.9	(0.9)
Net change in cash and cash equivalents	\$ 1.0	\$ (25.6)	\$ 24.5

The Company's principal source of liquidity is cash provided by operations and proceeds from borrowings under the Company's New ABL Facility. Specific components of the change in working capital are highlighted below:

- Higher accounts receivable at both December 31, 2017 (Successor) and August 31, 2017 (Predecessor) compared to December 31, 2016 (Predecessor) resulted in \$2.2 million and \$6.1 million of cash flow use, compared to a \$6.1 million cash flow source in the year ended December 31, 2016 (Predecessor). The higher accounts receivable balance at both December 31, 2017 (Successor) and August 31, 2017 (Predecessor) was a result of the timing of certain customer payments. Average receivable days outstanding was 53.3 days in the year ended December 31, 2017 and 54.0 days in the year ended December 31, 2016.
- Higher inventory levels at both December 31, 2017 (Successor) and August 31, 2017 (Predecessor) compared to December 31, 2016 (Predecessor) used \$2.0 million and \$2.7 million of cash, respectively, while lower inventory levels at December 31, 2016 (Predecessor) compared to the prior year end 2015 were a \$65.7 million cash flow source in the year ended December 31, 2016 (Predecessor). The cash flow source from inventory in year ended December 31, 2016 was attributable to the previously discussed Houston and Edmonton inventory sale as well as approximately \$23.8 million in inventory reductions related to scrapping restructuring activities. Average days sales in inventory was 140.6 days in the year ended December 31, 2017 as compared to 168.1 days in the year ended December 31, 2016. The decrease in average days sales in inventory in 2017 compared to 2016 resulted primarily from continued improvement in inventory management offset somewhat by the Houston and Edmonton inventory sale and scrapping restructuring activities in 2016. The Company's inventory management strategy is focused on adjusting its inventory deployment initiatives to better align inventory at its facilities with the needs of the customers specific to that facility. In 2017, the Company's successful execution of that strategy resulting in days sales in inventory surpassing the Company's original target of approximately 150 days.
- Total accounts payable, accrued payroll and employee benefits, and accrued and other current liabilities used cash of \$4.4 million in the period September 1, 2017 through December 31, 2017 (Successor) and provided a cash flow source of \$2.6 million in the period January 1, 2017 through August 31, 2017 (Predecessor) compared to a use of cash of \$14.7 million over the year ended December 31, 2016 (Predecessor). Accounts payable days outstanding were 41.4 days in the year ended December 31, 2017 and 43.3 days in the same period last year.

Net cash used in investing activities of \$3.7 million in the period September 1, 2017 through December 31, 2017 (Successor) were almost entirely the result of cash paid for capital expenditures. Net cash from investing activities of \$5.3 million in the period January 1, 2017 through August 31, 2017 (Predecessor) is mainly due to a \$7.5 million reduction in the cash collateralization requirements of outstanding letters of credit offset by cash paid for capital expenditures of \$2.9 million in the period. Net cash from investing activities of \$76.9 million in the year ended December 31, 2016 (Predecessor) is mainly attributable to cash proceeds from the sale of TPI and the sale of the Company's 50% ownership in Kreher, partially offset by a cash outflow of \$8.0 million used to cash collateralize letters of credit that were issued under the Company's previous asset-based lending facility, which was replaced in the year ended December 31, 2016.

Net cash from financing activities of \$24.7 million in the period September 1, 2017 through December 31, 2017 (Successor) was the result of proceeds from borrowings under the Company's New ABL Facility, as well as net proceeds from short-term borrowings under the Company's foreign line of credit. During the period January 1, 2017 through

August 31, 2017 (Predecessor), net cash from financing activities of \$18.6 million was mainly attributable to proceeds and repayments of debt in connection with the Company's bankruptcy proceedings and included the initial borrowings and subsequent repayment of the Debtor-in-Possession Revolving Credit and Security Agreement dated as of June 10, 2017 ("DIP Facility"), borrowings under the New ABL Facility, cash proceeds from the issuance of the Second Lien Notes and repayment of the prepetition First Lien Notes, as well as proceeds from short-term borrowings under the Company's foreign line of credit. Offsetting these net cash proceeds were a payment of \$3.0 million made in connection with the Company's build-to-suit liability associated with its warehouse in Janesville, WI. In the year ended December 31, 2016 (Predecessor), all available proceeds from the sales of TPI and Kreher were used to pay down the Company's long-term debt, which, along with the \$9.8 million payment of debt restructuring costs and \$2.5 million payment of debt issuance costs, resulted in net cash used in financing activities of \$16.5 million in the year ended December 31, 2016 (Predecessor).

In December 2016, the Company entered into the Credit Facilities (as defined below) with certain financial institutions (the "Financial Institutions") in order to replace and repay outstanding borrowings and support the continuance of letters of credit under the Company's senior secured asset-based revolving credit facility. The Credit Facilities were in the form of senior secured first lien term loan facilities in an aggregate principal amount of \$112.0 million. The Credit Facilities consisted of a \$75.0 million initial term loan facility funded at closing and a \$37.0 million Delayed Draw Facility. Under the Delayed Draw Facility, \$24.5 million was drawn in December 2016. On May 4, 2017, the Company entered into an amendment to the Credit Facilities Agreement, whereby the Financial Institutions agreed to accelerate the Company's access to the Delayed Draw Facility that was expected to be available in June 2017 or thereafter. The \$12.5 million was drawn by the Company in May 2017 to finance additional investments in inventory and to service customers' needs.

The filing of the bankruptcy petitions constituted a default or event of default that accelerated the Company's obligations under (i) the Credit Facilities Agreement, (ii) the New Secured Notes Indenture and the New Secured Notes issued pursuant thereto, and (iii) the New Convertible Notes Indenture and the New Convertible Notes issued pursuant thereto. The Credit Facilities Agreement, the New Secured Notes Indenture, and the New Convertible Notes Indenture provide that, as a result of the filing of the bankruptcy petitions, all outstanding indebtedness due thereunder shall be immediately due and payable. Any efforts to enforce such payment obligations under the Credit Facilities Agreement, the New Secured Notes Indenture, and the New Convertible Notes Indenture were automatically stayed as a result of the bankruptcy petitions, and the creditors' rights of enforcement in respect of the Credit Facilities Agreement, the New Secured Notes Indenture, and the New Convertible Notes Indenture are subject to the applicable provisions of the Restructuring Support Agreement and the Bankruptcy Code.

As fully discussed at *Note 2 - Bankruptcy Related Disclosures* to the consolidated financial statements, on the August 31, 2017 Effective Date, the Company's bankruptcy Plan became effective pursuant to its terms and the Debtors emerged from their chapter 11 cases. By operation of the Plan, all outstanding indebtedness, accrued interest, and related fees of the Debtors under the Credit Facilities, amounting to \$49.4 million, was paid in full with the proceeds of borrowings under the New ABL Facility and the issuance of Second Lien Notes under the Second Lien Notes Indenture. Also, on the Effective Date and by operation of the Plan, all outstanding indebtedness of the Debtors under (i) the Company's New Secured Notes Indenture and the New Secured Notes issued pursuant thereto, and (ii) the Company's New Convertible Notes Indenture and the New Convertible Notes issues pursuant thereto, were discharged and canceled.

The New ABL Facility provides for a \$125.0 million senior secured, revolving credit facility for the Company. Subject to certain exceptions and permitted encumbrances, the obligations under the New ABL Facility are secured by a first priority security interest in substantially all of the assets of each of the Borrowers and certain of their foreign subsidiaries. The proceeds of the advances under the New ABL Facility may only be used to (i) pay certain fees and expenses to the Agent and the lenders under the New ABL Facility, (ii) provide for Borrowers' working capital needs and reimburse drawings under letters of credit, (iii) repay the obligations under the Debtor-in-Possession Revolving Credit and Security Agreement dated as of June 10, 2017, by and among the Company, the lenders party thereto, and PNC Bank, National Association, and certain other existing indebtedness, and (iv) provide for the Borrowers' capital expenditure needs, in accordance with the New ABL Facility.

The Company may prepay its obligations under the New ABL Facility at any time without premium or penalty, and must apply the net proceeds of material sales of collateral in prepayment of such obligations. Interest on indebtedness accrues based on the applicable Prime or LIBOR-based rate plus a margin, as set forth in the New ABL Facility. Additionally, the Company must pay a monthly Facility Fee equal to the product of (i) 0.25% per annum (or, if the average daily revolving facility usage is less than 50% of the maximum revolving advance amount, 0.375% per annum)

multiplied by (ii) the amount by which the maximum revolving advance amount exceeds such average daily revolving facility usage for such month.

Under the New ABL Facility, the maximum borrowing capacity of the facility is based on the Company's borrowing base calculation. The weighted average advance rates used in the borrowing base calculation are 87.3% on eligible accounts receivable and 69.2% on eligible inventory.

The Company's New ABL Facility contains certain covenants and restrictions customary to an asset-based revolving loan. Indebtedness for borrowings under the New ABL Facility is subject to acceleration upon the occurrence of specified defaults or events of default, including failure to pay principal or interest, the inaccuracy of any representation or warranty of a loan party, failure by a loan party to perform certain covenants, defaults under indebtedness owed to third parties, certain liability producing events relating to ERISA, the invalidity or impairment of the Agent's lien on its collateral or of any applicable guarantee, and certain adverse bankruptcy-related and other events.

The Company's New ABL Facility contains a springing financial maintenance covenant requiring the Company to maintain a Fixed Charge Coverage Ratio of 1.0 to 1.0 in any covenant testing period when the Company's cash liquidity (as defined in the New ABL Facility Agreement) is less than the greater of i) 10% of the New ABL Facility's maximum borrowing capacity (as defined in the New ABL Facility Agreement) and ii) \$9.0 million. The Company is not in a covenant testing period as of December 31, 2017 (Successor).

Additionally, upon the occurrence and during the continuation of an event of default or upon the failure of the Company to maintain cash liquidity (as defined in the New ABL Facility Agreement) in excess of the greater of \$10.0 million or 12.5% of the New ABL Facility's maximum borrowing capacity (as defined in the New ABL Facility Agreement), the lender has the right to take full dominion of the Company's cash collections and apply these proceeds to outstanding loans under the New ABL Facility Agreement ("Cash Dominion").

Additional unrestricted borrowing capacity under the New ABL Facility at December 31, 2017 (Successor) was as follows (in millions):

Maximum borrowing capacity	\$	124.5
Letters of credit and other reserves		(2.1)
Availability reserve		(5.0)
Current maximum borrowing capacity		117.4
Current borrowings		(101.0)
Additional unrestricted borrowing capacity	\$	16.4

The New ABL Facility matures on February 28, 2022.

The Second Lien Notes are five-year senior obligations of the Company and certain of its subsidiaries, secured by a lien on all or substantially all of the assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, which lien the Indenture Agent has agreed will be junior to the lien of the Agent under the New ABL Facility.

The Second Lien Notes are convertible into shares of the Company's common stock at any time at the initial conversion price of \$3.77 per share, which rate is subject to adjustment as set forth in the Second Lien Notes Indenture. The value of shares of the Company's common stock for purposes of the settlement of the conversion right will be calculated as provided in the Second Lien Notes Indenture, using a 20 trading day observation period. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, together with cash in lieu of fractional shares.

The terms of the Second Lien Notes contain numerous covenants imposing financial and operating restrictions on the Company's business. These covenants place restrictions on the Company's ability and the ability of its subsidiaries to, among other things, pay dividends, redeem stock or make other distributions or restricted payments; incur indebtedness or issue certain stock; make certain investments; create liens; agree to certain payment restrictions affecting certain subsidiaries; sell or otherwise transfer or dispose assets; enter into transactions with affiliates; and enter into sale and leaseback transactions.

The Second Lien Notes may not be redeemed by the Company in whole or in part at any time, subject to certain exceptions provided under the Second Lien Notes Indenture. In addition, if a Fundamental Change occurs at any time, each holder of any Second Lien Notes has the right to require the Company to repurchase such holder's Second Lien

Notes for cash at a repurchase price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, subject to certain exceptions.

The Company must use the net proceeds of material sales of collateral, which proceeds are not used for other permissible purposes, to make an offer of repurchase to holders of the Second Lien Notes. Indebtedness for borrowings under the Second Lien Notes Indenture is subject to acceleration upon the occurrence of specified defaults or events of default, including failure to pay principal or interest, the inaccuracy of any representation or warranty of any obligor under the Second Lien Notes, failure by an obligor under the Second Lien Notes to perform certain covenants, the invalidity or impairment of the Indenture Agent's lien on its collateral or of any applicable guarantee, and certain adverse bankruptcy-related and other events.

Interest on the Second Lien Notes accrues at the rate of 5.00%, except that the Company may, in circumstances where the payment on interest in cash would cause a condition of default under the New ABL Facility, pay at the rate of 7.00% in kind. Currently, the Company is paying interest on the Second Lien Notes in kind as per the Second Lien Notes Indenture, interest on the Second Lien Notes in the first 12 months is required to be paid in kind at a rate of 7.00%.

In July 2017, the Company's French subsidiary entered into a local credit facility under which it may borrow against 100% of the eligible accounts receivable factored, with recourse, up to 6.5 million euros, subject to factoring fees and floating Euribor or LIBOR interest rates, plus a 1.0% margin. The French subsidiary utilizes the local credit facility to support its operating cash needs. As of December 31, 2017 (Successor), the French subsidiary has borrowings of \$5.9 million under the credit facility, which is recorded as short-term borrowings at the Consolidated Balance Sheets.

As of December 31, 2017 (Successor), the Company had \$2.1 million of irrevocable letters of credit outstanding.

The Company's debt agreements impose significant operating and financial restrictions which may prevent the Company from executing certain business opportunities, such as making acquisitions or paying dividends, among other things.

For additional information regarding the terms of the New ABL Facility, the Second Lien Notes, and the French credit facility refer to *Note 6 - Debt*, to the consolidated financial statements.

The Company is committed to achieving a strong financial position while maintaining sufficient levels of available liquidity, managing working capital and monitoring the Company's overall capitalization. Cash and cash equivalents at December 31, 2017 were \$11.1 million, with approximately \$3.7 million of the Company's consolidated cash and cash equivalents balance residing in the United States.

Working capital, defined as current assets less current liabilities, and the balances of its significant components were as follows:

	Successor	Predecessor	Working Capital
	2017	2016	Increase (Decrease)
<i>(Dollar amounts in millions)</i>			
Working capital	\$ 191.9	\$ 203.9	\$ (12.0)
Inventory	154.5	146.6	7.9
Accounts receivable	74.4	64.4	10.0
Accounts payable	41.8	33.1	(8.7)
Accrued and other current liabilities	6.0	10.4	4.4
Accrued payroll and employee benefits	8.0	9.5	1.5
Cash and cash equivalents	11.1	35.6	(24.5)

The Company currently plans that it will have sufficient cash flows from its operations to continue as a going concern.

Capital Expenditures

Cash paid for capital expenditures was \$3.7 million and \$2.9 million in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor), respectively, compared to \$3.5 million in the year ended December 31, 2016 (Predecessor). Expenditures in the 2017 periods include approximately \$0.3 million for leasehold improvements at the Company's warehouse in Janesville, Wisconsin and \$0.4 million related to software licenses and IT equipment. The balance of the capital expenditures in the 2017 periods is the result of

normal equipment, building improvement and furniture and fixture upgrades throughout the year. Management believes that capital expenditures will be approximately \$6.5 million to \$7.5 million in 2018.

Pension Funding

The Company's funding policy on its defined benefit pension plans is to satisfy the minimum funding requirements of the Employee Retirement Income Security Act ("ERISA"). Future funding requirements are dependent upon various factors outside the Company's control including, but not limited to, fund asset performance and changes in regulatory or accounting requirements. Based upon factors known and considered as of December 31, 2017, the Company does not anticipate making significant cash contributions to the pension plans in 2018.

The investment target portfolio allocation for the Company-sponsored pension plans and supplemental pension plan focuses primarily on corporate fixed income securities that match the overall duration and term of the Company's pension liability structure. Refer to "*Retirement Plans*" within *Critical Accounting Policies* and *Note 11 - Employee Benefit Plans* to the consolidated financial statements for additional details regarding other plan assumptions.

Off-Balance Sheet Arrangements

With the exception of operating lease financing on certain equipment used in the operation of the business, it is not the Company's general practice to use off-balance sheet arrangements, such as third-party special-purpose entities or guarantees of third parties.

Critical Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, and include amounts that are based on management's estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The following is a description of the Company's accounting policies that management believes require the most significant judgments and estimates when preparing the Company's consolidated financial statements:

Revenue Recognition — Revenue from the sale of products is recognized when the earnings process is complete and when the title and risk and rewards of ownership have passed to the customer, which is primarily at the time of shipment. Revenue recognized other than at time of shipment represented less than 1% of the Company's consolidated net sales in the periods ended September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor). Revenue from shipping and handling charges is recorded in net sales. Provisions for allowances related to sales discounts and rebates are recorded based on terms of the sale in the period that the sale is recorded. Management utilizes historical information and the current sales trends of the business to estimate such provisions. Actual results could differ from these estimates. The provisions related to discounts and rebates due to customers are recorded as a reduction within net sales in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income.

The Company maintains an allowance for doubtful accounts related to the potential inability of our customers to make required payments. The allowance for doubtful accounts is maintained at a level considered appropriate based on historical experience and specific identification of customer receivable balances for which collection is unlikely. The provision for doubtful accounts is recorded in sales, general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income. Estimates of doubtful accounts are based on historical write-off experience as a percentage of net sales and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. The Company cannot be certain that the rate of future credit losses will be similar to past experience.

The Company also maintains an allowance for credit memos for estimated credit memos to be issued against current sales. Estimates of allowance for credit memos are based upon the application of a historical issuance lag period to the average credit memos issued each month. If actual results differ significantly from historical experience, there could be a negative impact on the Company's operating results.

Income Taxes — The Company accounts for income taxes using the asset and liability method, under which deferred income tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The Company regularly reviews deferred tax assets to assess whether it is more-likely-than-not that the deferred tax assets will be realized and, if necessary, establish a valuation allowance for portions of such assets to reduce the carrying value.

For purposes of assessing whether it is more-likely-than-not that deferred tax assets will be realized, the Company considers the following four sources of taxable income for each tax jurisdiction: (a) future reversals of existing taxable temporary differences, (b) projected future earnings, (c) taxable income in carryback years, to the extent that carrybacks are permitted under the tax laws of the applicable jurisdiction, and (d) tax planning strategies, which represent prudent and feasible actions that a company ordinarily might not take, but would take to prevent an operating loss or tax credit carryforward from expiring unused. To the extent that evidence about one or more of these sources of taxable income is sufficient to support a conclusion that a valuation allowance is not necessary, other sources need not be considered. Otherwise, evidence about each of the sources of taxable income is considered in arriving at a conclusion about the need for and amount of a valuation allowance. See *Note 13 - Income Taxes* to the consolidated financial statements, for further information about the Company's valuation allowance assessments.

The Company has incurred significant losses in recent years. The Company's operations in the United States, United Kingdom and Canada have generated pre-tax losses for the three-year period ended December 31, 2017. As a result of the Company having recorded deferred tax assets in these jurisdictions as December 31, 2017 and 2016, coupled with the negative evidence of significant cumulative three-year pre-tax losses, the Company has provided a valuation allowance against the full net deferred tax asset balances recorded in United Kingdom and Canada and certain of the deferred income tax assets recorded by the United States operations at December 31, 2017.

The Company is subject to taxation in the United States, various states and foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording the related income tax assets and liabilities. It is possible that actual results could differ from the estimates that management has used to determine its consolidated income tax expense.

The Company accounts for uncertainty in income taxes by recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not criteria, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Retirement Plans — The Company values retirement plan liabilities based on assumptions and valuations established by management. Future valuations are subject to market changes, which are not in the control of the Company and could differ materially from the amounts currently reported. The Company evaluates the discount rate and expected return on assets at least annually and evaluates other assumptions involving demographic factors, such as retirement age, mortality and turnover periodically, and updates them to reflect actual experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are expressed as the present value of future cash payments which are discounted using the weighted average of market-observed yields for high quality fixed income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense. Discount rates used for determining the Company's projected benefit obligation for its pension plans were 3.51 - 3.58% at December 31, 2017 (Successor) 3.52 - 3.62% at August 31, 2017 (Predecessor) and 3.70 - 3.83% at December 31, 2016 (Predecessor).

The Company's pension plan asset portfolio as of December 31, 2017 (Successor) is primarily invested in fixed income securities with a duration of approximately 12 years. The assets generally fall within Level 2 of the fair value hierarchy. Assets in the Company's pension plans have earned approximately 9% since 2008 when the Company changed its target investment allocation to focus primarily on fixed income securities. In 2017, the pension plan assets earned approximately 10%. The target investment asset allocation for the pension plans' funds focuses primarily on corporate fixed income securities that match the overall duration and term of the Company's pension liability structure. There was a funding surplus of approximately 3% at December 31, 2017 (Successor) compared to a funding deficit of 2% at December 31, 2016 (Predecessor).

To determine the expected long-term rate of return on the pension plans' assets, current and expected asset allocations are considered, as well as historical and expected returns on various categories of plan assets.

The Company used the following weighted average discount rates and expected return on plan assets to determine the net periodic pension cost:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Discount rate	3.52 - 3.62%	3.70 - 3.83%	4.00%
Expected long-term rate of return on plan assets	5.00%	5.25%	5.25%

Holding all other assumptions constant, the following table illustrates the sensitivity of changes to the discount rate and long-term rate of return assumptions on the Company's net periodic pension cost (amounts in millions):

	Impact on 2018 Expenses - Increase (Decrease)
50 basis point decrease in discount rate	\$0.4
50 basis point increase in discount rate	(0.3)
50 basis point decrease in expected long-term rate of return on plan assets	0.8

Inventories — Inventories are stated at the lower of cost or net realizable value. The net realizable value of metals is subject to volatility. During periods when open-market prices decline below net book value, we may need to record a provision to reduce the carrying value of our inventory. We analyze the carrying value of inventory for impairment if circumstances indicate impairment may have occurred. If impairment occurs, the amount of impairment loss is determined by measuring the excess of the carrying value of inventory over the net realizable value of inventory.

The Company maintains an allowance for excess and obsolete inventory. The excess and obsolete inventory allowance is determined through the specific identification of material, adjusted for expected scrap value to be received, based upon product knowledge, estimated future demand, market conditions and an aging analysis of the inventory on hand. Inventory in excess of our estimated usage requirements is written down to its estimated net realizable value. Although the Company believes its estimates of the inventory allowance are reasonable, actual financial results could differ from those estimates due to inherent uncertainty involved in making such estimates. Changes in assumptions around the estimated future demand, selling price, scrap value, a decision to reduce inventories to increase liquidity, or other underlying assumptions could have a significant impact on the carrying value of inventory, future inventory impairment charges, or both.

Long-Lived Assets — The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset or asset group. If future net cash flows are less than the carrying value, the asset or asset group may be impaired. If such assets are impaired, the impairment charge is calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. The Company derives the required undiscounted cash flow estimates from historical experience and internal business plans. The Company had no impairments of long-lived assets in the periods September 1, 2017 through December 31, 2017 (Successor), January 1, 2017 through August 31, 2017 (Predecessor) or the year ended December 31, 2016 (Predecessor).

Fair Value of Financial Instruments — The three-tier value hierarchy the Company utilizes, which prioritizes the inputs used in the valuation methodologies, is:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of cash, accounts receivable and accounts payable approximate their carrying values. The fair value of cash equivalents are determined using the fair value hierarchy described above.

The Company's pension plan asset portfolio as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor) is primarily invested in fixed income securities, which generally fall within Level 2 of the fair value hierarchy. Fixed income securities are valued based on evaluated prices provided to the trustee by independent pricing services. Such prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

The fair value of the Second Lien Notes, including the bifurcated embedded conversion option, falls within Level 3 of the fair value hierarchy and was determined based on market information and a review of prices and terms available for similar debt instruments that do not contain a conversion feature, as well as other factors related to the callable nature of the Second Lien Notes.

The main inputs and assumptions into the fair value model for the Second Lien Notes at December 31, 2017 (Successor) were as follows:

Risk-free interest rate	2.16%
Credit spreads	13.93%
PIK premium spread	2.00%
Volatility	50.00%

Given the nature and the variable interest rates, the fair value of borrowings under the New ABL Facility and the French subsidiary's foreign line of credit approximated the carrying value at December 31, 2017 (Successor).

Recent Accounting Pronouncements

See *Note 1 - Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements for detailed information on recent accounting pronouncements.

ITEM 8 — Financial Statements and Supplementary Data
(Amounts in thousands, except par value and per share data)

A.M. Castle & Co.
Consolidated Statements of Operations
and Comprehensive (Loss) Income

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Net sales	\$ 164,942	\$ 353,926	\$ 533,150
Costs and expenses:			
Cost of materials (exclusive of depreciation and amortization)	127,828	266,495	421,290
Warehouse, processing and delivery expense	25,353	50,314	84,555
Sales, general and administrative expense	20,464	39,139	68,273
Restructuring expense, net	—	566	12,942
Depreciation and amortization expense	3,213	10,150	16,378
Total costs and expenses	<u>176,858</u>	<u>366,664</u>	<u>603,438</u>
Operating loss	(11,916)	(12,738)	(70,288)
Interest expense, net	7,634	23,402	36,422
Financial restructuring expense	—	7,024	—
Unrealized (gain) loss on embedded debt conversion option	(2,352)	146	(10,450)
Debt restructuring loss, net	—	—	8,617
Other (income) expense, net	(2,824)	(3,582)	7,582
Reorganization items, net	2,141	(74,531)	—
(Loss) income from continuing operations before income taxes and equity in losses of joint venture	(16,515)	34,803	(112,459)
Income tax benefit	(3,188)	(1,387)	(2,546)
(Loss) income from continuing operations before equity in losses of joint venture	(13,327)	36,190	(109,913)
Equity in losses of joint venture	—	—	(4,177)
(Loss) income from continuing operations	<u>(13,327)</u>	<u>36,190</u>	<u>(114,090)</u>
Income from discontinued operations, net of income taxes	—	—	6,108
Net (loss) income	<u>\$ (13,327)</u>	<u>\$ 36,190</u>	<u>\$ (107,982)</u>
Basic and diluted (loss) income per common share:			
Continuing operations	\$ (6.66)	\$ 1.12	\$ (3.93)
Discontinued operations	—	—	0.21
Net basic and diluted (loss) income per common share	<u>\$ (6.66)</u>	<u>\$ 1.12</u>	<u>\$ (3.72)</u>
Comprehensive (loss) income:			
Net (loss) income	\$ (13,327)	\$ 36,190	\$ (107,982)
Change in unrecognized pension and postretirement benefit costs, net of tax effect of \$0, \$0 and \$(3,669)	34	9,797	7,388
Foreign currency translation adjustments	(2,703)	16,142	494
Comprehensive (loss) income	<u>\$ (15,996)</u>	<u>\$ 62,129</u>	<u>\$ (100,100)</u>

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Balance Sheets

	<u>Successor</u> <u>December 31,</u> <u>2017</u>	<u>Predecessor</u> <u>December 31,</u> <u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,104	\$ 35,624
Accounts receivable, less allowances of \$1,586 and \$1,945, respectively	74,370	64,385
Inventories	154,491	146,603
Prepaid expenses and other current assets	12,274	10,141
Income tax receivable	1,576	433
Total current assets	<u>253,815</u>	<u>257,186</u>
Goodwill and intangible assets, net	8,176	4,101
Prepaid pension cost	10,745	8,501
Deferred income taxes	1,278	381
Other noncurrent assets	1,344	9,449
Property, plant and equipment:		
Land	5,581	2,070
Buildings	21,296	37,341
Machinery and equipment	33,011	125,836
Property, plant and equipment, at cost	<u>59,888</u>	<u>165,247</u>
Accumulated depreciation	<u>(2,961)</u>	<u>(115,537)</u>
Property, plant and equipment, net	<u>56,927</u>	<u>49,710</u>
Total assets	<u>\$ 332,285</u>	<u>\$ 329,328</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 41,757	\$ 33,083
Accrued payroll and employee benefits	7,963	9,485
Accrued and other current liabilities	5,968	10,369
Income tax payable	262	209
Short-term borrowings	5,854	—
Current portion of long-term debt	118	137
Total current liabilities	<u>61,922</u>	<u>53,283</u>
Long-term debt, less current portion	199,903	286,459
Deferred income taxes	16,166	—
Build-to-suit liability	10,148	12,305
Other noncurrent liabilities	3,784	5,978
Pension and postretirement benefit obligations	6,377	6,430
Commitments and contingencies (Note 14)		
Stockholders' (deficit) equity:		
Predecessor preferred stock, \$0.01 par value—9,988 shares authorized (including 400 Series B Junior Preferred, \$0.00 par value); no shares issued and outstanding at December 31, 2016	—	—
Predecessor common stock, \$0.01 par value—60,000 shares authorized; 32,768 shares issued and 32,566 outstanding at December 31, 2016	—	327
Successor common stock, \$0.01 par value—200,000 Class A shares authorized with 3,734 shares issued and outstanding at December 31, 2017	37	—
Predecessor additional paid-in capital	—	244,825
Successor additional paid-in capital	49,944	—
Accumulated deficit	(13,327)	(253,291)
Accumulated other comprehensive loss	(2,669)	(25,939)
Predecessor treasury stock, at cost — 202 shares at December 31, 2016	—	(1,049)
Total stockholders' equity (deficit)	<u>33,985</u>	<u>(35,127)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 332,285</u>	<u>\$ 329,328</u>

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Statements of Cash Flows

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Operating activities:			
Net (loss) income	\$ (13,327)	\$ 36,190	\$ (107,982)
Less: Income from discontinued operations, net of income taxes	—	—	6,108
(Loss) income from continuing operations	(13,327)	36,190	(114,090)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities of continuing operations:			
Depreciation and amortization	3,213	10,150	16,378
Amortization of deferred financing costs and debt discount	1,958	3,810	4,798
Debt restructuring loss, net	—	—	8,617
Loss from lease termination	—	—	2,200
Unrealized (gain) loss on embedded debt conversion option	(2,352)	146	(10,450)
Noncash interest paid in kind	3,865	—	—
Noncash reorganization items, net	—	(87,107)	—
Loss on sale of property, plant & equipment	26	7	1,874
Unrealized gains on commodity hedges	—	—	(1,015)
Unrealized foreign currency transaction (gain) loss	(1,709)	(4,439)	4,506
Equity in losses of joint venture	—	—	4,141
Deferred income taxes	(3,437)	(953)	(4,354)
Non-cash compensation expense	866	630	1,154
Other, net	634	537	(80)
Changes in assets and liabilities:			
Accounts receivable	(2,205)	(6,061)	6,100
Inventories	(1,978)	(2,703)	65,712
Prepaid expenses and other current assets	752	(3,100)	1,358
Other noncurrent assets	324	1,664	1,993
Prepaid pension costs	(1,395)	(849)	(59)
Accounts payable	(4,548)	8,602	(8,449)
Accrued payroll and employee benefits	945	(2,670)	300
Income tax payable and receivable	(828)	(340)	(105)
Accrued and other current liabilities	(773)	(3,332)	(6,514)
Postretirement benefit obligations and other noncurrent liabilities	(585)	(471)	(3,063)
Net cash used in operating activities of continuing operations	(20,554)	(50,289)	(29,048)
Net cash used in operating activities of discontinued operations	—	—	(5,914)
Net cash used in operating activities	(20,554)	(50,289)	(34,962)
Investing activities:			
Proceeds from sale of investment in joint venture	—	—	31,550
Capital expenditures	(3,742)	(2,850)	(3,499)
Proceeds from sale of property, plant and equipment	31	619	3,265
Cash collateralization of letters of credit	—	7,492	(7,968)
Net cash (used in) from investing activities of continuing operations	(3,711)	5,261	23,348
Net cash from investing activities of discontinued operations	—	—	53,570
Net cash (used in) from investing activities	(3,711)	5,261	76,918
Financing activities:			
Short-term borrowings, net	1,720	3,797	—
Proceeds from long-term debt including credit facilities	22,973	195,026	722,547
Repayments of long-term debt including credit facilities	(25)	(175,414)	(725,821)
Payments of debt restructuring costs	—	—	(9,802)
Payments of debt issue costs	—	(1,831)	(2,472)
Payments of build-to-suit liability	—	(3,000)	(932)

A.M. Castle & Co.
Consolidated Statements of Cash Flows

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Net cash from (used in) financing activities	24,668	18,578	(16,480)
Effect of exchange rate changes on cash and cash equivalents	637	890	(952)
Net change in cash and cash equivalents	1,040	(25,560)	24,524
Cash and cash equivalents—beginning of period	10,064	35,624	11,100
Cash and cash equivalents—end of period	<u>\$ 11,104</u>	<u>\$ 10,064</u>	<u>\$ 35,624</u>

See Note 1 - Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for supplemental cash flow disclosures.

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Shares	Treasury Shares	Preferred Stock (Predecessor)	Common Stock	Treasury Stock	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2016 - Predecessor	23,888	(94)	\$ —	\$ 238	\$ (964)	\$ 226,844	\$ (145,309)	\$ (33,821)	\$ 46,988
Net loss							(107,982)		(107,982)
Foreign currency translation, net of tax								494	494
Change in unrecognized pension and postretirement benefit costs, net of \$(3,669) tax effect								7,388	7,388
Conversion of convertible notes	8,576			86		16,543			16,629
Common stock warrants issued						200			200
Share-based compensation						882			882
Exercise of stock options and other	304	(108)		3	(85)	356			274
Balance at December 31, 2016 - Predecessor	<u>32,768</u>	<u>(202)</u>	<u>\$ —</u>	<u>\$ 327</u>	<u>\$ (1,049)</u>	<u>\$ 244,825</u>	<u>\$ (253,291)</u>	<u>\$ (25,939)</u>	<u>\$ (35,127)</u>
Net income							36,190		36,190
Foreign currency translation, net of tax								385	385
Change in unrecognized pension and postretirement benefit costs, \$0 tax effect								(1,008)	(1,008)
Share-based compensation						630			630
Exercise of stock options and other		(80)			(29)	91			62
Balance at August 31, 2017 - Predecessor	<u>32,768</u>	<u>(282)</u>	<u>\$ —</u>	<u>\$ 327</u>	<u>\$ (1,078)</u>	<u>\$ 245,546</u>	<u>\$ (217,101)</u>	<u>\$ (26,562)</u>	<u>\$ 1,132</u>
Cancellation of Predecessor equity	(32,768)	282		(327)	1,078	(245,546)	217,101	26,562	(1,132)
Issuance of Successor common stock	2,000			20		5,640			5,660
Balance at August 31, 2017 - Successor	<u>2,000</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 20</u>	<u>\$ —</u>	<u>\$ 5,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,660</u>
Balance at September 1, 2017 - Successor	2,000	—	\$ —	\$ 20	\$ —	\$ 5,640	\$ —	\$ —	\$ 5,660
Net loss							(13,327)		(13,327)
Foreign currency translation, net of tax								(2,703)	(2,703)
Change in unrecognized pension and postretirement benefit costs, \$0 tax effect								34	34
Reclassification of conversion option to equity, net of \$17,044 tax effect (Note 9)						43,716			43,716
Share-based compensation						605			605
Issuance of restricted shares	1,734			17		(17)			—
Balance at December 31, 2017 - Successor	<u>3,734</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 37</u>	<u>\$ —</u>	<u>\$ 49,944</u>	<u>\$ (13,327)</u>	<u>\$ (2,669)</u>	<u>\$ 33,985</u>

The accompanying notes are an integral part of these statements.

A. M. Castle & Co.
Notes to Consolidated Financial Statements
(Amounts in thousands except par value and per share data)

(1) Basis of Presentation and Significant Accounting Policies

Nature of operations— A.M. Castle & Co. and its subsidiaries (the “Company”) is a specialty metals distribution serving customers on a global basis. The Company has operations in the United States, Canada, Mexico, France, the United Kingdom, Spain, China and Singapore. The Company provides a broad range of products and value-added processing and supply chain services to a wide array of customers. The Company's customers are principally within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, 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.

The Company's corporate headquarters is located in Oak Brook, Illinois. The Company has 22 operational service centers located throughout North America (17), Europe (3) and Asia (2).

The Company purchases metals from many producers. Purchases are made in large lots and held in distribution centers until sold, usually in smaller quantities and often with value-added processing services performed. 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 direct mill shipments to customers or purchases from other distributors. Thousands of customers from a wide array of industries are serviced primarily through the Company's own sales organization.

Basis of presentation— On June 18, 2017 (the "Petition Date"), A. M. Castle & Co. and four of its subsidiaries (together with A.M. Castle & Co., the "Debtors") filed voluntary petitions for reorganization under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the "Bankruptcy Court"). Also on June 18, 2017, the Debtors filed the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization with the Bankruptcy Court and on July 25, 2017, the Debtors filed the Debtors' Amended Prepackaged Joint Chapter 11 Plan of Reorganization (the "Plan") with the Bankruptcy Court. On August 2, 2017, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan. On August 31, 2017 (the "Effective Date"), the Plan became effective pursuant to its terms and the Debtors emerged from their chapter 11 cases.

The consolidated financial statements included herein have been prepared to reflect the application of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 852, "Reorganizations" and ASC No. 805, "Business Combinations". Accordingly, the Company adopted fresh-start accounting upon emergence from their chapter 11 cases and became a new entity for financial reporting purposes as of September 1, 2017. For accounting purposes, all emergence related transactions of the Predecessor including the impact of the issuance of the Successor common stock, the entry into a new asset-based revolving credit facility and new senior secured convertible notes, and the accelerated debt obligations of the Company that were satisfied pursuant to the terms of the Plan, were recorded as of August 31, 2017. Accordingly, the consolidated financial statements for the Successor are not comparable to the consolidated financial statements for the Predecessor.

The consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), and accounting principles generally accepted in the United States of America ("U.S. GAAP"). This report contains consolidated financial statements of the Company as of December 31, 2017 (Successor), as of and for the year ended December 31, 2016 (Predecessor), for the period from January 1, 2017 to August 31, 2017 (Predecessor), and for the period from September 1, 2017 to December 31, 2017 (Successor).

The consolidated financial statements include the accounts of A. M. Castle & Co. and its subsidiaries over which the Company exhibits a controlling interest. The equity method of accounting was used for the Company's 50% owned joint venture, Kreher Steel Company, LLC ("Kreher") until the Company sold its investment in Kreher in August 2016. All intercompany accounts and transactions have been eliminated.

In March 2016, the Company completed the sale of substantially all the assets of its wholly-owned subsidiary, Total Plastics, Inc. ("TPI"). TPI is reflected in the accompanying consolidated financial statements as a discontinued operation.

The accompanying consolidated financial statements have been prepared on the basis of the Company continuing as a going concern for a reasonable period of time. The Company's principal source of liquidity is cash flows from operations and borrowings under its asset-based revolving credit facility.

Use of estimates — The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The principal areas of estimation reflected in the consolidated financial statements are accounts receivable allowances, inventory reserves, the valuation goodwill and intangible assets, the valuation of deferred income taxes, the fair value of the Company's Second Lien Notes, including the conversion option, pension and other post-employment benefits and share-based compensation.

Revenue recognition — Revenue from the sale of products is recognized when the earnings process is complete and when the title and risk and rewards of ownership have passed to the customer, which is primarily at the time of shipment. Revenue recognized other than at the time of shipment represented less than 1% of the Company's consolidated net sales in the periods ended September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor). Provisions for allowances related to sales discounts and rebates are recorded based on terms of the sale in the period that the sale is recorded. Management utilizes historical information and the current sales trends of the business to estimate such provisions. The provisions related to discounts and rebates due to customers are recorded as a reduction within net sales in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income.

Revenue from shipping and handling charges is recorded in net sales. Costs incurred in connection with shipping and handling the Company's products, which are related to third-party carriers or performed by Company personnel, are included in warehouse, processing and delivery expenses. In the periods ended September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and year ended December 31, 2016 (Predecessor), shipping and handling costs included in warehouse, processing and delivery expenses were \$8,120, \$16,292, and \$26,370, respectively.

The Company maintains an allowance for doubtful accounts related to the potential inability of customers to make required payments. The allowance for doubtful accounts is maintained at a level considered appropriate based on historical experience and specific identification of customer receivable balances for which collection is unlikely. The provision for doubtful accounts is recorded in sales, general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income. Estimates of doubtful accounts are based on historical write-off experience as a percentage of net sales and judgments about the probable effects of economic conditions on certain customers.

The Company also maintains an allowance for credit memos for estimated credit memos to be issued against current sales. Estimates of allowance for credit memos are based upon the application of a historical issuance lag period to the average credit memos issued each month.

Accounts receivable allowance for doubtful accounts and credit memos activity is presented in the table below:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Balance, beginning of period	\$ —	\$ 1,945	\$ 2,380
Add Provision charged to expense ^(a)	1,735	34	37
Recoveries	13	25	32
Less Charges against allowance	(162)	(316)	(504)
Fresh-start accounting adjustment	—	(1,688)	—
Balance, end of period	\$ 1,586	\$ —	\$ 1,945

^(a) Includes the net amount of credit memos reserved and issued.

Cost of materials — Cost of materials consists of the costs the Company pays for metals and related inbound freight charges. It excludes depreciation and amortization which are discussed below.

Operating expenses — Operating costs and expenses primarily consist of:

- Warehouse, processing and delivery expenses, including occupancy costs, compensation and employee benefits for warehouse personnel, processing, shipping and handling costs;
- Sales expenses, including compensation and employee benefits for sales personnel;

- General and administrative expenses, including compensation for executive officers and general management, expenses for professional services primarily attributable to accounting and legal advisory services, bad debt expenses, data communication costs, computer hardware and maintenance expenses and occupancy costs for non-warehouse locations;
- Restructuring activity, net, including employee termination and related benefits associated with salaried and hourly workforce reductions, lease termination costs, moving costs associated with plant consolidations, professional fees, and losses on the disposal of fixed assets; and
- Depreciation and amortization expenses, including depreciation for all owned property and equipment, and amortization of various intangible assets.

Cash equivalents — Cash equivalents are highly liquid, short-term investments that have an original maturity of 90 days or less.

Statement of cash flows — Non-cash investing and financing activities and supplemental disclosures of consolidated cash flow information are as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Non-cash investing and financing activities:			
Capital expenditures financed by accounts payable	\$ 356	\$ 45	\$ 59
Reclassification of conversion option from debt to equity, net (Note 9)	43,716	—	—
Cash paid during the period for:			
Interest	1,209	13,332	31,404
Income taxes	495	1,889	2,434
Cash received during the period for:			
Income tax refunds	49	201	500

Inventories — Inventories consist primarily of finished goods. All of the Company's continuing operations use the average cost method in determining the cost of inventory.

The Company maintains an allowance for excess and obsolete inventory. The excess and obsolete inventory allowance is determined through the specific identification of material, adjusted for expected scrap value to be received, based on previous sales experience.

Excess and obsolete inventory allowance activity is presented in the table below:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Balance, beginning of period	\$ —	\$ 7,877	\$ 13,075
Adjustments to provision	1,736	(945)	5,857
Charges against allowance	(56)	(1,661)	(11,055)
Fresh-start accounting adjustment	—	(5,271)	—
Balance, end of period	<u>\$ 1,680</u>	<u>\$ —</u>	<u>\$ 7,877</u>

Property, plant and equipment — Property, plant and equipment are stated at cost and include assets held under capital leases. Expenditures for major additions and improvements are capitalized, while maintenance and repair costs that do not substantially improve or extend the useful lives of the respective assets are expensed in the period in which they are incurred. When items are disposed, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

In connection with the Company's adoption of fresh-start accounting, on the Effective Date the Company made adjustments to increase the carrying value of certain property, plant and equipment to their estimated fair value. The Company's overall range of useful lives from an accounting policy perspective did not change. However, when the fair

value of each asset was adjusted, a new remaining useful life was assigned to each asset, and the new value will be depreciated over that time period, which may be different from the remaining depreciable life of that asset at the end of the Predecessor period.

The Company provides for depreciation of plant and equipment sufficient to amortize the cost over their estimated useful lives as follows:

	<u>Successor</u>	<u>Predecessor</u>
Buildings and building improvements	5 – 40 years	5 – 40 years
Plant equipment	5 – 20 years	5 – 20 years
Furniture and fixtures	2 – 10 years	2 – 10 years
Vehicles and office equipment	3 – 10 years	3 – 10 years

Leasehold improvements are depreciated over the shorter of their useful lives or the remaining term of the lease. Depreciation is calculated using the straight-line method and depreciation expense in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) was \$3,213 and \$6,062, respectively, and \$10,252 in the year ended December 31, 2016 (Predecessor).

Long-lived assets — The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset or asset group. If future net cash flows are less than the carrying value, the asset or asset group may be impaired. If such assets are impaired, the impairment charge is calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. The Company derives the required undiscounted cash flow estimates from historical experience and internal business plans.

Goodwill and intangible assets — In connection with the Company's adoption of fresh-start accounting on the Effective Date, the Company recorded \$2,675 of goodwill representing the excess of reorganization value over the fair value of identifiable tangible and intangible assets. The Company currently has one reporting unit. The Company tests goodwill for impairment at the reporting unit level on an annual basis at December 1 of each year or more frequently if a significant event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company assesses, at least quarterly, whether any events or circumstances have significantly changed which may imply that the carrying amount of its reporting unit's goodwill is impaired.

The determination of the fair value of the reporting unit requires significant estimates and assumptions to be made by management. The fair value of the reporting unit is estimated using a combination of an income approach, which estimates fair value based on a discounted cash flow analysis using historical data, estimates of future cash flows and discount rates based on the view of a market participant, and a market approach, which estimates fair value using market multiples of various financial measures of comparable public companies. In selecting the appropriate assumptions, the Company considers the following: the selection of appropriate peer group companies; control premiums appropriate for acquisitions in the industry in which the Company competes; discount rates; terminal growth rates; long-term projections of future financial performance; and relative weighting of income and market approaches. The long-term projections used in the valuation are developed as part of the Company's annual long-term planning process. The discount rates used to determine the fair values of the reporting unit is that of a hypothetical market participant which are developed based upon an analysis of comparable companies and include adjustments made to account for any individual reporting unit specific attributes such as, size and industry.

The majority of the Predecessor Company's recorded intangible assets as of December 31, 2016 were acquired as part of the Transtar acquisition in September 2006 and consist of customer relationships amortized over their useful lives of 4 to 12 years. In connection with the Company's adoption of fresh-start accounting, on the Effective Date an insignificant amount of the Predecessor's intangible assets and related accumulated amortization were eliminated. Also as part of fresh-start accounting, the Company recorded an adjustment of \$5,500 representing the fair value of the intangible asset of the Successor (refer to *Note 2 - Bankruptcy Related Disclosures*). The intangible asset of the Successor is comprised of an indefinite-lived trade name, which is not subject to amortization. The fair value of the Successor trade name intangible asset was determined based on the relief from royalty method, which estimates the

savings that the owner of the asset would realize rather than paying a royalty to use the asset, using forecasted net sales attributable to the trade name and applying a royalty rate, assumed to be 0.1% to those net sales.

The Company's indefinite-lived intangible asset is tested for impairment on an annual basis on December 1 of each year or more frequently if significant events or changes in circumstances occur which may indicate that the carrying amount of the asset may not be recoverable, as measured by comparing carrying value to the estimated future cash flows generated by its use. An impaired asset is recorded at estimated fair value, determined principally using an income-based approach similar to the relief from royalty method used in the initial valuation of the indefinite-lived intangible asset, with the excess amount of carrying value over the fair value representing the amount of the impairment. Assumptions used in the income-based approach including projected revenues and assumed royalty rate, long-term growth and discount rates.

Income taxes — The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records valuation allowances against its deferred tax assets when it is more likely than not that the amounts will not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and recent results of operations. In the event the Company determines it would not be able to realize its deferred tax assets, a valuation allowance is recorded, which increases the provision for income taxes in the period in which that determination is made.

During 2017, the Company's foreign assets remained pledged as collateral for certain borrowings. This continues to result in a taxable income inclusion in the U.S. of the annual earnings generated by its foreign subsidiaries. As a result of the Tax Act (see *Note 13 - Income Taxes*) and this pledge of foreign assets, there are no remaining undistributed earnings which have not been subject to U.S. income taxation as of December 31, 2017 (Successor) on which the Company would need to record any additional U.S. deferred tax liability.

For uncertain tax positions, if any, the Company applies the provisions of relevant authoritative guidance, which requires application of a "more likely than not" threshold to the recognition and derecognition of tax positions. The Company's ongoing assessments of the more likely than not outcomes of tax authority examinations and related tax positions require significant judgment and can increase or decrease the Company's effective tax rate as well as impact operating results. As of December 31, 2017 (Successor), the Company has no uncertain tax positions for which a tax or interest reserve has been recognized.

The Company recognizes interest and penalties related to unrecognized tax benefits, if any, within income tax expense. Accrued interest and penalties are included within other long-term liabilities in the Consolidated Balance Sheets. As of December 31, 2017 (Successor), the Company has accrued no interest and penalties associated with unrecognized tax benefits.

During the period September 1, 2017 through December 31, 2017 (Successor), the Company recorded a net tax benefit based on currently available information and interpretations of applying the provisions of the 2017 U.S. Tax Cuts and Jobs Act (Tax Act) as of the time of filing this Annual Report on Form 10-K. In accordance with Staff Accounting Bulletin (SAB) No. 118 issued by the Securities and Exchange Commission (SEC), the income tax effect for certain aspects of the Tax Act represent provisional amounts for which the Company's accounting is incomplete but a reasonable estimate could be determined and recorded during the fourth quarter of 2017.

On December 22, 2017, the SEC issued Staff Accounting Bulletin 118 ("SAB 118"). SAB 118 expresses views of the SEC regarding ASC 740, "Income Taxes", ("ASC 740") in the reporting period that includes the enactment date of H.R. 1, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (the "Tax Act") (previously known as "The Tax Cuts and Jobs Act"). The Company adopted this guidance in the fourth quarter of 2017.

SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. During the period September

1, 2017 through December 31, 2017 (Successor), the Company recorded a net tax benefit based on currently available information and interpretations of applying the provisions of the Tax Act as of the time of filing this Annual Report on Form 10-K. In accordance with SAB No. 118 issued by the SEC, the income tax effect for certain aspects of the Tax Act represent provisional amounts for which the Company's accounting is incomplete but a reasonable estimate could be determined and recorded during the period September 1, 2017 through December 31, 2017 (Successor). For additional information regarding the Company's adoption of SAB 118 and the impact of the Tax Act on its income taxes for the period September 1, 2017 through December 31, 2017 (Successor), refer to *Note 13 - Income Taxes*.

Insurance plans — The Company is a member of a group captive insurance company (the "Captive") domiciled in Grand Cayman Island. The Captive reinsures losses related to certain of the Company's workers' compensation, automobile and general liability risks that occur subsequent to August 2009. Premiums are based on the Company's loss experience and are accrued as expenses for the period to which the premium relates. Premiums are credited to the Company's "loss fund" and earn investment income until claims are actually paid. For claims that were incurred prior to August 2009, the Company is self-insured. Self-insurance amounts are capped, for individual claims and in the aggregate, for each policy year by an insurance company. Self-insurance reserves are based on unpaid, known claims (including related administrative fees assessed by the insurance company for claims processing) and a reserve for incurred but not reported claims based on the Company's historical claims experience and development.

The Company is self-insured up to a retention amount for medical insurance for its domestic operations. Self-insurance reserves are maintained based on incurred but not paid claims based on a historical lag.

Foreign currency — For the majority of the Company's operations, the functional currency is the local currency. Assets and liabilities of those operations are translated into U.S. dollars using year-end exchange rates, and income and expenses are translated using the average exchange rates for the reporting period. The currency effects of translating financial statements of the Company's non-U.S. operations which operate in local currency environments are recorded in accumulated other comprehensive loss, a separate component of stockholders' (deficit) equity. Transaction gains or losses resulting from foreign currency transactions have historically been primarily related to unhedged intercompany financing arrangements between the United States and the United Kingdom and Canada.

(Loss) earnings per share — Diluted (loss) earnings per share is computed by dividing net (loss) income by the weighted average number of shares of common stock plus outstanding common stock equivalents. Common stock equivalents consist of employee and director stock options (Predecessor), restricted stock awards (Predecessor and Successor), other share-based payment awards (Predecessor), and contingently issuable shares related to the Company's New Convertible Notes (Predecessor), and the Company's Second Lien Notes (Successor), which are included in the calculation of weighted average shares outstanding using the if-converted method. Refer to *Note 6 - Debt*, for further description of the New Convertible Notes and Second Lien Notes.

The following table is a reconciliation of the basic and diluted loss per share calculations:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Numerator:			
(Loss) income from continuing operations	\$ (13,327)	\$ 36,190	\$ (114,090)
Income from discontinued operations, net of income taxes	—	—	6,108
Net (loss) income	<u>\$ (13,327)</u>	<u>\$ 36,190</u>	<u>\$ (107,982)</u>
Denominator:			
Weighted average common shares outstanding	2,000	32,174	29,009
Effect of dilutive securities:			
Outstanding common stock equivalents	—	—	—
Denominator for diluted (loss) earnings per share	<u>2,000</u>	<u>32,174</u>	<u>29,009</u>
Basic (loss) earnings per common share:			
Continuing operations	\$ (6.66)	\$ 1.12	\$ (3.93)
Discontinued operations	—	—	0.21
Net basic (loss) earnings per common share	<u>\$ (6.66)</u>	<u>\$ 1.12</u>	<u>\$ (3.72)</u>
Diluted (loss) earnings per common share:			
Continuing operations	\$ (6.66)	\$ 1.12	\$ (3.93)
Discontinued operations	—	—	0.21
Net diluted (loss) earnings per common share	<u>\$ (6.66)</u>	<u>\$ 1.12</u>	<u>\$ (3.72)</u>
Excluded outstanding share-based awards having an anti-dilutive effect	<u>1,734</u>	<u>—</u>	<u>2,640</u>
Excluded "in the money" portion of New Convertible Notes (Predecessor) and common stock warrants (Predecessor) having an anti-dilutive effect	<u>—</u>	<u>—</u>	<u>—</u>
Excluded "in the money" portion of Second Lien Notes (Successor) having an anti-dilutive effect	<u>—</u>	<u>—</u>	<u>—</u>

The Second Lien Notes are dilutive to the extent the Company generates net income and the average stock price during the annual period is greater than \$3.77 per share, which is the conversion price of the Second Lien Notes. Under the if-converted method, the Second Lien Notes are only dilutive for the "in the money" portion of the Second Lien Notes that could be settled with the Company's stock. In future periods, absent a fundamental change (as defined in the Second Lien Notes indenture), the outstanding Second Lien Notes could increase diluted average shares outstanding by a maximum of approximately 43,700 shares.

Concentrations — The Company serves a wide range of customers within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, retail, marine and automotive sectors of the economy. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller sized firms spread across the entire spectrum of metals-using industries. The Company's customer base is well diversified and, therefore, the Company does not have dependence upon any single customer or a few customers. No single customer represented more than 5% of the Company's total net sales in either the periods September 1, 2017 through December 31, 2017 (Successor) or January 1, 2017 through August 31, 2017 (Predecessor). Approximately 65% and 63% of the Company's net sales in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor), respectively, were from locations in the United States.

Share-based compensation — Pursuant to the Plan, on the Effective Date, all prior director, officer and employee management incentive share-based compensation plans, as well as the unvested/unexercised awards issued thereunder, were extinguished without recovery. Also on the Effective Date, the new A.M. Castle & Co. 2017

Management Incentive Plan (the "MIP"), under which persons eligible to receive awards include directors, officers and employees of the Company and its subsidiaries, became effective.

The types of awards that may be granted under the MIP include stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares and other forms of cash or stock based awards. Pursuant to the Plan, on September 1, 2017, 1,734 shares, together with an aggregate original principal amount of \$2,400 of Second Lien Notes (the "Restricted Notes") convertible into an additional 638 shares of New Common Stock as of the Effective Date, were issued as awards of restricted shares of the Company's common stock (the "Restricted Shares") under the MIP to certain officers of the Company. The Restricted Shares and Restricted Notes cliff vest on August 31, 2020, subject to the conditions set forth in the MIP. The Restricted Shares grant date fair value of \$3.14 per share was based on the value of the common stock of the Successor company as calculated on the Effective date pursuant to the Plan.

Compensation expense is recognized on a straight-line basis over the vesting period based on the estimated grant date fair value of the Restricted Shares and Restricted Notes, respectively. The Company may either issue from treasury or new shares upon award vesting. In connection with the adoption of fresh-start accounting, the Company elected to make an accounting policy change related to the accounting for stock-based compensation. The Predecessor estimated the level of forfeitures expected to occur at the time of each grant and recorded compensation expense only for those stock-based awards that it ultimately expected would vest. The estimate was based on the Company's historical rates of forfeitures and was updated periodically. The Successor has elected to no longer estimate the number of stock-based awards expected to vest but rather, will account for forfeitures as they occur.

New Accounting Standards

Recently Adopted Accounting Standards

Effective January 1, 2017, the Company adopted FASB Accounting Standards Update ("ASU") No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplifies several aspects of the accounting for employee share-based payment transactions. Under ASU No. 2016-09, a company recognizes all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement, eliminating the notion of the additional paid-in capital pool and significantly reducing the complexity and cost of accounting for excess tax benefits and tax deficiencies. This aspect of the guidance is required to be applied prospectively. For interim reporting purposes, excess tax benefits and tax deficiencies are considered discrete items in the reporting period in which they occur and are not included in the estimate of an entity's annual effective tax rate. ASU No. 2016-09 further eliminates the requirement to defer recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable. Upon adoption, the Company elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized in each period. The adoption of ASU No. 2016-09 did not have a material impact on the Company's consolidated financial statements. As described above, upon emergence from bankruptcy, the Company elected to account for forfeitures as they occur, which did not have a material impact on the consolidated financial statements.

Recently Issued Account Standards Not Yet Effective

In March 2017, the FASB issued ASU 2017-07, "Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." Under the new guidance, employers must present the service cost component of the net periodic benefit cost in the same income statement line item(s) as other employee compensation costs arising from services rendered during the period. In addition, only the service cost component will be eligible for capitalization in assets. The other components of net periodic benefit cost must be reported separately from the line item(s) that includes the service cost component and outside of any subtotal of operating income, if one is presented. Employers will have to disclose the line(s) used to present the other components of net periodic benefit cost, if the components are not presented separately in the income statement. The guidance on the income statement presentation of the components of net periodic benefit cost must be applied retrospectively, while the guidance limiting the capitalization of net periodic benefit cost in assets to the service cost component must be applied prospectively. For public business entities, the guidance was effective for fiscal years beginning after December 15, 2017, and interim periods within those years. The Company adopted ASU 2017-07 on January 1, 2018 and concluded it will have an insignificant impact on its (loss) income before income taxes. The Company is currently assessing the impact the adoption of this ASU will have on the presentation of its statement of operations and comprehensive (loss) income.

In January 2017, the FASB issued ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350)", which simplifies the subsequent measurement of goodwill by eliminating step two from the goodwill impairment test. ASU 2017-04 is effective for annual and interim impairment tests beginning January 1, 2020 for the Company and is required to be

adopted using a prospective approach. Early adoption is allowed for annual goodwill impairment tests performed on testing dates after January 1, 2017. Unless an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value, the Company's annual goodwill impairment testing will next occur on December 1, 2018. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," to reduce the existing diversity in practice related to how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. The amendments in ASU No. 2016-15 address eight specific cash flow issues and apply to all entities that are required to present a statement of cash flows under Topic 230. The provisions of ASU No. 2016-15 must be applied retrospectively to all periods presented with limited exceptions. For public companies, the amendments in ASU No. 2016-15 were effective for fiscal years beginning after December 15, 2017, and interim periods within those years. The Company adopted ASU No. 2016-15 on January 1, 2018 and will comply with the presentation and statement of cash flows classification guidance going forward.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which requires that lessees recognize assets and liabilities for leases with lease terms greater than twelve months in the statement of financial position. ASU No. 2016-02 also requires additional disclosures to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. The provisions of ASU No. 2016-02 are to be applied using a modified retrospective approach, and are effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its consolidated financial statements, but the Company expects that most existing operating lease commitments will be recognized as operating lease obligations and right-of-use assets as a result of adoption.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and has subsequently issued several supplemental and/or clarifying ASUs (collectively, "ASC 606"). The underlying principle of ASC 606 is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. Adoption of ASC 606 was required for annual and interim periods beginning after December 15, 2017. Almost all of the Company's purchase orders, contracts or purchase agreements do not contain performance obligations other than delivery of the agreed upon product, with title transfer generally occurring at the time of shipment. Thus, the Company generally recognizes revenue upon shipment of the product. Based on the Company's analysis of all of its revenue generating activities and the contracts which might impact its revenue generating activities in light of the new standard, the Company has concluded that the timing and amount of revenue recognized under ASC 606 is consistent with the revenue recognition policy under the previous guidance and none of its revenue streams are materially affected by the adoption of ASC 606. The Company adopted ASC 606 on January 1, 2018 using the modified retrospective transition method and will expand its consolidated financial statement disclosures in order to comply with the ASU.

(2) Bankruptcy Related Disclosures

Chapter 11 Bankruptcy Filing

On the Petition Date, the Debtors filed voluntary chapter 11 petitions for reorganization under the Bankruptcy Code with the Bankruptcy Court pursuant to the terms of a Restructuring Support Agreement (as defined below) that contemplated the reorganization of the Debtors pursuant to a prepackaged plan of reorganization. The chapter 11 cases were consolidated for procedural purposes only and were administered jointly under the caption *In re Keystone Tube Company, LLC, et al.* (Case No. 17-11330). No trustee was appointed in the chapter 11 cases, and during the pendency of the chapter 11 cases, the Debtors continued to operate their business as "debtors-in-possession" subject to the supervision and orders of the Bankruptcy Court in accordance with the Bankruptcy Code.

The filing of the bankruptcy petitions constituted a default or event of default that accelerated the Company's obligations under (i) the Credit Facilities Agreement (as defined below) and the 11.00% Senior Secured Term Loan Credit Facilities due 2018 issued pursuant thereto (the "Credit Facilities"), (ii) the Indenture dated February 8, 2016 (the "Senior Notes Indenture") and the 12.75% Senior Secured Notes due 2018 issued pursuant thereto (the "12.75% Secured Notes"), and (iii) the Indenture dated May 19, 2016 (the "Convertible Notes Indenture") and the 5.25% Convertible Senior Secured Notes due 2019 issued pursuant thereto (the "5.25% Convertible Notes"). The Credit Facilities Agreement, the Senior Notes Indenture, and the Convertible Notes Indenture provide that, as a result of the filing of the bankruptcy

petitions, all outstanding indebtedness due thereunder shall be immediately due and payable. Any efforts to enforce such payment obligations under the Credit Facilities Agreement, the Senior Notes Indenture, and the Convertible Notes Indenture were automatically stayed as a result of the bankruptcy petitions, and the creditors' rights of enforcement in respect of the Credit Facilities Agreement, the Senior Notes Indenture, and the Convertible Notes Indenture are subject to the applicable provisions of the Restructuring Support Agreement (as defined below) and the Bankruptcy Code.

Prior to the Petition Date, on June 16, 2017, the Debtors entered into a Commitment Agreement with certain of their creditors (the "Commitment Parties"). The Commitment Parties are the holders (or the investment advisors or managers for the holders) of the Credit Facility term loans made to the Company under a Credit and Guaranty Agreement, dated December 8, 2016, by and among the Company, Highbridge International Capital Management, LLC, Corre Partners Management, LLC, Whitebox Credit Partners, L.P., WFF Cayman II Limited, and SGF, LLC and Cantor Fitzgerald Securities, among others (as amended, the "Credit Facilities Agreement").

The Commitment Agreement was entered into pursuant to a Restructuring Support Agreement dated April 6, 2017, as amended, by and among the Debtors and certain of their creditors, including the Commitment Parties (the "RSA"). The RSA provides for a consensual restructuring of the debt and equity of the Company, which the Company seeks to effect by means of the Plan.

The Company continued its operations without interruption during the pendency of the chapter 11 cases and reorganization process. To maintain and continue ordinary course operations without interruption, the Company received approval from the Bankruptcy Court of a variety of "first day" motions seeking certain relief and authorizing the Company to maintain its operations and pay trade claims in the ordinary course.

Plan of Reorganization and Emergence from Chapter 11

Pursuant to the terms of the RSA, on the Petition Date, the Debtors filed the Plan with the Bankruptcy Court.

The Plan allowed general unsecured claims and claims that are unimpaired under the Plan to be paid in full in cash.

On August 2, 2017, the Bankruptcy Court entered the Confirmation Order approving and confirming the Plan. On the Effective Date, the Plan became effective pursuant to the terms described above and the Debtors emerged from their chapter 11 cases.

Key components of the Plan, which became effective on August 31, 2017, include:

- Entry into a new senior secured exit financing facility in the form of an asset-based revolving credit facility (the "New ABL Facility") with PNC Bank, National Association, as lender and as administrative and collateral agent (the "Agent"), and the other lenders party thereto. The New ABL Agreement provides for a \$125,000 senior secured, revolving credit facility for the Company. The proceeds of the advances under the New ABL Facility may only be used to (i) pay certain fees and expenses to the Agent and the lenders under the New ABL Facility, (ii) provide for Borrowers' working capital needs and reimburse drawings under letters of credit, (iii) repay the obligations under the Debtor-in-Possession Revolving Credit and Security Agreement dated as of June 10, 2017 ("DIP Facility"), by and among the Company, the lenders party thereto, and PNC Bank, National Association, and certain other existing indebtedness, and (iv) provide for the Borrowers' capital expenditure needs, in accordance with the New ABL Facility.
 - On the Effective Date, in connection with its entering into the New ABL Agreement, the Company borrowed an aggregate amount equal to \$78,797, proceeds from which, along with proceeds of the New Money Notes of \$38,002, were used to pay down all outstanding indebtedness, accrued interest, and related fees of the Company under the Credit Facilities Agreement and the borrowings outstanding under the DIP Facility.
- Entry into an Indenture (the "Second Lien Notes Indenture") with Wilmington Savings Fund Society, FSB ("WSFS, FSB"), as trustee and collateral agent ("Indenture Agent") and, pursuant thereto, issued approximately \$162,502 in aggregate original principal amount of its 5.00% / 7.00% Convertible Senior Secured Paid-in-Kind ("PIK") Toggle Notes due 2022 (the "Second Lien Notes"), excluding restricted notes issued under the A.M. Castle & Co. 2017 Management Incentive Plan (See *Note 10 - Share Based Compensation*, for full description).

The Second Lien Notes were issued as follows:

- \$111,875 in aggregate principal Second Lien Notes issued to holders of Prepetition Second Lien Secured Claims in partial satisfaction of their claims;

- \$3,125 in aggregate principal Second Lien Notes issued to holders of Prepetition Third Lien Secured Claims in partial satisfaction of their claims; and
- \$47,502 in aggregate principal Second Lien Notes issued to the Commitment Parties pursuant to the Commitment Agreement (the "New Money Notes").

As a result of these Plan actions, all of the outstanding indebtedness of the 12.75% Secured Notes and 5.25% Convertible Notes was discharged and canceled.

- Issuance of an aggregate of 2,000 shares of a new class of common stock, par value \$0.01 per share (the "New Common Stock"), as follows:
 - 1,300 shares issued to holders of Prepetition Second Lien Secured Claims in partial satisfaction of their claims;
 - 300 shares issued to holders of Prepetition Third Lien Secured Claims in partial satisfaction of their claims; and
 - 400 shares issued to participating holders of the Company's outstanding common stock as of August 2, 2017.
- Payment in full of all general unsecured claims and claims that were unimpaired under the Plan in cash in the ordinary course of business.
- Cash payment of \$6,646 to holders of Prepetition Second Lien Secured Claims.
- Cash payment of a put option fee of \$2,000 to the Commitment Parties pursuant to the Commitment Agreement.
- All agreements, instruments, and other documents evidencing, relating to or connected with any equity interests of the Company (which include warrants to purchase the Company's prior common stock and unvested/unexercised awards under any existing pre-Effective Date management incentive compensation plans) were canceled without recovery.
- All prior director, officer and employee incentive plans, as well as the awards issued thereunder, were canceled. The new A.M. Castle & Co. 2017 Management Incentive Plan, under which persons eligible to receive awards include directors, officers and employees of the Company and its subsidiaries, became effective.

Reporting During Bankruptcy

During the pendency of the Company's chapter 11 cases, expenses and income directly associated with the chapter 11 proceedings were reported separately in reorganization items, net in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income. Reorganization items, net also include adjustments to reflect the carrying value of liabilities subject to compromise ("LSTC") at their estimated allowed claim amounts, as such adjustments were determined. In addition, effective as of the Petition Date and during the pendency of the Company's chapter 11 cases, the Company discontinued recording interest expense on outstanding prepetition debt classified as LSTC. Upon the Company's emergence from its chapter 11 cases, the Company settled and extinguished or reinstated liabilities that were subject to compromise.

Fresh-Start Accounting

Under ASC No. 852, "Reorganizations", fresh-start accounting is required upon emergence from chapter 11 if (i) the reorganization value of the assets of the emerging entity immediately before the date of confirmation is less than the total of all post-petition liabilities and allowed claims; and (ii) holders of existing voting shares immediately before confirmation receive less than 50% of the voting shares of the emerging entity. The Company qualified for and adopted fresh-start accounting as of the Effective Date. Adopting fresh-start accounting results in a new reporting entity with no beginning retained earnings or deficits. The cancellation of all existing common shares outstanding on the Effective Date and issuance of new shares of the reorganized entity resulted in a change of control of the Company under ASC No. 852, "Reorganizations".

Adoption of fresh-start accounting resulted in the Company becoming a new entity for financial reporting purposes and the recording of the Company's assets and liabilities at their fair value as of the Effective Date, with the excess of reorganization value over net asset values recorded as goodwill, in conformity with ASC No. 805, "Business Combinations". The estimated fair values of the Company's assets and liabilities as of that date differed from the recorded values of its assets and liabilities as reflected in its historical consolidated financial statements. In addition,

the Company's adoption of fresh-start accounting affected its results of operations following the fresh-start reporting date, as the Company had a new basis in its assets and liabilities. The Company also adopted one new accounting policy in connection with its adoption of fresh-start accounting (see *Note 1 - Basis of Presentation and Significant Accounting Policies*). Consequently, the Company's financial statements on or after the Effective Date are not comparable with the financial statements prior to that date and the historical financial statements before the Effective Date are not reliable indicators of its financial condition and results of operations for any period after it adopted fresh-start accounting.

Reorganization Value

Reorganization value is the value attributed to an entity emerging from bankruptcy, as well as the expected net realizable value of those assets that will be disposed before emergence occurs. This value is viewed as the value of the entity before considering liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after emergence. Fresh-start accounting requires that the reporting entity allocate the reorganization value to its assets and liabilities in relation to their fair values upon emergence from chapter 11, with the excess of reorganization value over net asset values recorded as goodwill. The Company's valuation of the reorganized Company, which was included in the Disclosure Statement related to the Plan, estimated the enterprise value of the Company to be in a range between \$234 million and \$264 million. The Company estimated the enterprise value of the Successor Company to be \$244 million. The estimated enterprise value and the equity value are highly dependent on the achievement of the future financial results contemplated in the projections that were set forth in the Plan. The estimates and assumptions made in the valuation are inherently subject to significant uncertainties. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the reorganization value include the assumptions regarding revenue growth, operating expenses, the amount and timing of capital expenditures and the discount rate utilized.

In order to determine the reorganization value, the Company estimated the enterprise value of the Successor utilizing the discounted cash flow analysis.

To estimate the fair value utilizing the discounted cash flow analysis, the Company established an estimate of future cash flows for the period from August 31, 2017 to December 31, 2021 and discounted the estimated future cash flows to the present value, adding the present value of the terminal value of cash flows beyond December 31, 2021. The expected cash flows for the period August 31, 2017 to December 31, 2021 were derived from earnings forecasts and assumptions regarding growth and margin projections and adjusted for other cash flows including capital expenditures and charges to working capital, as applicable, and expressed as a multiple of Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The discount rate of 11.1% was estimated based on an after-tax weighted average cost of capital reflecting the rate of return that would be expected by a market participant.

The following table reconciles the Company's enterprise value to the estimated fair value of the Successor's equity as of the Effective Date:

Enterprise value	\$	244,000
Less: fair value of debt		(238,340)
Equity value	<u>\$</u>	<u>5,660</u>

The fair value of the convertible notes portion of the debt was determined based on market information and a review of prices and terms available for similar debt instruments that do not contain a conversion feature, as well as other factors related to the callable nature of the convertible notes. Given the nature and the variable interest rates, the fair value of borrowings under the asset-based lending facility approximated carrying value as of the Effective Date.

The following table reconciles the Company's enterprise value to the reorganization value of the Successor's assets:

Enterprise value	\$	244,000
Current liabilities (excluding short-term borrowings and current portion of long-term debt)		61,169
Noncurrent liabilities (excluding long-term debt)		23,479
Reorganization value of Successor assets	\$	<u>328,648</u>

The total of all postpetition liabilities and allowed claims immediately prior to confirmation of the Plan was approximately \$404 million.

Fresh-Start Balance Sheet

The following fresh-start balance sheet as of the Effective Date, August 31, 2017, illustrates the financial effects on the Company of the implementation of the Plan and the adoption of fresh-start reporting. This fresh-start balance sheet reflects the effect of the completion of the transactions included in the Plan, including the issuance of successor equity and the settlement of prepetition indebtedness.

Reorganization adjustments, shown in column 2 of the following schedule, represent amounts recorded on the Effective Date for the implementation of the Plan, including the settlement of liabilities subject to comprise and related payments, the issuance of new debt and new shares of common stock, repayment of the debtor-in-possession revolving credit facility and cancellation of Predecessor common stock.

Fresh-start adjustments, as shown in column 3 of the following schedule, represent amounts recorded on the Effective Date as a result of the adoption of fresh-start accounting, which resulted in the Company becoming a new entity for financial reporting purposes. The Company's assets and liabilities have been recorded at estimated fair value as of the fresh-start reporting date or Effective Date.

As of August 31, 2017

	Predecessor	Reorganization Adjustments	Fresh-Start Adjustments	Successor
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,443	\$ (10,379) ^(a)	\$ —	\$ 10,064
Accounts receivable, net	73,056	—	—	73,056
Inventories	153,785	—	—	153,785
Prepaid expenses and other current assets	14,217	—	—	14,217
Income tax receivable	588	—	—	588
Total current assets	262,089	(10,379)	—	251,710
Intangible assets, net	24	—	8,151 ⁽ⁱ⁾	8,175
Prepaid pension cost	9,350	—	—	9,350
Deferred income taxes	1,381	—	—	1,381
Other noncurrent assets	1,364	—	—	1,364
Property, plant and equipment:				
Land	2,073	—	3,867 ⁽ⁱ⁾	5,940
Buildings	37,498	—	(15,518) ⁽ⁱ⁾	21,980
Machinery and equipment	129,324	—	(100,576) ⁽ⁱ⁾	28,748
Property, plant and equipment, at cost	168,895	—	(112,227)	56,668
Accumulated depreciation	(122,087)	—	122,087	—
Property, plant and equipment, net	46,808	—	9,860	56,668
Total assets	\$ 321,016	\$ (10,379)	\$ 18,011	\$ 328,648
LIABILITIES AND STOCKHOLDERS' EARNINGS (DEFICIT)				
Current liabilities:				
Accounts payable	\$ 47,063	\$ —	\$ —	\$ 47,063
Accrued and other current liabilities	12,145	1,961 ^(b)	—	14,106
Short-term borrowings	3,797	—	—	3,797
Current portion of long-term debt	109,213	(109,187) ^(c)	—	26
Total current liabilities	172,218	(107,226)	—	64,992
Long-term debt, less current portion	—	234,517 ^(d)	—	234,517
Deferred income taxes	—	—	3,159 ^(m)	3,159
Build-to-suit liability	9,898	—	—	9,898
Other noncurrent liabilities	5,711	—	(1,715) ^(k)	3,996
Pension and postretirement benefit obligations	6,426	—	—	6,426
Liabilities subject to compromise	211,363	(211,363) ^(e)	—	—
Commitments and contingencies				
Stockholders' earnings (deficit):				
Predecessor common stock	327	(327) ^(f)	—	—
Successor common stock	—	20 ^(g)	—	20
Predecessor additional paid-in capital	245,546	(1,883) ^(f)	(243,663) ^(l)	—
Successor additional paid-in capital	—	5,640 ^(g)	—	5,640
Retained (deficit) earnings	(302,833)	69,165 ^(h)	233,668 ^(l)	—
Accumulated other comprehensive loss	(26,562)	—	26,562 ^(l)	—
Treasury stock, at cost	(1,078)	1,078 ^(f)	—	—
Total stockholders' earnings (deficit)	(84,600)	73,693	16,567	5,660
Total liabilities and stockholders' earnings (deficit)	\$ 321,016	\$ (10,379)	\$ 18,011	\$ 328,648

Reorganization Adjustments

The consolidated financial information gives effect to the following Reorganization Adjustments, the Plan and the implementation of the transactions contemplated by the Plan. These adjustments give effect to the terms of the Plan and certain underlying assumptions, which include, but are not limited to, the following:

- a. Represents net cash outflows occurring upon the Plan becoming effective on August 31, 2017 as follows:

Cash received from initial draw on New ABL Facility	\$	78,797
Repayment of Debtor-In-Possession financing borrowings, including interest and fees		(66,932)
Cash received from issuance of New Money Notes		38,002
Payment of put option fee		(2,000)
Repayment of prepetition First Lien Notes, including interest and fees		(49,415)
Payment of cash recovery to prepetition Second Lien Noteholders		(6,646)
Payment related to key employee incentive plan		(1,229)
Professional fees paid upon emergence		(956)
Net cash paid upon emergence	\$	<u>(10,379)</u>

- b. Represents the accrual of success fees earned upon emergence of \$2,416 net of payment of accrued interest on the prepetition First Lien Notes of \$455.
- c. Represents repayment of the Debtor-In-Possession financing balance of \$66,599 and the repayment of the prepetition First Lien Notes principal balance of \$48,000, net of the write-off of unamortized original issue discount and deferred issuance costs related to the prepetition First Lien Notes of \$5,412.
- d. Represents the fair value of the Second Lien Notes Indenture issued upon emergence of \$155,720 and the initial draw on New ABL Facility of \$78,797.
- e. Liabilities subject to compromise were satisfied as follows:

12.75% Senior Secured Notes due December 15, 2018	\$	177,019
5.25% Convertible Notes due December 30, 2019		22,323
Accrued interest payable		12,021
Liabilities subject to compromise		211,363
Cash payment to prepetition Second Lien Noteholders		(6,646)
Fair value of Second Lien Notes (including conversion option) issued to prepetition Second and Third Lien Noteholders		(110,200)
New equity issued to prepetition Second and Third Lien Noteholders		(4,528)
Gain on settlement of liabilities subject to compromise	\$	<u>89,989</u>

- f. Represents the cancellation of the Predecessor common stock, warrants and treasury stock.
- g. Represents the issuance of 2,000 common shares of the Successor company in accordance with the Plan.
- h. The cumulative effect on retained earnings of the reorganization adjustments discussed above is as follows:

Gain on settlement of liabilities subject to compromise	\$	89,989
Write off of original issue discount and deferred financing costs		(5,412)
Backstop and other fees related to the repayment of old debt and issuance of new debt		(10,811)
Success fees and key employee incentive plan payments		(4,601)
Net impact to retained earnings (accumulated deficit)	\$	<u>69,165</u>

Fresh-Start Adjustments

- i. Represents the adjustments made to increase the carrying value of property, plant and equipment to their estimated fair value. The Company's overall range of useful lives from an accounting policy perspective did not change. However, when the fair value of each asset was adjusted, a new remaining useful life was assigned to each asset, and the new value will be depreciated over that time period, which may be different from the remaining depreciable life of that asset at the end of the Predecessor period. Estimated fair value was determined as follows:
- The cost approach was utilized to estimate the fair value of personal property as well as buildings and land improvements. This approach considers the amount required to construct or purchase a new asset of equal utility at current market prices, with adjustments in value for physical deterioration.
 - The sales comparison approach was utilized to estimate fair value of owned real property. The sales comparison approach relies upon recent sales, offerings of similar assets or a specific inflationary adjustment to original purchase price to arrive at a probable selling price.
- j. An adjustment of \$8,151 was made to record the estimated fair value of the Successor trade name of \$5,500 and write off \$24 of Predecessor intangible assets, and to record goodwill of \$2,675, representing the excess of the reorganization value of the assets over the fair value of identifiable assets, as follows:

Reorganization value of assets	\$	328,648
Less: fair value of:		
Total current assets		(251,710)
Property, plant and equipment		(56,668)
Successor trade name		(5,500)
Other noncurrent assets		(12,095)
Goodwill	\$	<u>2,675</u>

The fair value of the Successor's customer relationships was determined to be nil.

- k. Represents the elimination of deferred rent and deferred gains of \$2,105, adjusting these balances to zero fair value, net of a liability for unfavorable contracts of \$390.
- l. Represents the cumulative impact of fresh-start adjustments as discussed above and the elimination of Predecessor retained deficit and other comprehensive loss.
- m. Represents the recording of a tax liability related to indefinite lived trade name and land.

Contractual Interest

Effective June 18, 2017, the Company discontinued recording interest expense on outstanding prepetition debt classified as LSTC. The table below shows contractual interest amounts for debt classified as LSTC calculated in accordance with the respective agreements without giving effect to any penalties as a result of the default on such agreements, which are amounts due under the contractual terms of the outstanding debt. Interest expense reported in the Consolidated Statement of Operations and Comprehensive (Loss) Income for the periods after the Effective Date does not include \$4,880, per the table below, in contractual interest on prepetition debt classified as LSTC, which was stayed by the Bankruptcy Court effective on the Petition Date.

	Predecessor	
	June 18, 2017 Through August 31, 2017	
12.75% Senior Secured Notes due December 15, 2018	\$	4,639
5.25% Convertible Notes due December 30, 2019		241
Total Contractual Interest	\$	<u>4,880</u>

Reorganization Items, Net

During the pendency of the Company's chapter 11 cases, expenses and income directly associated with the chapter 11 proceedings were reported separately in reorganization items, net in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income. Reorganization items, net also include adjustments to reflect the carrying value of LSTC at their estimated allowed claim amounts, as such adjustments were determined. The following table presents reorganization items incurred in the the periods after the Effective Date, as reported in the accompanying Consolidated Statement of Operations and Comprehensive (Loss) Income:

	Successor September 1, 2017 Through December 31, 2017	Predecessor January 1, 2017 Through August 31, 2017
Gain on extinguishment of debt	—	(89,989)
Gain on fresh-start revaluation	—	(16,566)
Write-off of unamortized debt issuance costs and discounts	—	10,262
Prepayment penalties and debt-related fees	—	13,191
Professional fees	2,141	7,342
Key employee incentive plan	—	1,229
Reorganization items, net	<u>\$ 2,141</u>	<u>\$ (74,531)</u>

For the period from January 31, 2017 through August 31, 2017 (Predecessor), the cash reorganization items included approximately \$8,571 of professional fees and employee incentives and \$3,673 of debt issuance and repayment costs. Cash reorganization items included approximately \$2,141 for professional fees for the period from September 1, 2017 through December 31, 2017 (Successor). The cash outflow is included in net cash provided by operating activities in our Consolidated Statements of Cash Flows for the periods presented.

(3) Discontinued Operation

On March 15, 2016, the Company completed the sale of TPI for \$55,070 in cash, subject to customary working capital adjustments. Under the terms of the sale, \$1,500 of the purchase price was placed into escrow pending adjustment based upon the final calculation of the working capital at closing. The Company and the buyer agreed to the final working capital adjustment during the third quarter of 2016, which resulted in the full escrowed amount being returned to the buyer. The sale resulted in pre-tax and after-tax gains of \$2,003 and \$1,306, respectively, for the year ended December 31, 2016 (Predecessor).

Prior to the sale of TPI, the Company had two reportable segments consisting of its Plastics segment and its Metals segment. Subsequent to the sale of TPI, which represented the Company's Plastics segment in its entirety, the Company has only one reportable segment.

Summarized results of the discontinued operation were as follows:

	Predecessor Year Ended December 31, 2016
Net sales	\$ 29,680
Cost of materials	21,027
Operating costs and expenses	7,288
Interest expense ^(a)	333
Income from discontinued operations before income taxes	<u>\$ 1,032</u>
Income tax benefit ^(b)	(3,770)
Gain on sale of discontinued operations, net of income taxes	1,306
Income from discontinued operations, net of income taxes	<u>\$ 6,108</u>

^(a) Interest expense was allocated to the discontinued operation based on the debt that was required to be paid as a result of the sale of TPI.

^(b) Income tax benefit for the year ended December 31, 2016 (Predecessor) includes \$4,207 reversal of valuation allowance resulting from the sale of TPI.

(4) Joint Venture

Kreher Steel Company, LLC, a national distributor and processor of carbon and alloy steel bar products, headquartered in Melrose Park, Illinois, was a 50% owned joint venture of the Company. In June 2016, the Company received an offer from its joint venture partner to purchase its ownership share in Kreher for an amount that was less than the current carrying value of the Company's investment in Kreher. The Company determined that the offer to purchase its ownership share in Kreher at a purchase price lower than the carrying value indicated that it may not be able to recover the full carrying amount of its investment, and therefore recognized a \$4,636 other-than-temporary impairment charge in the second quarter of 2016 to reduce the carrying amount of the investment to the negotiated purchase price. Prior to receiving the purchase offer, the Company had no previous indicators that its investment in Kreher had incurred a loss in value that was other-than-temporary. In August 2016, the Company completed the sale of its ownership share in Kreher to its joint venture partner for aggregate cash proceeds of \$31,550, which resulted in a loss on disposal of \$5, including selling expenses. The impairment charge and the loss on disposal are reported in equity in earnings (losses) of joint venture in the Consolidated Statement of Operations and Comprehensive (Loss) Income for the year ended December 31, 2016 (Predecessor). Because the sale of the Company's investment in Kreher is not considered to be a strategic shift that will have a major effect on the Company's operations and financial results, the results of Kreher are reflected within continuing operations in the consolidated financial statements.

The following information summarizes the Company's participation in the joint venture as of and for the year ended December 31, 2016 (Predecessor):

	2016
Equity in losses of joint venture	\$ (4,177)
Investment in joint venture	—
Sales to joint venture	188
Purchases from joint venture	4

(5) Goodwill and Intangible Assets

Goodwill

In connection with the Company's adoption of fresh-start accounting on the Effective Date, the Company recorded \$2,675 of goodwill representing the excess of reorganization value over the fair value of identifiable tangible and intangible assets. The goodwill will not be tax deductible. The Company currently has one reporting unit. The Company will test goodwill for impairment at the reporting unit level on an annual basis and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. There was no change in the carrying value of goodwill between the Effective Date and December 31, 2017 (Successor).

Intangible assets, net

The following summarizes the components of the Company's intangible assets at December 31, 2017 (Successor) and December 31, 2016 (Predecessor):

	Successor		Predecessor	
	December 31, 2017		December 31, 2016	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Customer relationships	\$ —	\$ —	\$ 67,317	\$ 63,216
Intangible asset not subject to amortization:				
Trade name	5,500	—	—	—
Total intangible assets	<u>\$ 5,500</u>	<u>\$ —</u>	<u>\$ 67,317</u>	<u>\$ 63,216</u>

In connection with the Company's adoption of fresh-start accounting on the Effective Date, an insignificant amount of intangible assets and related accumulated amortization of the Predecessor were eliminated. Also as part of fresh-start accounting, the Company recorded an adjustment of \$5,500 representing the fair value of the intangible asset of the Successor (refer to Note 2 - Bankruptcy Related Disclosures). The intangible asset of the Successor is comprised of an indefinite-lived trade name, which is not subject to amortization. The fair value of the Successor trade name intangible asset was determined based on the relief from royalty method, which estimates the savings that the owner of the asset

would realize rather than paying a royalty to use the asset, using forecasted net sales attributable to the trade name and applying a royalty rate, assumed to be 0.1% to those net sales.

The Company recorded amortization expense \$4,088 and \$6,126 for the period January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor), respectively. There was no amortization expense recorded in the period September 1, 2017 through December 31, 2017 (Successor).

(6) Debt

Long-term debt consisted of the following:

	<u>Successor</u> <u>December 31,</u> <u>2017</u>	<u>Predecessor</u> <u>December 31,</u> <u>2016</u>
LONG-TERM DEBT		
7.0% Convertible Notes due December 15, 2017	—	41
11.0% Senior Secured Term Loan Credit Facilities due September 14, 2018	—	99,500
12.75% Senior Secured Notes due December 15, 2018	—	177,019
5.25% Convertible Notes due December 30, 2019	—	22,323
5.00% / 7.00% Convertible Notes due August 31, 2022	168,767	—
Floating rate New ABL Credit Facility due February 28, 2022	101,047	—
Other, primarily capital leases	288	96
Plus: derivative liability for embedded conversion feature	—	403
Less: unvested restricted Second Lien Notes ^(a)	(2,144)	—
Less: unamortized discount	(67,937)	(7,587)
Less: unamortized debt issuance costs	—	(5,199)
Total long-term debt	<u>\$ 200,021</u>	<u>\$ 286,596</u>
Less: current portion	118	137
Total long-term portion	<u>\$ 199,903</u>	<u>\$ 286,459</u>

^(a) Represents unvested portion of \$2,400 of restricted Second Lien Notes issued to certain members of management (see *Note 10 - Share-based compensation*).

Credit Facilities Agreement

On the Effective Date, by operation of the Plan, all outstanding indebtedness, accrued interest, and related fees of the Debtors under the Credit Facilities Agreement, amounting to \$49,400, was paid in full with the proceeds of borrowings under the New ABL Facility and the issuance of Second Lien Notes under the Second Lien Notes Indenture.

12.75% Senior Secured Notes

On the Effective Date, by operation of the Plan, all outstanding indebtedness of the Debtors under the Company's 12.75% New Secured Notes and the New Secured Notes Indenture, was discharged and canceled.

5.25% Convertible Senior Secured Notes

On the Effective Date, by operation of the Plan, all outstanding indebtedness of the Debtors under the Company's 5.25% New Convertible Notes and the New Convertible Notes Indenture, was discharged and canceled.

New ABL Credit Facility

Pursuant to the Plan, on the Effective Date, the Successor entered into the New ABL Facility under which the Company and four of its subsidiaries each are borrowers (collectively, in such capacity, the "Borrowers"). The obligations of the Borrowers have been guaranteed by the subsidiaries of the Company named therein as guarantors. The New ABL Facility provides for a \$125,000 senior secured, revolving credit facility for the Company. Subject to certain exceptions and permitted encumbrances, the obligations under the New ABL Facility are secured by a first priority security interest in substantially all of the assets of each of the Borrowers and certain of their foreign subsidiaries. The proceeds of the advances under the New ABL Facility may only be used to (i) pay certain fees and expenses to the Agent and the

lenders under the New ABL Facility, (ii) provide for Borrowers' working capital needs and reimburse drawings under letters of credit, (iii) repay the obligations under the Debtor-in-Possession Revolving Credit and Security Agreement dated as of July 10, 2017, by and among the Company, the lenders party thereto, and PNC Bank, National Association, and certain other existing indebtedness, and (iv) provide for the Borrowers' capital expenditure needs, in accordance with the New ABL Facility.

The Company may prepay its obligations under the New ABL Facility at any time without premium or penalty, and must apply the net proceeds of material sales of collateral in prepayment of such obligations. Indebtedness for borrowings under the New ABL Facility is subject to acceleration upon the occurrence of specified defaults or events of default, including failure to pay principal or interest, the inaccuracy of any representation or warranty of a loan party, failure by a loan party to perform certain covenants, defaults under indebtedness owed to third parties, certain liability producing events relating to the Employee Retirement Income Security Act of 1974 ("ERISA"), the invalidity or impairment of the Agent's lien on its collateral or of any applicable guarantee, and certain adverse bankruptcy-related and other events.

Interest on indebtedness accrues based on the applicable prime or LIBOR-based rate plus a margin, as set forth in the New ABL Facility. Additionally, the Company must pay a monthly Facility Fee equal to the product of (i) 0.25% per annum (or, if the average daily revolving facility usage is less than 50% of the maximum revolving advance amount, 0.375% per annum) multiplied by (ii) the amount by which the maximum revolving advance amount exceeds such average daily revolving facility usage for such month. The weighted average interest rate on outstanding borrowings under the Revolving Credit Facility for the Successor period September 1, 2017 through December 31, 2017 (Successor) was 3.95% and the weighted average Facility Fee for the period was 0.25%. The Company pays certain customary recurring fees with respect to the Revolving Credit Facility.

The New ABL Facility includes negative covenants customary for an asset-based revolving loan. Such covenants include limitations on the ability of the Borrowers to, among other things, (i) effect mergers and consolidations, (ii) sell assets, (iii) create or suffer to exist any lien, (iv) make certain investments, (v) incur debt and (vi) transact with affiliates. In addition, the New ABL Facility includes customary affirmative covenants for an asset-based revolving loan, including covenants regarding the delivery of financial statements, reports and notices to the Agent. The New ABL Facility also contains customary representations and warranties and event of default provisions for a secured term loan.

The Company's New ABL Facility contains a springing financial maintenance covenant requiring the Company to maintain a Fixed Charge Coverage Ratio of 1.0 to 1.0 in any covenant testing period when the Company's cash liquidity (as defined in the New ABL Facility Agreement) is less than the greater of i) 10% of the New ABL Facility's maximum borrowing capacity (as defined in the New ABL Facility Agreement) and ii) \$9.0 million. The Company is not in a covenant testing period as of December 31, 2017 (Successor).

Second Lien Notes

Pursuant to the Plan, on the Effective Date, the Company entered into a Second Lien Notes Indenture with Wilmington Savings Fund Society, FSB, as trustee and collateral agent ("Indenture Agent") and, pursuant thereto, issued approximately \$164,902 in aggregate original principal amount of its Second Lien Notes, including \$2,400 of restricted Second Lien Notes issued to certain members of management (see *Note 10 - Share-based compensation*).

The Second Lien Notes are five year senior obligations of the Company and certain of its subsidiaries, secured by a lien on all or substantially all of the assets of the Company, its domestic subsidiaries and certain of its foreign subsidiaries, which lien the Indenture Agent has agreed will be junior to the lien of the Agent under the New ABL Facility.

As further described below, the Second Lien Notes are convertible into common stock at the option of the holder. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, together with cash in lieu of fractional shares. The Company determined that upon issuance, the conversion option was not clearly and closely related to the economic characteristics of the Second Lien Notes, nor did it meet the criteria to be considered indexed to the Company's common stock. As a result, the Company concluded that the embedded conversion option must be bifurcated from the Second Lien Notes, separately valued and marked-to-market through earnings in each subsequent reporting period. Prior to December 31, 2017, the embedded conversion option was classified in long-term debt.

On December 31, 2017, changes in the Company's governance were resolved that resulted in the conversion option meeting the criteria to be considered indexed to the Company's common stock effective December 31, 2017. Accordingly, the conversion option was no longer required to be recognized as a bifurcated embedded derivative with changes in its fair value marked-to-market through earnings. On this date, the previously bifurcated embedded conversion option was remeasured to a fair value of \$60,760 and reclassified from a liability to additional paid-in capital.

The deferred tax asset of \$17,044 associated with the temporary difference between the financial reporting basis of the liability and its tax basis at the Effective Date was also reclassified to additional paid-in capital for a net reclass to additional paid in capital of \$43,716.

The Second Lien Notes are convertible into shares of the Company's common stock at any time at the initial conversion price of \$3.77 per share, which rate is subject to adjustment as set forth in the Second Lien Notes Indenture. The value of shares of the Company's common stock for purposes of the settlement of the conversion right will be calculated as provided in the Second Lien Notes Indenture, using a 20 trading day observation period. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, together with cash in lieu of fractional shares.

Under the Second Lien Notes Indenture, in a conversion of the Second Lien Notes in connection with a "Fundamental Change" (as defined in the Second Lien Notes Indenture), for each \$1.00 principal amount of the Second Lien Notes, that number of shares of the Company's common stock issuable upon conversion shall equal the greater of (a) \$1.00 divided by the then applicable conversion price and (b) \$1.00 divided by the stock price with respect to such Fundamental Change, subject to other provisions of the Second Lien Notes Indenture. Subject to certain exceptions, under the Second Lien Notes Indenture a "Fundamental Change" includes, but is not limited to, the following: the acquisition of more than 50% of the voting power of the Company's common equity by a "person" or "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended, the consummation of any recapitalization, reclassification, share exchange, consolidation or merger of the Company pursuant to which the Company's common stock will be converted into cash, securities or other property, the "Continuing Directors" (as defined in the Second Lien Notes Indenture) cease to constitute at least a majority of the board of directors, and the approval of any plan or proposal for the liquidation or dissolution of the Company by the Company's stockholders.

The Second Lien Notes are guaranteed, jointly and severally, by certain subsidiaries of the Company. The Second Lien Notes and the related guarantees are secured by a lien on substantially all of the Company's and the guarantors' assets, subject to certain exceptions pursuant to certain collateral documents pursuant to the Second Lien Notes Indenture. The terms of the Second Lien Notes contain numerous covenants imposing financial and operating restrictions on the Company's business. These covenants place restrictions on the Company's ability and the ability of its subsidiaries to, among other things, pay dividends, redeem stock or make other distributions or restricted payments; incur indebtedness or issue certain stock; make certain investments; create liens; agree to certain payment restrictions affecting certain subsidiaries; sell or otherwise transfer or dispose assets; enter into transactions with affiliates; and enter into sale and leaseback transactions.

The Second Lien Notes may not be redeemed by the Company in whole or in part at any time, subject to certain exceptions provided under the Second Lien Notes Indenture. In addition, if a Fundamental Change occurs at any time, each holder of any Second Lien Notes has the right to require the Company to repurchase such holder's Second Lien Notes for cash at a repurchase price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, subject to certain exceptions.

The Company must use the excess proceeds of material sales of collateral to make an offer of repurchase to holders of the Second Lien Notes. Indebtedness for borrowings under the Second Lien Notes Indenture is subject to acceleration upon the occurrence of specified defaults or events of default, including failure to pay principal or interest, the inaccuracy of any representation or warranty of any obligor under the Second Lien Notes, failure by an obligor under the Second Lien Notes to perform certain covenants, the invalidity or impairment of the Indenture Agent's lien on its collateral or of any applicable guarantee, and certain adverse bankruptcy-related and other events.

Interest on the Second Lien Notes accrues at the rate of 5.00%, except that the Company may, in circumstances where the payment on interest in cash would cause a condition of default under the New ABL Facility, pay at the rate of 7.00% in kind. Currently, the Company is paying interest on the Second Lien Notes in kind at a rate of 7.00%, as required in the first 12 months per the Second Lien Notes Indenture. Interest expense of \$3,865 was paid in kind for the period September 1, 2017 through December 31, 2017 (Successor).

Short-term borrowings

In July 2017, the Company's French subsidiary entered into a local credit facility under which it may borrow against 100% of the eligible accounts receivable factored, with recourse, up to 6,500 euros. The French subsidiary is charged a factoring fee of 0.16% of the gross amount of accounts receivable factored. Local currency borrowings on the French subsidiary's credit facility are charged interest at the daily 3-months Euribor rate plus a 1.0% margin and U.S dollar borrowings on the credit facility are 3-months LIBOR plus a 1.0% margin. The French subsidiary utilizes the local credit

facility to support its operating cash needs. As of December 31, 2017 (Successor), the French subsidiary has borrowings of \$5,854 under the credit facility.

(7) Fair Value Measurements

The three-tier value hierarchy the Company utilizes, which prioritizes the inputs used in the valuation methodologies, is:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of cash, accounts receivable and accounts payable approximate their carrying values. The fair value of cash equivalents are determined using the fair value hierarchy described above.

The Company's pension plan asset portfolio as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor) is primarily invested in fixed income securities, which generally fall within Level 2 of the fair value hierarchy. Fixed income securities in the pension plan asset portfolio are valued based on evaluated prices provided to the trustee by independent pricing services. Such prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. Refer to *Note 11 - Employee Benefit Plans* for pension fair value disclosures.

Fair Value Measurements of Debt

As of December 31, 2017 (Successor), the fair value of the Company's Second Lien Notes, including the conversion option, was estimated to be \$159,042 compared to a carrying value of \$166,623. The fair values for the Second Lien Notes, including the conversion option, falls within Level 3 of the fair value hierarchy and was determined based on market information and a review of prices and terms available for similar debt instruments that do not contain a conversion feature, as well as other factors related to the callable nature of the Second Lien Notes.

The main inputs and assumptions into the fair value model for the Second Lien Notes at December 31, 2017 (Successor) were as follows:

Risk-free interest rate	2.16%
Credit spreads	13.93%
PIK premium spread	2.00%
Volatility	50.00%

Given the nature and the variable interest rates, the fair value of borrowings under the New ABL Facility and the French subsidiary's foreign line of credit approximated the carrying value at December 31, 2017 (Successor).

Fair Value Measurements of Embedded Conversion Feature

The estimated fair value of the conversion option of the Second Lien Notes reclassified from a derivative liability classified as long-term debt to additional paid-in capital on December 31, 2017 (Successor) was estimated to be \$60,760 as of that date (see *Note 6 - Debt*). The estimated fair value of the conversion option of the Second Lien Notes, which falls within Level 3 of the fair value hierarchy, was measured on a recurring basis using a binomial lattice model using the Company's historical volatility over the term corresponding to the remaining contractual term of the Second Lien Notes and observed spreads of similar debt instruments that do not include a conversion feature. Effective with the reclassification of the conversion option from debt to additional paid-in capital on December 31, 2017 (Successor), the conversion option will no longer be measured at fair value on a recurring basis.

Prior to December 31, 2017, the conversion option was recognized as a derivative liability classified as long-term debt with changes in its fair value marked-to-market through earnings. The following reconciliation represents the change in fair value of the conversion option of the Second Lien Notes between December 31, 2016 (Predecessor) and December 31, 2017 (Successor) prior to its reclassification to additional paid-in capital:

	Derivative liability for embedded conversion option (Successor)
Fair value at issuance date	\$ 61,608
Interest paid in kind	1,504
Mark-to-market adjustment on conversion feature ^(a)	(2,352)
Fair value as of December 31, 2017 (Successor)	<u>\$ 60,760</u>

^(a) Mark-to-market adjustment is recognized in unrealized gain on embedded debt conversion option in the Consolidated Statements of Operations and Comprehensive (Loss) Earnings in the period September 1, 2017 through December 31, 2017 (Successor).

(8) Lease Agreements

The Company has operating and capital leases covering certain warehouse and office facilities, equipment, automobiles and trucks, with the lapse of time as the basis for all rental payments.

The Company has determined that for accounting purposes its lease of its operating facility in Janesville, Wisconsin is a build-to-suit lease. During the construction of this facility, which concluded in the fourth quarter of 2015, the Company assumed certain risks of certain construction cost overages and was, therefore, deemed to be the owner of the facility during the construction period. All costs of construction related to this facility are recognized as property, plant and equipment, with a related build-to-suit liability.

Subsequent to the completion of construction, the Company did not qualify for sale-leaseback accounting because of provisions in the lease which constituted prohibited continuing involvement. As a result, the Company will amortize the build-to-suit liability over the lease term and depreciate the building over the lease term. The Company has reflected \$10,148 and \$12,305 as build-to-suit liability in the Consolidated Balance Sheets as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor), respectively.

Total gross value of property, plant and equipment under capital leases was \$360 and \$524 as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor), respectively.

Future minimum rental payments under leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2017 (Successor) are as follows:

	Capital Leases	Operating Leases	Built-to-Suit Lease
2018	\$ 118	\$ 7,970	\$ 897
2019	117	5,848	915
2020	54	4,878	933
2021	—	4,511	952
2022	—	4,643	971
Later years	—	7,255	8,451
Total future minimum rental payments	<u>\$ 289</u>	<u>\$ 35,105</u>	<u>\$ 13,119</u>

Total rental payments charged to expense were \$2,869 in the period September 1, 2017 through December 31, 2017 (Successor), \$6,028 in the period January 1, 2017 through August 31, 2017 (Predecessor), and \$9,175 in the year ended December 31, 2016 (Predecessor). Lease extrication charges of \$6,038 associated with restructuring activities were charged to expense in the year ended December 31, 2016 (Predecessor) within restructuring expense in the Consolidated Statements of Operations and Comprehensive (Loss) Income. There were no lease extrication charges in the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor).

(9) Stockholders' Equity

Stockholders' Equity upon Emergence from Bankruptcy

Pursuant to the Plan, on the Effective Date the Company issued an aggregate of 2,000 shares of New Common Stock. All agreements, instruments, and other documents evidencing, relating to or connected with any equity interests of the Company (which include warrants to purchase the Company's prior common stock and unvested/unexercised awards under any existing pre-Effective Date management incentive compensation plans) were canceled without recovery (refer to *Note 2 - Bankruptcy Related Disclosures*).

Reclassification of Conversion Option from Liabilities to Equity

On December 31, 2017, the Company determined that the condition that caused the conversion option to not meet the criteria to be considered indexed to the Company's common stock was no longer in effect, and the conversion option met the criteria to be considered indexed to the Company's common stock effective December 31, 2017 (see *Note 6 - Debt*). Accordingly, the previously bifurcated embedded conversion option was remeasured to a fair value of \$60,760 and reclassified from a liability to additional paid-in capital. The deferred tax asset of \$17,044 associated with the temporary difference between the financial reporting basis of the derivative and its tax basis at the Effective Date was also reclassified to additional paid-in capital for a net reclass to additional paid-in capital of \$43,716.

Accumulated Comprehensive Loss

Accumulated other comprehensive loss as reported in the Consolidated Balance Sheets as of December 31, 2017 (Successor) and December 31, 2016 (Predecessor) was comprised of the following:

	Successor December 31 2017	Predecessor December 31 2016
Unrecognized pension and postretirement benefit (costs), net of tax	\$ 34	\$ (9,797)
Foreign currency translation losses, net of tax	(2,703)	(16,142)
Total accumulated other comprehensive loss, net of tax	<u>\$ (2,669)</u>	<u>\$ (25,939)</u>

Changes in accumulated other comprehensive (loss) income by component for are as follows:

	Defined Benefit Pension and Postretirement Items			Foreign Currency Items			Total		
	Successor	Predecessor		Successor	Predecessor		Successor	Predecessor	
	September 1, 2017 Through December 31, 2017	January 1, 2017 Through August 31, 2017	Year Ended December 31, 2016	September 1, 2017 Through December 31, 2017	January 1, 2017 Through August 31, 2017	Year Ended December 31, 2016	September 1, 2017 Through December 31, 2017	January 1, 2017 Through August 31, 2017	Year Ended December 31, 2016
Beginning Balance	\$ —	\$ (9,797)	\$ (17,185)	\$ —	\$ (16,142)	\$ (16,636)	\$ —	\$ (25,939)	\$ (33,821)
Other comprehensive income (loss) before reclassifications, net of tax	34	—	5,565	(2,703)	385	494	(2,669)	385	6,059
Amounts reclassified from accumulated other comprehensive loss, net of tax ^(a)	—	(1,008)	1,823	—	—	—	—	(1,008)	1,823
Net current period other comprehensive income (loss)	34	(1,008)	7,388	(2,703)	385	494	(2,669)	(623)	7,882
Adjustment for fresh-start accounting ^(b)	—	10,805	—	—	15,757	—	—	26,562	—
Ending Balance	<u>\$ 34</u>	<u>\$ —</u>	<u>\$ (9,797)</u>	<u>\$ (2,703)</u>	<u>\$ —</u>	<u>\$ (16,142)</u>	<u>\$ (2,669)</u>	<u>\$ —</u>	<u>\$ (25,939)</u>

^(a) See reclassifications from accumulated other comprehensive loss table below for details of reclassification from accumulated other comprehensive loss for the periods September 1, 2017 through December 31, 2017 (Successor), January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor).

^(b) In connection with the application of fresh-start accounting, Predecessor accumulated comprehensive loss was eliminated (refer to *Note 2 - Bankruptcy Related Disclosures*).

Reclassifications from accumulated other comprehensive loss are as follows:

	Successor	Predecessor	
	September 1, 2017 Through December 31, 2017	January 1, 2017 Through August 31, 2017	Year Ended December 31, 2016
Unrecognized pension and postretirement benefit items:			
Prior service cost ^(a)	\$ —	\$ (133)	\$ (200)
Actuarial (loss) gain ^(a)	—	1,141	(1,623)
Total before tax	—	1,008	(1,823)
Tax effect	—	—	—
Total reclassifications for the period, net of tax	<u>\$ —</u>	<u>\$ 1,008</u>	<u>\$ (1,823)</u>

^(a) These accumulated other comprehensive loss income are included in the computation of net periodic pension and postretirement benefit cost included in sales, general and administrative expense.

(10) Share-based Compensation

On the Effective Date, pursuant to the operation of the Plan, the Company's MIP became effective.

The Board or a committee thereof (either, in such capacity, the "Administrator") will administer the MIP. The Administrator has broad authority under the MIP, among other things, to: (i) select participants; (ii) determine the terms and conditions, not inconsistent with the MIP, of any award granted under the MIP; (iii) determine the number of shares of the Company's New Common Stock to be covered by each award granted under the MIP; and (iv) determine the fair market value of awards granted under the MIP.

Persons eligible to receive awards under the MIP include officers, directors and employees of the Company and its subsidiaries. The types of awards that may be granted under the MIP include stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares and other forms of cash or share-based awards.

The maximum number of shares of the Company's New Common Stock that may be issued or transferred pursuant to awards under the MIP (including shares initially convertible as a result of conversion of Second Lien Notes issued pursuant to the MIP) is 3,952, which number may be increased with the approval of the Company's shareholders. If any outstanding award granted under the MIP expires or is terminated or canceled without having been exercised or settled in full, or if shares of the Company's New Common Stock acquired pursuant to an award subject to forfeiture are forfeited, the shares of the Company's New Common Stock allocable to the terminated portion of such award or such forfeited shares will revert to the MIP and will be available for grant under the MIP as determined by the Administrator, subject to certain restrictions.

As is customary in management incentive plans of this nature, in the event of any change in the outstanding shares of the Company's New Common Stock by reason of a stock split, stock dividend or other non-recurring dividends or distributions, recapitalization, merger, consolidation, spin-off, combination, repurchase or exchange of stock, reorganization, liquidation, dissolution or other similar corporate transaction, an equitable adjustment will be made in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the MIP. Such adjustment may include an adjustment to the maximum number and kind of shares of stock or other securities or other equity interests as to which awards may be granted under the MIP, the number and kind of shares of stock or other securities or other equity interests subject to outstanding awards and the exercise price thereof, if applicable.

On the Effective Date, pursuant to the operation of the Plan, all unvested and/or unexercised equity awards under any existing pre-Effective Date management incentive compensation plans were extinguished without recovery.

2017 Management Incentive Plan Award

Pursuant to the Plan, on September 1, 2017, 1,734 shares, together with an aggregate original principal amount of \$2,400 of Second Lien Notes (the "Restricted Notes") convertible into an additional 638 shares of New Common Stock as of the Effective Date, were issued as awards of restricted shares of the Company's New Common Stock (the "Restricted Shares") under the MIP to certain officers of the Company.

The Restricted Shares and Restricted Notes cliff vest on August 31, 2020, subject to the conditions set forth in the MIP. The Restricted Shares grant date fair value of \$3.14 per share was based on the value of the New Common Stock of the Successor Company as calculated on the Effective date.

The following table summarizes the activity relating to the Company's Restricted Shares for the period September 1, 2017 through December 31, 2017 (Successor):

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at September 1, 2017 (Successor)	—	\$ —
Granted	1,734	3.14
Forfeited	—	—
Vested	—	—
Unvested at December 31, 2017 (Successor)	<u>1,734</u>	<u>3.14</u>
Expected to vest after December 31, 2017 (Successor)	<u>1,734</u>	<u>3.14</u>

As of December 31, 2017, the unrecognized share-based compensation expense related to unvested Restricted Shares was \$4,843 and the remaining unrecognized compensation cost is expected to be recognized over a weighted-average period of approximately 2.7 years. As discussed in *Note 1 - Basis of Presentation and Significant Accounting Policies*, the Successor has elected to account for forfeitures as they occur.

As of December 31, 2017, the unrecognized compensation expense related to the aggregate original principal amount of \$2,400 of Second Lien Notes issued to certain officers of the Company was \$2,044 and is expected to be recognized over a weighted-average period of approximately 2.7 years. The Company will recognize this expense on a straight-line basis over the three-year vesting period using the fair value at the issue date, \$2,300.

Total share-based compensation expense was \$605 for the period September 1, 2017 through December 31, 2017 (Successor), \$630 for the period January 1, 2017 through August 31, 2017 (Predecessor) and \$1,154 for the year ended December 31, 2016 (Predecessor).

(11) Employee Benefit Plans

Pension Plans

Certain employees of the Company are covered by Company-sponsored qualified pension plans and a supplemental non-qualified, unfunded pension plan (collectively, the "pension plans"). These pension plans are defined benefit, noncontributory plans. Benefits paid to retirees are based upon age at retirement, years of credited service and average earnings. The Company uses a December 31 measurement date for the pension plans.

Effective as of December 31, 2016, the Company merged the assets and liabilities of the Company-sponsored qualified pension plans into a single, qualified pension plan. The merger did not affect the assets or liabilities of the pension plans.

Upon the adoption of fresh-start accounting, the Company remeasured its obligations under its pension plans. The remeasurement increased the Company's defined benefit pension obligations by approximately \$4,348 and was driven primarily by a change in the discount rate.

The Company-sponsored pension plans are frozen for all employees except for employees represented by the United Steelworkers of America. The assets of the Company-sponsored qualified pension plan are maintained in a single trust account.

The Company's funding policy is to satisfy the minimum funding requirements of the ERISA.

Components of net periodic pension plans (benefit) cost were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Service cost	\$ 140	\$ 260	\$ 377
Interest cost	1,574	3,194	5,182
Expected return on assets	(2,767)	(5,425)	(8,139)
Amortization of prior service cost	—	133	200
Amortization of actuarial loss	—	631	1,832
Net periodic pension plans benefit	<u>\$ (1,053)</u>	<u>\$ (1,207)</u>	<u>\$ (548)</u>

The Company expects no amortization of pension prior service cost and actuarial gain/loss for the next fiscal year (Successor).

The status of the pension plans were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Change in projected benefit obligation:			
Projected benefit obligation at beginning of period	\$ 159,028	\$ 154,680	\$ 162,941
Service cost	140	260	377
Interest cost	1,574	3,194	5,182
Benefit payments	(3,889)	(7,282)	(9,459)
Actuarial loss (gain)	574	8,176	(4,361)
Projected benefit obligation at end of period	<u>\$ 157,427</u>	<u>\$ 159,028</u>	<u>\$ 154,680</u>
Change in plan assets:			
Fair value of plan assets at beginning of period	\$ 162,929	\$ 157,714	\$ 154,506
Actual return on assets	3,376	11,897	12,253
Employer contributions	342	600	414
Benefit payments	(3,889)	(7,282)	(9,459)
Fair value of plan assets at end of period	<u>\$ 162,758</u>	<u>\$ 162,929</u>	<u>\$ 157,714</u>
Funded status – net asset	<u>\$ 5,331</u>	<u>\$ 3,901</u>	<u>\$ 3,034</u>
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension cost	\$ 10,745	\$ 9,350	\$ 8,501
Accrued liabilities	(378)	(370)	(367)
Pension benefit obligations	(5,036)	(5,079)	(5,100)
Net amount recognized	<u>\$ 5,331</u>	<u>\$ 3,901</u>	<u>\$ 3,034</u>
Pre-tax components of accumulated other comprehensive loss:			
Unrecognized actuarial gain (loss)	\$ 34	\$ —	\$ (25,665)
Unrecognized prior service cost	—	—	(517)
Total	<u>\$ 34</u>	<u>\$ —</u>	<u>\$ (26,182)</u>
Accumulated benefit obligation	<u>\$ 157,427</u>	<u>\$ 158,373</u>	<u>\$ 154,044</u>

For the plans with an accumulated benefit obligation in excess of plan assets, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets were \$5,414, \$5,414 and \$0, respectively, at December 31, 2017 (Successor), \$5,449, \$5,449 and \$0, respectively, at August 31, 2017 (Predecessor) and \$5,467, \$5,467 and \$0, respectively, at December 31, 2016 (Predecessor).

The assumptions used to measure the projected benefit obligations for the Company's defined benefit pension plans were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Discount rate	3.51 - 3.58%	3.52 - 3.62%	3.70 - 3.83%
Projected annual salary increases	0 - 3.00%	0 - 3.00%	0 - 3.00%

The assumptions used to determine net periodic pension cost were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Discount rate	3.52 - 3.62%	3.70 - 3.83%	4.00%
Expected long-term rate of return on plan assets	5.00%	5.25%	5.25%
Projected annual salary increases	0 - 3.00%	0 - 3.00%	0 - 3.00%

The Company's expected long-term rate of return on plan assets is derived from reviews of asset allocation strategies and historical and anticipated future long-term performance of individual asset classes. The Company's analysis gives consideration to historical returns and long-term, prospective rates of return.

The Company's pension plan assets are allocated primarily to fixed income securities at December 31, 2017 (Successor) and December 31, 2016 (Predecessor).

The Company's pension plans' funds are managed in accordance with investment policies recommended by its investment advisor and approved by the Human Resources Committee of the Board of Directors. The overall target portfolio allocation is 100% fixed income securities. These funds' conformance with style profiles and performance is monitored regularly by management, with the assistance of the Company's investment advisor. Adjustments are typically made in the subsequent quarters when investment allocations deviate from the target range. The investment advisor provides quarterly reports to management and the Human Resources Committee of the Board of Directors.

In accordance with ASU No. 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value ("NAV") per Share (or Its Equivalent)," certain of the Company's investments have been valued using the NAV per share (or its equivalent) practical expedient and are therefore not classified in the fair value hierarchy. The fair value amounts presented in these tables for the Company's investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the reconciliation of changes in the plan's benefit obligations and fair value of plan assets above.

The fair values of the Company's pension plan assets fall within the following levels of the fair value hierarchy as of December 31, 2017 (Successor):

	Level 1	Level 2	Level 3	Total
Fixed income securities ^(a)	\$ 16,841	\$ 140,877	\$ —	\$ 157,718
Investments measured at net asset value				6,567
Accounts payable – pending trades				(1,527)
Total				<u>\$ 162,758</u>

^(a) Fixed income securities are comprised of corporate bonds (80%), government bonds (12%), government agency securities (3%) and other fixed income securities (5%).

The fair values of the Company's pension plan assets fall within the following levels of the fair value hierarchy as of December 31, 2016 (Predecessor):

	Level 1	Level 2	Level 3	Total
Fixed income securities ^(b)	\$ 16,427	\$ 142,486	\$ —	\$ 158,913
Investments measured at net asset value				5,455
Accounts payable – pending trades				(6,654)
Total				<u>\$ 157,714</u>

^(b) Fixed income securities are comprised of corporate bonds (87%), government bonds, (4%) government agency securities (2%) and other fixed income securities (7%).

The estimated future pension benefit payments are:

2018	\$ 10,563
2019	10,670
2020	10,730
2021	10,748
2022	10,561
2023 — 2027	49,917

The Company was party to a multi-employer pension plan in Ohio. In connection with the April 2015 restructuring plan, the Company stated its intention to withdraw from the Ohio multi-employer pension plan. The liability associated with the withdrawal from this plan was initially estimated by the Company to be \$5,500 at December 31, 2015 (Predecessor). Based on additional information obtained by the Company during the year ended December 31, 2016 (Predecessor), the estimated withdrawal obligation was reduced by \$1,973, resulting in an estimated liability to withdraw from the plan of \$3,527 at December 31, 2016 (Predecessor). The gain recognized from the reduction in the withdrawal liability is included in restructuring expense, net in the Consolidated Statements of Operations and Comprehensive (Loss) Income for the Predecessor year ended December 31, 2016 (Predecessor).

Postretirement Plan

The Company also provides declining value life insurance to its retirees and a maximum of three years of medical coverage to qualified individuals who retire between the ages of 62 and 65. The Company does not fund these benefits in advance, and uses a December 31 measurement date.

Upon the adoption of fresh-start accounting, the Company remeasured its obligations under its postretirement plans. The re-measurement decreased the Company's other postretirement benefit obligations by approximately \$74 and was driven primarily by a change in the discount rate.

Components of net periodic postretirement plan benefit were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Service cost	\$ 12	\$ 22	\$ 71
Interest cost	12	33	65
Amortization of actuarial gain	—	(193)	(209)
Net periodic postretirement plan gain (cost)	<u>\$ 24</u>	<u>\$ (138)</u>	<u>\$ (73)</u>

The Company expects no amortization of actuarial gain/loss for the next fiscal year.

The status of the postretirement plan was as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Change in accumulated postretirement benefit obligations:			
Accumulated postretirement benefit obligation at beginning of period	\$ 1,490	\$ 1,564	\$ 2,427
Service cost	12	22	71
Interest cost	12	33	65
Benefit payments	(78)	(156)	(240)
Actuarial loss (gain)	2	27	(759)
Accumulated postretirement benefit obligation at end of period	\$ 1,438	\$ 1,490	\$ 1,564
Funded status – net liability	\$ (1,438)	\$ (1,490)	\$ (1,564)
Amounts recognized in the consolidated balance sheets consist of:			
Accrued liabilities	\$ (97)	\$ (143)	\$ (234)
Postretirement benefit obligations	(1,341)	(1,347)	(1,330)
Net amount recognized	\$ (1,438)	\$ (1,490)	\$ (1,564)
Pre-tax components of accumulated other comprehensive loss:			
Unrecognized actuarial (loss) gain	\$ (1)	\$ —	\$ 2,574
Total	\$ (1)	\$ —	\$ 2,574

The assumed health care cost trend rates for medical plans were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Medical cost trend rate	5.50%	6.00%	6.00%
Ultimate medical cost trend rate	5.00%	5.00%	5.00%
Year ultimate medical cost trend rate will be reached	2019	2019	2019

A 1% increase in the health care cost trend rate assumptions would have increased the accumulated postretirement benefit obligation at December 31, 2017 (Successor) by \$50 with no significant impact on the annual periodic postretirement benefit cost. A 1% decrease in the health care cost trend rate assumptions would have decreased the accumulated postretirement benefit obligation at December 31, 2017 (Successor) by \$46 with no significant impact on the annual periodic postretirement benefit cost.

The weighted average discount rate used to determine the net periodic postretirement benefit costs and the accumulated postretirement benefit obligations were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Net periodic postretirement benefit costs	3.61%	3.42%	3.50%
Accumulated postretirement benefit obligations	3.45%	3.45%	3.61%

Retirement Savings Plans

The Company's retirement savings plan for U.S. employees includes features under Section 401(k) of the Internal Revenue Code. The Company provides a 401(k) matching contribution of 100% of each dollar on eligible employee contributions up to the first 3% of the employee's pre-tax compensation, and an additional 50% of each dollar on eligible employee contributions up to the next 2% of the employee's pre-tax compensation. Each year, in addition to the employer matching contribution, the Company's Chief Executive Officer may approve a discretionary Company contribution up to 4% of eligible employee's annual pre-tax compensation. The discretionary contribution is provided as an identical percentage of each employee's annual pre-tax compensation, regardless of their individual contributions to the 401(k) program. Company contributions cliff vest after two years of employment.

The amounts expensed by the Company relating to its 401(k) plan and other international retirement plans were \$749 and \$1,244 for the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor), respectively, and \$2,725 for the year ended December 31, 2016 (Predecessor).

(12) Restructuring Activity

The Company has implemented several restructuring plans over the last several years in an effort to adapt operations to market conditions. These restructuring plans included organizational changes, including workforce reductions and the consolidation of facilities in locations deemed to have redundant operations. The organizational changes and consolidations were part of the Company's overall plan to streamline the organizational structure, lower structural operating costs, and increase liquidity.

As a result of its restructuring activities, the Company incurred the following restructuring expenses:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Employee termination and related benefits ^(a)	\$ —	\$ 185	\$ (854)
Lease termination costs	—	—	6,038
Moving costs associated with plant consolidations	—	305	4,558
Professional fees	—	76	1,839
Loss on disposal of fixed assets	—	—	1,361
Total expense	<u>\$ —</u>	<u>\$ 566</u>	<u>\$ 12,942</u>

^(a) Employee termination and related benefits primarily consists of severance and pension related costs. Included in the year ended December 31, 2016 (Predecessor) was income of \$1,973, which resulted from a reduction in an estimated pension withdrawal liability of \$5,500 recorded in 2015.

In the year ended December 31, 2016 (Predecessor), the Company recorded charges of \$452 for inventory moved from consolidated plants that was subsequently identified to be scrapped. The inventory charge is reported in cost of materials in the Consolidated Statement of Operations and Comprehensive Loss (Income) for the year ended December 31, 2016 (Predecessor).

In the first quarter of 2016, the Company closed its Houston and Edmonton facilities and sold all the equipment at these facilities to an unrelated third party. Restructuring activities associated with the strategic decision to close these facilities included employee termination and related benefits, lease termination costs, moving costs associated with exit from the closed facilities, and professional fees at the closed facilities.

As all of the previously announced restructuring activities are complete, the Company recorded no restructuring expenses in the period September 1, 2017 through December 31, 2017 (Successor).

Restructuring reserve activity is summarized below:

	Successor				
	Balance September 1, 2017	Period Activity			Balance December 31, 2017
		Charges (gains)	Cash payments	Impairment and non-cash activity	
Employee termination and related benefits ^(a)	\$ 3,551	\$ —	\$ (44)	\$ —	\$ 3,507
Lease termination costs ^(b)	701	—	(139)	—	562
Total 2017 Activity	\$ 4,252	\$ —	\$ (183)	\$ —	\$ 4,069

	Predecessor				
	Balance January 1, 2017	Period Activity			Balance August 31, 2017
		Charges	Cash payments	Impairment and non-cash activity	
Employee termination and related benefits	\$ 3,627	\$ 185	\$ (261)	\$ —	\$ 3,551
Lease termination costs	823	—	(496)	374	701
Moving costs associated with plant consolidations	—	305	(305)	—	—
Professional fees	—	76	(76)	—	—
Total	\$ 4,450	\$ 566	\$ (1,138)	\$ 374	\$ 4,252

	Predecessor				
	Balance January 1, 2016	Period Activity			Balance December 31, 2016
		Charges (gains)	Cash (payments) receipts	Impairment and non-cash activity	
Employee termination and related benefits ^(c)	\$ 8,301	\$ (854)	\$ (3,820)	\$ —	\$ 3,627
Lease termination costs ^(d)	232	6,038	(3,160)	(2,287)	823
Moving costs associated with plant consolidations	—	4,558	(4,558)	—	—
Professional fees	—	1,839	(1,839)	—	—
Disposal of fixed assets	—	1,361	2,703	(4,064)	—
Inventory adjustment	—	452	—	(452)	—
Total 2016 Activity	\$ 8,533	\$ 13,394	\$ (10,674)	\$ (6,803)	\$ 4,450

^(a) As of December 31, 2017 (Successor), the short-term employee termination and related benefits of \$340 is included in accrued payroll and employee benefits in the Consolidated Balance Sheets and the long-term liability of \$3,167 associated with the Company's withdrawal from a multi-employer pension plan is included in other non-current liabilities in the Consolidated Balance Sheets.

^(b) Payments on certain of the lease obligations are scheduled to continue until 2020. Market conditions and the Company's ability to sublease these properties could affect the ultimate charge related to the lease obligations. Any potential recoveries or additional charges could affect amounts reported in the consolidated financial statements of future periods. As of December 31, 2017 (Successor), the short-term portion of the lease termination costs of \$304 is included in accrued and other current liabilities and the long-term portion of the lease termination costs of \$258 is included in other noncurrent liabilities in the Consolidated Balance Sheets.

^(c) Included in charges (gains) for the year ended December 31, 2016 (Predecessor) is income of \$1,973 that resulted from a reduction in an estimated pension withdrawal liability of \$5,500 recorded in the year ended December 31, 2015 (Predecessor).

^(d) In connection with the closure of the Company's Houston and Edmonton facilities, the Company agreed to sell its fixed assets and to a reduction in future proceeds from the sale of inventory in exchange for the assignment of its remaining lease obligations at its Houston facility resulting in a non-cash charge of \$2,287 during the year ended December 31, 2016 (Predecessor).

(13) Income Taxes

The components of (loss) income from continuing operations before income taxes and equity in losses of joint venture were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Domestic	\$ (16,934)	\$ 27,153	\$ (104,524)
Non-United States ("U.S")	419	7,650	(7,935)

The income taxes benefit consisted of the following components:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Federal			
current	\$ —	\$ —	\$ —
deferred	(3,106)	(1,412)	(4,231)
State			
current	—	25	25
deferred	(316)	—	(114)
Foreign			
current	249	953	1,783
deferred	(15)	(953)	(9)
	\$ (3,188)	\$ (1,387)	\$ (2,546)

The items accounting for differences between the income tax benefit computed at the federal statutory rate and the provision for income taxes were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Federal income tax at statutory rates	\$ (5,780)	\$ 12,181	\$ (39,361)
State income taxes, net of federal income tax benefits	(2,871)	(2,347)	(5,118)
Permanent items:			
Section 956 inclusions	294	2,132	13,132
Convertible debt – non-deductible	—	(29,903)	3,024
Intercompany bad debt deduction	(11,680)	—	—
Other permanent differences	943	1,941	2,719
Federal and state income tax on joint venture	—	—	(1,660)
Rate differential on foreign income	(34)	(490)	795
Valuation allowance	19,157	15,771	23,746
Discrete impact of the Tax Act	(4,799)	—	—
Other	1,582	(672)	177
Income tax benefit	\$ (3,188)	\$ (1,387)	\$ (2,546)
Effective income tax benefit rate	19.3%	(4.0)%	2.3%

On December 22, 2017, the U.S. enacted significant changes to the U.S. tax law following the passage and signing of the Tax Act. The Tax Act included significant changes to existing tax law, including, but not limited to, a permanent reduction to the U.S. federal corporate income tax rate from 35% to 21%.

On December 22, 2017, the SEC issued SAB 118, which expresses views of the SEC regarding ASC 740 in the reporting period that includes the enactment date of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record and provisional estimate in the financial statements.

As a result of the Tax Act's impact on the realizability of the Company's deferred tax assets, and after consideration of the impacts to valuation allowances, the Company has recognized a net tax benefit of \$4,799, which was recorded as additional income tax benefit for the period September 1, 2017 through December 31, 2017 (Successor). The Company has recorded provisional adjustments but it has not completed its accounting for income tax effects for certain elements of the Tax Act.

A deferred tax asset of \$17,044 at December 31, 2017 associated with the temporary difference between the financial reporting basis and tax basis at the Effective Date of an embedded derivative liability was reclassified from a liability to additional paid-in capital on December 31, 2017 (see *Note 9 - Stockholders' Equity*).

Significant components of deferred tax assets and liabilities of December 31, 2017 and 2016 are as follows:

	<u>Successor</u> <u>December 31,</u> <u>2017</u>	<u>Predecessor</u> <u>December 31,</u> <u>2016</u>
Deferred tax assets:		
Pension and postretirement benefits	\$ —	\$ 809
Deferred compensation	540	595
Restructuring related and other reserves	5	4
Alternative minimum tax and net operating loss carryforward	55,295	91,769
Intangible assets and goodwill	6,439	11,647
Other, net	1,692	2,818
Deferred tax assets before valuation allowance	63,971	107,642
Valuation allowance	(52,153)	(79,908)
Total deferred tax assets	\$ 11,818	\$ 27,734
Deferred tax liabilities:		
Depreciation	\$ 4,991	\$ 5,006
Inventory	3,301	20,172
Pension	135	—
Excess of book basis over tax basis in investments	238	—
Convertible debt discount	17,773	1,883
Other, net	268	292
Total deferred tax liabilities	26,706	27,353
Net deferred tax (liabilities) assets	\$ (14,888)	\$ 381

As of December 31, 2017 (Successor), the Company had \$162,523 of federal and \$207,131 of state net operating loss carryforwards which will begin expiring in 2032 and 2018, respectively, \$2,010 of federal AMT credits which will be fully refundable by 2021 as a result of the Tax Act, and \$546 of state credit carryforwards which will begin expiring in 2024. Substantially all of the Company's federal and state net operating loss carryforwards are expected to be limited by IRC Section 382 due to the ownership change in 2017 resulting from the Company's restructuring through its chapter 11 cases. As of December 31, 2017 (Successor), the Company had \$37,335 of foreign net operating loss carryforwards, of which a significant portion carry forward for an indefinite period.

The Company continues to maintain valuation allowances against substantially all U.S. and foreign deferred tax assets to reduce those deferred tax assets to amounts that are realizable either through future reversals of existing taxable temporary differences or through taxable income in carryback years for the applicable jurisdictions.

Activity in the Company's valuation allowances for the U.S. and non-U.S. operations were as follows:

	Successor	Predecessor	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Domestic			
Balance, beginning of period	\$ 47,898	\$ 69,683	\$ 55,474
Provision charged to expense	(6,403)	(16,765)	18,906
Fresh-start accounting adjustments	—	(5,020)	—
Provision charged to discontinued operations and other comprehensive income	1,542	—	(4,697)
Balance, end of period	\$ 43,037	\$ 47,898	\$ 69,683
Foreign			
Balance, beginning of period	\$ 8,725	\$ 10,225	\$ 8,481
Impact of foreign exchange on beginning of period balance	230	633	(702)
Fresh-start accounting adjustments	—	(354)	—
Provision charged to expense	161	(1,779)	2,446
Balance, end of period	\$ 9,116	\$ 8,725	\$ 10,225

The Company is subject to taxation in the U.S, state jurisdictions and foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording the related income tax assets and liabilities. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not criterion, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

In the ordinary course of business, the Company is subject to review by domestic and foreign taxing authorities, including the IRS. In general, the Company is no longer subject to audit by the IRS for tax years through 2012 and state, local or foreign taxing authorities for tax years through 2011. Currently, the Company is undergoing an income tax audit related to its Canadian operations for the years 2015 and 2016. The Company does not anticipate that any adjustments from this audit will have a material impact on its consolidated financial position, results of operations or cash flows.

During 2017, the Company pledged its foreign assets as collateral for the New ABL Facility. This resulted in a foreign income inclusion in the U.S. under IRC Section 956, which was comprised of current and accumulated earnings and profits. As a result of this inclusion and the deemed repatriation under the Tax Act, there are no remaining undistributed earnings as of December 31, 2017 (Successor) on which the Company would need to record any additional deferred tax liability in the U.S.

(14) Commitments and Contingent Liabilities

The Company is party to a variety of legal proceedings, claims, and inquiries, including proceedings or inquiries by governmental authorities, which arise from the operation of its business. These proceedings, claims, and inquiries are incidental to and occur in the normal course of the Company's business affairs. The majority of these proceedings, claims, and inquiries relate to commercial disputes with customers, suppliers, and others; employment and employee benefits-related disputes; product quality disputes with vendors and/or customers; and environmental, health and safety claims. It is the opinion of management that the currently expected outcome of these proceedings, claims, and inquiries, after taking into account recorded accruals and the availability and limits of our insurance coverage, will not have a material adverse effect on the consolidated results of operations, financial condition or cash flows of the Company.

(15) Segment Reporting

Prior to the sale of TPI in March 2016, the Company had two reportable segments consisting of its Plastics segment and its Metals segment. Subsequent to the sale of TPI, which represented the Company's Plastics segment in its entirety, the Company has only one reportable segment, Metals. TPI is reflected in the accompanying consolidated financial statements as a discontinued operation.

The Company's 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, stainless steel, nickel, 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, 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 equipment. The Company also performs various specialized fabrications for its customers through pre-qualified subcontractors that thermally process, turn, polish, cut-to-length and straighten alloy and carbon bar.

The Company operates primarily in North America. Net sales are attributed to countries based on the location of the Company's subsidiary that is selling direct to the customer. Company-wide geographic data is as follows:

	<u>Successor</u>	<u>Predecessor</u>	
	September 1, 2017 through December 31, 2017	January 1, 2017 through August 31, 2017	Year Ended December 31, 2016
Net sales			
United States	\$ 107,080	\$ 222,186	\$ 336,495
Canada	12,476	26,897	40,107
Mexico	18,875	37,418	49,968
All other countries	26,511	67,425	106,580
Total	<u>\$ 164,942</u>	<u>\$ 353,926</u>	<u>\$ 533,150</u>

	<u>Successor</u>	<u>Predecessor</u>
	December 31, 2017	December 31, 2016
Long-lived assets		
United States	\$ 46,989	\$ 40,253
Canada	3,075	2,937
Mexico	3,350	3,198
All other countries	3,513	3,322
Total	<u>\$ 56,927</u>	<u>\$ 49,710</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of A.M. Castle & Co.
Oak Brook, Illinois

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of A.M. Castle & Co. and subsidiaries (the "Company") as of December 31, 2017 (Successor) and 2016 (Predecessor), and the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity (deficit), and cash flows for the period from September 1, 2017 through December 31, 2017 (Successor), the period from January 1, 2017 through August 31, 2017, and for the year ended December 31, 2016 (Predecessor), and the related consolidated notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 (Successor) and 2016 (Predecessor), and the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity (deficit), and cash flows for the period from September 1, 2017 through December 31, 2017 (Successor), the period from January 1, 2017 through August 31, 2017, and for the year ended December 31, 2016 (Predecessor), in conformity with accounting principles generally accepted in the United States of America.

Emergence from Bankruptcy

As discussed in Note 2 to the financial statements, on August 2, 2017, the Bankruptcy Court entered an order confirming the plan of reorganization which became effective on August 31, 2017. Accordingly, the accompanying financial statements have been prepared in conformity with Financial Accounting Standards Board Accounting Standards Codification 852, Reorganizations, for the Successor Company as a new entity with assets, liabilities, and a capital structure having carrying values not comparable with prior periods.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP

Chicago, Illinois
March 14, 2018

We have served as the Company's auditor since 2002.

ITEM 9 — Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A — Controls & Procedures

Disclosure Controls and Procedures

A review and evaluation was performed by the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Security Exchange Act of 1934). Based upon that review and evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2017 (Successor).

(a) Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities Exchange Act of 1934 rule 240.13a-15(f). The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even effective internal control over financial reporting can only provide reasonable assurance with respect to the financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company, under the direction of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2017 (Successor) based upon the framework published by the Committee of Sponsoring Organizations of the Treadway Commission, referred to as the *Internal Control - Integrated Framework (2013)*.

Based on our evaluation under the framework in *Internal Control — Integrated Framework (2013)*, the Company's management has concluded that our internal control over financial reporting was effective as of December 31, 2017 (Successor).

(b) Change in Internal Control Over Financial Reporting

An evaluation was performed by the Company's management, including the CEO and CFO, of any changes in internal controls over financial reporting that occurred during the last fiscal quarter and that materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. The evaluation did not identify any change in the Company's internal control over financial reporting that occurred during the latest fiscal quarter and that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B — Other Information

None.

PART III

ITEM 10 — *Directors, Executive Officers and Corporate Governance*

Information with respect to our executive officers is set forth in Part I of this Annual Report under the caption “Executive Officers of the Registrant.” All additional information required by this Item 10 will be incorporated by reference from the Company’s Definitive Proxy Statement for its 2018 annual meeting of stockholders, dated and to be filed with the Securities and Exchange Commission within 120 days of the Company’s fiscal year end.

ITEM 11 — *Executive Compensation*

The information required by this Item 11 will be incorporated by reference from the Company’s Definitive Proxy Statement for its 2018 annual meeting of stockholders, dated and to be filed with the Securities and Exchange Commission within 120 days of the Company’s fiscal year end.

ITEM 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this Item 12 will be incorporated by reference from the Company’s Definitive Proxy Statement for its 2018 annual meeting of stockholders, dated and to be filed with the Securities and Exchange Commission within 120 days of the Company’s fiscal year end.

ITEM 13 — *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 will be incorporated by reference from the Company’s Definitive Proxy Statement for its 2018 annual meeting of stockholders, dated and to be filed with the Securities and Exchange Commission within 120 days of the Company’s fiscal year end.

ITEM 14 — *Principal Accountant Fees and Services*

The information required by this Item 14 will be incorporated by reference from the Company’s Definitive Proxy Statement for its 2018 annual meeting of stockholders, dated and to be filed with the Securities and Exchange Commission within 120 days of the Company’s fiscal year end.

PART IV

ITEM 15 — Financial Statement Schedules and Exhibits

**A. M. Castle & Co.
Index to Financial Statements**

	<u>Page</u>
Consolidated Statements of Operations and Comprehensive (Loss) Income—For the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor)	36
Consolidated Balance Sheets—December 31, 2017 (Successor) and December 31, 2016 (Predecessor)	37
Consolidated Statements of Cash Flows—For the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor)	38
Consolidated Statements of Stockholders' Equity (Deficit) – For the periods September 1, 2017 through December 31, 2017 (Successor) and January 1, 2017 through August 31, 2017 (Predecessor) and the year ended December 31, 2016 (Predecessor)	40
Notes to Consolidated Financial Statements	41
Report of Independent Registered Public Accounting Firm	77
Exhibit Index	

Exhibit Index

The following exhibits are filed herewith or incorporated herein by reference:

Exhibit Number	Description of Exhibit	Incorporated by Reference Herein			
		Form	Exhibit	Filing Date	File No.
2.1	<u>Debtors' Amended Prepackaged Joint Chapter 11 Plan of Reorganization dated July 25, 2017.</u>	8-K	2.1	August 3, 2017	1-5415
3.1	<u>Articles of Amendment and Restatement of the Company.</u>	8-A	3.1	August 31, 2017	1-5415
3.2	<u>Amended and Restated Bylaws of the Company, adopted August 31, 2017.</u>	8-A	3.2	August 31, 2017	1-5415
4.1	<u>Specimen Certificate for New Common Stock.</u>	8-A	4.1	August 31, 2017	1-5415
4.2	<u>Indenture, dated August 31, 2017, between the Company, certain of its subsidiaries, WSFS, FSB, as Trustee and Collateral Agent.</u>	8-K	10.2	September 6, 2017	1-5415
4.3	<u>Stockholders Agreement dated as of August 31, 2017 by and among A.M. Castle & Co. and certain beneficial owners or holders of record of the New Common Stock signatory thereto.</u>	8-A	10.1	August 31, 2017	1-5415
10.1	<u>Revolving Credit and Security Agreement dated August 31, 2017 between the Company and certain of its subsidiaries, PNC Bank, National Association, as lender and as administrative and collateral agent, and the other lenders party thereto.</u>	8-K	10.1	September 6, 2017	1-5415
10.2	<u>Intercreditor Agreement dated August 31, 2017, between PNC Bank, National Association and Wilmington Savings Fund Society, FSB, and acknowledged by the Company and certain of its subsidiaries.</u>	8-K	10.3	September 6, 2017	1-5415
10.3	<u>Registration Rights Agreement dated as of August 31, 2017 by and among A. M. Castle & Co. and certain beneficial owners or holders of record of the New Common Stock signatory thereto.</u>	8-A	10.2	August 31, 2017	1-5415
10.4*	<u>2017 Management Incentive Plan of the Company.</u>	10-Q	10.1	November 14, 2017	1-5415
10.5*	<u>Form of Award Agreement under the 2017 Management Incentive Plan of the Company.</u>	8-K	10.4	September 6, 2017	1-5415
10.6*	<u>Form of Amended and Restated Change of Control Agreement for all executive officers other than the CEO.</u>	8-K	10.24	September 21, 2010	1-5415
10.7*	<u>Form of Amended and Restated Severance Agreement for executive officers other than the CEO.</u>	8-K	10.26	December 23, 2010	1-5415
10.8*	<u>Form of Retention Bonus Agreement for certain executive officers in connection with CEO leadership transition, dated May 14, 2012.</u>	10-Q	10.30	August 7, 2012	1-5415
10.9*	<u>Amended and Restated Employment Agreement dated December 15, 2017, between A. M. Castle & Co. and Edward Quinn.</u>				
10.10*	<u>Amended and Restated Employment Agreement dated May 15, 2017, between A. M. Castle & Co. and Steven W. Scheinkman.</u>	10-Q	10.1	August 9, 2017	1-5415
10.11*	<u>Amended and Restated Employment Agreement dated May 15, 2017, between A. M. Castle & Co. and Marc E. Edgar.</u>	10-Q	10.2	August 9, 2017	1-5415

10.12*	<u>Amended and Restated Employment Agreement dated May 15, 2017, between A. M. Castle & Co. and Patrick R. Anderson.</u>	10-Q	10.3	August 9, 2017	1-5415
10.13*	<u>Amended and Restated Employment Agreement dated May 15, 2017, between A. M. Castle & Co. and Ronald E. Knopp.</u>	10-Q	10.4	August 9, 2017	1-5415
10.14*	<u>A. M. Castle & Co. Supplemental 401(k) Savings and Retirement Plan, as amended and restated, effective as of January 1, 2009.</u>	10-K	10.14	March 12, 2009	1-5415
10.15*	<u>A. M. Castle & Co. Supplemental Pension Plan, as amended and restated, effective as of January 1, 2009.</u>	10-K	10.15	March 12, 2009	1-5415
10.16*	<u>Form of A. M. Castle & Co. Indemnification Agreement to be executed with all directors and executive officers.</u>	8-K	10.16	July 29, 2009	1-5415
10.17*	<u>First Amendment to the A. M. Castle & Co. Supplemental 401(k) Savings and Retirement Plan, executed April 15, 2009 (as effective April 27, 2009).</u>	8-K	10.1	April 16, 2009	1-5415
10.18*	<u>Severance Agreement dated April 16, 2015, between A. M. Castle & Co. and Steven W. Scheinkman.</u>	8-K	10.3	April 22, 2015	1-5415
10.19*	<u>Change of Control Agreement, dated April 16, 2015, between A. M. Castle & Co. and Steven W. Scheinkman.</u>	8-K	10.4	April 22, 2015	1-5415
10.20	<u>Settlement Agreement by and among A. M. Castle & Co., Raging Capital Management, LLC, Raging Capital Master Fund, Ltd., William C. Martin, Kenneth H. Traub, Allan J. Young and Richard N. Burger, dated May 27, 2016.</u>	8-K	10.1	May 27, 2016	1-5415
10.21	<u>Settlement Agreement dated November 3, 2016, by and among A. M. Castle & Co., Raging Capital Management, LLC and certain of their affiliates, and Steven W. Scheinkman, Kenneth H. Traub, Allan J. Young, and Richard N. Burger.</u>	8-K	10.1	November 4, 2016	1-5415
10.22	<u>Amended and Restated Transaction Support Agreement, dated March 16, 2016, with certain holders of the senior secured notes and convertible notes.</u>	8-K	10.1	March 22, 2016	1-5415
10.23	<u>Unit Purchase Agreement, dated August 7, 2016, by and between A. M. Castle & Co. and Duferco Steel, Inc.</u>	8-K	10.1	August 9, 2016	1-5415
10.24	<u>Asset Purchase Agreement, dated March 11, 2016, by and between Total Plastics, Inc. and Total Plastics Resources LLC.</u>	8-K	10.1	March 17, 2016	1-5415
10.25	<u>Amendment No. 1 to Asset Purchase Agreement, dated March 14, 2016, by and between Total Plastics, Inc. and Total Plastics Resources LLC.</u>	8-K	10.2	March 17, 2016	1-5415
10.26*	<u>Special Bonus Letter dated March 17, 2015, between A.M. Castle & Co. and Mr. Marec Edgar.</u>	10-Q	10.2	April 29, 2015	1-5415
10.27*	<u>A.M. Castle & Co. Directors Deferred Compensation Plan (as amended and restated as of January 1, 2015).</u>	10-K/A	10.42	March 16, 2016	1-5415
10.28*	<u>Second Amendment dated October 8, 2015 to the A.M. Castle & Co. Supplemental 401(k) Savings and Retirement Plan as Amended and Restated effective as of January 1, 2009.</u>	10-K/A	10.43	March 16, 2016	1-5415
10.29*	<u>A.M. Castle & Co. 401(k) Savings and Retirement Plan (as amended and restated effective as of January 1, 2015).</u>	10-K/A	10.44	March 16, 2016	1-5415

10.30*	<u>Second Amendment dated October 8, 2015, to the A.M. Castle & Co. Salaried Employees Pension Plan as Amended and Restated Effective as of January 1, 2010.</u>	10-K/A	10.45	March 16, 2016	1-5415
21.1	<u>Subsidiaries of Registrant</u>	.			
23.1	<u>Consent of Deloitte & Touche LLP</u>				
31.1	<u>CEO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</u>				
31.2	<u>CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</u>				
32.1	<u>CEO and CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.</u>				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Label Linkbase Document				
101.PRE	XBRL Taxonomy Presentation Linkbase Document				

* *Management contract or compensatory plan or arrangement.*

ITEM 16 — Form 10-K Summary

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

A. M. Castle & Co.

(Registrant)

By: /s/ Edward M. Quinn

Edward M. Quinn, Vice President, Controller
and Chief Accounting Officer
(Principal Accounting Officer)

Date: March 14, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities as shown following their name on this 14th day of March, 2018.

/s/ Steven W. Scheinkman

Steven W. Scheinkman, President,
Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

/s/ Patrick R. Anderson

Patrick R. Anderson, Executive
Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky, Director

/s/ Jonathan B. Mellin

Jonathan B. Mellin, Director

/s/ Jacob Mercer

Jacob Mercer, Director

/s/ Jonathan Segal

Jonathan Segal, Director

/s/ Michael J. Sheehan

Michael J. Sheehan, Director

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of December 15, 2017 (the “Commencement Date”), by and between A. M. Castle & Co., a Maryland corporation (the “Employer”), and Edward Quinn, a resident of Naperville, Illinois (the “Employee”).

WITNESSETH:

WHEREAS, Employee is presently employed with Employer pursuant to that Offer Letter dated December 4, 2017 (the “Existing Employment Agreement”);

WHEREAS, in connection with the financial restructuring of the Employer (the “Restructuring”), Employer and Employee desire to amend and restate the Existing Employment Agreement in order to make certain changes thereto; and

WHEREAS, Employer and Employee agree that this Agreement shall amend and restate the Existing Employment Agreement in its entirety, commencing on the Commencement Date, and that the Existing Employment Agreement shall terminate in its entirety.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. Employer has employed and hereby continues to employ Employee, and Employee hereby accepts such continued employment, upon the terms and subject to the conditions set forth in this Agreement. Employee shall be employed by Employer but may serve (and if requested by Employer shall serve) as an officer and/or director of any subsidiary or affiliate of Employer.

2. Term. The term of employment under this Agreement shall commence on the Commencement Date and shall continue for three (3) years thereafter (such three-year period, the “Initial Term”) unless sooner terminated as contemplated herein; *provided, however*, that, unless sooner terminated as contemplated herein, beginning on the first day after the Initial Term and on every anniversary of such date thereafter (each a “Renewal Date”), the then-existing term of this Agreement shall automatically be renewed one additional year (any such renewal term, an “Extension Period”) unless either party gives the other written notice of non-renewal not less than one hundred eighty days (180) days prior to the end of the Initial Term (or the Extension Period, as applicable). For the avoidance of doubt, notice of non-renewal of this Agreement given at any other time shall be void and ineffective. Upon the date of expiration of the term of this Agreement,

Employee shall cease to be employed and shall have no further rights, including but not limited to rights under Section 8, or obligations hereunder, except obligations set forth in Sections 3, 10 and 11.

3. Compensation and Benefits.

(a) Employer shall pay to Employee as compensation for all services rendered by Employee a base salary of \$215,000.00 per year during the Initial Term, or such other sums as the parties may mutually agree on from time to time, payable in accordance with Employer's regular payroll practices as in effect from time to time with respect to all office employees of Employer, but no less frequently than monthly ("Base Salary"). The Employer's board of directors (the "Board") or, if the same is established, the human resources or compensation committee of the Board (the "Compensation Committee") shall have the right to increase Employee's Base Salary from time to time, and Employee shall be entitled to an annual or more frequent review thereof as determined by the Board, with the first such review to occur in the first calendar quarter of Employer's 2018 fiscal year. Such increased Base Salary then shall become Employee's "Base Salary" for purposes of this Agreement.

(b) The Board or Compensation Committee, in its good faith discretion, reasonably exercised, may, with respect to any year during the term hereof, award an incentive opportunity bonus or bonuses to Employee; *provided, however*, that Employer shall annually provide Employee with a short-term incentive plan (the "STIP") to be determined by the Board or the Compensation Committee. Employee's target payment under the STIP (the "Target STIP") shall be forty percent (40%) of Base Salary, and Employee's maximum payment under the STIP shall be such amounts as may be approved by the Board or the Compensation Committee. The STIP shall be on the terms and conditions as determined by the Compensation Committee and established by written summary delivered to Employee no later than March 15 of the applicable year(s). The compensation provided for in this Section 3(b) shall be in addition to any pension, 401(k), or profit sharing payments set aside or allocated for the benefit of Employee in either a tax qualified plan or otherwise.

(c) Employer shall reimburse Employee for all reasonable expenses incurred by Employee in the performance of his duties under this Agreement, in accordance with Employer's expense reimbursement policy; *provided, however*, that Employee must furnish to Employer an itemized account, in form satisfactory to Employer, in substantiation of such expenditures.

(d) Employee shall be entitled to such fringe benefits including, but not limited to, life, medical, disability, and family insurance benefits as may be provided from time to time by Employer to other senior vice presidents of Employer and on an economic basis consistent with past practices and policies of Employer.

(e) To the extent permitted by applicable law and terms of the benefit plans, Employer shall include in Employee's credited service, in any case where credited service is relevant in determining eligibility for or benefits under any employee benefits plan, Employee's service for any parent, subsidiary or affiliate of Employer or for any entity acquired by, or other predecessor of, Employer.

(f) Employer shall provide Employee with either (i) an Employer-leased vehicle, all costs (gas, insurance, maintenance, etc.) paid, or (ii) an auto allowance, and a mobile telephone allowance during the term of the Agreement, as may be provided from time to time by Employer to other senior vice presidents of Employer and on an economic basis consistent with past practices and policies of Employer.

(g) The amount of expenses eligible for reimbursement or in-kind benefits provided during a calendar year may not affect the expenses eligible for reimbursement to be provided in any other calendar year. Reimbursement of eligible expenses will be made on or before the last day of the calendar year following the calendar year in which the expense was incurred and the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(h) Restructuring Compensation

(i) Employee and Employer agree that, in connection with the Restructuring, Employer has established a customary management incentive plan (the "MIP") under which officers and other key employees of Employer, including Employee, shall be eligible to receive, in the aggregate, (a) awards denominated or payable in shares of the new common stock of the restructured Employer and (b) New Notes (as defined in the Restructuring Support Agreement (the "RSA") or the term sheet attached thereto) convertible into shares of the new common stock of the restructured Employer. The shares reserved under the MIP, whether granted directly under the MIP or issuable upon conversion of New Notes granted under the MIP (the "MIP Aggregate Equity"), shall be equal in the aggregate to ten percent (10%) of the equity of the restructured Employer as of the effective date of the Restructuring on a fully diluted basis (exclusive of any shares of new common stock issuable upon conversion of any New Notes issued to purchasers for new money in the Rights Offering (as defined in the RSA or the term sheet attached thereto) but including any shares of new common stock attributable to original issue discount or the Put Option Payment (as defined in the RSA or the term sheet attached thereto)). Employer and Employee agree that the MIP shall provide for a grant of sixty percent (60%) of the MIP Aggregate Equity (inclusive of the New Notes portion) on the effective date of the Restructuring (the "Initial 60% Award") and that forty percent (40%) the MIP Aggregate Equity under the MIP shall be reserved for issuance in respect of awards to be granted pursuant to the MIP following

the Restructuring, in the discretion of the Board (such reserved amount, plus any granted but unvested shares or New Notes that for any reason in accordance with the MIP are forfeited by MIP participants and returned to the MIP Aggregate Equity, the “Reserved 40%”). Upon a Change in Control, the Board shall allocate the full amount of any then-unallocated portion of the Reserved 40%; *provided*, that the Board shall, with respect to the Reserved 40%, have the sole discretion to determine the recipients thereof and the allocation among such recipients, which recipients may or may not include Employee. Of the Initial 60% Award, Employee shall be entitled to an allocation to be determined by the Employer’s Chief Executive Officer, and the allocation to Employee with respect to the Reserved 40%, if any, shall be determined by the Board in its sole discretion.

(ii) Employee shall be entitled to receive Employee’s allocation of the Initial 60% Award on the effective date of the Restructuring, subject to Employee’s continued employment on (and not having delivered a notice of resignation other than for good reason prior to) the effective date of the Restructuring, in a pro rata combination of unvested shares of new common stock and New Notes, with such award to vest on the third (3rd) anniversary of the effective date of the Restructuring, subject to Employee’s continued employment on (and not having delivered a notice of resignation other than for good reason prior to) such anniversary, unless an earlier date for such vesting is otherwise provided for by the terms of this Agreement.

(iii) Employee shall be eligible to participate in such long-term incentive compensation plans that have been approved or may in the future be approved by the shareholders of Employer and administered by the Board.

(iv) For the avoidance of doubt, Employee hereby acknowledges and agrees that neither the Restructuring nor any transactions contemplated pursuant thereto or to the RSA, shall constitute a Change in Control (or term of similar import), as defined herein or in the Existing Employment Agreement.

(v) For purposes of this Section 3(h), Employee shall be considered to have “continued employment” on a given date notwithstanding (a) Employee’s death or termination by Employer due to disability on or before such date, (b) termination by Employee of his employment hereunder on or before such date for good reason, or (c) termination by Employer of Employee’s employment hereunder on or before such date without good cause.

(i) If Employee’s employment hereunder terminates effective at the end of the Initial Term or any Extension Period solely by reason of a non-renewal thereof in accordance with Section 2 hereof (and, for avoidance of doubt, not under any circumstances specified in Section 7

or 8 hereof), Employee shall be entitled to receive the compensation and benefits set forth in this Section 3(i).

(i) If such termination is by reason of a non-renewal by Employer, Employee shall be entitled to receive (A) all salary earned but not yet paid through the date of termination, and (B) (x) any prior-year STIP compensation earned but not yet paid, and the prorated portion of any current year STIP compensation as and when determined in the ordinary course of the calculation of current year STIP award due to other senior vice presidents of Employer, and (y) any and all options, rights or awards under the Reserved 40% that have been granted to, and that have not been forfeited by, Employee before the date of such termination, if any, shall vest on a prorated basis to reflect the portion of the applicable vesting period lapsed as of the date of termination.

(ii) If such termination is by reason of a non-renewal by Employee, Employee shall be entitled to receive all salary earned but not yet paid through the date of termination.

4. Duties. Employee is engaged and shall serve as Vice President, Controller and Chief Accounting Officer of Employer and, as may be requested by Employer from time to time, any other direct or indirect subsidiaries of Employer that may be formed or acquired. In addition, Employee shall have such other duties and hold such other offices as may from time to time be reasonably assigned to him by Employer's Chief Executive Officer and consistent with the office of Vice President, Controller and Chief Accounting Officer. These services shall be provided from offices located in Oak Brook, Illinois, or such other location as may be mutually agreed.

5. Extent of Services; Vacations and Days Off.

(a) During the term of his employment under this Agreement, Employee shall devote substantially his full business time, energy and attention to the benefit and business of Employer as may be necessary in performing his duties pursuant to this Agreement, subject to the following sentence. Employee shall not provide services of a business nature to any other person except that Employee may engage in the Permitted Activities (as defined in Section 11(e)) provided that such activities do not significantly interfere with Employee's performance of his duties hereunder. In order to maximize Employee's efficiency and effectiveness for Employer, Employee may utilize the services of his executive assistant to assist Employee with *de minimis* personal matters.

(b) Employee shall be entitled to paid time off ("PTO") in accordance with the policy of Employer as may be established from time to time by Employer and applied to other senior vice presidents of Employer; *provided, however*, that Employee shall annually be entitled to the

maximum amount of PTO afforded to any other senior vice president of Employer, but no less than four (4) weeks per full calendar year worked.

6. [Reserved]

7. Illness or Incapacity; Termination on Death or Permanent Disability.

(a) If during the term of this Agreement Employee becomes permanently disabled, as defined below, or dies, Employer shall pay to Employee or his estate compensation through the date of death or determination of permanent disability, including salary, any prior-year STIP compensation earned but not yet paid and the prorated portion of any current year STIP as and when determined in the ordinary course of the calculation of current year STIP due to other senior vice presidents of Employer. Employer shall continue to provide medical insurance and other benefits to which Employee's dependents would otherwise have been entitled for 90 days following the date of death or determination of permanent disability, provided that Employee and Employee's dependents, as applicable, shall continue to pay the active-employee contribution toward such benefits. Effective upon the date of death or determination of permanent disability, any and all options, rights or awards under any of Employer's incentive compensation plans that have been granted to, and that have not been forfeited by, Employee before the date of death or termination on account of permanent disability shall immediately vest on a prorated basis to reflect the portion of the applicable vesting period lapsed as of the date of death or termination on account of permanent disability. Except for the benefits set forth in the preceding sentences and any life or disability insurance benefits included in the benefit package provided at such time by Employer to Employee, Employer shall have no additional financial obligation under this Agreement to Employee or his estate. After receiving the payments and health, life, or disability insurance benefits provided in this subparagraph (a), Employee and his estate shall have no further rights under this Agreement.

(b) The terms "permanently disabled" and "permanent disability" as used in this Agreement shall mean that Employee is unable to engage in any substantial gainful activity for a period of at least ninety (90) consecutive days (provided that a return to full work status of less than five full days shall be deemed not to interrupt the calculation of such 90 days), or one hundred twenty (120) days in any twelve (12) month period, by reason of any physical or mental impairment. In the event that Employee becomes "permanently disabled," the Board may terminate Employee's employment under this Agreement upon written notice. If any determination with respect to "permanent disability" is disputed by Employee, Employee agrees to abide by the determination of a qualified, independent physician selected by Employer in good faith. Employee agrees to make himself available for and submit to examinations by such physician as may be reasonably directed by the Board. Failure to submit to any such examination shall constitute a breach of a material part of this Agreement.

(c) All rights of Employee under this Agreement (other than rights already accrued) shall terminate upon Employee's permanent disability, although Employee shall continue to receive any disability benefits to which he may be entitled under any disability income insurance that may be carried by or provided by Employer from time to time. For the avoidance of doubt, during any period of disability, illness or incapacity during the term of this Agreement that renders Employee at least temporarily unable to perform the services required under this Agreement and does not result in Employee's permanent disability, Employee shall receive the compensation payable under Section 3(a) of this Agreement plus any STIP compensation earned during such period, less any benefits received by him under any disability insurance carried by or provided by Employer.

8. Terminations Other Than For Death or Disability.

(a) By Employee

(i) Employee may terminate his employment hereunder for any reason whatsoever other than "good reason" upon giving at least thirty (30) days' prior written notice. In addition, Employee shall have the right to terminate his employment hereunder at any time for "good reason." As used herein, "good reason" means the occurrence of any of the following: (1) the relocation of Employee's office to a location outside the State of Illinois or more than fifty (50) miles from its present location, (2) Employee no longer holds the position (or a position of equal or greater authority and responsibility) held by Employee on the Commencement Date, (3) a change in reporting structure of Employer where Employee is required to report to someone holding a title or position different from the title or position of the person to whom Employee was required to report on the Commencement Date, unless that person has been identified as the intended successor to the person to whom Employee reports on the Commencement Date, (4) any action or inaction that constitutes a material breach by Employer of this Agreement (other than with respect to any provision of this Agreement covered by any of clauses (1) through (3) of this definition of "good reason"), or (5) any Change in Control in connection with which (A) this Agreement is not assumed or continued by any purchaser, acquirer, controlling person or successor to Employer (an "Acquiror") and (B) Employee is not offered employment by such Acquiror for the same or a substantially similar executive position and with the same or substantially similar compensation and other benefit opportunities in the aggregate, in each case as enjoyed by Employee immediately before the Change in Control (*provided, however*, that (i) if Employee receives gross aggregate proceeds (whether in cash or property) in excess of one million dollars (\$1,000,000) as a result of such Change in Control in respect of options, rights or awards under any of Employer's incentive compensation plans (including shares held following the exercise of any option), with the value of the non-cash portion, if any, of such proceeds being determined in good faith by the Board at fair market value as of the

date of such Change in Control, the determination of whether Employee is offered “substantially similar compensation and other benefits opportunities” shall be made without regard to equity-based compensation opportunities, and (ii) if clause (i) does not apply, equity-based compensation opportunities offered by such Acquiror shall be deemed to be “substantially similar” to the equity-based compensation opportunities enjoyed by Employee immediately before the Change in Control if such equity-based compensation opportunities offered by Acquiror are on market-appropriate terms for a company of Employer’s size and industry). Notwithstanding the foregoing, Employee will not have “good reason” to terminate his employment unless (i) he provides the Board with a written notice detailing the specific circumstances alleged to constitute “good reason” within ninety (90) days after Employee first learns (or should have learned) of the first occurrence of such circumstances, (ii) Employer is given a period of thirty (30) days following receipt of such written notice to cure the applicable “good reason” condition, if susceptible to cure, and (iii) Employee actually terminates employment within thirty (30) days following the expiration of Employer’s thirty (30) day cure period described above. For the avoidance of doubt, Employee agrees that neither the Restructuring nor any transactions contemplated pursuant thereto or to the RSA, shall constitute “good reason” hereunder or under the Existing Employment Agreement, and Employee hereby waives any right to claim “good reason” solely by virtue of consummation thereof.

(ii) If Employee gives notice to terminate his employment without “good reason” pursuant to the first sentence of Section 8(a)(i) above, Employer shall have the right to waive all or any portion of the required notice period, and terminate Employee’s employment early, without re-characterizing such termination as a voluntary termination by Employee without “good reason”; *provided, however*, that notwithstanding such early termination, Employee shall remain entitled to payment of compensation and all other benefits to which Employee would have been entitled hereunder in respect of such notice period in the absence of such early termination.

(iii) If Employee terminates his employment hereunder with “good reason” effective on a date earlier than the end of the Initial Term or any then-applicable Extension Period, then (a) any and all options, rights or awards under any of Employer’s incentive compensation plans that have been granted to, and that have not been forfeited by, Employee before the date of such termination shall immediately vest on a prorated basis to reflect the portion of the applicable vesting period lapsed as of the date of termination; (b) Employee shall receive a cash severance amount (the “Cash Severance”) equal to the product of (x) Employee’s Applicable Base and (y) one (1.0) (the “Severance Multiple”), such Cash Severance (in all circumstances contemplated under this Agreement) to be paid:

(1) sixty-five percent (65%) upon the next regular payroll date of Employer following the effectiveness of the Release (as defined below) and the remaining thirty-five percent (35%) in equal monthly installments for six (6) months beginning on the first (1st) regular payroll date of Employer following the six (6) month anniversary of the effective date of termination, *except* that in the event of a Qualifying Change in Control (as defined below) occurring prior to any scheduled payment date for such deferred payments, such deferred payments shall be paid in full in a single lump sum on the later of (x) the closing date of such Qualifying Change in Control and (y) the first (1st) regular payroll date of Employer following the six (6) month anniversary of the effective date of the termination; or

(2) in the case of a termination upon or within twenty-four (24) months following a Qualifying Change in Control, in a single lump-sum payment on the effective date of the termination; and

(c) subject to Employee's timely election and COBRA continuation of health insurance continuation coverage under Employer's applicable benefit plans, a monthly cash reimbursement, for the period of twelve (12) months following the termination of the Agreement (or if earlier, until Employee ceases enrollment in such continuation coverage), of the portion of Employee's cost of COBRA premiums that is in excess of the active-employee cost of such coverage (which active-employee cost shall be the responsibility of Employee), with such monthly cost-reimbursement being paid by Employer directly to the coverage provider in accordance with Employer's past practices; (d) Employee shall continue to receive the perquisites specified in Section 3(f) for the period of one (1) year following the termination of the Agreement (*provided, however*, that if such perquisites are not available under Employer's benefit plans or applicable law, Employer shall be responsible for the reasonable cost of providing equivalent perquisites); and (e) the prorated portion, up to and including the termination date, of any current year STIP as and when determined in the ordinary course of the calculation of current year STIP due to other executives of Employer. The benefits described in clauses (a) through (e) above shall be referred to herein as the "Severance Benefits." For the avoidance of doubt, to the extent that any of the Severance Benefits (in relation to any form of termination of employment under this Agreement) are deferred and not paid in full to Employee on the effective date of his termination, and Employee should later die prior to receiving such deferred Severance Benefits, any outstanding Severance Benefits due and owing to Employee at the time of his death shall be paid in full in a single lump sum to Employee's estate upon presentation to Employer of a certified death certificate. As used herein, the term "Qualifying Change in Control" means a Change in Control (as defined below) that constitutes a change in the ownership or effective control of Employer, or in the ownership of a substantial portion of the assets of Employer, in either case within the meaning of Section 409A (as defined below).

For purposes of this Agreement, the "Applicable Base" shall be the sum of (a) the annual rate of Employee's Base Salary pursuant to Section 3(a) in effect at the time of termination of employment (but no less than such rate of such Base Salary as of the Commencement

Date) and (b) the amount of Employee's Target STIP award for the year in which the termination occurs (but no less than the amount of such Target STIP for the year in which the Commencement Date occurs).

(b) By Employer for Good Cause

(i) Employer may terminate the employment of Employee hereunder for "good cause" (as defined below) immediately upon written notice.

(ii) As used herein, "good cause" shall mean:

(1) Employee's conviction of, or entry of a plea of guilty or "nolo contendere" to, either (x) a felony or (y) any other crime that has, or could be reasonably expected to have, a materially adverse impact on the performance of Employee's duties to Employer or otherwise result in material injury to the reputation or business of Employer;

(2) Employee's engaging in criminal misconduct involving moral turpitude if, as a result, in the reasonable judgement of Employer, Employee's credibility and reputation no longer conform to the standard required of Employer's executives;

(3) Employee's willful failure to take actions permitted by law and necessary to implement Employer's policies that the Board (or Employee's direct supervisor) has communicated to him in writing, provided that such policies that are reflected in minutes of a Board meeting attended in its entirety by Employee shall be deemed communicated to Employee;

(4) Employee's willful and continued failure to devote substantially his full business time, energy and attention to his duties as a senior vice president of Employer or its affiliates as contemplated in Section 5(a) above, following written notice from the Board (or Employee's direct supervisor) to Employee of such failure; or

(5) Employee's willful breach of any material provision of this Agreement.

With respect to clauses (2) through (5) above, such circumstances shall not constitute "good cause" unless Employee has failed to cure such circumstances within thirty (30) days following written notice thereof from Employer identifying in reasonable detail such circumstances constituting "good cause"; *provided*, that during such cure period Employee shall not be entitled to any compensation hereunder other than continued payment of Base Salary and benefits pursuant to Section 3(d) and

Section 3(f), and upon Employee's failure to cure, the termination of employment shall be deemed effective as of the date of Employer's delivery of written notice of termination for "good cause." For purposes of this Agreement, no act or failure to act on Employee's part shall be considered "willful" unless it is done, or omitted to be done, by him in bad faith or without reasonable belief that his action or omission was in the best interests of Employer. Any act or failure to act pursuant to express authority given by resolution duly adopted by the Board or pursuant to the advice of legal counsel for Employer or any of its subsidiaries (other than in-house legal counsel) shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of Employer.

(iii) Termination of the employment of Employee by Employer (other than by reason of any non-renewal of employment in accordance with Section 2 or by reason of Employee's death or permanent disability in accordance with Section 7) shall, unless such termination is for a reason expressly specified in this Agreement as good cause, be deemed to be a termination of employment by Employer "without good cause."

(c) By Employer Without Good Cause

(i) Employer may terminate the employment of Employee hereunder without "good cause" immediately upon written notice. If Employer shall terminate the employment of Employee without "good cause" (other than due to permanent disability) effective on a date earlier than the end of the Initial Term or any then-applicable Extension Period, then Employee shall be entitled to receive the Severance Benefits.

(ii) The parties agree that, because there can be no exact measure of the damages that would occur to Employee as a result of a termination by Employer of Employee's employment without "good cause," the payments and benefits paid and provided pursuant to Section 8 shall be deemed to constitute liquidated damages and not a penalty for Employer's termination of Employee's employment without "good cause," and Employer agrees that Employee shall not be required to mitigate his damages.

(d) Change in Control

(i) If a Change in Control of Employer shall occur, then (a) the Board shall grant and allocate the full amount of any then-ungranted or unallocated portion of the Reserved 40% no later than immediately before the date of such Change in Control; *provided*, that the Board shall, with respect to the Reserved 40%, have the sole discretion to determine the recipients thereof and the allocation among such recipients, which recipients may or may not include Employee; and (b) any and all options, rights or awards under any of Employer's incentive compensation plans that have been granted to, and that have not been forfeited by, Employee before the date of such Change in Control (including, for the

avoidance of doubt, any awards granted or allocated in accordance with the preceding clause (a) of this Section 8(d)(i) shall be deemed to have vested in full as of immediately before the date of such Change in Control.

(ii) If the employment of Employee is terminated “in connection with a Change in Control” (as defined below), then, for purposes of determining the Severance Benefits, (I) the Severance Multiple shall be one times (1.0x) and (II) the period of COBRA premium reimbursement under clause (d) of Section 8(a)(iii) above shall be twelve (12) months. For purposes of this Section 8(d)(ii):

(1) A termination of employment shall be deemed to be “in connection with a Change in Control” (A) if Employer terminates the employment of Employee hereunder without “good cause” (other than due to permanent disability) either on the effective date of a Change in Control, or in anticipation of or preparation for a reasonably expected and specific Change in Control (as determined by the Board in good faith), or (B) if, within twenty-four (24) months following a Change in Control, either Employer terminates the employment of Employee hereunder without “good cause” (other than due to permanent disability) or Employee terminates his employment hereunder with “good reason.”

(iii) The term “Change in Control” shall mean any of the following that occurs after the Commencement Date:

(1) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, including the regulations and other applicable authorities thereunder (the “Exchange Act”)) (“Person”), other than any Designated Holder (as defined below) or Designated Holders acting as a group, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) (“Beneficial Owner”), directly or indirectly, of securities of Employer (not including in the securities beneficially owned by such Person any securities acquired directly from Employer or its affiliates) representing forty percent (40%) or more of the combined voting power of Employer’s then-outstanding voting securities entitled to vote generally in the election of directors;

(2) members of the Incumbent Board cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the consummation of the Restructuring whose election, or nomination for election by Employer’s stockholders, was approved by a vote of at least a majority of the directors then constituting the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual’s initial

assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board (with the term “Incumbent Board” to mean the members of the Board as of immediately following the consummation of the Restructuring);

(3) approval by the shareholders of Employer of a complete dissolution or liquidation of Employer;

(4) any sale or disposition to a Person of all or substantially all of the assets of Employer (including by way of merger of any direct or indirect subsidiary of Employer with any other corporation or entity); and

(5) there is consummated a merger or consolidation of Employer, other than (A) a merger or consolidation immediately following which the individuals who constitute the Incumbent Board immediately prior thereto constitute at least a majority of the board of directors of Employer, the entity surviving such merger or consolidation, or, if Employer or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof, (B) a merger or consolidation (or similar transaction) following which no Person is or becomes a Beneficial Owner, directly or indirectly, of securities of Employer or the entity surviving such merger or consolidation (not including in the securities beneficially owned by such Person any securities acquired directly from Employer or its affiliates) representing forty percent (40%) or more of the combined voting power of the then-outstanding securities of Employer or the entity surviving such merger or consolidation (other than a Person that was, prior to such merger or consolidation (or similar transaction) a Beneficial Owner, directly or indirectly, of securities of Employer representing forty percent (40%) or more of the combined voting power of Employer’s then-outstanding securities), or (C) a merger or consolidation (or similar transaction) following which the individuals and entities that were the Beneficial Owners of the outstanding voting securities of Employer remain direct or indirect Beneficial Owners of forty percent (40%) or more of the combined voting power of the then-outstanding securities of Employer or the entity surviving such merger or consolidation.

As used herein, the term “Designated Holder” means any of the following, or any of their respective controlled affiliates, or any fund or account managed, advised or controlled by any of the following or any of their respective controlled affiliates: Highbridge Capital Management, LLC, Wolverine Asset Management, LLC, Corre Partners Management, LLC, Whitebox Advisors LLC, and SGF, Inc.

(e) If the employment of Employee is terminated for “good cause” or if Employee voluntarily terminates his employment without “good reason,” Employer shall pay to Employee any compensation earned but not paid to Employee prior to the effective date of such termination and shall provide such benefits as are required by applicable law or the terms of relevant benefit plans of Employer; *provided*, that for purposes of this sentence, any unpaid prior-year STIP shall be forfeited as of such termination. Under such circumstances, such payment shall be in full and complete discharge of any and all liabilities or obligations of Employer to Employee hereunder, and Employee shall be entitled to no further benefits under this Agreement.

(f) Employer’s obligations to provide the Severance Benefits or any benefits pursuant to clause (ii) of Section 3(i)(A) above shall be conditioned upon Employee’s timely execution, delivery to Employer, and non-revocation of the release of claims substantially in the form attached hereto as Appendix A (the “Release”), and the expiration of the period (if any) during which the Release can be revoked within the fifty-five (55) day period following Employee’s date of termination; *provided*, that, if such fifty-five (55) day period spans two (2) calendar years, no Severance Benefits that would constitute non-qualified deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), shall be paid or commenced to be paid until the second year, with the first payment including any amount that would have been paid during such fifty-five (55) day period but for this sentence being made promptly following such fifty-five (55) day period. Employer and Employee agree that, should Employer fail to provide the Severance Benefits to Employee, the Release shall be void *ab initio*.

9. Inventions and Other Intellectual Property. Employee agrees that during the term of his employment by Employer, he will disclose to Employer (and no one else) all, and will not use for his own benefit or otherwise misappropriate any, ideas, methods, plans, developments or improvements known by him which relate directly or indirectly to A.M. Castle’s Business (as defined below), whether acquired by Employee before or during his employment by Employer. Employee acknowledges that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and similar or related information (whether or not patentable) that relate to the actual or anticipated business, research and development, or existing or future products or services of Employer and that are conceived, developed, or made by Employee while employed by Employer (“Work Product”) belong to Employer. Any copyrightable work falling within the definition of Work Product shall be deemed a “work made for hire” as such term is defined in 17 U.S.C. Section 101, and ownership of all right, title, and interest therein shall vest in Employer. To the extent that any Work Product is not deemed a “work made for hire” under applicable law, or all right, title, and interest in and to such Work Product has not automatically vested in Employer, Employee hereby irrevocably assigns, transfers, and conveys, to the full extent permitted by applicable law, all right, title, and interest in and to the Work Product on a worldwide basis to Employer without further consideration. Employee will promptly disclose such Work Product to

Employer and perform all actions requested by Employer (whether during or after employment) to establish and confirm such ownership (including without limitation, assignments, consents, powers of attorney, and other instruments). Nothing in this Section 9 shall be construed as requiring any such communication where the idea, plan, method or development is lawfully protected from disclosure as a trade secret of a third party or by any other lawful prohibition against such communication.

10. Confidential Information and Trade Secrets; Non-Disparagement.

(a) For purposes of this Agreement, the term “A.M. Castle’s Business” shall mean any business in which Employer or any of its subsidiaries is engaged, including, without limitation, the business of distributing specialty metals to customers within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, oil and gas, and retail sectors in the Restricted Area (as defined below). In this business, Employer generates a tremendous volume of Confidential Information and Trade Secrets, which it hereby agrees to share with Employee, and which Employee will have access to and knowledge of through or as a result of Employee’s employment with Employer. “Confidential Information and Trade Secrets” includes any information, data or compilation of information or data developed, acquired or generated by Employer, or its employees (including information and materials conceived, originating, discovered, or developed in whole or in part by Employee at the request of or for the benefit of Employer or while employed by Employer) that is not generally known to persons who are not employees of Employer, and that Employer generally does not share other than with its employees, or with its customers and suppliers on an individual transactional basis. “Confidential Information and Trade Secrets” may be written, verbal or recorded by electronic, magnetic or other methods, whether or not expressly identified as “Confidential” by Employer.

(b) “Confidential Information and Trade Secrets” includes, but is not limited to, the following information and materials:

(i) Financial information, of any kind, pertaining to Employer, including, without limitation, information about the profit margins, profitability, income and expenses of Employer or any of its divisions or lines of business;

(ii) Names and all other information about, and all communications received from, sent to or exchanged between, Employer and any person or entity that has purchased, contracted, hired, or chartered equipment, vehicles, vessels, personnel or services, or otherwise entered into a transaction with Employer regarding A.M. Castle’s Business, or to which Employer has made a proposal with respect to A.M. Castle’s Business (such person or entity being hereinafter referred to as “Customer” or “Customers”);

(iii) Names and other information about Employer's employees, including their experience, backgrounds, resumes, compensation, sales or performance records or any other information about them;

(iv) Any and all information and records relating to Employer's contracts, transactions, charges, prices, or sales to its Customers, including invoices, proposals, confirmations, statements, accounting records, bids, payment records or any other information regarding transactions between Employer and any of its Customers;

(v) All information about the employees, agents or representatives of Customers who are involved in evaluating, providing information for, deciding upon, or committing to purchase, sell or otherwise enter into a transaction relating to A.M. Castle's Business (each such individual being hereinafter referred to as a "Customer Representative") including, without limitation, with respect to any such individual, his name, address, telephone and facsimile numbers, email addresses, titles, positions, and duties, and all records of communications to, from or with any such Customer Representative;

(vi) Any and all information or records relating to Employer's contracts or transaction with, or prices or purchases from any person or entity from which Employer has purchased or otherwise acquired goods or services of any kind used in connection with A.M. Castle's Business (each such person or entity being hereinafter referred to as a "Supplier"), including invoices, proposals, confirmations, statements, accounting records, bids, payment records or any other information documents regarding amounts charged by or paid to suppliers for products or services;

(vii) All information about the employees, agents or representatives of Suppliers who are involved in evaluating, providing information for, deciding upon, or committing to purchase, sell or otherwise enter into a transaction relating to A.M. Castle's Business (each such individual being hereinafter referred to as "Supplier Representative") including, without limitation, with respect to any such individual, his name, address, telephone and facsimile numbers, email addresses, titles, positions, and duties, and all records of communications to, from or with any such Supplier Representative;

(viii) Employer's marketing, business and strategic growth plans, methods of operation, methods of doing business, cost and pricing data, and other compilations of information relating to the operations of Employer.

(c) Employee acknowledges that all notes, data, forms, reference and training materials, leads, memoranda, computer programs, computer print-outs, disks and the information contained in any computer, and any other records that contain, reflect or describe any Confidential Information and Trade Secrets belong exclusively to Employer. Employee shall promptly return

such materials and all copies thereof in Employee's possession to Employer upon termination of his employment, regardless of the reasons therefor.

(d) During Employee's employment with Employer and thereafter, Employee will not copy, publish, convey, transfer, disclose or use, directly or indirectly, for Employee's own benefit or for the benefit of any other person or entity (except Employer) any Confidential Information and Trade Secrets. Employee's obligation shall continue in full force and effect at all times during and after the termination of Employer's employment. Employee will abide by all rules, guidelines, policies and procedures relating to Confidential Information and Trade Secrets implemented and/or amended from time to time by Employer. Notwithstanding the foregoing, Employee will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by Employer for reporting a suspected violation of law, Employee may disclose Employer's trade secrets to Employee's attorney and use the trade secret information in the court proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

(e) Employee agrees that at no time during or following his employment with Employer shall he make any disparaging, defamatory, or untrue public comments (whether orally, in writing, through electronic media, or otherwise) regarding Employer or any of its affiliates, or any of its or their respective current or former shareholders, directors, officers, or employees in any respect. Employer agrees to use reasonable efforts to instruct each of its directors and officers to, at no time during or following Employee's employment with Employer, make any disparaging, defamatory, or untrue public comments (whether orally, in writing, through electronic media, or otherwise) regarding Employee in any respect.

Notwithstanding anything herein to the contrary, or in any agreement or communication between Employer and Employee, (x) the confidentiality and nondisclosure obligations herein shall not prohibit or restrict Employee from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, any other governmental agency, any self-regulatory organization or any other state or federal regulatory authority, regarding any possible securities law violations, and (y) Employer shall not enforce or threaten to enforce, any confidentiality agreement or other similar agreement, nor take or threaten to take any other action against Employee for engaging in the types of communications described in (x) above.

11. Noncompetition and Nonsolicitation.

(a) During the term of Employee's employment, Employer agrees to provide, and to continue to provide Employee, on a daily, weekly, monthly and continual basis, access to, and the use of, its "Confidential Information and Trade Secrets" concerning A.M. Castle's Business, and Employer's employees, Customers and Customer Representatives, Suppliers and Supplier Representatives and Employer's transactional histories with all of them, as well as information about the logistics, details, revenues and expenses of A.M. Castle's Business, in order to allow Employee to perform Employee's duties under this Agreement, and to develop or continue to solidify relationships with Customers, Customer Representatives, Suppliers and Supplier Representatives. Employee acknowledges that new and additional Confidential Information and Trade Secrets regarding each of these matters is developed by Employer as a part of its continuing operations, and Employer hereby agrees to provide Employee access to and use of all such new, additional and continuing Confidential Information and Trade Secrets, and Employee acknowledges that access to such new, additional and continuing Confidential Information and Trade Secrets is essential for Employee to be able to perform, and to continue to perform, Employee's duties under this Agreement. In addition, Employer agrees to provide, and to continue to provide, training, education, direction and development to Employee with respect to all of Employer's business methods, processes, procedures, software and information, including newly developed and newly discovered information, in order to ensure that Employee can perform Employee's duties hereunder and participate in A.M. Castle's Business.

(b) In consideration of Employer's agreement to provide Employee with access to and use of its Confidential Information and Trade Secrets, including new, additional and continuing Confidential Information and Trade Secrets, and to provide training, Employee agrees to refrain from competing with Employer, or otherwise engaging in Restricted Activities, within the Restricted Area, each as defined herein, during the Restricted Period.

(c) Restricted Period. Employee agrees that Employee will not, directly or indirectly, engage in any of the Restricted Activities within the Restricted Area during the Restricted Period. For purposes of this Agreement, the "Restricted Period" shall mean the term of Employee's employment with Employer, including the Initial Term and any Extension Period, and thereafter until the expiration of the twelve (12) month period following the termination of such employment (the "Restricted Period").

(d) Restricted Activities. Restricted Activities shall mean and include all of the following:

(i) directly or indirectly, owning, managing, operating, joining, controlling, being employed by, or participating in the ownership, management, operation

or control of, or being connected in any manner with, including, without limitation, holding any position as an employee, officer, director, agent, independent contractor, recruiter, consultant, partner, shareholder, investor, lender, underwriter or in any other individual or representative capacity in, any person, entity or business that is engaged in A.M. Castle's Business (a "Restricted Enterprise"). The restrictions of this section shall not be violated by (i) the ownership of no more than 5% of the outstanding securities of any company whose stock is publicly traded or (ii) following the termination of Employee's employment with Employer, his employment by a law firm, a certified public accounting firm, or a commercial or investment bank that may have as a client or customer: (A) a Restricted Enterprise or (B) any of the clients or customers of Employer with whom Employer did business during the term of Employee's employment, so long as Employee does not directly or indirectly serve, advise or consult in any way such Restricted Enterprise or client or customer of Employer, respectively, during the Restricted Period.

(ii) Recruiting, hiring or attempting to recruit or hire, either directly or by assisting others, any other employee of Employer, or any of its customers or suppliers in connection with A.M. Castle's Business. For purposes of this covenant, "any other employee" shall include employees, consultants, independent contractors or others who are still actively employed by, or doing business with, Employer, its Customers or Suppliers, at the time of the attempted recruiting or hiring, or were so employed or doing business at any time within six months prior to the date of such attempted recruiting or hiring;

(iii) Communicating, by any means, soliciting or offering to solicit the purchase, performance, sale, furnishing, or provision of any equipment, services, or products that constitute any part of A.M. Castle's Business to, for or with any Customer, Customer Representative, Supplier or Supplier Representative; and

(iv) Using, disclosing, publishing, copying, distributing or communicating any Confidential Information and Trade Secrets to or for the use or benefit of Employee or any other person or entity other than Employer.

(e) Permitted Activities. Subject to Section 5(a) and Section 10, no provision of this Agreement shall prohibit (i) Employee's continued consulting positions, officer positions, board memberships and service with board committees and/or investments in the entities listed on Schedule 1 attached hereto (the "Scheduled Entities") provided that (A) Employee's role or amount of time spent with respect to any of the Scheduled Entities does not expand or increase from that in effect on November 1, 2017, and (B) the nature and scope of the services and/or products provided by the Scheduled Entities does not change from that in effect on November 1, 2017, or (ii) such other activities as may be approved by the Board at any time after the Commencement Date (collectively, the "Permitted Activities").

(f) Restricted Area. The Restricted Area shall mean and include anywhere in the world.

(g) Agreement Ancillary to Other Agreements. This covenant not to compete is ancillary to and part of other agreements between Employer and Employee, including, without limitation, Employer's agreement to disclose, and to continue to disclose, its Confidential Information and Trade Secrets, and its agreement to provide, and to continue to provide, training, education and development to Employee.

(h) Independent Agreements. The parties hereto agree that the foregoing restrictive covenants set forth herein are essential elements of this Agreement, and that, but for the agreement of Employee to comply with such covenants, Employer would not have agreed to enter into this Agreement. Such covenants by Employee shall be construed as agreements independent of any other provision in this Agreement. The existence of any claim or cause of action of Employee against Employer, whether predicated on this Agreement, or otherwise, shall not constitute a defense to the enforcement by Employer of such covenants. Notwithstanding the foregoing, Employee's non-competition restrictions under this Agreement shall be void *ab initio* to the extent that the Severance Benefits are owed to Employee pursuant to Section 8 above and are not actually paid to Employee at the time scheduled for payment thereof in accordance with this Agreement (subject to Employer's right to cure any non-payment within sixty (60) days following Employee's written notice of non-payment to the Board or, if Employer disputes in good faith Employee's rights to the Severance Benefits, within sixty (60) days following the final resolution of such dispute).

(i) Equitable Reformation. The parties hereto agree that if any portion of the covenants set forth herein are held to be illegal, invalid, unreasonable, arbitrary or against public policy, then such portion of such covenants shall be considered divisible both as to time and geographical area. Employer and Employee agree that, if any court of competent jurisdiction determines the specified time period or the specified geographical area applicable herein to be illegal, invalid, unreasonable, arbitrary or against public policy, a lesser time period or geographical area that is determined to be reasonable, non-arbitrary and not illegal or against public policy may be enforced against Employee. Employer and Employee agree that the foregoing covenants are appropriate and reasonable when considered in light of the nature and extent of the business conducted by Employer and the Confidential Information and Trade Secrets and training provided by Employer to Employee.

12. Injunctive Relief. Employee agrees that damages at law will be an insufficient remedy to Employer if Employee violates or attempts or threatens to violate the terms of Section 9, 10 or 11 of this Agreement and that Employer would suffer irreparable damage as a result of such violation or attempted or threatened violation. Accordingly, it is agreed that Employer shall be entitled, upon application to a court of competent jurisdiction, to obtain injunctive relief to enforce

the provisions of such Sections, which injunctive relief shall be in addition to any other rights or remedies available to Employer, at law or in equity. In the event that either party commences legal action relating to the enforcement of the terms of Section 9, 10 or 11 of this Agreement, the prevailing party in such action shall be entitled to recover from the other party all of the costs and expenses in connection therewith, including reasonable fees and disbursements of counsel (both at trial and in appellate proceedings).

13. Compliance with Other Agreements. Employee represents and warrants that the execution of this Agreement by him and his performance of his obligations hereunder will not conflict with, result in the breach of any provision of or the termination of or constitute a default under any agreement to which Employee is a party or by which Employee is or may be bound.

14. Waiver of Breach. The waiver by Employer of a breach of any of the provisions of this Agreement by Employee shall not be construed as a waiver of any subsequent breach by Employee.

15. Binding Effect; Assignment.

(a) A.M. Castle's Business, as defined in Section 10, is carried on by, and the Confidential Information and Trade Secrets as defined in Section 10 have been, and will continue to be, developed by Employer and each of Employer's subsidiaries and affiliates, all of which shall be included within the meaning of the word "Employer" as that term is used in Sections 9, 10, 11 and 12 of this Agreement. This Agreement shall inure to the benefit of, and be enforceable by, Employer and each of the subsidiaries and affiliates included within the definition of the word "Employer" as used in Sections 9, 10, 11 and 12.

(b) The rights and obligations of Employer under this Agreement shall inure to the benefit of and shall be binding upon the assigns and successors of Employer by merger, consolidation or otherwise, and in the event of any business combination or transaction that results in the transfer of all or substantially all of the assets or business of Employer, Employer shall cause the transferee to assume the obligations of Employer under this Agreement. This Agreement is a personal employment contract and the rights, obligations and interests of Employee hereunder may not be sold, assigned, transferred, pledged or hypothecated.

16. Indemnification. Employee shall be entitled throughout the term of this Agreement and thereafter to indemnification by Employer in respect of any actions or omissions as an employee, officer or director of Employer (or any successor thereof) to the fullest extent permitted by law. If Employee is also entitled to the benefits of indemnification under any separate agreement with Employer, such agreement is hereby reaffirmed and ratified, and this section shall be read as complimentary with and not in conflict with or substitution for such other indemnification agreement. Employer also agrees to obtain directors and officers (D&O) insurance in a reasonable

amount determined by the Board and to maintain such insurance during the term of this Agreement (as such Agreement may be extended from time to time) and to ensure that Employee, as a former officer of Employer, is covered under such D&O insurance as may be purchased by Employer either as a going concern or in the form of a “tail” policy thereafter.

17. Entire Agreement. This Agreement (including Appendix A and Schedule 1, as either may be amended from time to time) contains the entire agreement and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof, including without limitation the Existing Employment Agreement. This Agreement may be changed only by an agreement in writing signed by the party against whom any waiver, change, amendment, modification or discharge is sought.

18. Construction and Interpretation.

(a) The Board shall have the sole and absolute discretion to construe and interpret the terms of this Agreement on behalf of Employer, unless another individual or entity is charged with such responsibility.

(b) This Agreement shall be construed pursuant to and governed by the laws of the State of Illinois (but no provision of Illinois law shall apply to cause the application of the law of a state or jurisdiction other than Illinois).

(c) The headings of the various sections in this Agreement are inserted for convenience of the parties and shall not affect the meaning, construction or interpretation of this Agreement.

(d) Consistent with Section 11(i), the following sentences of this Section 18(d) shall apply. Any provision of this Agreement that is determined by a court of competent jurisdiction to be prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. In any such case, such determination shall not affect any other provision of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision or term of this Agreement is susceptible to two or more constructions or interpretations, one or more of which would render the provision or term void or unenforceable, the parties agree that a construction or interpretation that renders the term or provision valid shall be favored.

(e) This Agreement shall be construed to the extent necessary to comply with the provisions of Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder

19. Notice. All notices that are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy or similar electronic transmission method; one working day after it is sent, if sent by recognized expedited delivery service; and five days after it is sent, if mailed, first-class mail, certified mail, return receipt requested, with postage prepaid. In each case notice shall be sent to:

To Employer: A.M. Castle & Co.
 Attention: General Counsel
 1420 Kensington Road, Suite 220
 Oak Brook, IL 60523
 Fax: (847) 455-0587

To Employee, at Employee's home address reflected in the Company's records.

20. Venue; Process. The parties agree that all obligations payable and performable under this Agreement are payable and performable at the offices of Employer in Oak Brook, DuPage County, Illinois. The parties to this Agreement agree that jurisdiction and venue in any action brought pursuant to this Agreement to enforce its terms or otherwise with respect to the relationships between the parties shall properly lie in the Judicial District Court for DuPage County or in the United States District Court for the Northern District of Illinois, Eastern Division, Chicago Office.

21. Six-Month Delay. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Employee's termination of employment with Employer, he is a "specified employee" as defined in Section 409A, and one or more of the payments or benefits received or to be received by Employee upon such termination pursuant to this Agreement would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided under this Agreement until the earlier of (a) the date that is six (6) months following Employee's termination of employment with Employer and (b) Employee's death. The provisions of this Section 21 shall apply only to the extent required to avoid Employee's incurrence of any penalty tax or interest under Section 409A.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

EMPLOYER:

A.M. CASTLE & CO.

/s/ Marec E Edgar

By: Marec E. Edgar

Its: Executive Vice President, General Counsel,
Secretary & Chief Administrative Officer

EMPLOYEE:

/s/ Edward Quinn

Edward Quinn

APPENDIX A**YOU SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS RELEASE OF CLAIMS.****RELEASE**

1. In consideration of the payments and benefits to be made under the Amended and Restated Employment Agreement, dated as of _____, 2017 (the "Employment Agreement"), by and between _____ (the "Employee") and A.M. Castle & Co. (the "Employer") (each of Employee and Employer, a "Party" and collectively, the "Parties"), the sufficiency of which Employee acknowledges, Employee, with the intention of binding Employee and Employee's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge Employer and each of its subsidiaries and affiliates (the "Employer Affiliated Group"), their present and former officers, directors, Employees, shareholders, agents, attorneys, employees and employee benefit plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the "Employer Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, that Employee, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, arising on or prior to the date hereof, against any Employer Released Party that arises out of, or relates to, the Employment Agreement, Employee's employment with Employer or any of its subsidiaries and affiliates, or any termination of such employment, including claims (i) for severance or vacation benefits, unpaid wages, salary or incentive payments, (ii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, (iii) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices) and (iv) for employment discrimination under any applicable federal, state or local statute, provision, order or regulation, and including, without limitation, any claim under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Civil Rights Act of 1988, the Fair Labor Standards Act, the Americans with Disabilities Act ("ADA"), the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Age Discrimination in Employment Act ("ADEA"), and any similar or analogous state statute, excepting only:

- A. all rights and entitlements Employee may have under the Employment Agreement to receive the Severance Benefits;
- B. rights that Employee may have to vested benefits under Employer's Management Incentive Plan and any awards granted to Employee thereunder;

- C. claims for accrued benefits under any health, disability, retirement, life insurance or other, similar employee benefit plan (within the meaning of Section 3(3) of ERISA) of the Employer Affiliated Group; and
- D. rights to indemnification Employee has or may have under the by-laws or certificate of incorporation of any member of the Employer Affiliated Group or as an insured under any director's and officer's liability insurance policy now or previously in force.

For the avoidance of doubt, nothing in this Release shall release Employer from its continuing obligations under the Employment Agreement that survive a termination of the Employment Agreement.

2. Employee acknowledges and agrees that this Release is not to be construed in any way as an admission of any liability whatsoever by any Employer Released Party, any such liability being expressly denied.

3. This Release applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages, damages for pain or suffering, costs, and attorneys' fees and expenses.

4. Employee specifically acknowledges that Employee's acceptance of the terms of this Release is, among other things, a specific waiver of Employee's rights, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind.

5. Employee acknowledges that Employee has been given a period of forty-five (45) days to consider whether to execute this Release. If Employee accepts the terms hereof and executes this Release, Employee may thereafter, for a period of seven (7) days following (and not including) the date of execution, revoke this Release. If no such revocation occurs, this Release shall become irrevocable in its entirety, and binding and enforceable against Employee, on the day next following the day on which the foregoing seven-day period has elapsed. If Employee does not timely execute this Release, or if such a revocation occurs, Employee shall irrevocably forfeit any right to payment of the Severance Benefits (as defined in the Employment Agreement), but the remainder of the Employment Agreement shall continue in full force.

6. Employee acknowledges and agrees that Employee has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Employer Released Party with any governmental agency, court or tribunal. Nothing herein shall limit or impede Employee's right to file or pursue an administrative charge with, or participate in, any investigation before the Securities & Exchange Commission, the Equal

Employment Opportunity Commission, or any other local, state, or federal agency, and/or any causes of actions that by law Employee may not legally waive.

7. Employee represents that Employee has been given an adequate opportunity to advise the Corporation's human resources, legal, or other relevant management division, and has so advised such division in writing, of any facts that Employee is aware of that constitute or might constitute a violation of any ethical, legal, or contractual standards or obligations of the Corporation or any Affiliate. Employee further represents that Employee is not aware of any existing or threatened claims, charges, or lawsuits that he/she has not disclosed to the Corporation.

8. Employee acknowledges that Employee has been advised to seek, and has had the opportunity to seek, the advice and assistance of an attorney with regard to this Release, and has been given a sufficient period within which to consider this Release.

9. Employee acknowledges that this Release relates only to claims that exist as of the date of this Release.

10. Employee acknowledges that the Severance Benefits that Employee is receiving in connection with this Release and Employee's obligations under this Release are in addition to anything of value to which Employee is entitled from Employer.

11. Each provision hereof is severable from this Release, and if one or more provisions hereof are declared invalid, the remaining provisions shall nevertheless remain in full force and effect. If any provision of this Release is so broad, in scope, or duration or otherwise, as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

12. This Release constitutes the complete agreement of the Parties in respect of the subject matter hereof and shall supersede all prior agreements between the Parties in respect of the subject matter hereof except to the extent set forth herein. For the avoidance of doubt, however, nothing in this Release shall constitute a waiver of any Employer Released Party's right to enforce any obligations of Employee under the Employment Agreement that survive the Employment Agreement's termination, including without limitation, any non-competition covenant, non-solicitation covenant or any other restrictive covenants contained therein.

13. The failure to enforce at any time any of the provisions of this Release or to require at any time performance by another party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect the validity of this Release, or any part hereof, or the right of any party thereafter to enforce each and every such provision in accordance with the terms of this Release.

14. Notwithstanding anything to the contrary herein, this Release shall be void *ab initio* if Employer fails to provide the Severance Benefits (as defined in the Employment Agreement) to Employee.

15. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures delivered by facsimile shall be deemed effective for all purposes.

16. This Release shall be binding upon any and all successors and assigns of Employee and Employer.

17. Except for issues or matters as to which federal law is applicable, this Release shall be governed by and construed and enforced in accordance with the laws of the State of Illinois without giving effect to the conflicts of law principles thereof.

[signature page follows]

IN WITNESS WHEREOF, this Release has been signed of _____, 20_____.

SCHEDULE 1

SCHEDULED ENTITIES AND PERMITTED ACTIVITIES

Permitted Entities:

Permitted Activities:

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership</u>
A.M. Castle & Co. (Canada) Inc.	British Columbia	100%
A.M. Castle & Co. (Singapore) Pte. Ltd.	Singapore	100%
A.M. Castle Metal Materials (Shanghai) Co., Ltd.	Peoples Republic of China	100%
A.M. Castle Metals UK Limited	United Kingdom	100%
Castle Metals de Mexicali, S.A. de C.V.	Mexico	100%
Castle Metals de Mexico, S.A. de C.V.	Mexico	100%
Castle Metals France*	France	100%
Castle Metals UK Limited*	United Kingdom	100%
E.Harding & Sons Limited*	United Kingdom	100%
HY-Alloy Steels Company	Delaware	100%
Keystone Service Inc.	Indiana	100%
Keystone Tube Company, LLC	Delaware	100%
K.K.S. (Stainless Steel) Co. Limited*	United Kingdom	100%
LOKS Plasma Services Limited*	United Kingdom	100%
Tiernay Metals Limited*	United Kingdom	100%
Total Plastics, Inc.	Michigan	100%
Transtar Metals Limited*#	United Kingdom	100%

*	Entity is a 100% owned subsidiary of A.M. Castle Metals UK Limited
#	Entity in liquidation

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-221785 on Form S-1 and Registration Statement No. 333-221787 on Form S-8 of our report dated March 14, 2018, relating to the consolidated financial statements and financial statement schedules of A.M. Castle & Co. and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph related to the Company's emergence from bankruptcy), appearing in this Annual Report on Form 10-K of A.M. Castle & Co. for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
March 14, 2018

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven W. Scheinkman, certify that:

1. I have reviewed this Annual Report on Form 10-K of A. M. Castle & Co. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 14, 2018

/s/ Steven W. Scheinkman

Steven W. Scheinkman

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick R. Anderson, certify that:

1. I have reviewed this Annual Report on Form 10-K of A. M. Castle & Co. (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 14, 2018

/s/ Patrick R. Anderson

Patrick R. Anderson

Executive Vice President, Chief Financial Officer &
Treasurer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of A. M. Castle & Co. (the "Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Steven W. Scheinkman, President and Chief Executive Officer (Principal Executive Officer) and Patrick R. Anderson, Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer) of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of the Company.

/s/ Steven W. Scheinkman

Steven W. Scheinkman

President and Chief Executive Officer

March 14, 2018

/s/ Patrick R. Anderson

Patrick R. Anderson

Executive Vice President, Chief Financial Officer &
Treasurer

March 14, 2018

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

Stockholder Information

Corporate Headquarters

1420 Kensington Road
Suite 220
Oak Brook, IL 60523
Phone: (847) 455-7111

Transfer Agent & Registrar

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Phone: (800) 937-5449
www.astfinancial.com

Common Stock Traded

OTCQB® Venture Market
Trading Symbol: CTAM

Independent Auditor

Deloitte & Touche LLP

Web Site

www.castlemetals.com

Caution Concerning Forward-Looking Statements

Information provided and statements contained in this release that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this release and the Company assumes no obligation to update the information included in this release. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy, and the cost savings and other benefits that we expect to achieve from our facility closures and organizational changes. These statements often include words such as "believe," "expect," "anticipate," "intend," "predict," "plan," "should," or similar expressions. These statements are not guarantees of performance or results, and they involve risks, uncertainties, and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include or relate to: our ability to execute the Company's business and financial plan; our ability to effectively manage our operational initiatives and the impact of volatility of metals prices; the cyclical and seasonal aspects of our business; our ability to effectively manage inventory levels; and the impact of our substantial level of indebtedness, as well as those risk factors identified in Item 1A "Risk Factors" of this Annual Report on Form 10-K for the fiscal year ended December 31, 2017. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future, to reflect the occurrence of unanticipated events or for any other reason.

