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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, 2004

Commission File Number: 1-5415

A. M. CASTLE & CO.

(Exact name of registrant as specified in its charter)

Maryland

36-0879160

(State or other jurisdiction of
incorporation or organization)

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

3400 North Wolf Road, Franklin Park, Illinois

60131

(Address of principal executive offices)

(Zip Code)

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

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

Title of each class

Name of each exchange on which registered

Common Stock — \$0.01 par value

American and Chicago Stock Exchanges

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

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 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 an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The approximate aggregate market value of the registrant's common stock held by non-affiliates of the registrant on March 4, 2005 was \$127,869,186.

The number of shares outstanding of the registrant's common stock on March 4, 2005 was 15,881,046 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Documents Incorporated by Reference

Applicable Part of Form 10-K

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ITEM 1 — Business

A. M. Castle & Co. is a specialty metals and plastics distribution company serving the North American market. The registrant (Company) provides a broad range of product inventories as well as processing services to a wide array of customers.

The Company distributes and performs processing on both metals and plastics. Although the distribution processes are similar, different markets are served with different products and, therefore these businesses are considered segments according to Statement on Financial Accounting Standards (SFAS) No. 131 "Disclosures about Segments of an Enterprise and Related Information". In 2004 the Plastics segment accounted for approximately 12 percent of the Company's revenue. In the last three years, the percentages of total sales of the two segments were approximately as follows:

	2004	2003	2002
Metals	88%	88%	89%
Plastics	12%	12%	11%
	100%	100%	100%

Within the Metals segment, inventory takes many forms including round, hexagon, square and flat bars; plates; tubing; and sheet and coil. Metal products include carbon, alloy and stainless steels; nickel alloys; and aluminum.

Depending on the size of the facility and the nature of the markets it serves, the Metals segment service centers are equipped as needed with Bar Saws, Plate Saws, Oxygen and Plasma Arc Flame Cutting Machinery, Water-Jet Cutting, Stress Relieving and Annealing Furnaces, Surface Grinding Equipment and Sheet Shearing Equipment. This segment also performs specialized fabrications for customers through pre-qualified subcontractors.

The Company's market strategies focus on the more highly engineered grades and alloys of metals, supported by a strong service commitment to meeting the needs of users of those metals.

The Company has its main office, and largest metals distribution center, in Franklin Park, Illinois. This center serves metropolitan Chicago and, approximately, a nine-state area. In addition, there are distribution centers in various other cities (see Item 2). The Chicago, Los Angeles and Cleveland distribution centers together account for approximately 36% of all metal sales.

In North America, the Company serves a wide range of industrial companies within the producer durable equipment sector of the economy from locations throughout the United States, Canada and Mexico. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller sized firms spread across the entire spectrum of metal use industries. The Company's customer base is well diversified across differing industries with no single customer accounting for more than 3% of sales. The Company's coast-to-coast network of metals service centers provides next day delivery to most of the markets it serves, and two-day delivery to virtually all of the rest. Listed below are the operating subsidiaries and divisions included in the Company's Metals segment, along with a brief summary of their business activities.

Keystone Tube Company, LLC is a distributor of tubular products serving Midwest customers directly from its Chicago area facility. Oliver Steel Plate Company processes and distributes heavy steel plate from its Cleveland area plant. The Company's value-added bar processing center, H-A Industries, thermally processes, turns and straightens alloy and carbon bar.

On January 1, 2004 the Company purchased the remaining 50% interest in Castle de Mexico, S.A. de C.V. from its joint venture partner. Castle de Mexico, S.A. de C.V. targets a wide range of businesses within the producer durable goods sector, primarily serving the northern Mexico market. As a wholly owned entity, the operations and reported results of Castle de Mexico, S.A. de C.V. are included in the Company's Metals segment reporting beginning in 2004.

In 1998, the Company formed Metal Express, a small order distribution company in which it previously had a 60% interest. On May 1, 2002 the Company purchased the remaining interest in Metal Express from its joint venture partner. The Company also holds a 50% joint venture interest in Kreher Steel Co., a Midwest distributor, focusing on customers whose primary need is for immediate, reliable delivery of large quantities of alloy, SBQ and stainless bars.

The Plastics segment includes Total Plastics, Inc. (TPI) headquartered in Michigan which up until 2004, included two majority owned joint ventures, Advanced Fabricating Technology and Paramount

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Machine Company. Paramount became a wholly owned subsidiary of TPI during 2004 through the purchase of the remaining joint venture partner's interest. TPI has locations throughout the U.S. (see Item 2) where it services a wide variety of users of industrial plastics.

In general, the Company purchases metals and plastics from many producers. Satisfactory alternative sources are available for all metals and plastics that the Company buys and its business would not be materially adversely affected by the loss of any one supplier. Purchases are made in large lots and held in the distribution centers until sold, usually in smaller quantities and many times with some processing value added services performed. The Company's ability to provide quick delivery, frequently overnight, of a wide variety of metal and plastic products and processing capabilities allows customers to reduce their inventory investment by reducing their need to order the large quantities required by producing mills or perform additional material processing services.

Approximately 86% of 2004 net sales included materials shipped from Company stock. The materials required to fill the balance of sales were 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. Deliveries are made principally by leased trucks. Common carrier delivery is used in areas not serviced directly by the Company's fleet.

The Company encounters strong competition both from other metals and plastics distributors and from large distribution organizations, some of which have substantially greater resources.

At December 31, 2004 the Company had 1,533 full-time employees in its operations throughout the United States, Canada and Mexico. Of these 287 are represented by collective bargaining units, principally the United Steelworkers of America.

The Company makes available free of charge on or through its Web site at www.amcastle.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 Securities and Exchange Commission.

ITEM 2 — Properties

The Company's principal executive offices are at its Franklin Park plant near Chicago, Illinois. All properties and equipment are well maintained and in good operating condition and sufficient for the current level of activities. Distribution centers and sales offices are maintained at each of the following locations, all of which are owned, except as indicated:

<u>Locations</u>	<u>Approximate Floor Area in Square Feet</u>
Castle Metals	
Charlotte, North Carolina	116,500
Chicago area - Franklin Park, Illinois	522,600
Cleveland area - Bedford Heights, Ohio	374,400
Dallas, Texas	78,000
Edmonton, Alberta	38,300 (1)
Fairfield, Ohio	186,000 (1)
Houston, Texas	109,100
Kansas City, Missouri	118,000 (1)
Kent, Washington	31,100 (1)
Los Angeles area - Paramount, California	155,500 (1)
Montreal, Quebec	26,100 (1)
Minneapolis, Minnesota	65,200
Philadelphia, Pennsylvania	71,600
Stockton, California	60,000 (1)
Mississauga, Ontario	60,000 (1)

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Locations	Approximate Floor Area in Square Feet
Wichita, Kansas	58,800 (1)
Winnipeg, Manitoba	50,000
Worcester, Massachusetts	56,000
Sales Offices (Leased)	
Atlanta, Georgia	
Cincinnati, Ohio	
Milwaukee, Wisconsin	
Phoenix, Arizona	
Tulsa, Oklahoma	
Castle de Mexico	
Monterrey, Mexico	55,000 (1)
H-A Industries	
Hammond, Indiana	243,000 (1)
Keystone Tube Company LLC	
Riverdale, Illinois	115,000 (1)
Oliver Steel Plate Company	
Twinsburg, Ohio	120,000 (1)
Metal Express, LLC	
Waukesha, Wisconsin	14,000 (1)
Other Locations (14)	<u>77,000 (1)</u>
Total Metals Segment	<u>2,801,200</u>
Total Plastics, Inc.	
Baltimore, Maryland	24,000 (1)
Cleveland, Ohio	8,600 (1)
Detroit, Michigan	22,000 (1)
Elk Grove Village, Illinois	24,000 (1)
Fort Wayne, Indiana	9,600 (1)
Grand Rapids, Michigan	42,500
Harrisburg, Pennsylvania	13,900 (1)
Indianapolis, Indiana	9,000 (1)
Kalamazoo, Michigan	81,000 (1)
Mt. Vernon, New York	17,700 (1)
New Philadelphia, Ohio	10,700 (1)
Pittsburgh, Pennsylvania	8,500 (1)
Rockford, Michigan	53,600 (1)
Tampa, Florida	17,700 (1)
Trenton, New Jersey	<u>6,000 (1)</u>
Total Plastics Segment	<u>348,800</u>
GRAND TOTAL	<u>3,150,000</u>

(1) Leased: See Note 3 in the Consolidated Notes to Financial Statements for information regarding lease agreements.

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ITEM 3 — Legal Proceedings

There are no material legal proceedings other than the ordinary routine litigation incidental to the business of the Company.

ITEM 4 — Submission of Matters to a Vote of Security Holders

No items were submitted to vote of security holders during the fourth quarter of fiscal 2004.

PART II

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

A. M. Castle & Co.’s Common Stock trades on the American and Chicago Stock Exchanges under the ticker symbol “CAS”. As of March 4, 2005 there were approximately 1,412 shareholders of record and an estimated 1,812 beneficial shareholders. The Company has paid no dividends in the past two years.

The following table sets forth for the periods indicated the range of the high and low stock price:

	—STOCK PRICE RANGE—			
	2004		2003	
	Low	High	Low	High
First Quarter	\$ 6.63	\$ 9.21	\$ 3.95	\$ 5.19
Second Quarter	\$ 7.35	\$ 11.00	\$ 4.39	\$ 6.55
Third Quarter	\$ 8.60	\$ 11.81	\$ 4.39	\$ 6.80
Fourth Quarter	\$ 10.25	\$ 13.90	\$ 4.40	\$ 7.45

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<i>(dollars in millions, except share data)</i>	2004	2003	2002	2001	2000
Net sales	\$ 761.0	\$ 543.0	\$ 538.1	\$ 593.3	\$ 725.5
Cost of material sold	(543.4)	(384.4)	(378.0)	(417.1)	(508.6)
Special charges	—	(1.6)	—	—	(2.0)
Gross material margin	217.6	157.0	160.1	176.2	214.9
Plant and delivery expense	(95.2)	(87.1)	(87.9)	(97.5)	(113.5)
Sales, general and administrative expense	(80.0)	(68.3)	(67.7)	(66.8)	(77.3)
Depreciation and amortization expense	(8.8)	(8.8)	(8.9)	(9.0)	(9.2)
Impairment and other operating expenses	—	(6.5)	—	—	(6.5)
Total other operating expense	(184.0)	(170.7)	(164.5)	(173.3)	(206.5)
Operating income (loss)	33.6	(13.7)	(4.4)	2.9	8.4
Interest expense, net	(9.0)	(9.7)	(7.5)	(9.4)	(10.0)
Discount on sale of accounts receivable	(1.0)	(1.1)	(3.4)	(1.3)	—
Income (loss) from continuing operations before income taxes and equity in unconsolidated subsidiaries	23.6	(24.5)	(15.3)	(7.8)	(1.6)
Income taxes	9.9	(8.7)	(5.7)	(2.8)	(0.5)
Net income (loss) before equity in unconsolidated subsidiaries and before discontinued operations	13.7	(15.8)	(9.6)	(5.0)	(1.1)
Equity in earnings (loss) of joint ventures, net of tax	3.2	0.1	0.3	(0.4)	(0.2)
Impairment to joint venture investment and advances net of tax	—	(2.1)	—	—	—
Net income (loss) before discontinued operations	16.9	(17.8)	(9.3)	(5.4)	(1.3)
Discontinued operations	—	(0.2)	(0.8)	0.3	(0.4)
Net income (loss)	16.9	(18.0)	(10.1)	(5.1)	(1.7)
Preferred dividends	(1.0)	(1.0)	(0.1)	—	—
Net income (loss) applicable to common stock	\$ 15.9	\$ (19.0)	\$ (10.2)	\$ (5.1)	\$ (1.7)
Average shares outstanding at year-end (in thousands)	15,795	15,780	14,916	14,094	14,054
Net income (loss) per share from continuing operations	\$ 1.01	\$ (1.19)	\$ (0.63)	\$ (0.38)	\$ (0.10)
Net income (loss) per share from discontinued operations	—	\$ (0.01)	\$ (0.05)	\$ 0.02	\$ (0.02)
Net income (loss) per share from continuing and discontinued operations	\$ 1.01	\$ (1.20)	\$ (0.68)	\$ (0.36)	\$ (0.12)
Cash dividends per share	—	—	—	\$ 0.50	\$ 0.78
Book value per share	\$ 8.25	\$ 7.20	\$ 8.78	\$ 8.32	\$ 9.20
Total assets	\$ 383.0	\$ 338.9	\$ 352.6	\$ 327.4	\$ 418.9
Total debt	\$ 101.4	\$ 108.3	\$ 112.3	\$ 119.9	\$ 164.6
Stockholders' equity	\$ 130.2	\$ 113.7	\$ 130.9	\$ 117.2	\$ 129.2

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

Financial Review

This discussion should be read in conjunction with the information contained in the Consolidated Financial Statements and Notes.

Executive Overview

Recent History and Trends

A. M. Castle & Co. (the “Company”) operating results in 2004 reflect a solid recovery in the manufacturing sector of the U.S. economy from both a volume and material price standpoint. The Company’s Metals segment showed the most dramatic year-over-year changes in market dynamics. Total metal tons sold increased nearly 12% versus last year and material prices rose 21% on average compared to the corresponding 2003 twelve-month period. Metal material price acceleration was in the high single digits during the first quarter of 2004. During the second quarter, prices continued to accelerate while demand across a wide cross-section of our end-use customer markets remained very strong. By year-end, metal material prices were approximately 40% higher than the end of 2003. Solid recoveries in both domestic and global markets have increased the demand for steel, leading to shortages in raw materials such as scrap, iron ore and coke. These supply constraints served to fuel the acceleration of metal prices throughout 2004.

The Company’s Plastics segment also enjoyed double-digit real growth. In contrast to the steep price increases in steel, plastic material prices rose at a more moderate rate and largely did not take effect until the latter half of 2004. Management estimates the plastics price increase to be approximately 3% for the year. Most of the sales growth reported in the plastics segment was due to the planned geographic expansion of the segment into the Southeast portion of the U.S., which the Company embarked upon in 2003.

The favorable market conditions of 2004 were in direct contrast to those the Company experienced in recent years. Results from 2001 through most of 2003 reflect the impact of a prolonged downturn in the durable goods manufacturing sector of the economy that began in the second half of 2000. Evidence of the market depression, along with the 2004 recovery, can be found in a review of the history of the Purchaser’s Managers Index (“PMI”) provided by the Institute of Supply Managers (*see Table 1 directly below*). Generally speaking, an index above 50.0 indicates growth in the manufacturing sector of the U.S. economy. The following table shows what the average PMI has been for each quarter during those years.

Table 1

YEAR	Qtr 1	Qtr 2	Qtr 3	Qtr 4
2000	55.8	53.1	50.7	47.0
2001	41.7	43.0	46.7	44.2
2002	52.4	55.0	51.1	50.9
2003	49.7	48.9	54.1	60.6
2004	62.5	62.1	59.8	57.5

The index shows declining activity to flat growth in the manufacturing sector of the economy since the third quarter of 2000, that generally continued until the final quarter of 2003. In early 2002, the index indicated some growth but it was not sustained. In contrast, the index for every quarter of 2004 was greater than 50.0 reflecting growth.

Management Initiatives

Key to the Company’s operating success in 2004 was management’s restructuring of the Company’s cost base during the 2002 through 2003 economic downturn. Reacting to the lengthy market downturn during the past few years, management implemented a series of initiatives in its Metals segment to increase operating margins and improve asset management. As a result, over time, the Company lowered its consolidated breakeven sales level by reducing operating expense in its Metals segment while increasing worker productivity.

Throughout 2001, 2002 and 2003, the Company aggressively pursued permanent cost saving initiatives, which included exiting non-strategic and/or non-performing business’s units and flattening its overall organization, eliminating areas of redundant effort and related costs. The combination of volume reductions, productivity improvements and cost savings reduced quarterly operating expenses as shown in Table 2 (*dollars in millions*).

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Table 2

	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Operating Expense as Reported	2000	\$ 49.6	\$ 50.4	\$ 48.8	\$ 57.7	\$ 206.5
Less: Impairment Charges		—	—	—	(6.5)	(6.5)
Adjusted Operating Expense		49.6	50.4	48.8	51.2	200.0
Operating Expense as Reported	2001	50.0	43.7	41.0	38.4	173.3
Operating Expense as Reported	2002	39.6	42.0	42.4	40.5	164.5
Operating Expense as Reported	2003	42.7	48.1	40.1	39.8	170.7
Less: Impairment Charges		—	(5.9)	—	(0.6)	(6.5)
Adjusted Operating Expense		\$ 42.7	\$ 42.2	\$ 40.1	\$ 39.2	\$ 164.2

The full annual impact of the savings resulting from the cost reduction actions taken in the middle to latter half of 2003 were fully realized in 2004. Table 3 compares 2004 and 2003 operating expense as a percent of sales by quarter.

Table 3

Operating Expense (% of Sales)	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
	2003*	30.1	31.5	29.7	29.6	30.3
	2004*	25.8	23.9	23.2	24.0	24.2

*Excludes 2003 impairment charges

To further illustrate, incremental operating expense for the Company of \$13.2 million was 6.1% of the \$218.0 million year-over-year sales increase. The Company was well poised to leverage its earnings potential during the 2004 economic recovery.

Since 2000, the Company has also improved its inventory turnover and purposely sold unused facility space in select operations as part of its 2003 restructuring initiatives. The cash generated from these actions, along with the sale of certain non-performing business units in 2003 and strong operating results in 2004, allowed the Company to reduce its total debt and other financing arrangements (including its accounts receivable securitization facility) by \$46.7 million through the end of 2004 as illustrated in Table 4 (*dollars in millions*).

Table 4

December 31,	2000	2001	2002	2003	2004
Long-Term Debt	\$ 164.6	\$ 119.9	\$ 112.3	\$ 108.3	\$ 101.4
Receivable Securitization	—	40.0	25.9	13.0	16.5
Total Financing Arrangements	\$ 164.6	\$ 159.9	\$ 138.2	\$ 121.3	\$ 117.9
Increase/(Decrease)	—	\$ (4.7)	\$ (21.7)	\$ (16.9)	\$ (3.4)

In summary, the Company's performance was fueled in 2004 by a turnaround in overall market conditions, including an enhanced metal pricing environment. Management's cost and productivity initiatives during the recent difficult years positioned the Company to take full advantage of the improved market dynamics in 2004 and generate substantial shareholder returns while continuing to de-leverage the balance sheet.

Current Business Outlook

Year-end 2004 favorable PMI index is an indicator that demand for the Company's products and services should continue at their current high levels in at least the short-term. Additionally, the steady decline in the dollar could lead to an increase in U.S. manufacturing goods exporting and likewise serve to hold down the rate of increase in imports of like products. At the end of 2004, raw material shortages used in the production of metal were still prevalent, thereby keeping prices for metal products at high levels. As mentioned previously, some price inflation has started in plastic materials as well. Generally speaking, current business conditions are favorable.

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Risk Factors

As part of its current financing agreements with its various lenders, the Company has specific principal payments required over the next few years as summarized below in Table 6 (*dollars in millions*):

Table 6

	2005	2006	2007	2008	2008 and Beyond
Required Principal Payments on Debt	\$ 11.6	\$ 16.4	\$ 16.4	\$ 19.3	\$ 37.7

In addition, the Company's principal source of cash besides cash from operating results is its Accounts Receivable Securitization Agreement (herein referred to as "Financing Agreement"), which expires in December 2005. It is management's intent to replace this facility with a revolving credit line or some similar type of debt financing during 2005, but there can be no certainty of success.

Despite the recent improved recovery within the manufacturing sector of the U.S. economy, there can be no guarantee as to its magnitude or duration. Additionally, the Company's ability to timely pass-through supplier-driven material cost increases to its customer base is also critical to meeting required debt service requirements and remaining in compliance with its debt covenants. Should the economic and market recovery turn out to be short term in length, management could pursue further options to ensure it generates enough cash to facilitate the required payments of principal as outlined in its agreements with its primary lenders. These options could include, but not necessarily be limited to, further operating cost reductions and organizational restructuring, further working capital improvements, deferral of non-critical capital projects, sale of assets or business units, refinancing of the Company through additional equity or debt, or renegotiating existing long-term loans outstanding. Management cannot guarantee that any of these options will be available if needed. None of these options are under consideration at this time, other than the ongoing analysis and review of operating expense and levels of working capital required in the business and the aforementioned replacement of the expiring Accounts Receivable Securitization financing.

All current business conditions lead management to believe it will be able to generate sufficient cash from operations and planned working capital improvements, to fund its ongoing capital expenditure program and to meet its debt obligations. Management also believes improved results stemming from current favorable business conditions has placed the Company in a position to successfully refinance its Financing Agreement expiring in December 2005.

Results of Operations: Year-to-Year Comparisons and Commentary

The following financial comparisons include certain significant changes in the Company's structure or business that are considered to be important to the reader's general understanding when viewing results of operations for the years presented.

On May 1, 2002 the Company acquired its joint venture partner's remaining interest in Metal Express. The results of this entity, a wholly owned subsidiary, have been consolidated into Castle's financial statements as of the date of acquisition.

In the second quarter of 2003, the Company initiated a major restructuring program that included the sale or closing of several under-performing and cash consuming business units. Management believes that restructuring has better postured the Company to participate in the current economic recovery by shedding business units that have in past years either produced operating losses, consumed disproportionate amounts of cash, or both, and were not strategic fits with the Company's core business. In the fourth quarter of 2003, the Company incurred additional non-recurring charges associated with equipment lease buyout provisions for assets included in the sale of a non-strategic business unit and for the negotiated early property lease buyout and related write-off of leasehold improvements of a vacated facility.

Total restructuring related charges for 2003 were \$11.5 million on a pre-tax basis. The following table summarizes the charges by category. Further details on these charges can be found in Footnote 8.

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Summary of 2003 Special Charges
(Dollars in millions)

	Impairment				Lease Termination Costs	Other	Total Special Charges
	Inventory	Long- Lived Assets	Joint Venture Investment				
Close KSI, LLC	\$ 0.8	\$ 3.1	\$ —	\$ 0.6	\$ 0.8	\$ 5.3	
Sell Keystone Honing	0.8	0.8	—	—	—	1.6	
Sell Equity Interest in Laser Precision	—	—	3.3	—	—	3.3	
Sell Equity Interest in Energy Alloys	—	—	0.2	—	—	0.2	
Other Asset Impairments and Lease Terminations	—	0.6	—	0.5	—	1.1	
Total	\$ 1.6	\$ 4.5	\$ 3.5	\$ 1.1	\$ 0.8	\$ 11.5	

Effective January 1, 2004 the Company purchased the remaining joint venture partner's interest in Castle de Mexico, S.A. de C.V. The results of this entity have been consolidated in the Company's financial statements as of the effective date of the acquisition.

On March 31, 2004 Total Plastics Inc. (TPI), the Company's subsidiary comprising its plastics segment (TPI) purchased the remaining 40% interest in its Paramount Machine Company subsidiary. The results of this wholly owned subsidiary have been consolidated in the Company's financials statements as of the effective date of the acquisition.

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2004 Results Compared to 2003

Consolidated results by business segment are summarized in the following table for years 2004 and 2003. Impairment and other special charges are shown separately for clarification purposes.

Operating Results by Segment (dollars in millions)

	Year Ended December 31,		Fav/(Unfav)	% Change
	2004	2003		
Net Sales				
Metals	\$ 671.2	\$ 475.3	\$ 195.9	41.2%
Plastics	89.8	67.7	22.1	32.6
Total Net Sales	\$ 761.0	\$ 543.0	\$ 218.0	40.1
Gross Material Margin				
Metals	\$ 188.4	\$ 135.2	\$ 53.2	39.3%
<i>% of Metals Sales</i>	28.1 %	28.4 %	(0.3)%	
Metals Special Charges	—	(1.6)	1.6	
Plastics	29.1	23.4	5.7	24.3
<i>% of Plastics Sales</i>	32.4 %	34.6 %	(2.2)%	
Total Gross Material Margin	\$ 217.5	\$ 157.0	\$ 60.5	38.5%
<i>% of Total Sales</i>	28.6 %	28.9 %	(0.3)%	
Operating Expense				
Metals	\$ (155.4)	\$ (141.0)	\$ (14.4)	(10.2)%
Metals Impairment	—	(6.5)	6.5	
Plastics	(23.6)	(20.6)	(3.0)	(14.6)
Other	(4.9)	(2.6)	(2.3)	
Total Operating Expense	\$ (183.9)	\$ (170.7)	\$ (13.2)	(7.7)%
<i>% of Total Sales</i>	(24.2)%	(35.9)%	11.7%	
Operating Income (Loss)				
Metals	\$ 33.0	\$ (5.8)	\$ 38.8	
<i>% of Metals Sales</i>	4.3 %	(1.2)%	5.5 %	
Metals Special Charges and Impairment	—	(8.1)	8.1	
Plastics	5.5	2.8	2.7	
<i>% of Plastics Sales</i>	6.1 %	4.1 %	2.0 %	
Other	(4.9)	(2.6)	(2.3)	
Total Operating Income (Loss)	\$ 33.6	\$ (13.7)	\$ 47.3	
<i>% of Total Sales</i>	4.4 %	(2.5)%	6.9 %	

"Other" includes costs of executive and legal departments which are shared by both operating segments of the Company.

Net Sales:

Consolidated net sales for the Company of \$761.0 million are up \$218.0 million or 40.1% versus last year. Improved market conditions in the manufacturing sector of the U.S. economy and shortages in raw materials used in metal production have fueled sales growth in terms of both price and real volume. Metals segment sales of \$671.2 million are up \$195.9 million or 41.2% versus 2003. Management estimates that the impact of 2004 material price escalation accounted for approximately two-thirds of the sales increase. The Company's wholly-owned Mexican subsidiary added \$14.6 million of sales in 2004. The balance of the year-over-year sales growth in this segment is due to increased volume driven by healthier market conditions. Plastics segment sales of \$89.8 million increased \$22.1 million or 32.6% versus prior year. Roughly 3% of this increase is due to material price inflation with the balance of growth resulting from planned geographic expansion the Company initiated in 2003.

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Gross Material Margins and Operating Profit (Loss):

On a consolidated basis, gross material margins increased \$60.5 million or 38.5% to a level of \$217.5 million in 2004. Increased volume and material cost and margin pass-through account for this improvement versus 2003. Within its Metals segment, the Company recorded \$1.6 million of impairment related charges in 2003. See Footnote 8 for more details on the nature of these charges. Included in the 2004 margin are charges totaling \$5.2 million resulting from company-wide physical inventories conducted in the third and fourth quarter. The Mexican operation contributed \$3.2 million of margin in 2004. Total gross material margin within the Metals segment increased by \$54.8 million or 41.0% including these factors. The Plastics segment increased gross material margins in 2004 by \$5.7 million or 24.3%. Margin as a percent of sales declined during the year in this segment largely due to product and customer mix. Included in the 2004 margin for the Plastics segment are \$0.5 million of charges associated with an annual physical inventory conducted in the fourth quarter.

In 2003, the Company incurred a \$13.7 million operating loss on a consolidated basis, including \$8.1 million of impairment and other special charges associated with management's decision to exit certain business units and dispose of certain capital assets. No impairment or special charges were recorded in 2004. The Company recorded a \$2.6 million unfavorable net LIFO (last-in, first-out) charge (LIFO loss less inventory revaluation gain) in 2004, compared to a \$2.4 million charge in 2003.

Consolidated operating expenses increased \$13.2 million or 7.7% in 2004 in support of volume growth. Operating expense as a percent of sales declined from 30.2% (excluding impairment charges) in 2003 to 24.2% in 2004. More importantly, the incremental year-over-year increase in operating expense as a percent of incremental sales growth was 6.1%, reflecting the Company's ability to support significant sales growth with a nominal increase in variable expense. Metals segment operating expense increased \$14.4 million (excluding \$6.5 million of impairment charges recorded in 2003) or 7.4% of their 41.2% sales increase. Operating expenses in the Plastics segment increased \$3.0 million or 14.6% of their 32.6% growth in sales.

The Company's "Other" operating segment includes expenses related to executive and legal services that benefited both segments. This expense increased to \$4.9 million in 2004 from \$2.6 million in 2003. Most of the increase was attributable to management incentives and initial year Sarbanes-Oxley compliance costs.

Consolidated operating profit earned in 2004 was \$33.6 million compared to an operating loss of \$13.7 million one year ago.

Other Income and Expense, and Net Results:

The Company's sole remaining joint venture, Kreher Steel, experienced similar favorable market dynamics as the Company's own Metals segment throughout the year. In 2004, equity earnings associated with the Company's 50% interest in this joint venture were \$5.2 million. In 2003, the Company recorded a \$3.5 million impairment charge associated with certain joint venture investments which management elected to sell or exit (see Footnote 8 for more details). Equity earnings in 2003, excluding the impairment charge were \$0.1 million.

Interest expense decreased \$0.7 million to \$9.0 million in 2004. This reflected lower long-term debt levels. Due to lower average amounts sold under its Financing Agreement in 2004, the Company recorded a \$1.0 million discount on receivables sold versus \$1.2 million in 2003.

Consolidated net income from continuing operations in 2004 was \$16.9 million compared to a loss of \$17.9 million in 2003. In the fourth quarter of 2003, the Company recorded an additional \$0.2 million loss (net of taxes) on the disposal of its United Kingdom subsidiary (sold in May 2002) associated with an outstanding customer product liability claim. This loss is shown in Discontinued Operations in the Company's comparative Statement of Operations. Preferred dividends in 2004 and 2003 of \$1.0 million each year are related to the Company's November 2002 private placement of cumulative convertible preferred stock with its largest shareholder.

The Company reported net income of \$15.9 million or \$1.01 per share (basic) in 2004 versus a net loss of \$19.0 million or \$1.20 per share in 2003.

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2003 Results Compared to 2002

Consolidated results by business segment are summarized in the following table for years 2003 and 2002. Impairment and other special charges are shown separately for clarification purposes.

Operating Results by Segment

(dollars in millions)

	<u>Year Ended December 31,</u>		<i>Fav/(Unfav)</i>	<i>% Change</i>
	<i>2003</i>	<i>2002</i>		
Net Sales				
Metals	\$ 475.3	\$ 477.7	\$ (2.4)	(0.5)%
Plastics	67.7	60.4	7.3	12.1
Total Net Sales	\$ 543.0	\$ 538.1	\$ 4.9	0.9%
Gross Material Margin				
Metals	\$ 135.2	\$ 138.9	\$ (3.7)	(2.7)%
<i>% of Metals Sales</i>	<i>28.4 %</i>	<i>29.1 %</i>	<i>(0.7)%</i>	
Metals Special Charges	(1.6)	—	(1.6)	
Plastics	23.4	21.2	2.2	10.4
<i>% of Plastics Sales</i>	<i>34.6 %</i>	<i>35.1 %</i>	<i>(0.5)%</i>	
Total Gross Material Margin	\$ 157.0	\$ 160.1	\$ (3.1)	(1.9)%
<i>% of Total Sales</i>	<i>28.9 %</i>	<i>29.8 %</i>	<i>(0.8)%</i>	
Operating Expense				
Metals	\$ (141.0)	\$ (142.8)	\$ 1.8	1.3%
Metals Impairment	(6.5)	—	(6.5)	—
Plastics	(20.6)	(18.8)	(1.8)	(9.6)
Other	(2.6)	(2.9)	0.3	10.3
Total Operating Expense	\$ (170.7)	\$ (164.5)	\$ (6.2)	(3.8)%
<i>% of Total Sales</i>	<i>(35.9)%</i>	<i>(30.6)%</i>	<i>(0.9)%</i>	
Operating Income (Loss)				
Metals	\$ (5.8)	\$ (3.9)	\$ (1.9)	
<i>% of Metals Sales</i>	<i>(1.2)%</i>	<i>(0.8)%</i>	<i>(0.4)%</i>	
Metals Special Charges and Impairment	(8.1)	—	(8.1)	
Plastics	2.8	2.4	0.4	
<i>% of Plastics Sales</i>	<i>4.1 %</i>	<i>4.0 %</i>	<i>8.3 %</i>	
Other	(2.6)	(2.9)	0.3	
Total Operating Loss	\$ (13.7)	\$ (4.4)	\$ (9.3)	
<i>% of Total Sales</i>	<i>(2.5)%</i>	<i>(0.8)%</i>	<i>(1.7)%</i>	

“Other” includes costs of executive and legal departments which are shared by both operating segments of the Company.

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Net Sales:

Consolidated net sales in 2003 of \$543.0 million were \$4.9 million, or 0.9%, ahead of the prior year. Most of this year-to-year increase was realized in the fourth quarter during which consolidated sales were up \$8.2 million, or 6.6%, versus the corresponding quarter of 2002. This reflected improving market activity at the time, principally in the Metals segment, as the manufacturing sector of the U.S. economy was showing signs of sustained recovery from its prior three-year lull. Metals segment net sales of \$475.3 million (approximately 87.5% of consolidated sales) for the year were slightly down versus 2002. Most of this decline was due to the Company's decision to exit certain non-performing business units in 2003. Plastics segment sales of \$67.7 million (approximately 12.5% of consolidated sales) were up \$7.3 million, or 12.1%, over 2002, due in part to the Company expanding operations into New York and Florida.

Gross Material Margins and Operating Profit (Loss):

Consolidated gross material margin of \$157.0 million, including special charges of \$1.6 million, was \$3.1 million lower in 2003 than the previous year. The year-to-year decline in the Metals segment was due primarily to product mix and competitive pricing. The Plastics segment margins remained strong and ahead of 2002 on higher sales volume.

The Company incurred a \$13.7 million operating loss on a consolidated basis, including \$8.1 million of impairment and other special charges associated with management's decision to exit certain business units and dispose of certain capital assets. The company also recorded a \$2.4 million unfavorable net LIFO (Last-In, Last-Out) charge (LIFO loss less inventory revaluation gain) in 2003, compared to a \$1.3 million charge in 2002.

The Company's "Other" operating segment includes expenses related to executive and legal services that benefited both segments. This expense decreased to \$2.6 million in 2003 from \$2.9 million in 2002.

Other Income and Expense, and Net Results:

The Company recorded a \$3.5 million impairment charge in 2003 associated with certain joint venture investments which management elected to sell or exit (see Footnote 8 for more details).

Interest expense increased \$2.2 million to \$9.7 million in 2003. This reflected the higher interest rates agreed to as part of the Company renegotiating its lending agreements in late 2002. The revised lending agreements allowed for more flexibility within the financial covenants that the Company needed in order to restructure its operating base and exit non-strategic or non-performing business units. Due to lower amounts sold under its Accounts Receivable Securitization Facility in 2003, the Company recorded a \$1.2 million discount on receivables sold versus \$3.4 million in 2002.

Consolidated net loss from continuing operations was \$17.9 million in 2003 versus a loss of \$9.3 million in the previous year. In the fourth quarter of 2003, the Company recorded an additional \$0.2 million loss (net of taxes) on the disposal of its United Kingdom subsidiary (sold in May 2002) associated with an outstanding customer product liability claim. This loss is shown in Discontinued Operations in the Company's Statement of Operations. Preferred dividends in 2003 of \$1.0 million reflected a full year of dividends associated with the November 2002 private placement of cumulative convertible preferred stock by the Company's largest shareholder.

The Company reported a net loss of \$19.0 million or \$1.20 per share in 2003 versus a net loss of \$10.2 million, or \$0.68 per share in 2002.

Recent Accounting Pronouncements:

A description of recent accounting pronouncements is included in Footnote 1 "Notes to Consolidated Financial Statements" under the caption "New Accounting Standards".

Critical Accounting Policies:

The financial statements have been prepared in accordance with generally accepted accounting principals, which necessarily include amounts that are based on estimates and assumptions. The following is a description of some of the more significant valuation policies:

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Accounts Receivable – Accounts receivable are evaluated on a quarterly basis and any significant customers with delinquent balances are reviewed to determine future collectibility. Assessments are based on legal issues (bankruptcy status), past history, current financial and credit agency reports, and the experience of the credit representatives. Accounts judged to be uncollectible are reserved or written off in the quarter in which the determination is made. Additional reserves are maintained based on the Company's historical bad debt experience.

Inventory – Substantially all inventories are valued using the last-in first-out (LIFO) method. Under this method, the current value of material sold is recorded as cost of material sold rather than the actual cost in the order in which it was purchased. This means that older costs are included in inventory, which may be higher or lower than current costs. This method of valuation is subject to year-to-year fluctuations in cost of material sold, which is influenced by the inflation or deflation existing within the metals or plastics industry. The use of LIFO for inventory valuation was chosen to better match replacement cost of inventory with the current pricing used to bill customers.

Retirement Plans – The Company values retirement plan assets and liabilities based on assumptions and valuations established by management following consultation with its independent actuary. 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.

Insurance Plans – The Company is self-insured for a portion of worker's compensation and automobile insurance. 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 claim experience and development.

Revenue Recognition – Revenue from product sales is largely recognized upon shipment, whereupon title passes and the Company has no further obligations to the customer. The Company has entered into consignment inventory agreements with a few select customers whereby revenue is not recorded until the customer has consumed product from the consigned inventory and title has passed. Provisions for sales discounts and rebates to customers, and returns and other adjustments are provided for in the same period the related sales are recorded. Shipping and handling charges are recorded as operating expenses in the period incurred.

Goodwill Impairment – The carrying value of Goodwill is evaluated annually during the first quarter of each fiscal year or when certain events (e.g. the potential sale of an entity) occur which require a more current valuation. The valuation is based on the comparison of an entity's discounted cash flow (equity valuation) to its carrying value. If the carrying value exceeds the equity valuation the Goodwill is impaired appropriately. The equity valuation is based on historical data and management assumptions of future cash flow. Since the assumptions are forward looking, actual results could differ materially from those used in the valuation process.

Income Taxes – Income tax provisions are based on income reported for financial statement purposes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for income tax purposes. The Company records valuation allowances or adjustments against its deferred tax assets when it is more likely than not that the amounts will not be recognized.

Capital Expenditures:

Capital expenditures for 2004 totalled \$5.3 million as compared to \$5.1 million in 2003. Major expenditures included the replacement and upgrading of machinery and equipment, and enhancements to information processing systems. It is anticipated that capital expenditures will be approximately \$6.0 - \$7.0 million in 2005, mainly in the area of customary repair and replacement of existing machinery and equipment and a planned increased investment in upgrading or replacing certain of the Company's existing business systems.

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Capital expenditures for 2003 totalled \$5.1 million as compared to \$1.4 million in 2002. Major expenditures included replacement of machinery and equipment, increased processing capabilities and enhancements to a warehouse management system. During 2002, the Company sold and leased back approximately \$2.0 million of fixed assets respectively, which added to cash flow and minimized other financing requirements. The leaseback transactions are recorded as operating leases and therefore are not reflected as debt on the accompanying Consolidated Financial Statements.

Liquidity and Capital Resources:

The Company's 2004 operating results reflect significantly improved economic conditions within its primary customer markets. In 2003, management initiated several actions that served to generate cash, which in turn, reduced the Company's debt load and restructured its base operating costs, better positioning itself to favorably leverage 2004 and future years incremental sales. Many of the actions initiated resulted in charges that were taken against 2003 earnings in the form of impairment or other special charges (\$11.5 million recorded in 2003).

Additionally, in the last four years, the Company aggressively lowered its investment in inventory and sold unused facility space in select operations. The cash generated from these actions along with the previously mentioned sale of certain non-performing business units, allowed the Company to reduce its total debt and other financing arrangements (including its Financing Agreement) by \$46.7 million since the end of 2000 as well as fund its ongoing operations.

The Company's principal internal sources of liquidity are earnings from operations and management of working capital. Additionally, the Company utilizes an Financing Agreement (see Footnote 9 for more details) as its primary external funding source for working capital needs.

Cash flow from operating activities in 2004 was a positive \$13.6 million. This included a \$3.5 million increase in accounts receivable sold under the Company's Financing Agreement due to additional funding requirements for operations. Excluding the impact of reduced receivables sold under the Company's Financing Agreement, cash flow from operations was a positive \$12.3 million.

Working capital, excluding the current portion of long-term debt, of \$106.8 million is up \$15.5 million, or 16.6%, since the start of 2004. Average inventory levels declined mid-year largely due to tightening metal supply and related extended mill delivery lead times. During the fourth quarter, the Company's supplier base was beginning to make progress on shortening delivery lead times, resulting in rising stock levels at year-end. The higher inventory levels at the end of 2004 will support the Company's historically seasonally stronger first and second quarter sales activity in 2005. Days sales in inventory (DSI) declined to 120 days on average in 2004 from 153 days one year ago. Gross trade receivables (prior to the impact of receivables sold under the Financing Agreement) increased \$29.6 million through December 31, 2004 largely due to higher material pricing and volume growth. The days sales outstanding (DSO) at year-end 2004 were 45.8 days, an improvement versus 48.0 days in 2003.

At December 31, 2004, \$16.5 million of receivables were sold or utilized under the Financing Agreement (versus \$13.0 million at December 31, 2003). Available funds remaining under this facility were \$27.1 million at year-end 2004.

The Company paid \$6.3 million in 2004 for tax payments pertaining primarily to estimated federal and state income tax obligations. The Company also paid \$8.9 million on interest or other debt related obligations due.

As of December 31, 2004, the Company remains in compliance with the covenants of its Financial Agreements, which require it to maintain certain funded debt-to-capital ratios, working capital-to-debt ratios and a minimum equity value as defined within the agreement. A summary of covenant compliance is shown below.

	Required	Actual 12/31/04
Debt-to-Capital Ratio	< 0.55	0.37
Working Capital-to-Debt Ratio	>1.00	1.74
Minimum Equity Value	\$106.8 Million	\$130.3 Million

All current business conditions lead management to believe it will be able to generate sufficient cash from operations and planned working capital improvements (principally from reduced inventories), to fund its ongoing capital expenditure programs and meet its debt obligations.

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Cash Commitments:

The following is a schedule of cash commitments for long-term debt and non-cancelable lease payments:

Payments Due In	Debt	Leases	Total
2005	\$ 11,607	\$12,305	\$ 23,912
2006	16,390	11,803	28,193
2007	16,390	10,038	26,428
2008	19,304	8,969	28,273
2009	16,600	6,993	23,593
Later Years	21,088	13,763	34,851
Total	\$101,379	\$63,871	\$165,250

ITEM 7a — Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to various rate and metal price risks that arise in the normal course of business. The Company finances its operations with fixed and variable rate borrowings and the Financing Agreement. Market risk arises from changes in variable interest rates. An increase of 1% in interest rates on the variable rate indebtedness and Financing Agreement would increase the Company's annual interest expense and discount on sale of accounts receivable by approximately \$0.1 million. The Company's raw material costs are comprised primarily of highly engineered metals and plastics. Market risk arises from changes in the price of steel, other metals and plastics. Although average selling prices generally increase or decrease as material costs increase or decrease, the impact of a change in the purchase price of materials is more immediately reflected in the Company's cost of goods sold than in its selling prices.

Commitments and Contingencies:

The Company is the defendant in several lawsuits arising out of the conduct of its business. These lawsuits are incidental and occur in the normal course of the Company's business affairs. It is the opinion of the Company's in-house counsel, based on current knowledge, that no uninsured liability will result from the outcome of the litigation, that would have material adverse effect on the consolidated financial position to the Company.

Equity Plan Disclosures:

The following table includes information regarding the Company's equity compensation plans:

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,881,019	\$ 9.10	1,650,512
Equity compensation plans not approved by security holders	—	—	—
Total	1,881,019	\$ 9.10	1,646,136

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ITEM 8 — Financial Statements and Supplementary Data

Consolidated Statements of Operations

<i>(Dollars in thousands, except per share data)</i>	Years Ended December 31,		
	2004	2003	2002
Net sales	\$ 760,997	\$ 543,031	\$ 538,143
Cost of material sold	(543,426)	(384,459)	(377,997)
Special charges (Note 8)	—	(1,624)	—
Gross material margin	217,571	156,948	160,146
Plant and delivery expense	(95,229)	(87,055)	(87,902)
Sales, general, and administrative expense	(79,986)	(68,339)	(67,720)
Depreciation and amortization expense	(8,751)	(8,839)	(8,895)
Impairment and other operating expenses (Note 8)	—	(6,456)	—
Total other operating expense	(183,966)	(170,689)	(164,517)
Operating income (loss)	33,605	(13,741)	(4,371)
Interest expense, net (Note 10)	(8,968)	(9,709)	(7,459)
Discount on sale of accounts receivable (Note 9)	(969)	(1,157)	(3,429)
Income (loss) from continuing operations before income taxes and unconsolidated subsidiaries	23,668	(24,607)	(15,259)
Income taxes (Note 6):			
Federal – current	(920)	2,243	10,646
– deferred	(6,913)	6,224	(5,878)
State – current	(1,256)	478	(637)
– deferred	(855)	(204)	1,587
	(9,944)	8,741	5,718
Net income (loss) before equity in unconsolidated subsidiaries and before discontinued operations	13,724	(15,866)	(9,541)
Equity earnings of joint ventures, net of tax	3,153	83	268
Impairment to joint venture investment and advances, net of taxes (Note 8)	—	(2,094)	—
Net income (loss) before discontinued operations	16,877	(17,877)	(9,273)
Discontinued operations (Note 7):			
Loss from discontinued operations; net of income tax (benefit) of (\$40) and \$187	—	—	(26)
Loss on disposal of subsidiary, net of income (benefit) of (\$115) and (\$188)	—	(172)	(752)
Net income (loss)	\$ 16,877	\$ (18,049)	\$ (10,051)
Preferred dividends	(957)	(961)	(103)
Net income (loss) applicable to common stock	\$ 15,920	\$ (19,010)	\$ (10,154)
Basic earnings (loss) per share			
Net income (loss) before discontinued operations	\$ 1.01	\$ (1.19)	\$ (0.63)
Discontinued operations	—	(0.01)	(0.05)
	\$ 1.01	\$ (1.20)	\$ (0.68)
Diluted earnings (loss) per share			
Net income (loss) before discontinued operations	\$ 1.01	\$ (1.19)	\$ (0.63)
Discontinued operations	—	(0.01)	(0.05)
	\$ 1.01	\$ (1.20)	\$ (0.68)

The accompanying notes to consolidated financial statements are an integral part of these statements.

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Consolidated Balance Sheets

(Dollars in thousands)	Years Ended December 31,		
	2004	2003	2002
Assets			
Current assets			
Cash and equivalents (Note 1)	\$ 3,106	\$ 2,455	\$ 918
Accounts receivable, less allowances of \$1,760 in 2004, \$526 in 2003, and \$693 in 2002(Note 9)	80,323	54,232	34,273
Inventories (principally on last-in first-out basis) (latest cost higher by approximately \$92,500 in 2004, \$42,800 in 2003 and \$39,000 in 2002 (Note 1)	135,588	117,270	131,704
Income tax receivable (Note 6)	169	660	9,897
Advances to joint ventures and other current assets	7,325	7,184	7,930
Assets held for sale	995	1,067	—
Total current assets	227,506	182,868	184,722
Investment in joint ventures (Note 5)	8,463	5,492	7,278
Goodwill (Note 1)	32,201	31,643	31,947
Pension asset (Note 4)	42,262	42,075	40,359
Advances to joint ventures and other assets	7,586	8,688	6,754
Property, plant and equipment, at cost (Notes 1 and 5)			
Land	4,771	4,767	6,025
Building	45,514	45,346	53,322
Machinery and equipment	124,641	118,447	125,376
	174,926	168,560	184,723
Less - accumulated depreciation	(109,928)	(100,386)	(103,188)
	64,998	68,174	81,535
Total assets	\$ 383,016	\$ 338,940	\$ 352,595
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 93,342	\$ 67,601	\$ 64,192
Accrued payroll and employee benefits (Note 4)	15,215	10,809	10,101
Accrued liabilities	7,801	8,336	5,991
Current and deferred income taxes (Note 6)	4,349	4,852	4,351
Current portion of long-term debt (Note 10)	11,607	8,248	3,546
Total current liabilities	132,314	99,846	88,181
Long-term debt, less current portion (Note 10)	89,771	100,034	108,801
Deferred income taxes (Note 6)	19,668	13,963	21,101
Deferred gain on sale of assets	6,465	7,304	—
Minority interest	1,644	1,456	1,352
Post retirement benefits obligations (Note 4)	2,905	2,683	2,236
Commitments and contingencies	—	—	—
Stockholders' equity (Notes 11 and 12)			
Preferred stock, no par value - 10,000,000 shares authorized; 12,000 shares issued and outstanding	11,239	11,239	11,239
Common stock, \$0.01 par value - authorized 30,000,000 shares; issued and outstanding 15,806,366 in 2004, 15,796,439 in 2003, 15,799,126 in 2002	159	159	158
Additional paid in capital	35,082	35,009	35,017
Earnings reinvested in the business	82,400	66,480	85,490
Accumulated other comprehensive income (loss)	1,616	1,042	(555)
Other - deferred compensation	(2)	(30)	(195)
Treasury stock, at cost - 62,065 shares in 2004, 43,686 shares in 2003 and 41,001 shares in 2002	(245)	(245)	(230)
Total stockholders' equity	130,249	113,654	130,924
Total liabilities and stockholders' equity	\$ 383,016	\$ 338,940	\$ 352,595

The accompanying notes to consolidated financial statements are an integral part of these statements.

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Consolidated Statements of Cash Flow

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net income (loss)	\$ 16,877	\$(18,049)	\$(10,051)
Net loss from discontinued operations	—	172	778
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	8,751	8,839	8,895
Amortization of deferred gain	(839)	(593)	—
Loss (gain) on sale of facilities/equipment	701	376	(624)
Equity in (earnings) loss from joint ventures	(5,199)	(137)	(446)
Deferred tax provision	7,768	(6,020)	4,291
Increase in pension and other assets	(741)	(2,944)	(5,597)
Non-cash pension expense (income)	421	(1,953)	(2,988)
Increase in post-retirement benefit obligations and other	249	606	444
Increase in minority interest	188	104	116
Asset and joint venture impairment	—	11,333	—
Sale of accounts receivable, net	3,500	(12,866)	(14,134)
Increase (decrease) from changes in:			
Accounts receivable	(27,626)	(5,961)	4,545
Inventories	(15,668)	14,328	7,765
Other current assets	(350)	9,930	(6,443)
Accounts payable	24,351	2,543	7,454
Accrued payroll and employee benefits	4,363	708	40
Income tax payable	(2,073)	(716)	1,489
Accrued liabilities	(1,053)	(758)	60
Net cash from operating activities — continuing operations	13,621	(1,059)	(4,406)
Net cash from operating activities — discontinued operations	—	—	(1,194)
	13,621	(1,059)	(5,600)
Cash flows from investing activities:			
Investments and acquisitions	(1,744)	—	(842)
Proceeds from disposition of subsidiary	—	—	2,486
Advances to and investments in joint ventures	2,228	(289)	(1,882)
Proceeds from sale of facilities/equipment	—	14,002	2,844
Capital expenditures	(5,318)	(5,145)	(1,446)
Net cash from investing activities — continuing operations	(4,834)	8,568	1,160
Net cash from investing activities — discontinued operations	—	—	98
	(4,834)	8,568	1,258
Cash flows from financing activities:			
Proceeds for issuance of long-term debt	—	1,455	—
Repayment of long-term debt	(7,452)	(6,637)	(8,166)
Preferred stock dividend	(957)	(961)	(103)
Proceeds from preferred stock	—	—	11,239
Other	—	—	(502)
Net cash from financing activities — continuing operations	(8,409)	(6,143)	2,468
Net cash from financing activities — discontinued operations	—	—	937
	(8,409)	(6,143)	3,405
Effect of exchange rate changes on cash	273	171	54
Net increase (decrease) in cash	651	1,537	(883)
Cash — beginning of year	2,455	918	1,801
Cash — end of year	<u>\$ 3,106</u>	<u>\$ 2,455</u>	<u>\$ 918</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

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**Supplemental Disclosure of
 Consolidated Cash Flow Statements**

<i>(Dollars in thousands)</i>	Years Ended December 31,		
	2004	2003	2002
Supplemental disclosures of cash flow information			
Cash paid (received) during the year for—			
Interest	\$ 8,910	\$ 9,740	\$ 7,399
Income taxes	\$ 6,331	\$(12,653)	\$(6,320)

Consolidated Statements of Stockholders' Equity

	Preferred Stock	Common Stock	Treasury Stock	Capital Received in Excess of Par Value	Retained Earnings	Deferred Compensation	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2002	\$ —	\$ 142	\$(4,159)	\$27,483	\$ 95,644	\$ (401)	\$ (1,475)	\$117,234
Comprehensive Loss:								
Net loss					(10,051)			(10,051)
Foreign currency translation							621	621
Pension liability adjustment <i>(net of income tax of \$199)</i>							299	299
Total comprehensive loss								(9,430)
Stock issuances	11,239							11,239
Preferred Dividends					(103)			(103)
Contribution to pension plan		16	3,839	7,485				11,340
Other			90	49		206		345
Balance at December 31, 2002	11,239	158	(230)	35,017	85,490	(195)	(555)	130,924
Comprehensive Loss:								
Net loss					(18,049)			(18,049)
Foreign currency translation							1,691	1,691
Pension liability adjustment <i>(net of income tax of \$63)</i>							(94)	(94)
Total comprehensive loss								(16,358)
Preferred Dividends					(961)			(961)
Other		1	(15)	(8)		165		143
Balance at December 31, 2003	11,239	159	(245)	35,009	66,480	(30)	1,042	113,654
Comprehensive Loss:								
Net income					16,877			16,877
Foreign currency translation							1,009	1,009
Pension liability adjustment <i>(net of income tax of \$287)</i>							(435)	(435)
Total comprehensive loss								17,451
Preferred Dividends					(957)			(957)
Other				73		28		101
Balance at December 31, 2004	\$11,239	\$ 159	\$ (245)	\$35,082	\$ 82,400	\$ (2)	\$ 1,616	\$130,249

The accompanying notes to consolidated financial statements are an integral part of these statements.

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A. M. Castle & Co.
Notes to Consolidated Financial Statements

(1) Principal accounting policies and business description

Nature of operations—A. M. Castle & Co. (the “Company”) is an industrial distributor of specialty metals including carbon, alloy, and stainless steels; nickel alloys; aluminum; and copper and brass throughout the United States, Canada and Mexico. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller sized firms in various industries primarily within the producer durable equipment sector. The Company also distributes industrial plastics through its subsidiary, Total Plastics, Inc.

Basis of presentation—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 is used for entities in which the Company has a significant influence. Generally this represents common stock ownership or partnership equity of at least 20% and not more than 50%. All inter-company accounts and transactions have been eliminated.

Use of estimates—The financial statements have been prepared in accordance with generally accepted accounting principles which necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

Revenue Recognition—Revenue from product sales is largely recognized upon shipment whereupon title passes and the Company has no further obligations to the customer. The Company has entered into consignment inventory agreements with a few select customers whereby revenue is not recorded until the customer has consumed product from the consigned inventory and title has passed. Provisions for discounts and rebates to customers, and returns and other adjustments are provided for in the same period the related sales are recorded. Shipping and handling expenses are recorded as operating expense in the period incurred. These amounts were \$24.4 million, \$20.6 million and \$21.1 million for 2004, 2003 and 2002 respectively.

Cash and equivalents—For the purposes of these statements, short-term investments that have an original maturity of 90 days or less are considered cash equivalents.

Inventories—Ninety-two percent of the Company’s inventories are stated at the lower of last-in, first-out (LIFO) cost or market. The Company values its LIFO increments using the costs of its latest purchases during the years reported.

Property, plant and equipment—Property, plant and equipment are stated at cost and include assets held under capitalized leases. Major renewals and betterments are capitalized, while maintenance and repairs that do not substantially improve or extend the useful lives of the respective assets are expensed currently. When properties are disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

The Company provides for depreciation of plant and equipment by charging against income amounts sufficient to amortize the cost of properties over their estimated useful lives (buildings-12 to 40 years; machinery and equipment-5 to 20 years). Depreciation is provided using the straight-line method for financial reporting purposes and accelerated methods for tax purposes.

Income taxes—Income tax provisions are based on income reported for financial statement purposes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for income tax purposes. The Company records valuation allowances against its deferred taxes when it is more likely than not that the amounts will not be realized.

Retirement plan costs—The Company accrues and funds its retirement plans based on amounts, as determined by an independent actuary, necessary to maintain the plans on an actuarially sound basis. The

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Company also provides certain health care and life insurance benefits for retired employees. The cost of these benefits is recognized in the financial statements during the employee's active working career.

Foreign Currency Translation—For all non-U.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, income and expenses are translated using the average exchange rates for the reporting period. Translation adjustments are deferred in accumulated other comprehensive income (loss), a separate component of stockholder's equity. Gains or losses resulting from foreign currency transactions were not material in 2004, 2003, or 2002.

Long-Lived Assets and Long-Lived Assets to Be Disposed Of— The Company's long-lived assets and certain identifiable intangibles 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 to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Earnings per share — Earnings per common share are computed by dividing net income (loss) by the weighted average number of shares of common stock (basic) plus common stock equivalents (diluted) outstanding during the year. Common stock equivalents consist of stock options, restricted stock awards and preferred stock shares and have been included in the calculation of weighted average shares outstanding using the treasury stock method. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings per share", the following table is a reconciliation of the basic and fully diluted earnings per share calculations for the periods reported. (*dollars and shares in thousands*)

	2004	2003	2002
Net income (loss) from continuing operations	\$16,877	\$(17,877)	\$ (9,273)
Net income (loss) from discontinued operations	—	(172)	(778)
Net income (loss)	16,877	(18,049)	(10,051)
Preferred dividends	(957)	(961)	(103)
Net income (loss) applicable to common stock	<u>\$15,920</u>	<u>\$(19,010)</u>	<u>\$(10,154)</u>
Weighted average common shares outstanding	15,795	15,780	14,916
Dilutive effect of outstanding employee and directors' common stock options and preferred stock	930	—	—
Diluted common shares outstanding	<u>16,725</u>	<u>15,780</u>	<u>14,916</u>
Basic earnings (loss) per share			
Net earnings (loss) from continuing operations	\$ 1.01*	\$ (1.19)*	\$ (0.63)*
Net earnings (loss) from discontinued operations	—	(0.01)	(0.05)
Net income (loss) per share	<u>\$ 1.01</u>	<u>\$ (1.20)</u>	<u>\$ (0.68)</u>
Diluted earnings (loss) per share			
Net earnings (loss) from continuing operations	\$ 1.01*	\$ (1.19)*	\$ (0.63)*
Net earnings (loss) from discontinued operations	—	(0.01)	(0.05)
Net income (loss) per share	<u>\$ 1.01</u>	<u>\$ (1.20)</u>	<u>\$ (0.68)</u>
Outstanding employee and directors' common stock options and restricted and preferred stock shares having no dilutive effect	<u>3,674</u>	<u>3,877</u>	<u>3,722</u>

*Income (loss) includes net income (loss) from continuing operations and preferred dividend

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Goodwill— In July 2001 the Financial Accounting Standards Board (FASB) issued SFAS No. 142 “Goodwill and Other Intangible Assets”. The Company adopted this accounting standard effective January 1, 2002. The Company performs an annual impairment test on Goodwill and other intangible assets during the first quarter of each fiscal year. No impairment was recorded during 2004.

The changes in carrying amounts of goodwill were as follows:

	Metals Segment	Plastics Segment	Total
Balance as of December 31, 2002	\$ 18,974	\$ 12,973	\$31,947
Sold	(414)	—	(414)
Currency Valuation	110	—	110
Balance as of December 31, 2003	18,670	12,973	31,643
Purchased	510	—	510
Currency Valuation	48	—	48
Balance as of December 31, 2004	\$ 19,228	\$ 12,973	\$32,201

Concentrations — The Company serves a wide range of industrial companies within the producer durable equipment sector of the economy from locations throughout the United States and Canada. 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 with no single customer more than 3%. Approximately 93% of the Company’s business is conducted in the United States with the remainder of the sales being made in Canada and Mexico.

New Accounting Standards — In December 2004 the Financial Accounting Standards Board (FASB) issued a revised Statement of Financial Accounting Standards (SFAS) No. 123, “Share Based Payment”. The revised SFAS No. 123 requires that the fair value of stock options be recorded in the results of operations beginning no later than July 1, 2005. The effect of adopting the new rule on reported diluted earnings per share is dependent on the number of options granted in the future; the terms of those awards and their fair values. The Company expects to adopt the revised rules on July 1, 2005, but has not determined whether it would adopt prospectively, or retrospectively to January 1, 2005.

In May 2003, the FASB issued SFAS No. 150 – “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity”. This Statement provides guidance as to the appropriate classification of certain financial statement instruments that have characteristics of both liabilities and equity. This Statement was effective at the beginning of the first interim period after June 15, 2003. Adoption of this Statement has not had an impact on the Company’s financial position or results of operations.

In March 2003, the FASB issued Interpretation No. 46. This Interpretation of Accounting Research Bulletin No. 5, “Consolidated Financial Statements”, addresses consolidation by business enterprises of variable interest entities. This Interpretation applies to variable interest entities created after January 1, 2002, and to variable interest entities in which an enterprise obtains an interest after that date. The Company has no investments in or known contractual arrangements with variable interest entities and therefore, this Interpretation has no impact on the Company’s financial statements and related disclosures.

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(2) Segment Reporting

The Company distributes and performs first stage processing on both metals and plastics. Although the distribution process is similar, different products are offered and different customers are served by each of these businesses and, therefore, they are considered segments according to SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information".

The accounting policies of all segments are as described in the summary of significant accounting policies. Management evaluates performance of its business segments based on operating income. The Company does not maintain separate financial statements prepared in accordance with generally accepted accounting principles for each of its operating segments.

The following is the segment information for the years ended December 31, 2004, 2003 and 2002:

	Net Sales	Gross Mat'l Margin	Other Oper Exp	Operating Income (Loss)	Total Assets
2004					
Metals segment	\$671,161	\$ 188,422	\$(155,370)	\$ 33,052	\$338,558
Plastics segment	89,836	29,149	(23,603)	5,546	44,289
Other	—	—	(4,993)	(4,993)	169
Consolidated	\$760,997	\$ 217,571	\$(183,966)	\$ 33,605	\$383,016
2003					
Metals segment	\$475,302	\$ 133,512	\$(147,548)	\$ (14,036)	\$306,892
Plastics segment	67,729	23,436	(20,587)	2,849	31,388
Other	—	—	(2,554)	(2,554)	660
Consolidated	\$543,031	\$ 156,948	\$(170,689)	\$ (13,741)	\$338,940
2002					
Metals segment	\$477,695	\$ 138,955	\$(142,847)	\$ (3,892)	\$312,223
Plastics segment	60,448	21,191	(18,823)	2,368	30,475
Other	—	—	(2,847)	(2,847)	9,897
Consolidated	\$538,143	\$ 160,146	\$(164,517)	\$ (4,371)	\$352,595

"Other" – Operating loss includes the costs of executive and legal departments, which are, shared by both the metals and plastics segments. The segments total assets consist solely of the Company's income tax receivable (the Company files a consolidated income tax return).

(3) Lease Agreements

The Company has operating leases covering certain warehouse facilities, equipment, automobiles and trucks, with lapse of time as the basis for all rental payments plus a mileage factor included in the truck rentals.

Future minimum rental payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2004, are as follows (*in thousands*):

Year ending December 31,	
2005	\$12,305
2006	11,803
2007	10,038
2008	8,969
2009	6,993
Later years	13,763
Total minimum payments required	63,871

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Total rental payments charged to expense were \$12.8 million in 2004, \$15.6 million in 2003 and \$16.8 million in 2002.

In July 2003, the Company sold its Los Angeles land and building for \$10.5 million. Under the agreement, the Company has a ten-year lease for 59% of the property and a short-term lease that expired in May, 2004 for 41% of the space which is not available for use. In October 2003, the Company also sold its Kansas City land and building for \$3.4 million and is leasing back approximately 68% of the property from the purchaser for ten years. These transactions are being accounted for as operating leases. The two transactions generated a total net gain of \$8.5 million, which has been deferred and is being amortized to income ratably over the term of leases. At December 31, 2004, the remaining deferred gain of \$6.5 million was shown as "Deferred gain on sale of assets" with an additional \$0.9 million included in "Accrued liabilities" in the Consolidated Balance Sheets. The lease requires the Company to pay customary operating and repair expenses and contains renewal options. For the year ended December 31, 2004, the total rental expense was \$0.4 million.

During 2002 the Company sold and leased back equipment under operating lease with a term of six years. The assets sold at approximately net book value for proceeds of \$2.0 million. The lease allows for a purchase option of \$0.6 million in 2007. Annual rent is \$0.3 million for assets sold in 2002. This lease is recorded as operating leases in accordance with the criteria set forth in SFAS No. 13 "Accounting For Leases".

(4) Retirement, Profit Sharing and Incentive Plans

Substantially all employees who meet certain requirements of age, length of service and hours worked per year are covered by Company-sponsored retirement plans. These retirement plans are defined benefit, noncontributory plans. Benefits paid to retirees are based upon age at retirement, years of credited service and average earnings.

The assets of the Company-sponsored plans are maintained in a single trust account. The majority of the trust assets are invested in common stock mutual funds, insurance contracts, real estate funds and corporate bonds. The Company's funding policy is to satisfy the minimum funding requirements of ERISA.

Components of net pension benefit cost for 2004, 2003 and 2002 (*in thousands*):

	2004	2003	2002
Service cost	\$ 2,377	\$ 2,040	\$ 1,889
Interest cost	5,792	5,813	5,689
Expected return on assets	(9,587)	(9,769)	(10,351)
Amortization of prior service cost	68	67	67
Amortization of actuarial loss (gain)	1,465	204	—
Net periodic cost (benefit)	<u>\$ 115</u>	<u>\$(1,645)</u>	<u>\$ (2,706)</u>

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Status of the plans at December 31, 2004, 2003 and 2002 was as follows *(in thousands)*:

	2004	2003	2002
Change in projected benefit obligation			
Benefit obligation at beginning of year	\$ 99,008	\$ 86,488	\$ 78,811
Service cost	2,377	2,040	1,889
Interest cost	5,792	5,813	5,689
Benefit payments	(5,110)	(4,911)	(4,660)
Actuarial loss	8,260	9,578	4,760
Plan amendments	—	—	(1)
Projected benefit obligation at end of year	<u>\$110,327</u>	<u>\$ 99,008</u>	<u>\$ 86,488</u>
Change in plan assets:			
Fair value of assets at beginning of year	\$ 92,182	\$ 77,225	\$ 84,470
Actual return (loss) on assets	16,418	19,526	(16,269)
Employer contributions	341	341	13,684
Benefit payments	(5,110)	(4,910)	(4,660)
Fair value of plan assets at year-end	<u>\$103,831</u>	<u>\$ 92,182</u>	<u>\$ 77,225</u>
Reconciliation of funded status:			
Funded status	\$ (6,496)	\$ (6,826)	\$ (9,263)
Unrecognized prior service cost	596	664	731
Unrecognized actuarial loss	44,929	44,965	45,349
Net amount recognized	<u>\$ 39,029</u>	<u>\$ 38,803</u>	<u>\$ 36,817</u>
Amounts recognized in balance sheet consist of:			
Prepaid benefit cost	\$ 42,262	\$ 42,075	\$ 40,122
Accrued benefit liability	(3,969)	(3,773)	(3,512)
Intangible assets	—	—	—
Accumulated comprehensive income	736	501	207
Net amount recognized	<u>\$ 39,029</u>	<u>\$ 38,803</u>	<u>\$ 36,817</u>
Accumulated benefit obligations (all plans)	\$ (97,084)	\$ (89,856)	\$ (79,146)
Accumulated benefit obligations—Supplemental Pension Plan <i>(included in total for all plans*)</i>	\$ (3,969)	\$ (3,772)	\$ (3,511)

**The Company's Supplemental Pension Plan included in the disclosure table above is a non-qualified unfunded plan.*

The assumptions used to measure the projected benefit obligations, future salary increases, and to compute the expected long-term return on assets for the Company's defined benefit pension plans are as follows:

	2004	2003	2002
Discount rate	5.75%	6.00%	6.7%
Projected annual salary increases	4.00	4.00	4.75
Expected long-term rate of return on plan assets	9.00	9.00	9.00
Measurement date	12/31/04	12/31/03	12/31/02

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The assumptions used to determine net periodic pension costs are as follows:

	2004	2003	2002
Discount rate	6.00%	6.75%	7.50%
Expected long-term rate of return on plan assets	9.00	9.00	10.00
Projected annual salary increases	4.00	4.75	4.75
Measurement date	12/31/03	12/31/02	12/31/01

The assumption on expected long-term rate of return on plan assets was based on a building block approach. The expected long-term rate of inflation and risk premiums for the various asset categories is based on the current investment environment. General historical market returns are used in the development of the long-term expected inflation rates and risk premiums. The target allocations of assets are used to develop a composite rate of return assumption.

The Company's pension plan weighted average asset allocations at December 31, 2004, 2003, and 2002, by asset category, are as follows:

	2004	2003	2002
Equity securities	69.4%	68.8%	53.5%
Company stock	15.4	12.9	9.6
Debt securities	8.4	12.2	16.5
Real estate	5.9	5.9	6.5
Other	0.9	0.2	13.9
	100.0%	100.0%	100.0%

The Company's pension plan funds are managed in accordance with investment policies recommended by its investment advisor and approved by the Board. The overall target portfolio allocation is 75% equities; 15% fixed income; and 10% real estate. Within the equity allocation, the style distribution is 30% value; 30% growth; 15% small cap growth; 15% international; and 10% company stock. With the exception of real estate and the Company stock, the investments are made in mutual funds. These funds' conformance with style profiles and performance is monitored regularly by the Company's pension advisor. Adjustments are typically made in the subsequent quarters when investment allocations deviate from target by 5% or more. The investment advisor makes quarterly reports to the Audit Committee and Management and annually reports to the Board.

The Company has profit sharing plans for the benefit of salaried and other eligible employees (including officers). The Company's profit sharing plans include features under Section 401 of the Internal Revenue Code. The plan includes a provision whereby the Company partially matches employee contributions up to a maximum of 6% of the employees' salary. The plan also includes a supplemental contribution feature whereby a Company contribution would be made to all eligible employees upon achievement of specific return on investment goals as defined by the plan.

The Company has a management incentive plan for the benefit of its officers and key employees. Incentives are paid to line managers based on performance, against objectives, of their respective operating units. Incentives are paid to corporate officers on the basis of total Company performance against objectives. Amounts accrued and charged to income under each plan is included as part of accrued payroll and employee benefits at each respective year-end. The amounts charged to income are summarized below (*in thousands*):

	2004	2003	2002
Profit Sharing and 401-K	\$ 788	\$ 414	\$ 384
Management Incentive	\$ 3,722	\$ 691	\$ 544

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 plans.

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Components of net post retirement benefit costs for 2004, 2003 and 2002 *(in thousands)*:

	2004	2003	2002
Service cost	\$ 116	\$ 100	\$ 74
Interest cost	152	154	149
Amortization of prior service cost	47	42	22
Amortization of actuarial loss (gain)	(9)	(31)	(46)
Net periodic benefit cost	\$ 306	\$ 265	\$ 199

The status of the plans at December 31, 2004, 2003 and 2002 was as follows *(in thousands)*:

	2004	2003	2002
Change in projected benefit obligations:			
Benefit obligation at beginning of year	\$ 2,635	\$ 2,367	\$ 1,936
Service cost	116	100	74
Interest cost	152	154	149
Benefit payments	(95)	(192)	(101)
Actuarial loss (gains)	393	206	309
Benefit obligation at end of year	\$ 3,201	\$ 2,635	\$ 2,367
Reconciliation of funded status:			
Funded status	\$(3,201)	\$(2,635)	\$(2,367)
Unrecognized prior service cost	266	313	355
Unrecognized actuarial gain	15	(387)	(624)
Accrued benefit liabilities	\$(2,920)	\$(2,709)	\$(2,636)
Change in projected benefit obligations	\$ 566	\$ 268	\$ 43

Future benefit costs were estimated assuming medical costs would increase at a 5.75% annual rate for 2004. A 1% increase in the health care cost trend rate assumptions would have increased the accumulated post retirement benefit obligation at December 31, 2004 by \$221,000 with no significant effect on the 2003 post retirement benefit expense. The weighted average discount rate used in determining the accumulated post retirement benefit obligation was 5.75% in 2004, 6.00% in 2003 and 6.75% in 2002.

During 2004 no contribution was made to the Supplemental Pension Plan. In 2003 the Company contributed \$0.3 million to its Supplemental Pension Plan and in 2002 \$11.3 million of company stock and \$2.0 million of cash was contribution to the pension plans. Non-cash income on the pension investments, net of non-cash expenses for post-retirement benefits, was \$1.4 million and \$2.5 million in 2003 and 2002, respectively. In 2004 the Company recorded a non cash expense of \$0.4 million for these items.

(5) Joint Ventures

Effective January 1, 2004 the Company purchased the remaining joint venture partner's interest in Castle de Mexico, S.A. de C.V. for \$1.6 million. Castle de Mexico is a distribution company, which targets a wide range of businesses within the durable goods sector throughout Mexico. The results of this entity, now a wholly owned subsidiary, have been consolidated in the Company's financial statements as of the effective date of the acquisition. On January 1, 2004 the operating assets of Laser Precision were sold to an unrelated third-party.

On March 31, 2004 Total Plastics Inc. (TPI) purchased the remaining 40% interest in its Paramount Machine Company subsidiary for \$0.4 million. Paramount is a manufacturer of plastic parts and components which sells to a variety of businesses basically in the Midwest. Beginning on March 31, 2004 the results of the entity were reported as a wholly owned subsidiary (the minority interest was previously eliminated from reported results). The acquisition has been reported based on a preliminary allocation of the purchase price.

In July 2003 the Company sold its 50% interest in Energy Alloys, a joint venture which distributes tubular goods to the oil and gas field industries. The Company received \$1.5 million in cash and a \$2.9 million 6% 10-year promissory note.

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On May 1, 2002 the Company purchased its joint venture partner's remaining interest in Metal Express. Metal Express serves the small order needs of tool and die shops, universities and other research facilities as well as the maintenance, engineering and non-manufacturing needs of the Company's traditional customer base. The results of this entity, now a wholly owned subsidiary, have been consolidated in the Company's financial statements as of the date of the acquisition.

The Company has remaining interest in one non-controlled joint ventures, which is accounted for on the equity basis. The following information summarizes the participation in joint ventures (*in millions*):

For the Years Ended December 31,	2004	2003	2002
Equity in earnings (loss) of joint ventures	\$ 5.2	\$ 0.1	\$ 0.4
Investment in joint ventures	8.5	5.5	7.3
Advances to joint ventures	—	1.7	5.5
Sales to joint ventures	0.2	1.2	3.0
Purchases from joint ventures	0.6	0.7	0.9

Summarized financial data for these ventures combined is as follows (*in millions*):

For the Years Ended December 31,	Combined		
	2004	2003	2002
Revenues	\$ 133.1	\$ 105.0	\$ 145.5
Gross material margin	26.3	16.1	27.3
Pre-tax income	10.7	0.3	0.7
Current assets	52.3	40.9	60.7
Non-current assets	8.9	11.7	15.5
Current liabilities	42.9	41.0	57.8
Non-current liabilities	2.2	3.4	4.7
Partners equity	16.2	8.2	13.6

(6) Income taxes

Significant components of the Company's federal and state deferred tax liabilities and assets (foreign income is insignificant) as of December 31, 2004, 2003 and 2002 are as follows (*in thousands*):

	2004	2003	2002
Deferred tax liabilities:			
Depreciation	\$10,141	\$11,086	\$12,038
Inventory, net	9,743	7,009	8,261
Pension	15,472	15,288	12,222
Other, net	220	197	—
Total deferred liabilities	35,576	33,580	32,521
Deferred tax assets:			
Post-retirement benefits	1,197	1,127	1,054
NOL carryforward	3,018	7,769	4,522
Deferred gain	3,758	3,501	—
Impairment and special charges	1,231	2,866	—
Other, net	—	—	1,493
Total deferred tax assets	9,204	15,263	7,069
Net deferred tax liabilities	\$26,372	\$18,317	\$25,452

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A reconciliation between the statutory income tax amount and the effective amounts at which taxes were actually (benefited) provided is as follows (*in thousands*):

	2004	2003	2002
Federal income tax (benefit) at statutory rates	\$10,103	\$ (9,773)	\$(5,185)
State income taxes, net of Federal income tax benefits	1,257	(1,216)	(703)
Other	630	943	348
Income tax expense (benefit)	<u>\$11,990</u>	<u>\$(10,046)</u>	<u>\$(5,540)</u>

The 2003 Federal NOL carryforward of \$3.8 million was utilized in the 2004 financials. The Company believes that the remaining state NOL of \$3.4 million will be recognized before their expiration dates which range from 2006 to 2023.

(7) Discontinued Operations

On May 1, 2002 the Company sold its United Kingdom subsidiary for \$6.5 million consisting of \$3.3 million received in cash (\$2.5 million paid at closing and \$0.8 million received in January 2003) and \$3.2 million to settle amounts owed. The initial after-tax loss on the sale totalled \$0.8 million. In December 2003, claims were received from the buyer against certain of the assets sold, which resulted in an additional after tax loss on the sale of \$0.2 million.

The financial statements for all periods have been restated to present the subsidiary as a discontinued operation. The following is a summary of the discontinued operation's financial data (in millions):

	2002
Net sales	\$ 4.5
Pre-tax loss	(0.1)
Net loss	—

(8) Asset Impairment and Special Charges

After a review of certain of its under-performing operations within its metals segment, the Company initiated a major restructuring program during the second quarter of 2003. The restructuring anticipated the sale or liquidation of several under-performing and cash consuming business units, which were strategic to the Company's long-term strategy and were reporting operating losses and/or consuming cash. The restructuring includes the closing of KSI, LLC a chrome bar plating operation; the liquidation or sale of the Company's 50% interest in Laser Precision, a joint venture which produces laser cut parts; the sale of the operating assets of Keystone Honing Company, a subsidiary which processes and sells honed tubes; the disposal of selected pieces of equipment which interfere with more efficient use of the Company's distribution facilities, and the sale of the Company's 50% interest in Energy Alloys, a joint venture which distributes tubular goods to the oil and gas field industries.

The combined impairment and special charges recorded during 2003 included \$1.6 million of inventories to be sold or liquidated in connection with the disposition of certain businesses; the impairment of long-lived assets of \$4.5 million based on their anticipated sale price or appraisal value; the accrual of \$1.1 million of contract termination costs under operating leases associated with the sale of the businesses' non-inventory assets, a \$3.5 million impairment on the investment in the two joint ventures, and \$0.8 million of other restructuring related costs.

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The following table summarizes the restructure reserve activity (*in millions*):

	12/31/2003 Balance	2004 Charges	12/31/2004 Balance
Lease and other contract transition costs	\$ 0.3	\$ (0.3)	\$ —
Environmental clean-up costs	0.8	(0.8)	—
Legal fees on asset sales/divestiture	0.1	(0.1)	—
Total	<u>\$ 1.2</u>	<u>\$ (1.2)</u>	<u>—</u>

KSI, LLC

Although the Company made significant investments in this business the operation never operated profitably due to the lack of sufficient volume. New business was aggressively sought, but due to the highly depressed activity in the markets it served, the necessary volume could not be achieved. In the second quarter of 2003, the decision was made to cease operations and begin the liquidation. As a result of this decision an impairment of \$3.1 million was recorded on long-lived assets in 2003; \$0.6 million was accrued for contract termination costs under operating leases; \$0.4 million was accrued for environmental shutdown and clean up costs of the existing building; \$0.8 million of special charges were incurred to reduce inventory to anticipated liquidation value and \$0.4 million was incurred for early termination of funded debt which was secured by the entity's assets.

As of December 31, 2004 all operating assets and inventory on-site have been liquidated. Environmental remediation efforts are nearly complete and total expenses paid to date were \$2.6 million. All remediation and clean-up costs are covered under existing insurance policies net of a \$0.3 million deductible. In 2004, \$1.8 million of insurance proceeds were received and the Company has recorded a \$0.5 million receivable representing additional insurance proceeds expected. The Company has reached a tentative agreement for the sale of the building once state regulatory approval is attained on the environmental clean-up. The Company anticipates the sale to occur in 2005.

Keystone Honing Company

During the second quarter of 2003 the Company entered into negotiations to sell selected assets of this wholly owned subsidiary. The sale was completed on July 31, 2003. As a result of the sale, an impairment charge of \$0.8 million was recorded on long-lived assets and goodwill and a special charge of \$0.8 million was recorded to reduce inventory to its net realizable value.

Energy Alloys, a Joint Venture

Under the Company's joint venture agreement, Energy Alloys LP, the Company had the right under the buy-sell agreement to either purchase or sell its interest for a specific dollar value. The Company exercised this provision on January 28, 2003. The two parties entered into negotiations, which resulted in an agreement under which the joint venture partner would purchase the Company's interest for \$4.4 million. On July 23, 2003 the Company received \$1.5 million in cash and a \$2.9 million promissory note for its interest in the joint venture. An impairment charge of \$0.2 million was recorded in 2003 based on the loss on the sale primarily due to professional service fees associated with this transaction.

Laser Precision, a Joint Venture

Continued depression in the manufacturing environment and failure to achieve breakeven points or positive cash flows during the first six months of 2003 led to the decision to liquidate or sell this joint venture. On December 31, 2003 the Company received a commitment letter for the sale of the joint venture. An impairment of \$3.3 million was recognized based upon the Company's expected sales price. On January 1, 2004 the operating assets of Laser Precision were sold to an unrelated third-party.

Long-Lived Asset Impairment and Lease Termination Costs

Selected long-lived assets and non-cancelable leases were either impaired or accruals were made for contract termination costs totaling \$1.1 million. In 2003, the decision was made to dispose of the owned assets and cease use of the leased assets in order to facilitate plant consolidations and to maximize plant utilization.

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(9) Accounts Receivable Securitization

In December 2002, the Company replaced an Accounts Receivable Securitization facility scheduled to expire in March 2003 with a \$60 million, three-year facility. The Company is utilizing a special purpose, fully consolidated, bankruptcy remote company (Castle SPFD, LLC) for the sole purpose of buying receivables from the parent Company and selected subsidiaries, and selling an undivided interest in a base of receivables to a finance company. Castle SPFD, LLC retains an undivided interest in the pool of accounts receivable, and bad debt losses are allocated first to this retained interest. The facility, which expires in December 2005, requires early amortization if the special purpose company does not maintain a required minimum equity balance or if certain ratios related to the collectibility of the receivables are not maintained. Funding under the facility is limited to the lesser of a calculated funding base or \$60 million. As of December 31, 2004, \$16.5 million of accounts receivable were sold to the finance company and an additional \$27.2 million could have been sold under the agreement. The amount sold to the financing company at December 31, 2003 and 2002 was \$13.0 million and \$25.9 million, respectively.

The sale of accounts receivable is reflected as a reduction of "accounts receivable, net" in the Consolidated Balance Sheets and the proceeds received are included in "net cash provided from operating activities" in the Consolidated Statements of Cash Flows. Sales proceeds from the receivables are less than the face amount of the accounts receivable sold by an amount equal to a discount on sales as determined by the financing company. These costs are charged to "discount on sale of accounts receivable" in the Consolidated Statements of Operations. The discount rate as of December 31, 2004 ranged from 5.16% to 5.25%.

(10) Debt

Long-term debt consisted of the following at December 31, 2004, 2003 and 2002 (*in thousands*):

	2004	2003	2002
Revolving credit agreement (a)	\$ 7,086	\$ 6,557	\$ 3,434
8.49% (6.49% prior to November 2002) insurance company term loan, due in equal installments from 2004 through 2008	16,000	20,000	20,000
Industrial development revenue bonds at a 6.22% weighted average rate, due in 2009	3,600	4,891	11,558
9.54% (7.54% prior to November 2002) insurance company loan due in equal installments from 2005 through 2009	25,000	25,000	25,000
8.55% (6.54% prior to November 2002) average rate insurance company loan due in varying installments from 2001 through 2012	47,500	49,375	51,250
Other	2,192	2,459	1,105
Total	101,378	108,282	112,347
Less-current portion	(11,607)	(8,248)	(3,546)
Total long-term portion	\$ 89,771	\$100,034	\$108,801

Long-Term Debt

(a) The Company has a revolving credit agreement with a Canadian bank. Funding under the facility is limited to the lesser of a funding base or \$8.3 million. At December 31, 2004 an additional \$1.2 million could have been borrowed under the agreement. The existing Canadian credit facility is a five-year revolver and can be extended annually for an additional year, by mutual agreement. Under this credit arrangement all borrowings are considered to be long-term debt for balance sheet presentation purposes. A domestic facility was replaced by an accounts receivable securitization agreement during the fourth quarter of 2002.

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Interest rate options for the foreign revolving facility are based on the Bank's London Interbank Offer Rate (LIBOR) or Prime rates. The weighted average rate was 2.4%, 3.1% and 3.5% in 2004, 2003, and 2002 respectively. A commitment fee of 0.5% of the unused portion of the commitment is also required.

(b) The industrial revenue bond is based on a variable rate demand bond structure and is backed by a letter of credit.

(c) In November 2002 the Company reached an agreement with its lenders to amend its loan covenants. The amendments expanded certain critical financial covenants in order to provide greater financial and operating flexibility in exchange for a 200 basis point increase in interest rates. As part of the amendments, the Company granted its lenders security interests in the Company's and its subsidiaries' assets, the subsidiaries were added as guarantors. The interest rate increase can be reduced by 150 basis points and the security interests released when the Company's balance sheet reaches an investment grade credit rating as defined in the loan agreements.

The most restrictive provisions of the agreements require the Company to maintain certain funded debt-to-total capitalization ratios, working capital ratios and minimum equity balances. The Company was in compliance with all covenants at December 31, 2004.

Net interest expense reported on the accompanying Consolidated Statements of Operations was reduced by interest income of \$0.2 million in 2004 and \$0.1 million in 2003 and 2002.

Aggregate annual principal payments required on long-term debt are as follows (*in thousands*):

Year ending December 31,	
2005	\$ 11,607
2006	16,390
2007	16,390
2008	19,304
2009	16,600
Later years	21,087
Total debt	<u>\$101,378</u>

Short-Term Debt

In 2002, the Company had short-term borrowing of \$0.7 million on average. The maximum short-term borrowing that year was \$1.2 million and the average interest rate was 3.9%. The Company had no short-term borrowing in 2003 and 2004.

(11) Common Stock/Stock Options

During 2000, a restricted stock award of 100,000 shares with a value of \$1.2 million was granted. The award vests in various amounts over a three-year period. In 2002, restricted stock awards of 16,000 shares with a value of \$0.2 million were granted. The awards vest equally over three years. An expense of \$0.1 million, \$0.1 million and \$0.3 million was recorded for 2004, 2003 and 2002, respectively, in order to recognize the compensation ratably over the vesting period.

The Company has long-term stock incentive and stock option plans for the benefit of officers, directors, and key management employees. The 1995 Directors Stock Option Plan authorizes up to 187,500 shares; the 1996 Restricted Stock and Stock Option Plan authorizes 937,500 shares; the 2000 Restricted Stock and Stock Option Plan authorizes 1,200,000 shares and the 2004 Restricted Stock, Stock Option and Equity Compensation Plan authorizes 1,350,000 shares for use under these plans. A summary of the activity under the plans is shown below:

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	Shares	Avg. Exercise Price	Price Range
December 31, 2001	1,625,085	\$ 14.09	\$ 10.00— \$23.88
Granted	657,230	6.83	6.39 — 10.74
Forfeitures/Tendered	(395,612)	18.18	10.00 — 23.88
December 31, 2002	1,886,703	10.71	6.39 — 23.88
Granted	397,500	5.20	4.79 — 5.21
Forfeitures/Tendered.	(208,250)	9.94	6.39 — 20.25
December 31, 2003	2,075,953	9.73	4.79 — 23.88
Granted	52,500	8.52	8.52
Forfeitures	(244,767)	14.43	5.21 — 23.12
December 31, 2004	1,883,686	\$ 9.10	\$ 4.79— \$28.25

During 2002 the Company offered its current option holders a plan in which existing options could be tendered for new options for one-half the number of the original shares granted at an option price which would be determined by the Company's stock price more than six months after the tender date. The tendered shares are included in "Forfeitures/Tendered" and the new grants are included as "Granted".

As of December 31, 2004, 1,409,049 of the 1,883,686 options outstanding were exercisable and had a weighted average contractual life of 6.2 years with a weighted average exercise price of \$10.13. The remaining 474,637 shares were not exercisable and had a weighted average contractual life of 9.0 years, with a weighted average exercise price of \$5.72.

As required, the Company has adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure", for the periods ended December 31, 2004, 2003 and 2002. The following table summarizes on a pro-forma basis the effects on the Company's net loss had compensation been recognized. The fair value of the options granted has been estimated using the Black Scholes option-pricing model.

Assumptions

	2004	2003	2002
Risk free interest	4.32%	3.1%	4.0%
Expected dividend yield	\$ —	\$ —	\$ —
Option life	10 Yrs	10 Yrs	10 Yrs
Expected volatility	50%	50%	30%
The estimated weighted average fair value on the date granted based on the above assumptions	\$ 8.52	\$ 5.46	\$ 1.66

Pro-Forma Income (Loss) Information *(in thousands except share data)*

	2004	2003	2002
Net income (loss) applicable to common stock, as reported	\$15,920	\$(19,010)	\$(10,154)
Pro-forma effect of stock option compensation under fair value based method for all awards	(977)	(658)	(966)
Pro-forma net income (loss) applicable to common stock	\$14,943	\$(19,668)	\$(11,120)
Total basic income (loss) per share, as reported	\$ 1.01	\$ (1.20)	\$ (0.68)
Total diluted income (loss) per share, as reported	\$ 1.01	\$ (1.20)	\$ (0.68)
Pro-forma basic income (loss) per share	\$ 0.95	\$ (1.25)	\$ (0.74)
Pro-forma diluted income (loss) per share	\$ 0.95	\$ (1.25)	\$ (0.74)

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(12) Preferred Stock

In November 2002 the Company's largest stockholder purchased through a private placement \$12.0 million of eight-percent cumulative convertible preferred stock. The initial conversion price of the preferred stock is \$6.69 per share. At the time of the purchase, the shareholder, on an as-converted basis, would increase its holdings and voting power in the Company by approximately 5%. The terms of the preferred stock include: the participation in any dividends on the common stock, subject to a minimum eight-percent dividend; voting rights on an as-converted basis; and customary anti-dilution and preemptive rights. During 2002, legal and consulting fees incurred in preparing the preferred stock arrangements of approximately \$0.8 million were recorded against Stockholders Equity.

(13) Commitments and Contingent Liabilities

At December 31, 2004 the Company had \$1.8 million of irrevocable letters of credit outstanding and \$0.7 million of cash on deposit to comply with the insurance reserve requirements of its workers' compensation insurance carrier. The Letter of Credit is secured with a Certificate of Deposit, which is included in "Advances to joint ventures and other current assets" on the Consolidated Balance Sheets in both 2004 and 2003. In addition in "Accrued liabilities" on the Consolidated Balance Sheets the reserve for workers compensation was \$1.4 million and \$0.9 million at year-end 2004 and 2003, respectively.

The Company is the defendant in several lawsuits arising out of the conduct of its business. These lawsuits are incidental and occur in the normal course of the Company's business affairs. It is the opinion of the Company's in-house counsel that no significant uninsured liability will result from the outcome of the litigation, and thus there is no material financial exposure to the Company.

(14) Selected Quarterly Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2004 quarters				
Net sales	\$175,634	\$188,221	\$199,341	\$197,803
Gross material margin	51,153	56,356	57,308	52,754
Net income	2,062	5,758	5,847	2,249
Net income per share basic	\$ 0.13	\$ 0.36	\$ 0.37	\$ 0.14
Net income per share diluted	\$ 0.13	\$ 0.35	\$ 0.35	\$ 0.15
2003 quarters				
Net sales	\$141,646	\$133,947	\$134,917	\$132,520
Gross material margin	43,202	38,884	38,969	35,893
Net loss	(1,645)	(9,271)	(2,579)	(5,516)
Net loss per share basic and diluted	\$ (0.10)	\$ (0.59)	\$ (0.16)	\$ (0.35)

+Third Quarter 2004 includes charges to cost of sales of a net inventory adjustment of \$1.7 million. The comparable charge in the fourth quarter was \$2.2 million as well as a net LIFO charge of \$2.5 million.

Fourth quarter 2003 includes charges to cost of sales of a net inventory adjustment of \$2.1 million along with \$0.8 million of impairment and special charges, for a total expense adjustment of \$2.9 million. Also in the fourth quarter there was a \$0.8 million charge to income tax expense as the result of the revaluation of state income tax NOL.



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Report of Independent Registered Public Accounting Firm
To the Stockholders and Board of Directors
of A. M. Castle & Co.:

To the Stockholders and Board of Directors of A.M. Castle & Co.:

We have audited the accompanying consolidated balance sheets of A.M. Castle & Co. and subsidiaries (the "Company") as of December 31, 2004, 2003, and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index in Item 16. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of A.M. Castle & Co. and subsidiaries as of December 31, 2004, 2003, and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill and intangible assets upon adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Chicago, Illinois
March 15, 2005

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Management's Report on Internal Control Over Financial Reporting

Castle's management is responsible for establishing and monitoring adequate internal control over financial reporting as such term is defined in the 1934 Securities Exchange Act rules §240.13a-15(f). Castle's internal control is designed to provide reasonable assurance to Castle's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Castle, under the direction of Castle's Chief Executive Officer and Chief Financial Officer conducted evaluation and testing of the effectiveness of Castle's internal control over financial reporting as of December 31, 2004 based upon the framework published by the Committee of Sponsoring Organizations of the Treadway Commission, referred to as the Internal Control Integrated Framework.

All internal control over financial reporting, no matter how well designed, have inherent limitations. Therefore, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

Because of the material weaknesses described below management believes that, as of December 31, 2004, the Company's internal control over financial reporting was not effective based on those criteria.

In conducting its evaluation of the Company's internal control over financial reporting at December 31, 2004, management found a material weakness in the area of inventory controls.

In the 3rd quarter of 2004 the Company replaced its historical procedures of inventory verification with improved procedures for physical inventory counts. This change in internal control over inventory was reported in the 3rd quarter 10Q for the period ended September 30, 2004. As a result of the institution of the improved procedures in the second half of 2004, material inventory adjustments were identified and recorded during the 3rd and 4th quarters of 2004.

In addition, at year-end a weakness involving inventory stored at third party processors was identified. The post year-end implementation of expanded procedures identified additional inventory adjustments that were also recorded.

The impact of these inventory adjustments reduced after tax earnings by \$1.0 million in the 3rd quarter and \$2.4 million in the 4th quarter of 2004.

In addition, management determined that significant deficiencies in the financial close and reporting process existed. As a result of applying more rigorous post year-end procedures, material errors in the Company's financial statements were recorded. In management's opinion, these significant deficiencies, in the aggregate, also constituted a material weakness as that term is defined in Section 404 of the Sarbanes-Oxley Act.

Castle's independent auditors, Deloitte & Touche LLP, the registered public accounting firm that audited the Financial Statements included in the Annual Report (this 10K), have issued an attestation report on management's assessment of the effectiveness of Castle's internal controls over financial reporting as of December 31, 2004. This report appears on page 39.

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**Independent Registered Public Accounting Firm
Report on Internal Control Over Financial Reporting**

To the Stockholders and Board of Directors of A.M. Castle & Co.:

We have audited management's assessment, included in the accompanying management's report on internal control over financial reporting, that A.M. Castle & Co. and subsidiaries (the "Company") did not maintain effective internal control over financial reporting as of December 31, 2004, because of the effect of the material weaknesses identified in management's assessment based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weaknesses have been identified and included in management's assessment. The Company failed to design and implement appropriate controls and procedures over the accounting for inventory and the period-end financial closing and reporting process to ensure that financial information is adequately analyzed to detect actual misstatements. Specifically:

- As of December 31, 2004, management had not implemented the procedures and review processes required in order to complete accurate and timely reconciliations of its inventory counts to the general ledger. Also, as of December 31, 2004, the Company did not have processes to verify and reconcile its inventory held at outside processors to the general ledger. As a result, the Company recorded material adjustments in 2004 to reduce its inventory balances and increase cost of goods sold. The deficiency was concluded to be a material weakness due to the

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significance of the adjustments, the significance of controls over inventory to the preparation of reliable financial statements, and the absence of other mitigating controls to detect the adjustments.

- Management did not adequately analyze and review certain financial statement accounts in the period-end financial closing and reporting process and, as a result, adjustments that were not individually material to the financial statements were required at December 31, 2004, to (1) increase the allowance for doubtful accounts, (2) reduce the accrual for insurance reserves, and (3) increase the provision for income taxes. Due to the misstatements identified, the potential for further misstatements as a result of the internal control deficiencies, and the significance of the financial closing and reporting process to the preparation of reliable financial statements, there is a more than remote likelihood that a material misstatement of the interim and annual financial statements would not have been prevented or detected.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2004, of the Company and this report does not affect our report on such financial statements and financial statement schedule.

In our opinion, management's assessment that the Company did not maintain effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2004, of the Company and our report dated March 15, 2005 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to a change in accounting for goodwill and intangible assets upon adoption of Statement of Financial Accounting Standards, No. 142, *Goodwill and Other Intangible Assets*.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Chicago, Illinois
March 15, 2005

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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 due to material weaknesses discussed in Management's Report on Internal Controls Over Financial Reporting on page 38 hereof, the Company's disclosure controls and procedures were not effective as of December 31, 2004.

Management's Annual Report on Internal Controls Over Financial Reporting

Management's report on internal controls over financial reporting is included in Part II of this report and incorporated in this Item 9A by reference.

Attestation Report of the Independent Registered Public Accounting Firm

Deloitte & Touche LLP has audited management's assessment of the effectiveness of internal controls over financial reporting as stated in their report included in Part II Item 8 and incorporated by reference herein.

Change in Internal Controls Over Financial Reporting

During the third quarter 2004, the Company made changes to its internal controls over financial reporting relating to inventory. These changes were reported in the third quarter 10-Q. During the fourth quarter 2004, the Company continued to implement these changes to the balance of the Company's inventory.

As a result of the material weaknesses identified, management has instituted more rigorous procedures for physical counts and reconciliations of inventory to be performed once or twice per year depending upon location size and risk assessment. Also, in the first quarter of 2005, the Company will require detailed certification by outside processors of its inventory received, shipped and on-hand as of the close of each quarter, which will be reconciled to the financial statements.

In addition, expanded procedures relating to the analysis of workmen compensation reserves, customer credit memo reserves, and accounts payable debit memo reserves have been put in place. Specifically, the expanded procedures will be based upon the same detailed analysis the Company performed on these reserves at year end that led to the identification of material adjustments to the financial statements.

Item 9B — Other Information

None

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PART III

ITEM 10 — Directors and Executive Officers of the Registrant

Executive Officers of The Registrant

<u>Name and Title</u>	<u>Age</u>	<u>Business Experience</u>
G. Thomas McKane Chairman and Chief Executive Officer	60	Mr. McKane began his employment with the registrant in May of 2000 and was appointed to the position of President and Chief Executive Officer. In January 2004 he was elected to the position of Chairman of the Board. Formerly, he had been employed by Emerson Electric since 1968 in a variety of executive positions.
Stephen V. Hooks Executive Vice President — Chief Operating Officer — Castle Metals	53	Mr. Hooks began his employment with the registrant in 1972. He was elected to the position of Vice President — Midwest Region in 1993, Vice President — Merchandising in 1998 Senior Vice President—Sales & Merchandising in 2002 and Executive Vice President and Chief Operating Officer of Castle Metals in January 2004.
Albert J. Biemer, III Vice President — Supply Chain	43	Mr. Biemer began his employment with the registrant in 2001 and was elected Vice President — Supply Chain. Formerly with CSC, Ltd. as Vice President, Logistics in 2000 and Carpenter Technology Corporation 1997 to 2000.
Lawrence A. Boik Vice President Chief Financial Officer and Treasurer	45	Mr. Boik began his employment with the registrant in September 2003 and was appointed to the position of Vice President-Controller, Treasurer as well as Chief Accounting Officer. In October 2004, he was named to the position of Vice President-Finance, Chief Financial Officer and Treasurer. Formerly he served as the CFO of Meridan Rail from January 2002. Prior employment included Vice President-Controller of ABC-NACO since July 2000, and Assistant Corporate Controller of US Can Co. back to October 1997.
J. Michael Coulson Vice President and Midwest Region Manager	47	Mr. Coulson began his employment with the registrant in 1979. He has appointed District Manager in 1991, Midwest Region Manager in 2003. and Vice President in 2005.
M. Bruce Herron Vice President and Western Region Manager	59	Mr. Herron began his employment with the registrant in 1970. He was elected to the position of Vice President — Western Region in 1989; Vice President — Sales in 1998; and Executive Vice President and Chief Operating Officer in 1999. He was named Vice President and Western Region Manager in 2000.
Robert R. Hudson Vice President — Tubular & Plate Products	49	Mr. Hudson began his employment with the registrant in 2002. He was named Vice President —Tubular Products. In 2002. He was named Vice President —Tubular Products. In 2003 he was given the added responsibilities of plate products and 2003 he was given the added responsibilities of plate products and Strategic Account Development. Formerly with U.S. Food Service as President and Ispat International NV.
Tim N. Lafontaine Vice President — Alloy Products	51	Mr. Lafontaine began his employment with the registrant in 1975, and was elected Vice President - Alloy Products in 1998

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<u>Name and Title</u>	<u>Age</u>	<u>Business Experience</u>
Blain A. Tiffany Vice President and Eastern Region Manager	46	Mr. Tiffany began his employment with the registrant in 2000 and was appointed to the position of District Manager. He was appointed Eastern Region Manager in 2003 and Vice President in 2005. Prior to joining he was with Alro Steel.
Craig R. Wilson Vice President — Advanced Material Products	53	Mr. Wilson began his employment with the registrant in 1979. He was elected to the position of Vice President - Eastern Region in 1997; Vice President — Business Improvement and Quality in 1998; and Vice President and General Manager-Great Lakes Region in 1999. He was named Vice President-Advanced Materials Products in 2000.
Paul J. Winsauer Vice President - Human Resources	53	Mr. Winsauer began his employment with the registrant in 1981. In 1996, he was elected to the position of Vice-President — Human Resources.
Jerry M. Aufox Secretary and Corporate Counsel	62	Mr. Aufox began his employment with the registrant in 1977. In 1985 he was elected to the position of Secretary and Corporate Counsel. He is responsible for all legal affairs of the registrant.
Thomas L. Garrett President Total Plastics, Inc.	42	Mr. Garrett began his with the registrant in 1988 and was appointed to the position of controller. He was elected to the position of Vice President in 1996 and President in 2001.
Paul A. Lisius Vice President and General Manager Metal Express, LLC	56	Mr. Lisius began his employment with the registrant in 2001 and was appointed to the position of controller. He 2004 in was elected to the position of Vice President and General Manager. Prior to joining Metal Express he was the controller of Hentzen Coatings

All additional information required to be filed in Part III, Item 10, Form 10-K, has been included in the Definitive Proxy Statement dated March 15, 2005 filed with the Securities and Exchange Commission, pursuant to Regulation 14A entitled "Information Concerning Nominees for Directors" and is hereby incorporated by this specific reference.

ITEM 11 — Executive Compensation

All information required to be filed in Part III, Item 11, Form 10-K, has been included in the Definitive Proxy Statement dated March 15, 2005, filed with the Securities and Exchange Commission, pursuant to Regulation 14A entitled "Management Remuneration" and is hereby incorporated by this specific reference.

ITEM 12 — Security Ownership of Certain Beneficial Owners and Management

The information required to be filed in Part I, Item 4, Form 10-K, has been included in the Definitive Proxy Statement dated March 15, 2005, filed with the Securities and Exchange Commission pursuant to Regulation 14A, entitled "Information Concerning Nominees for Directors" and "Stock Ownership of Certain Beneficial Owners and Management" is hereby incorporated by this specific reference.

Other than the information provided above, Part III has been omitted pursuant to General Instruction G for Form 10-K and Rule 12b-23 since the Company will file a Definitive Proxy Statement not later than 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A, which involves the election of Directors.



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ITEM 13 — *Certain Relationships and Related Transactions*

None.

ITEM 14 — *Principal Accountant Fees and Services*

All information required to be filed in Part III, Item 14, Form 10-K, has been included in the Definitive Proxy Statement dated March 15, 2005, filed with the Securities and Exchange Commission, pursuant to Regulation 14A entitled "Proposal Three: Ratification of Appointment of Independent Auditors" and is hereby incorporated by this specific reference.

PART IV

ITEM 15 — *Exhibits and Financial Statement Schedules*

**A. M. Castle & Co.
Index To Financial Statements and Schedules**

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Consolidated Statements of Operations — For the years ended December 31, 2004, 2003 and 2002	18
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The following exhibits are filed herewith or incorporated by reference.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
2.2	Agreement of Merger and Plan of Reorganization (1)
3.1	Articles of Incorporation of the Company (1)
3.2	Articles of Merger Between A. M. Castle & Co. (a Delaware Corporation) and Castle Merger, Inc. (a Maryland Corporation) Dated June 5, 2001
3.3	By-Laws of the Company (1)

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Exhibit Number	Description of Exhibit
3.4	Articles Supplementary to the Company's Articles of Incorporation creating the Company's Series A Cumulative Convertible Preferred Stock, filed November 22, 2002 with the State Department of Assessments and Taxation of Maryland (2)
4.1	Note Agreement dated as of April 1, 1996 between the Company and Nationwide Life Insurance Company (2)
4.2	First Amendment and Waiver to Note Agreement dated as of December 1, 1998, to April 1, 1996 Note Agreement (2)
4.3	Second Amendment dated as of November 22, 2002, to April 1, 1996 Note Agreement (2)
4.4	Note Agreement dated as of May 15, 1997 among the Company, Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company (2)
4.5	First Amendment and Waiver to Note Agreement dated as of December 1, 1998, to May 15, 1997 Note Agreement (2)
4.6	Second Amendment dated as of November 22, 2002, to Note Agreement dated as of May 15, 1997 (2)
4.7	Note Agreement dated as of March 1, 1998 among the Company, Allstate Life Insurance Company, The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company (2)
4.8	First Amendment and Waiver to Note Agreement dated as of December 1, 1998, to Note Agreement dated as of March 1, 1998 (2)
4.9	Second Amendment dated as of November 22, 2002, to Note Agreement dated as of March 1, 1998 (2)
4.10	Collateral Agency and Intercreditor Agreement, dated as of March 20, 2003, among U.S. Bank National Association, BofA, Nationwide, Allstate, Northwestern Mutual, Massachusetts Mutual, Mutual of Omaha, United of Omaha, Northern, Castle, Datamet, Inc., Keystone Tube, TPI, Paramount Machine Company, LLC, Advanced Fabricating Technology, LLC, Oliver Steel, Metal Mart, LLC
4.11	Intercreditor Agreement, dated as of March 20, 2003, among U.S. Bank, Castle SPFD, Castle, TPI, Oliver Steel, Keystone Tube, Massachusetts Mutual, Allstate, Nationwide, Northwestern Mutual, United of Omaha, Mutual of Omaha, BofA, Northern Trust, Castle IND MGR, and GECC
10.1	Registration Rights Agreement, dated as of November 22, 2002 among the Company, the investors named therein (the "Investors") and W.B. & Co, for itself, and as nominee and agent of the Investors relating to the Company's Series A Cumulative Convertible Preferred Stock (2)
10.2	A.M. Castle & Co. 2000 Restricted Stock and Stock Option Plan* (1)
10.3	A.M. Castle & Co. 2004 Restricted Stock, Stock Option and Equity Compensation Plan* (3)
10.4	Receivables Sale and Contribution Agreement, dated as of December 26, 2002, among Castle, Total Plastics, Inc., Oliver Steel Plate Co., Keystone Tube Company, LLC and Castle SPFD, LLC

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Exhibit Number	Description of Exhibit
10.5	Receivables Purchase and Servicing Agreement, dated as of December 26, 2002, among Castle SPFD, Castle, TPI, Oliver Steel, Castle IND MGR, Inc., and General Electric Capital Corporation
10.8	Employment Agreement with Company's CEO dated May 1, 2000
10.9	Change of Control Agreement with Senior Executives of the Company
10.10	Management Incentive Plan*
10.11	Description of Director's Deferred Compensation Plan*
14.1	Code of Ethics for Officers and Directors of A.M. Castle & Co. (3)
21.1	Subsidiaries of Registrant
23.1	Consent of Independent Auditors
31.1	Certification by G. Thomas McKane, Chairman and Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification by Lawrence A. Boik, Vice President and Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification by G. Thomas McKane, Chairman and Chief Executive Officer, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2	Certification by Lawrence A. Boik, Vice President and Chief Financial Officer, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

* These agreements are considered a compensatory plan or arrangement required to be filed pursuant to Item 14 of Form 10-K.

- (1) Incorporated by reference to the Company's Definitive Proxy Statement filed with the SEC on March 23, 2001.
- (2) Incorporated by reference to the Form 8-K filed with the SEC on December 2, 2002
- (3) Incorporated by reference to the Company's Definitive Proxy Statement filed with the SEC on March 12, 2004.

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SCHEDULE II

A. M. Castle & Co.

**Accounts Receivable — Allowance for Doubtful Accounts
Valuation and Qualifying Accounts
For The Years Ended December 31, 2004, 2003 and 2002**

(Dollars in thousands)

	2004	2003	2002
Balance, beginning of year	\$ 526	\$ 693	\$ 646
Add — Provision charged to income	1,987	400	1,018
— Recoveries	86	82	104
Less — Uncollectible accounts charged against allowance	(839)	(649)	(1,075)
Balance, end of year	\$ 1,760	\$ 526	\$ 693

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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/ Lawrence A. Boik
Lawrence A. Boik, Vice President and Chief Financial Officer

Date: March 15, 2005

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 the dates indicated on this 11th day of March, 2005.

/s/ Michael Simpson
Michael Simpson,
Chairman Emeritus

/s/ John McCartney
John McCartney, Director
Chairman, Audit Committee

/s/ John W. Puth
John W. Puth, Director
Member, Audit Committee

/s/ G. Thomas McKane
G. Thomas McKane, Chairman –
Chief Executive Officer, and Director
(Principal Executive Officer)

/s/ William K. Hall
William K. Hall, Director
Member, Audit Committee

/s/ Patrick J. Herbert, III
Patrick J. Herbert, III
Director

/s/ John W. McCarter, Jr.
John W. McCarter, Jr.
Director

/s/ Robert S. Hamada
Robert S. Hamada
Director

/s/ Lawrence A. Boik.
Lawrence A. Boik
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)



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EXHIBIT 3.2

ARTICLES OF MERGER
between
A. M. CASTLE & CO.
(a Delaware corporation)
and
CASTLE MERGER, INC.
(a Maryland corporation)

A. M. Castle & Co., a corporation duly incorporated and existing under the laws of the State of Delaware (the "Merging Corporation"), and Castle Merger, Inc., a corporation duly incorporated and existing under the laws of the State of Maryland (the "Surviving Corporation"), do hereby certify that:

FIRST: The Merging Corporation and the Surviving Corporation agree to merge in the manner hereinafter set forth (the "Merger").

SECOND: The Merging Corporation is incorporated under the laws of the State of Delaware and the Surviving Corporation is incorporated under the laws of the State of Maryland.

THIRD: The Merging Corporation was incorporated under the general laws of the State of Delaware on April 21, 1966. The Merging Corporation became qualified to do business in the State of Maryland on August 24, 1951.

FOURTH: The principal office of the Surviving Corporation in the State of Maryland is located in Baltimore City. The Merging Corporation does not have an office in the State of Maryland.

FIFTH: The Merging Corporation does not own an interest in land in the State of Maryland.

SIXTH: The terms and conditions of the Merger set forth in these Articles of Merger were advised, authorized and approved by each of the Surviving Corporation and the Merging Corporation in the manner and by the vote required by its charter or certificate of incorporation, as applicable, and the laws of the State of Maryland or Delaware, as applicable, as follows:

- (a) The sole member of the Board of Directors of the Surviving Corporation, by written consent, adopted resolutions approving the Merger on the terms and conditions set forth herein.
- (b) The Board of Directors of the Merging Corporation, at a meeting duly called and held on January 25, 2001, adopted resolutions declaring the Merger advisable on the terms and

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STATE OF MARYLAND

I hereby certify that this is a true and complete copy of the 5 page document on file in this office DATED: 11-21-02.

STATE DEPARTMENT ON ASSESSMENTS AND TAXATION

By: Ann Custis, custodian.

This stamp replaces our previous certification system. Effective : 6/95.



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conditions set forth herein and directing that the Merger be submitted to the stockholders of the Merging Corporation. The holders of majority of the outstanding stock of the Merging Corporation entitled to vote thereon, at a meeting duly called and held on April 26, 2001, approved the Merger on the terms and conditions set forth herein.

SEVENTH: The charter of the Surviving Corporation will be amended as part of the Merger by deleting existing Article Second in its entirety and adding a new Article Second to read as follows:

"Second: The name of the corporation is A. M. Castle & Co.

EIGHTH: The total number of shares of all classes which each party to these Articles of Merger has authority to issue and the number of shares of each class are as follows:

- (a) The total number of shares of all classes which the Surviving Corporation has authority to issue is 40,000,000 shares, which includes 30,000,000 shares of common stock, par value \$.01 per share, and 10,000,000 shares of series preferred stock, par value \$.01 per share. The aggregate par value of all shares of all classes having a par value is four hundred thousand dollars (\$400,000).
- (b) The total number of shares of all classes which the Merging Corporation has authority to issue is 30,000,000 shares of common stock without par value.

NINTH: The manner and basis of converting or exchanging issued stock of the Merging Corporation into stock of the Surviving Corporation is as follows:

- (a) Each issued and outstanding share of common stock of the Merging Corporation at the Effective Time (as defined below) shall, without the necessity of any action on the part of the holder thereof, be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.
- (b) From and after the Effective Time, each outstanding certificate which prior thereto represented shares of common stock of the Merging Corporation shall be deemed for all corporate purposes to evidence the ownership of the number of shares of common stock of the Surviving Corporation into which such shares have been so converted as provided in clause (a) above.
- (c) From and after the Effective Time, the 100 shares of common stock of the Surviving Corporation issued and outstanding immediately prior to the Effective Time shall be cancelled and no consideration shall be issued in exchange therefor.



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- (d) There are no shares of series preferred stock of the Surviving Corporation issued and outstanding.

TENTH: These Articles of Merger shall become effective upon acceptance for record by the State Department of Assessments and Taxation of Maryland (the "Effective Time").

ELEVENTH: Each undesignated officer acknowledges these Articles of Merger to be the corporate act of the respective corporation on whose behalf he has signed, and further, as to all matters or facts required to be verified under oath, each undersigned officer acknowledges that to the best of his knowledge, information and belief, these matters and facts relating to the corporation on whose behalf he has signed are true in all material respects and that this statement is made under the penalties for perjury.



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IN WITNESS WHEREOF, these Articles of Merger have been duly executed by the parties hereto on this 5th day of June, 2001.

ATTEST: A.M. CASTLE & Co., a Delaware corporation
/s/ JERRY M. AUFOX By: /s/ G. Thomas Mckane

Secretary Name: G. Thomas Makane
Title: President and Chief Executive Officer

ATTEST: CASTLE WERGER, INC., a Maryland corporation
/s/ JERRY M. AUFOX By: /s/ G. Thomas Mckane

Secretary Name: G. Thomas Makane
Title: President and Chief Executive Officer

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EXHIBIT 4.10

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COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT

DATED AS OF THE 20TH DAY OF MARCH, 2003

BY AND AMONG

U.S. BANK NATIONAL ASSOCIATION, INDIVIDUALLY AND
AS COLLATERAL AGENT

BANK OF AMERICA, N.A.,

VARIOUS NOTEHOLDERS,

THE NORTHERN TRUST COMPANY,

A. M. CASTLE & CO.

AND

VARIOUS GUARANTORS

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COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT

This COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT (as may be amended from time to time, this "AGREEMENT"), dated as of the 20th day of March, 2003, by and among: (i) U.S. Bank National Association (in its individual capacity herein referred to as the "COLLATERAL AGENT BANK" and in its capacity as collateral agent herein referred to as the "COLLATERAL AGENT"), (ii) Bank of America, N.A., a national banking association, as an issuer of BofA Letters of Credit (as defined below) and a party to certain Reimbursement Agreements (as defined below) and the holder of the LaPorte Bonds and the Mecklenburg Bonds (each as defined below) (together with its successors and assigns, "BOFA"), (iii) each of the holders of Notes (together with their respective successors and assigns as holders of Notes) issued pursuant to the Note Agreements (as defined below) (the "NOTE HOLDERS"), (iv) The Northern Trust Company, an Illinois banking corporation, as party to a Trade Agreement (as defined below) (together with its successors and assigns, "NORTHERN"), (v) A. M. Castle & Co., a Maryland corporation (together with its successors and assigns, the "COMPANY"), (vi) each Guarantor (as defined below) which executes this Agreement or which from time to time hereafter executes an instrument accepting and agreeing to the provisions of this Agreement, and (vii) any holders of Additional Future Debt (as defined below).

PREAMBLE

WHEREAS, pursuant to a Note Agreement dated as of April 1, 1996 (as amended from time to time, the "1996 NOTE AGREEMENT"), among the Company and the purchasers set forth on Schedule 1 thereto, the Company issued, and such purchasers purchased, \$20,000,000 aggregate principal amount of the Company's 6.49% Senior Notes due April 15, 2008 (as may be amended from time to time, collectively, the "1996 Notes"); and

WHEREAS, pursuant to a Note Agreement, dated as of May 15, 1997 (as amended from time to time, the "1997 NOTE AGREEMENT"), among the Company and the purchasers set forth on Schedule 1 thereto, the Company issued, and such purchasers purchased, \$25,000,000 aggregate principal amount of the Company's 7.54% Senior Notes due May 30, 2009 (as may be amended from time to time, collectively, the "1997 NOTES"), and

WHEREAS, pursuant to a Note Agreement, dated as of March 1, 1998 (as amended from time to time, the "1998 NOTE AGREEMENT", and together with the 1996 Note Agreement and the 1997 Note Agreement, collectively, the "NOTE AGREEMENTS"), among the Company and the purchasers set forth on Schedule 1 thereto, the Company issued, and such purchasers purchased, (i) \$15,000,000 aggregate principal amount of the Company's 6.40% Series A Senior Notes due March 1, 2008, (ii) \$25,000,000 aggregate principal amount of the Company's 6.53% Series B Senior Notes due March 1, 2010, and (iii) \$15,000,000 aggregate principal amount of the Company's 6.69% Series C Senior Notes due March 1, 2012 (the Notes described in clauses (i), (ii) and (iii), as such Notes may be amended from time to time, collectively, the "1998 NOTES", and together with the 1996 Notes and the 1997 Notes, collectively, the "NOTES"), and



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WHEREAS, each of the Note Agreements has been amended by a separate First Amendment and Waiver to Note Agreement, each dated as of December 1, 1998; and

WHEREAS, each of the Note Agreements has been further amended pursuant to separate Second Amendment to Note Agreement, each dated as of November 22, 2002, a Third Amendment to Note Agreements dated as of December 26, 2002 and a Fourth Amendment to Note Agreements dated as of the date hereof (collectively, the "NEW NOTE AGREEMENT AMENDMENTS"; references herein to the Note Agreements refer to the Note Agreements as amended by each First Amendment and Waiver to Note Agreement, the New Note Agreement Amendments and as may be further amended from time to time); and

WHEREAS, BofA has issued letters of credit (i) pursuant to which up to a maximum amount of \$611,337 may be drawn at any one time to secure payments due in connection with certain State of Ohio, Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company, (ii) pursuant to which up to a maximum amount of \$1,008,188 may be drawn at any one time to secure payments due in connection with certain The Industrial Development Authority of the City of Kansas City, Missouri, Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company, (iii) pursuant to which up to a maximum of \$672,544 may be drawn at any one time in connection with certain Village of Franklin Park Illinois Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company, (iv) pursuant to which up to a maximum of \$194,281 may be drawn at any one time to secure payments due in connection with certain Village of Rosemont, Illinois Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company (v) pursuant to which up to a maximum of \$3,762,740 may be drawn at any one time to secure payments due in connection with certain City of Hammond, Indiana Adjustable Rate Economic Development Revenue Bonds (A.M. Castle & Co. Project), Series 1994 issued to provide financing to the Company and (vi) pursuant to which up to \$5,000,000 may be drawn to secure payments due from Kreher Steel Company LLC ("KREHER") in connection with a certain Amended and Restated Credit Agreement, dated as of March 8, 2002 (as may be amended or modified from time to time) between Kreher and BofA, as Agent (the items described in clauses (i) - (vi) are herein collectively referred to as the "BOFA LETTERS OF CREDIT"); and

WHEREAS, the Company has entered into (i) that certain Reimbursement Agreement dated as of June 1, 1994 (the "JUNE 1994 AGREEMENT") between the Company and BofA, (ii) that certain Reimbursement Agreement dated as of November 1, 1994 (the "NOVEMBER 1994 AGREEMENT") between the Company and BofA, and (iii) that certain Application and Agreement for Standby Letter of Credit dated March 5, 2002 between the Company and BofA (the "MARCH 2002 AGREEMENT", and together with the June 1994 Agreement and the November 1994 Agreement, collectively, as may be amended from time to time, the "REIMBURSEMENT AGREEMENTS") pursuant to which BofA issued the BofA Letters of Credit; and

WHEREAS, the June 1994 Agreement was amended by an Assignment and Amendment to Reimbursement Agreement dated as of June 12, 2001, and the November 1994 Agreement

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was amended by an Assignment and Amendment to Reimbursement Agreement dated as of November 1, 2001, and further amended by a Second Amendment to Reimbursement Agreement dated November 1, 2001; and

WHEREAS, the Company and BofA have amended the Reimbursement Agreements by separate amendments each dated as of November 22, 2002 and the Reimbursement Agreements have been further amended by separate amendments each dated December 26, 2002 and separate amendments each dated as of the date hereof (collectively the "NEW REIMBURSEMENT AGREEMENT AMENDMENTS"; references herein to the Reimbursement Agreements refer to the Reimbursement Agreements as so amended and as further amended by the New Reimbursement Agreement Amendments, as applicable, and as may be further amended from time to time); and

WHEREAS, the Company has also entered into (a) that certain Guarantee Agreement, dated as of November 22, 2002, of the Company in favor of BofA pursuant to which the Company guarantees to BofA (i) the payment by the City of LaPorte, Indiana (the "KEYSTONE ISSUER") of all principal, interest and any other amounts payable by the Keystone Issuer in respect of the Keystone Issuer's Economic Development Revenue Bonds, Series 1998 (Keystone Services, Inc. Project) (the "LAPORTE BONDS"), and (ii) the payment and performance by Keystone Service, Inc. of all of its covenants, agreements, obligations and liabilities under that certain Loan Agreement, dated as of April 1, 1998, between the Keystone Issuer and Keystone Service, Inc. and (b) that certain Guarantee Agreement, dated of November 22, 2002, of the Company in favor of BofA pursuant to which the Company guarantees the payment to BofA by The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority (the "MECKLENBURG ISSUER") of all principal, interest and any other amounts payable by the Mecklenburg Issuer in respect to the Mecklenburg Issuer's Tax-Exempt Industrial Revenue Bonds (A.M. Castle & Co. Project) Series 1996 (the "MECKLENBURG BONDS;" the obligations of the Company under each of said Guarantee Agreements are herein collectively referred to as the "IRB BOND GUARANTY OBLIGATIONS" and each such Guarantee Agreement is herein referred to as an "IRB BOND GUARANTY" and collectively as the "IRB BOND GUARANTEES"); and

WHEREAS, pursuant to a Trade Acceptance Purchase Agreement, dated as of August 13, 2001, between the Company and Northern (the "TRADE AGREEMENT"), the Company agreed to sell certain trade acceptances to Northern and Northern agreed to purchase certain trade acceptances to generate working capital for the Company's operations; and

WHEREAS, the Trade Agreement has been amended by a First Amendment dated as of April 29, 2002, and a Second Amendment to Trade Acceptance Purchase Agreement dated as of June 30, 2002; and

WHEREAS, the Company and Northern have further amended the Trade Agreement pursuant to a Third Amendment to Trade Acceptance Purchase Agreement dated as of November 22, 2002, a Fourth Amendment to Trade Acceptance Purchase Agreement dated as of December 26, 2002 and a Fifth Amendment to Trade Acceptance Purchase Agreement dated as of the date hereof (collectively, the "NEW TRADE AGREEMENT AMENDMENTS"; references herein to the Trade



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Agreement refer to the Trade Agreement as so amended and as further amended by the New Trade Agreement Amendments and as may be further amended from time to time); and

WHEREAS, in connection with (i) the Note Holders entering into the New Note Agreement Amendments, (ii) BofA entering into the New Reimbursement Agreement Amendments, (iii) the issuance of the IRB Bond Guarantees and (iv) Northern entering into the New Trade Agreement Amendments it was provided that, among other things, (a) the Company and each of the Guarantors grant a perfected lien on and security interest in the Collateral (as hereinafter defined) to the Collateral Agent, for the pro rata benefit of (1) the Note Holders, as security for the Company's obligations under the Note Agreements and the Notes and the Guarantors' guarantee thereof, (2) BofA, as security for the Company's obligations under the Reimbursement Agreements and the Guarantors' guarantee thereof and under the IRB Bond Guaranties and the Guarantors' guarantee thereof, (3) Northern, as security for the Company's obligations under the Trade Agreement and the Guarantors' guarantee thereof, and (4) any holders of Additional Future Debt; and

WHEREAS, the Guarantors have executed and delivered guaranties of the Secured Obligations (as hereinafter defined); and each of the Company and the Guarantors has entered into certain security agreements and related documents pursuant to which the Company or such Guarantor (as the case may be) has granted to the Collateral Agent, for the benefit of Northern, the Note Holders, BofA and any holders of Additional Future Debt, a security interest in and Lien upon the Collateral (as hereinafter defined).

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

SECTION 1. DEFINITIONS.

SECTION 1.1. DEFINITIONS. The following terms shall have the meanings set forth in this Section 1 or elsewhere in the provisions of this Agreement referred to below:

Acceptable Revolving Credit Facility. Shall mean a loan agreement or similar facility pursuant to which a lender or lenders provides revolving loans to the Company or any Subsidiary for the primary purpose of financing such Person's ongoing business operations so long as such agreement or facility (a) is not secured by Liens on the property of the Company or any Subsidiary and (b) provides for interest rates, fees and other pricing terms similar to those generally available to borrowers whose unsecured long term debt is rated Investment Grade.

Account Collateral. Shall have the meaning ascribed to it in Annex X to each of the documents referred to in clauses (i) and (ii) of the definition of GECC Securitization Documents (in effect on the date hereof).

Action. See Section 2.2(a).



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Actionable Default. Shall mean any Actionable Payment Default and any other Event of Default which permits any one or more holders of Secured Obligations to accelerate the maturity of the Secured Obligations held by it.

Actionable Payment Default. Shall mean any failure of the Company or any Guarantor to pay any of the Secured Obligations as and when due and payable in accordance with the terms of any Note Document, any Reimbursement Agreement, any IRB Bond Guaranty, the Trade Agreement, any Additional Future Debt Document or Security Document, whether by acceleration (including automatic acceleration upon the commencement of a bankruptcy case) or otherwise and the expiration of ninety (90) days after such failure (collectively, a "PAYMENT DEFAULT"), or the commencement of any bankruptcy, insolvency, reorganization or other similar case or proceeding by or against the Company or any Guarantor, or the making by the Company or any Guarantor of an assignment for the benefit of its creditors.

Additional Future Debt. Shall mean (a) any increase in the principal amount of the Principal Obligations incurred after the date hereof in compliance with the terms of the Credit Documents and this Agreement and/or (b) any additional indebtedness of the Company, in each case, incurred after the date hereof in compliance with the terms of the Credit Documents and this Agreement so long as, in each such case, the holder of such additional indebtedness shall have executed and delivered to the Collateral Agent and each of the holders of the Secured Obligations a Joinder Agreement in the form of Exhibit A attached hereto.

Additional Future Debt Documents. Shall mean documents, instruments and agreements relating to Additional Future Debt as the same may be amended, renewed, extended, restated, supplemented or otherwise modified from time to time.

Affiliate. Shall mean as to any Person, a Person controlling, controlled by, or under common control with such Person.

Agreement. As defined in the introductory paragraph hereto.

Approved Asset Disposition. Shall mean an Asset Disposition the terms of which have been approved in writing by the Requisite Parties so long as the Collateral Agent shall have received written direction from the Requisite Holders of such approval.

A/R Intercreditor Agreement. Shall mean that certain Intercreditor Agreement, of even date herewith, among the Collateral Agent, GECC, as purchaser and administrative agent, the Company, Total Plastics, Inc., Oliver Steel Plate Co., Keystone Tube Company LLC, Castle SPED, LLC, Castle IND MGR, Inc., the Note Holders, BofA and Northern in the form attached hereto as Exhibit B.

Asset Disposition. Shall mean any Transfer so long as immediately before and immediately after the consummation of any such Transfer and after giving effect thereto, no Default or Event of Default exists.



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Asset Disposition Certificate. Shall mean with respect to any proposed Asset Disposition a certificate executed by a Senior Officer which (a) states that no Default or Event of Default then exists or will exist upon the consummation of such Asset Disposition and such Asset Disposition is permitted by the terms of each of the Loan Documents, (b) describes such Asset Disposition, (c) sets forth (i) estimated Net Proceeds to be received by the Obligors upon consummation of such Asset Disposition and (ii) net book value of the Asset Disposition Collateral in respect of such Asset Disposition together with the aggregate net book value of all Asset Disposition Collateral in respect of all Asset Dispositions completed in the then current calendar year.

Asset Disposition Collateral. Shall mean any Collateral to be Transferred in connection with an Asset Disposition.

BofA. As defined in the introductory paragraph hereto.

BofA Debt. Shall mean the Reimbursement Agreement Debt and the IRB Bond Guaranty Obligations.

BofA Letters of Credit. As defined in the Preamble hereto.

Bankruptcy Code. Shall mean the Bankruptcy Code of 1978, as amended, or any successor statute.

Bankruptcy Event. Shall mean and include:

- (a) the pendency of any case against the Company or any Guarantor arising under the Bankruptcy Code;
- (b) the pendency of any case against the Company or any Guarantor arising under any other bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, liquidation or other similar law of any jurisdiction;
- (c) the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any Guarantor or any substantial assets of any of them;
- (d) any assignment for the benefit of creditors of the Company or any Guarantor; and
- (e) the failure of the Company or any Guarantor generally to pay its debts as they become due.

Business Day. Shall mean any day, other than Saturday, Sunday or a legal holiday or any other day on which banking institutions in Chicago, Illinois and St. Paul, Minnesota generally are authorized by law to close.



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Collateral. Shall mean any of the properties and assets of whatever nature, tangible or intangible, now owned or existing or hereafter acquired or arising, of the Company or any of the Guarantors in which at the time of reference a Lien has been granted or has purportedly been granted to the Collateral Agent to secure the Secured Obligations and which has not been released pursuant to the terms hereof or of the A/R Intercreditor Agreement, and all other cash provided to be the subject of a Lien to secure any of the Secured Obligations as contemplated by any Security Document, and any property and assets paid or payable to the Collateral Agent under any of the Guaranties or any subordination agreement, in each case other than Excluded Collateral.

Collateral Agent. As defined in the introductory paragraph hereto unless and until a successor Collateral Agent shall have been appointed pursuant to Section 5.4 hereof, and thereafter "Collateral Agent" shall mean such successor Collateral Agent.

Collateral Agent Bank. As defined in the introductory paragraph hereto and any successor bank, in its individual capacity, serving as a successor Collateral Agent pursuant to Section 5.4.

Company. As defined in the introductory paragraph hereto.

Credit Documents. Shall mean, collectively, the Note Documents, the Reimbursement Agreements, the IRB Bond Guaranties, the Trade Agreement, any Additional Future Debt Documents and the Security Documents.

Default. Shall mean any event or condition which, with the giving of notice or the lapse of time, or both, would become an Event of Default.

Demand Notice. See Section 4.4(a).

Disposition. See Section 4.1(b).

Distribution Amount. See Section 4.1(c)(i).

Enforcement Notice. Shall mean written notice given by the Requisite Parties or Special Requisite Parties, as the case may be, to the Collateral Agent (a) stating that a Notice of Actionable Default has theretofore been given by such Requisite Parties or Special Requisite Parties, as the case may be, to the Collateral Agent and that the Actionable Default specified in such Notice of Actionable Default continued to exist uncured for the applicable period described in Section 4.5, and (b) setting forth instructions from such Requisite Parties or Special Requisite Parties, as the case may be, to the Collateral Agent to exercise all or any such rights, powers and remedies as are available under the Security Documents and making such additional statements as may be called for under Section 4.5.



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Event of Default. Shall mean any "Event of Default" under and as defined in the Trade Agreement, any "Event of Default" under and as defined in any of the Note Agreements, any "Event of Default" under and as defined in any of the Reimbursement Agreements or the IRB Bond Guaranties, or any similar event or condition giving rise to the right of a holder or holders of Additional Future Debt to accelerate or which results in the acceleration of the maturity of such Additional Future Debt. Notwithstanding anything to the contrary set forth in any Credit Document, each Secured Party hereby agrees that any default by the Company or any Guarantor in the performance or observance of any covenant or provisions of this Agreement or any Security Document shall not constitute an "Event of Default" under such Credit Document unless such default shall continue for more than thirty (30) days after the first date on which a Senior Officer of the Company becomes aware of such default.

Excluded Collateral. Shall mean (a) any property (whether currently existing or subsequently acquired) subject to a Permitted First Priority Lien, to the extent the agreement creating such Lien prohibits additional Liens on such property; (b) cash sufficient to secure the Company's (or any of its Subsidiaries') obligations to pay its workmen's compensation benefits, including obligations to any Person providing surety, insurance, letters of credit or other credit support so long as such cash does not secure any other obligation for any other purpose; (c) all property purchased with proceeds of the note issued pursuant to the Loan Agreement dated as of November 1, 1994 between the Company and the City of Hammond, Indiana; (d) all properties and assets of A. M. Castle & Co. (Canada), Inc., and any successor holder of such assets; (e) other property with a deminimus fair market value that, individually or in the aggregate with all other such property, is not material to the continued business operations of the Company or any Subsidiary which owns such property; (f) any leasehold interest in any real property leased by the Company or any Subsidiary the termination of which would not result in a Material Adverse Effect; (g) the Excluded Receivables; (h) Excluded GECC Collateral; (i) all shares of capital stock (or other similar equity or ownership interests) in a Person (other than the Company or any wholly-owned Subsidiary of the Company) where the assignment, transfer or hypothecation thereof, for collateral purposes, is prohibited or restricted by the terms and conditions of its constitutive (or similar formation related) documents, any agreements or arrangements with the holders of its capital stock, (or other similar equity or ownership interests) or any other similar agreements, and, as a result of any such assignment, transfer or hypothecation by any Obligor, such Obligor would be deprived of any material right or otherwise suffer any material adverse affect in respect of such capital stock, other interests or otherwise under such documents, agreements or arrangements; (j) the capital stock or other ownership or equity interests in Castle IND MGR, Inc. (so long as its only asset is its interest in Castle SPFD, LLC); (k) any interest of Castle IND MGR, Inc. in Castle SPFD, LLC, and (l) all Property of a Person existing at the time such Person becomes a Subsidiary of the Company to the extent that any agreement or arrangement (the amount of all obligations which are created or evidenced by, or the subject of, such agreements or arrangements are herein referred to as "Future Negative Pledge Obligations") to which such Person is a party or by which such Person is bound prohibits or restricts Liens on such Property so long as such agreement or arrangement was not entered into in contemplation of such Person becoming a Subsidiary and the existence of the Lien of the Collateral Agent would result in such Subsidiary being deprived of any material right or otherwise suffering any material adverse effect with respect to such Property or otherwise under any such agreement or



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arrangement so long as the aggregate amount of all Future Negative Pledge Obligations and the aggregate amount of obligations secured by Future Acquired Liens does not exceed 10% of Adjusted Consolidated Net Worth (as such term is defined in the Note Documents as in effect on the date hereof).

Excluded GECC Collateral. Shall mean the Receivables Assets (as such term is defined in the A/R Intercreditor Agreement).

Excluded Insurance Proceeds. Shall mean any proceeds of insurance directly relating to a claim for, or a loss arising from, (a) business interruption insurance so long as all such proceeds are used by the Obligors to maintain the business operations whose interruption was the subject of the claim giving rise to such proceeds and (b) the damage, destruction or loss of inventory so long as such proceeds are used by the Obligors for working capital or to replace the inventory whose damage, destruction or loss was the subject of the claim giving use to such proceeds.

Excluded Receivables. Shall mean, at any time, outstanding Receivables and Related Security arising out of the ordinary course of business of the Company or its Subsidiaries which shall have been sold to generate funds for working capital purposes pursuant to the provisions of one or more Receivables Purchase Agreements which makes funds available to the Company or any Subsidiary in an aggregate amount, for all Receivables Purchase Agreements, not exceeding \$65,000,000 at any time and covering Receivables not exceeding, in the aggregate, \$90,000,000 at any time.

Existing First Priority Liens. Shall mean Liens securing obligations existing on the date of this Agreement as such liens and obligations are disclosed in one or more lender's title insurance policies delivered to each of the Secured Parties on the date hereof or in Schedule 1.1 to this Agreement.

Future Acquired Liens. Shall mean Liens on Property of a Person which shall have become a Subsidiary after the date of this Agreement so long as (a) each such Lien existed on the date such Person became a Subsidiary and such Lien was not created in contemplation of such Person becoming a Subsidiary and (b) the aggregate amount of obligations secured by all such Liens, together with the aggregate amount of all Future Negative Pledge Obligations, does not exceed 10% of Adjusted Consolidated Net Worth (as such term is defined in the Note Agreements as in effect on the date hereof).

Future Negative Pledge Obligations. See definition of "Excluded Collateral" in this Section 1.1.

GECC. Shall mean General Electric Capital Corporation, and its successors and assigns.

GECC Securitization Documents. Shall mean, collectively, (a) the Receivables Sale and Contribution Agreement dated as of December 26, 2002 by and among the Company,



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Total Plastics, Inc., Oliver Steel Plate Co. and Keystone Tube Company, LLC, each as an originator, and Castle SPFD, LLC as buyer, (b) the Receivables Purchase and Servicing Agreement dated as of December 26, 2002 by and among Castle SPFD, LLC, as seller, the Company, as master servicer, Total Plastics, Inc. and Oliver Steel Plate Co., each as a servicer, Castle IND MGR, Inc., as independent member, and GECC as purchaser and as administrative agent and (iii) all other Related Documents (as defined in Annex X to each of the documents referred to in clause (i) and clause (ii) above).

Guaranties. See definition of "Guarantors" in this Section 1.1.

Guarantors. Shall mean each of Datamet, Inc., an Illinois corporation, Keystone Tube Company, LLC, a Delaware limited liability company, Total Plastics, Inc., a Michigan corporation, Paramount Machine Company, LLC, a Delaware limited liability company, Advanced Fabricating Technology, LLC, a Delaware limited liability company, Oliver Steel Plate Co., a Delaware corporation, and Metal Mart, LLC, a Delaware limited liability company, and any other party that may from time to time hereafter execute and deliver a guaranty for the benefit of any one or more of the Secured Parties guarantying the Secured Obligations (collectively, the "GUARANTIES").

Indemnified Liabilities. See Section 5.5(b)

Indemnified Parties. See Section 5.5(b)

Insured. See Section 12.1(a)(i).

Investment Grade. Shall mean in respect of any obligation that such obligation (i) has a rating of Baa3 or better by Moody's Investor Service or a rating BBB-or better by Standard & Poor's; or (ii) has a rating of NAIC 1 or NAIC 2 from the National Association of Insurance Commissioners; or (iii) in the judgment of the Majority Secured Parties has a credit quality equal to or better than one which would be afforded either of the ratings described in clause (i) or clause (ii) of this definition.

IRB Bond Guaranty. As defined in the Preamble hereto.

IRB Bond Guaranty Obligations. As defined in the Preamble hereto. Notwithstanding the foregoing, IRB Bond Guaranty Obligations shall not include any obligations in respect of the principal amount of the LaPorte Bonds in excess of \$4,300,000 or in respect of the principal amount of the Mecklenburg Bonds in excess of \$1,500,000.

Joinder Agreement. Attached as Exhibit A hereto.

June 1994 Agreement. As defined in the Preamble hereto.

Kreher. As defined in the Preamble hereto.



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LaPorte Bonds. As defined in the Preamble hereto.

LC Amendments. As defined in the Preamble hereto.

Lien. Shall mean any mortgage, security deed, deed of trust, pledge, lien, security interest or other encumbrance, whether now existing or hereafter created, acquired or arising, and whether voluntary or involuntary, to secure payment of a debt or performance of an obligation.

Loan Documents. Shall mean the Credit Documents (other than the Security Documents).

Majority Secured Parties. Shall mean a group of holders of Secured Obligations which includes each of (a) holders of at least 51% of the Note Principal Obligations, (b) the holders of at least 51% in principal amount (including contingent reimbursement obligations) of BofA Debt, (c) the holders of at least 51% in principal amount of the Trade Agreement Debt and (d) the holders of at least 51% in principal amount of Additional Future Debt, if any.

Make-Whole Amount. Shall mean with respect to any of the Note Agreements and the Note

Debt owed thereunder, the "Make-Whole Amount" as defined in such Note Agreement on the date hereof.

March 2002 Agreement. As defined in the Preamble hereto.

Material Adverse Effect. Shall mean a material adverse effect on (a) the business, assets, properties, profits, prospects, operations or condition, financial or otherwise, of the Company and its Subsidiaries, on a consolidated basis or (b) the ability of the Company to perform its obligations under any of the Credit Documents, or (c) the ability of any of the holders of the Secured Obligations to enforce the Company's obligations under any of the Credit Documents.

Material Provisions. Shall mean, in respect of any Security Documents, any provision which describes the nature of the Secured Obligations secured thereby or establishes that all Secured Obligations are pari passu with respect to the Lien created by such Security Document.

Mecklenburg Bonds. As defined in the Preamble hereto.

Mortgage. Shall mean any mortgage or deed of trust, whether now existing or hereafter created, encumbering any of the Mortgaged Property.

Mortgaged Property. Shall mean any Significant Real Estate Interest, now owned or hereafter acquired, of the Company or any of the Guarantors with respect to which at the time of reference a mortgage or deed of trust has been granted or has purportedly been granted to the Collateral Agent to secure the Secured Obligations and which has not been released pursuant to the terms hereof.



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Mortgagor. Shall mean the Company or any of the Guarantors who has granted to the Collateral Agent for the benefit of the Secured Parties a Mortgage on any Mortgaged Property.

Net Proceeds. Shall mean, with respect to any Taking, damage, destruction or loss of Collateral or any Asset Disposition (each, a "Payment Event"), the cash payments (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by one or more Obligors or the Collateral Agent as a result of such Payment Event, in each case, net of (a) any bona fide direct out of pocket costs and expenses incurred in connection with such Payment Event, (b) payments made by any such Obligor to retire or repay indebtedness (other than the Secured Obligations) where payment of such indebtedness is secured by Permitted First Priority Liens on the Property which is the subject of such Payment Event and such indebtedness shall have become due or payable as a result of such Payment Event and (c) so long as no Default or Event of Default shall have occurred and be continuing, amounts required to be paid to any Person (other than the Company or any wholly-owned Subsidiary of the Company) owning a beneficial interest in any Property which is the subject of such Payment Event.

New Note Agreement Amendments. As defined in the Preamble hereto.

1996 Note Agreement. As defined in the Preamble hereto.

1997 Note Agreement. As defined in the Preamble hereto.

1998 Note Agreement. As defined in the Preamble hereto.

1996 Notes. As defined in the Preamble hereto.

1997 Notes. As defined in the Preamble hereto.

1998 Notes. As defined in the Preamble hereto.

Northern. As defined in the introductory paragraph hereto.

Note Agreements. As defined in the Preamble hereto.

Note Debt. Shall mean all indebtedness, obligations and liabilities of any of the Company and the Guarantors to or for the benefit of any Note Holder arising or incurred under the Note Agreements (including, without limitation, Make-Whole Amounts), the Notes or the Guaranties related thereto, existing on the date of this Agreement or arising hereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, arising by contract, operation of law or otherwise. Notwithstanding the foregoing, Note Debt shall not include Note Principal Obligations to the extent that such Note Principal Obligations exceed \$96,250,000 plus the principal amount of any Additional Future Debt incurred under the Note Documents.



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Note Documents. Shall mean the Notes and the Note Agreements.

Note Holders. As defined in the introductory paragraph hereto, together with their respective successors and assigns.

Note Principal Obligations. Shall mean at the time of reference thereto, the principal amount then outstanding under the Notes or any instruments or agreements issued or entered into in compliance with the terms of this Agreement and the Credit Documents.

Notes. Shall mean the Notes, as such term is defined in the Preamble hereto, together with any promissory notes or other evidences of indebtedness issued in exchange for, replacement of or substitution for any Notes under any of the Note Agreements.

Notice of Actionable Default. A notice by (i) the Requisite Parties delivered to the Collateral Agent, stating that an Actionable Default has occurred and is continuing or (ii) the Special Requisite Parties delivered to the Collateral Agent stating that an Actionable Payment Default has occurred and is continuing.

November 1994 Agreement. As defined in the Preamble hereto.

Obligors. Shall mean collectively, the Company and each of the Guarantors.

Offered Repayment. Shall mean a written offer made by any of the Obligors to each of the holders of Secured Obligations to use the Net Proceeds in respect of any Taking under Section 11, or damage, destruction or loss under Section 12, or Asset Disposition under Section 13 to ratably prepay (based on the aggregate unpaid principal amount (including contingent reimbursement obligations)) the Secured Obligations outstanding at the time of any such Offered Repayment, any accrued and unpaid interest thereon and, in the case of any Asset Disposition as contemplated by Section 13, Make Whole Amount and other prepayment or breakage fees) in an aggregate amount equal to such Net Proceeds as the case may be;

in each case, such Offered Repayment shall be net of all reasonable costs incurred by the Collateral Agent in connection with the obtaining or collecting of such proceeds, including, without limitation, reasonable attorney's fees.

Payment Default. See Section 1.1 (in the definition of Actionable Payment Default).

Permitted First Priority Lien. Shall mean (a) Existing First Priority Liens (b) Future Acquired Liens and (c) the Liens described in (and permitted by) each of (i) clause (a) and clause (h) of Section 7.4 of each of the Note Agreements (as in effect immediately after giving effect to the New Note Agreement Amendments), (ii) clause (i) and clause (viii) of Section 6.12 of the Trade Agreement (immediately after giving effect to the New Trade Agreement Amendments), (iii) clause (i) and clause (viii) of Section 5.02(d) of each of the Reimbursement Agreements (immediately after giving effect to the New Reimbursement Agreement Amendments) and (iv) similar clauses in any Additional Future Debt Documents.



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Permitted Investments. Shall mean

(a) investments in certificates of deposit (and equivalent investments, including, without limitation, overnight federal reserve fund deposits) issued by any bank, trust company or national association that is acting as Collateral Agent hereunder and having a maturity of 365 days or less;

(b) investments in commercial paper rated on the date of acquisition thereof "A-1" (or higher) by Standard & Poor's or "P-1" (or higher) by Moody's (or any future comparable ratings issued by Standard & Poor's or Moody's), provided that such obligations mature within 270 days of the date of acquisition thereof;

(c) investments in obligations of the United States of America, provided that such obligations mature within 365 days of the date of acquisition thereof;

(d) investments in "money market" funds limited to obligations of the type defined in clauses (a), (b) and (c) above.

Person. Shall mean any individual, corporation, partnership, limited liability company, trust, unincorporated association, business or other legal entity, and any government or any governmental agency or political subdivision thereof.

Principal Obligations. Shall mean Note Principal Obligations in an amount not to exceed \$96,250,000 Reimbursement Agreement Debt in an amount not to exceed \$17,049,090 and Trade Agreement Debt in an amount not to exceed \$8,000,000, and the outstanding principal amount of all Additional Future Debt.

Proceeds Deposit. Shall mean amounts distributed to the Collateral Agent pursuant to Sections 11.5, 12.2 and 13.2 to be held as cash collateral for the benefit of BofA pursuant to the provisions of Section 4.1(c)(ii).

Property. Shall mean, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

Real Estate Facility. Shall mean any real property owned by any Obligor, including any land, buildings and other improvements thereon.

Receivable. Shall mean a payment owing to a Person (whether constituting an account, chattel paper, document, instrument, letter-of-credit right, letter of credit, investment property or general intangible) arising from the provision of merchandise, goods or services by such Person, including the right to payment of any interest or finance charges and other obligations owing to such Person with respect thereto.

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Receivables Purchase Agreements. Shall mean an agreement or agreements pursuant to which any one or more of the Company or any Subsidiary sells its accounts receivable as a means of providing it working capital for its business operations, including, without limitation, any one or more of the GECC Securitization Documents.

Reimbursement Agreements. As defined in the Preamble hereto.

Reimbursement Agreement Debt. Shall mean all indebtedness, obligations and liabilities of any of the Company and the Guarantors to or for the benefit of BofA arising or incurred under the Reimbursement Agreements or the Guaranties, existing on the date of this Agreement or arising hereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, arising by contract, operation of law or otherwise. Notwithstanding the foregoing, Reimbursement Agreement Debt shall not include any reimbursement obligations in respect of drawings under the BofA Letters of Credit in excess of \$17,049,090 (plus the amount of any applicable fees and costs payable to BofA under the Reimbursement Agreements) in the aggregate, at any time outstanding plus the principal amount of any Additional Future Debt which is the subject of such reimbursement obligations.

Related Security. Shall mean with respect to any Receivable: (a) all supporting obligations, security interests or Liens and property subject thereto from time to time securing or purporting to secure the payment of such Receivable by the Person obligated thereon, (b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable, (c) all right, title and interest of the Company or any Subsidiary in and to any goods (including returned, repossessed, foreclosed goods or Scrapped Goods) the sale of which gave rise to such Receivable; provided, that Related Security will exclude returned goods to the extent that all amounts required to be paid pursuant to the transactions involving the transfer of such Receivable in respect of such goods have been paid, (d) all collections with respect to any of the foregoing or the Account Collateral, (e) all records with respect to any of the foregoing, and (f) all proceeds of such Receivable or with respect to any of the foregoing.

Requisite Parties. Shall mean as of any date the holders of at least 51% in aggregate outstanding principal amount of all BofA Debt (including Undrawn LC/Guaranty Exposure), Note Debt, Trade Agreement Debt and Additional Future Debt on such date.

Responsible Officer. Shall mean with respect to the Collateral Agent, an officer in its Corporate Trust Services Department (or similar department) of the Collateral Agent Bank.

Scrapped Goods. Goods, the sale of which gave rise to a Receivable, which are rejected by the applicable obligor on such Receivable for any reason but which are scrapped rather than being returned to the seller of such goods or any of its Affiliates.

Secured Obligations. Shall mean collectively, (a) the Note Debt, (b) the Reimbursement Agreement Debt, (c) the Trade Agreement Debt, (d) the IRB Bond Guaranty

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Obligations, (e) any Additional Future Debt and (e) all indebtedness, obligations and liability of the Company or any Guarantor to the Collateral Agent under any Security Document.

Secured Parties. Shall mean each of the holders of Note Debt, Reimbursement Agreement Debt, Trade Debt and Additional Future Debt.

Security Documents. Shall mean any and all instruments or agreements pursuant to which a Lien is created or arises in favor of the Collateral Agent or any other Secured Party to secure any of the Secured Obligations.

Senior Officer. Means the chief executive officer, chief financial officer, principal accounting officer, treasurer or controller of the Company.

Significant Real Estate Interest. Shall mean each Real Estate Facility (other than any Excluded Collateral).

Significant Subsidiary. As defined in the Note Agreements (as in effect immediately after giving effect to the New Note Agreement Amendments).

Special Cash Collateral Account. See Section 4.1(c).

Special Requisite Parties. Shall mean as of any date the holders of at least 25% in aggregate outstanding principal amount of all BofA Debt (including Undrawn LC/Guaranty Exposure), Note Debt, Trade Agreement Debt and Additional Future Debt on such date.

Stock Pledge Agreement. Shall mean one or more instruments or agreements executed and delivered to the Collateral Agent in connection with the execution and delivery of this Agreement which purports to pledge and grant a security interest to the Collateral Agent in shares of capital stock or other equity interest of any Subsidiary or other Person that are certificated or otherwise physically evidenced.

Subsidiary. As defined in the Note Agreements (as in effect on the date hereof).

Taking. See Section 11.1.

Trade Agreement. As defined in the Preamble hereto.

Trade Agreement Debt. Shall mean all indebtedness, obligations and liabilities of any of the Company and Guarantors to or for the benefit of Northern arising or incurred under the Trade Agreement (including any prepayment premium) or the Guaranties related thereto, existing on the date of this Agreement or arising hereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, arising by contract, operation of law or otherwise. Notwithstanding the foregoing, Trade Agreement Debt shall not include any obligations in excess of \$8,000,000 (plus the amount of any applicable fees and costs payable to Northern



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under the Trade Agreement) plus the amount of any Additional Future Debt incurred under the Trade Agreement.

Transfer. Shall mean any sale or other disposition of assets (including, without limitation, stock of Subsidiaries) constituting Collateral in accordance with the terms of the Note Documents, the Trade Agreement, the Reimbursement Agreements or any Additional Future Debt Documents.

Undrawn LC/Guaranty Exposure. Shall mean the aggregate undrawn face amount of the outstanding BofA Letters of Credit and outstanding contingent liability under the IRB Bond Guaranties.

SECTION 1.2. TERMS GENERALLY. The definitions in Section 1.1 shall apply (except as otherwise specified) equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Sections shall be deemed references to Sections of this Agreement unless the context shall otherwise require.

SECTION 2. RECOURSE OF SECURED PARTIES; OTHER COLLATERAL; ACTION BY SECURED PARTIES.

SECTION 2.1. RECOURSE OF SECURED PARTIES; OTHER COLLATERAL.

(a) Each of the Secured Parties acknowledges and agrees that (i) it shall only have recourse to the Collateral through the Collateral Agent and that it shall have no independent recourse to the Collateral and (ii) the Collateral Agent shall have no obligation to, and shall not (except as otherwise specifically provided herein) take, any action hereunder or under any Security Document to which it is a party, except upon instructions from the Requisite Parties or the Special Requisite Parties, as the case may be, in accordance with Section 2.2 hereof.

(b) Nothing contained herein shall restrict (i) the rights of any Secured Party (other than the Collateral Agent) to pursue remedies, by proceedings in law and equity, to collect any of the Secured Obligations or to enforce the performance of and provisions of any of the Secured Obligations, to the extent in either case that such remedies do not relate to the Collateral or interfere with the Collateral Agent's ability to take action hereunder or under any Security Document or (ii) the rights of any Secured Party (other than the Collateral Agent) to initiate an action or actions in any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar proceeding in its individual capacity and to appear or be heard on any matter before the bankruptcy or other applicable court in any such proceeding, including, without limitation, with respect to any question concerning the post-petition usage of Collateral and post-petition financing arrangements.

(c) Neither the Collateral Agent nor any other Secured Party shall contest the validity, perfection, priority or enforceability of or seek to avoid any Lien securing any Secured Obligation, and each party hereby agrees to cooperate in the defense of any action contesting the



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validity, perfection, priority or enforceability of such Liens. Except as expressly provided in this Agreement with respect to distributions of Collateral or proceeds by the Collateral Agent to the Secured Parties, no Secured Party shall have the right to obtain any of the Collateral for its sole account or the benefit for its sole account of any Lien securing any of the Secured Obligations. No Secured Party may seek, and each Secured Party hereby waives, any right to require any of the Collateral to be partitioned.

SECTION 2.2. ACTION BY SECURED PARTIES.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action permitted or required by this Agreement to be given or taken by the Requisite Parties, the Special Requisite Parties or the Majority Secured Parties, as the case may be, shall be embodied in and evidenced by one or more instruments and signed by or on behalf of such Requisite Parties, such Special Requisite Parties or such Majority Secured Parties, as the case may be, and, except as otherwise expressly provided in any such instrument to be effective at a later date, any such action shall become effective when such instrument or instruments shall have been received by the Collateral Agent. The instrument or instruments evidencing any action (and the action embodied therein and evidenced thereby) are sometimes referred to herein as an "ACTION" of the Persons signing such instrument or instruments.

(b) The Collateral Agent shall be entitled to rely absolutely upon an Action of the Requisite Parties, the Special Requisite Parties or the Majority Secured Parties, as the case may be, if such Action purports to be taken by or on behalf of such Requisite Parties, such Special Requisite Parties or such Majority Secured Parties, as the case may be, and nothing in this Section 2.2 or elsewhere in this Agreement shall be construed to require the Collateral Agent to demonstrate that such Requisite Parties, such Special Requisite Parties or such Majority Secured Parties, as the case may be, have been authorized by the Note Holders, Northern, BofA and/or the holders of Additional Future Debt, as applicable, to take any action which they purport to be taking, the Collateral Agent being entitled to rely conclusively, and being fully protected in so relying, on any Action of the Note Holders, Northern, BofA and/or the holders of Additional Future Debt, as the case may be.

SECTION 3. DUTIES OF COLLATERAL AGENT.

SECTION 3.1. NOTICES TO THE SECURED PARTIES. The Collateral Agent shall use commercially reasonable efforts to, within five (5) Business Days following receipt thereof, furnish to each of the Note Holders, Northern, BofA and the holders of Additional Future Debt:

(a) a copy of each Notice of Actionable Default, Demand Notice or Enforcement Notice received by the Collateral Agent;

(b) a copy of each certificate received by the Collateral Agent rescinding or withdrawing a Notice of Actionable Default, Demand Notice or Enforcement Notice;

(c) written notice of any release or subordination of rights by the Collateral Agent of any Collateral; and



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(d) a copy of any notice or other communication given or received by the Collateral Agent under any Security Document.

The Collateral Agent shall not be required to furnish any of the foregoing of the items to any Person to the extent the specific terms of this Agreement require another party to this Agreement to furnish such item to such Person.

Any Notice of Actionable Default, Demand Notice or Enforcement Notice shall be deemed to have been given when actually received by a Responsible Officer of the Collateral Agent and, subject to Section 4.5(c), to have been rescinded or withdrawn when a Responsible Officer of the Collateral Agent has actually received from the notifying party a notice rescinding or withdrawing such Notice of Actionable Default, Demand Notice or Enforcement Notice. Any Notice of Actionable Default, Demand Notice or Enforcement Notice shall be deemed to be outstanding at all times after such notice has been given until such time, if any, as such notice has been rescinded or withdrawn.

SECTION 3.2. ACTIONS UNDER SECURITY DOCUMENTS.

(a) The Collateral Agent shall not be obligated to take any action under this Agreement or any of the Security Documents except for the performance of such duties as are specifically set forth herein or therein. The Collateral Agent shall take any action under or with respect to the Security Documents or the Collateral which is requested by the Requisite Parties or the Special Requisite Parties, as the case may be, pursuant to Section 4.5; provided that the Collateral Agent shall not amend or waive any provision of the Security Documents except in accordance with Section 7.

(b) The Collateral Agent shall exercise or refrain from exercising all such rights, powers and remedies as shall be available to it under the Security Documents to which it is a party or any of them or with respect to the Collateral solely in accordance with an Enforcement Notice received from the Requisite Parties or the Special Requisite Parties, as the case may be, in accordance with Section 4.5. The Collateral Agent shall have the right to decline to follow any such direction if (i) the Collateral Agent, being advised by counsel and acting in good faith, determines that the directed action is not permitted by the terms of this Agreement or the Security Documents or is unlawful or (ii) the Collateral Agent, being advised by counsel and acting in good faith, is in reasonable doubt as to whether such directed action is permitted by this Agreement or the Security Documents or would involve it in personal liability unless the Collateral Agent shall be provided written confirmation from the Requisite Parties or the Special Requisite Parties, as the case may be, providing the Enforcement Notice that the Collateral Agent's indemnity by the other Secured Parties contained in this Agreement would apply without exception for such directed action (absent gross negligence and willful misconduct of the Collateral Agent). All directions from the Requisite Parties or the Special Requisite Parties, as the case may be, shall be as contemplated and permitted by this Agreement and the applicable Security Document. The Collateral Agent may rely on any such direction given to it by the Requisite Parties or the Special Requisite Parties, as the case may be, and shall be fully protected, and shall under no circumstances (absent the gross negligence and willful misconduct of the Collateral Agent) be liable to the Company, any Guarantor, any holder of any Secured



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Obligations, or any other Person for taking or refraining from taking action in accordance with such direction and the otherwise applicable terms of this Agreement.

(c) In the absence of an Enforcement Notice (which may relate to the exercise of specific remedies or to the exercise of remedies in general) from the Requisite Parties or the Special Requisite Parties, as the case may be, the Collateral Agent shall not, without the consent of the Requisite Parties or the Special Requisite Parties, as the case may be, exercise remedies available to it under any Security Documents or with respect to the Collateral or any part thereof.

SECTION 3.3. STATUS OF MONEYS RECEIVED. All moneys received by the Collateral Agent pursuant to this Agreement shall be held in trust for the purposes for which they were paid, and shall be segregated from any other moneys held by the Collateral Agent, and may be deposited by the Collateral Agent under such general conditions as may be prescribed by law in the general banking department of the Collateral Agent, and the Collateral Agent shall not be liable for any interest thereon.

SECTION 4. CERTAIN INTERCREDITOR ARRANGEMENTS.

SECTION 4.1. GENERAL RULE: PARI PASSU RIGHTS AGAINST COLLATERAL.

(a) General Rule. All amounts owing with respect to the Secured Obligations shall be secured by the Collateral, without distinction as to whether some Secured Obligations are then due and payable and other Secured Obligations are not then due and payable, all in accordance with the priorities established in this Section 4.

(b) Application of Collateral Proceeds Generally. Except as specifically provided in Section 11, Section 12 and Section 13, if the Collateral Agent receives any cash amounts as payments under any Security Documents or as proceeds of or otherwise constituting the Collateral (which amounts, under the terms of any of the Security Documents, are to be applied to any of the Secured Obligations), including, without limitation, any amounts received pursuant to Section 4.6 and Section 4.7, any net proceeds received by the Collateral Agent in connection with any sale, exchange or other disposition (a "DISPOSITION") of Collateral and, if applicable, any sum received by the Collateral Agent pursuant to Section 507(b) of the Bankruptcy Code in any bankruptcy case in which the Company or a Guarantor is a debtor, such cash amounts shall be applied (subject to Section 4.2 and Section 5.3(e) hereof):

(i) first, to the payment of any unpaid fees or other amounts expressly owing under this Agreement to the Collateral Agent pursuant to Section 5.5, Section 5.6 or Section 5.7;

(ii) second, equally and ratably to reimburse the Secured Parties for any amounts paid by the Secured Parties pursuant to Section 5.6;

(iii) third, pro rata to all accrued and unpaid interest on BofA Debt (other than Undrawn LC/Guaranty Exposure), Note Debt, Trade Agreement Debt, Additional Future Debt and Undrawn LC/Guaranty Exposure in proportion to the respective amounts thereof owing to each Secured Party on the date of such distribution;

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(iv) fourth, pro rata to all outstanding principal amounts of BofA Debt (other than Undrawn LC/Guaranty Exposure), Note Debt (other than Make-Whole Amounts), Trade Agreement Debt, Additional Future Debt and Undrawn LC/Guaranty Exposure in proportion to the respective amounts thereof owing to each Secured Party on the date of distribution;

(v) fifth, pro rata, to all other Secured Obligations (including, without limitation, Make-Whole Amounts and fees payable under the Credit Documents), if any, then remaining unpaid, in proportion to the respective amounts owed to each Secured Party; and

(vi) sixth, after indefeasible payment in full of and provision for all Secured Obligations, to the Company or to whomever else the Collateral Agent may be required to pay by applicable law.

(c) Special Deposit Provisions. Any payment pursuant to clause (iii) or clause (iv) of Section 4.1(b) with respect to Undrawn LC/Guaranty Exposure and any payment constituting a Proceeds Deposit shall be paid to (or retained by) the Collateral Agent for deposit in an account (the "SPECIAL CASH COLLATERAL ACCOUNT") to be held as Collateral for the Secured Obligations and to be applied as provided in this Section 4.1(c).

(i) Distributions of Cash Collateral. On each date after the creation of the Special Cash Collateral Account on which a reduction in Undrawn LC/Guaranty Exposure occurs by reason of either a drawing under any BofA Letter of Credit or a claim made by BofA against the Company on an IRB Bond Guaranty as certified to the Collateral Agent by BofA the Collateral Agent shall distribute from the Special Cash Collateral Account an amount (a "DISTRIBUTION AMOUNT") equal to the lesser of (1) the balance held by the Collateral Agent in the Special Cash Collateral Account and (2) all or a portion of the amount of such draw or claim, as certified to the Collateral Agent by BofA, which would have been received by BofA prior to such time had such draw or claim been made immediately prior to the first distribution made under Section 4.1(b) and the Secured Obligation resulting from such draw or claim represented a separate non-contingent Secured Obligation. The Distribution Amount shall be distributed to pay any outstanding non-contingent amount of non-contingent BofA Debt representing an increase in the amount of BofA Debt on account of such draw or claim. At such times as the Undrawn LC/Guaranty Exposure is reduced to zero, any amount remaining in the Special Cash Collateral Account, after the payment of all prior Distribution Amounts, shall be distributed as provided in clauses (iii), (iv), (v) and (vi) of Section 4.1(b). BofA shall provide copies of each certificate delivered to the Collateral Agent under this Section 4.1(c) to the Company and each of the other Secured Parties when such certificate is delivered to the Collateral Agent.

(ii) Distributions of Proceeds Collateral. On any date after a Proceeds Deposit occurs, the Collateral Agent shall distribute from the Special Cash Collateral Account an amount (a "PROCEEDS DISTRIBUTION AMOUNT") equal to all or a portion of the amount of such Proceeds Deposit, in each case as requested in writing by BofA. The

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Proceeds Distribution Amount shall be distributed to BofA for application to the Reimbursement Agreement Debt. At such times as the Secured Obligations owing to BofA are reduced to zero, any amount remaining in the Special Cash Collateral Account attributable to Proceeds Deposits, shall be distributed as provided in clauses (iii), (iv), (v) and (vi) of Section 4.1(b).

(iii) Investment of Special Cash Collateral Account. All amounts in the Special Cash Collateral Account shall be invested by the Collateral Agent in Permitted Investments, as directed in writing by the Company and all income on such Permitted Investments shall be retained in the Special Cash Collateral Account until all BofA Debt is paid in full and thereafter shall be distributed as provided in Section 4.1(b).

SECTION 4.2. NON-CASH DISTRIBUTIONS OR PROCEEDS. If the Collateral Agent receives any non-cash distributions or proceeds in respect of the Collateral, then, unless the Requisite Parties instruct the Collateral Agent to the contrary, the Collateral Agent shall hold such non-cash distributions and proceeds as Collateral upon the terms of this Agreement and the Security Documents until converted to cash and thereupon applied or disbursed in accordance with this Section 4; provided, however, that, if any non-cash distribution is received by the Collateral Agent and is to be applied in satisfaction of any Secured Obligation by operation of a plan of reorganization under Chapter 11 of the federal Bankruptcy Code or otherwise as required by applicable law, the Requisite Parties may, instead of awaiting the conversion of such non-cash distribution to cash, direct the Collateral Agent to distribute such non-cash distribution as provided in Section 4.1(b), except in respect of a distribution under Section 4.1(b)(i).

SECTION 4.3. ADDITIONAL COLLATERAL. Each of BofA, each Note Holder, Northern and each holder of Additional Future Debt hereby covenants and agrees that it will not take, hold or suffer to exist any security interest in or Lien on any assets as security for any of the Secured Obligations unless such security interest or Lien is granted in favor of, or otherwise made available to, the Collateral Agent for the benefit of BofA, the Note Holders, Northern and the holders of Additional Future Debt as contemplated by this Agreement.

SECTION 4.4. CERTAIN NOTICES.

(a) Each of BofA, each Note Holder, Northern and each holder of Additional Future Debt hereby agrees to give written notice to the Collateral Agent of any demand for payment in full of the Secured Obligations owing to the demanding party, whether by acceleration of such obligations or otherwise (a "DEMAND NOTICE"). Any Requisite Parties or Special Requisite Parties, as the case may be, giving a Notice of Actionable Default or Enforcement Notice to the Collateral Agent shall contemporaneously give a copy thereof to each of the other Secured Parties.

(b) Neither BofA, any Note Holder, Northern nor any holder of Additional Future Debt shall incur liability of any kind should it, upon the occurrence of any Event of Default, refrain from accelerating maturity or otherwise demanding payment in full of any Secured Obligations owing to it, or should it refrain from exercising any of its rights and

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remedies against the Company, any Guarantor or any other obligor in respect of the Secured Obligations.

SECTION 4.5. ENFORCEMENT.

(a) The Collateral Agent shall (subject to the provisions of Section 3.2 and Section 5) take any such actions in the exercise of rights and remedies under the Security Documents as are directed in an Enforcement Notice given by the Requisite Parties or Special Requisite Parties, as the case may be, at any time more than five (5) Business Days after a Notice of Actionable Default shall have been given to a Responsible Officer of the Collateral Agent with respect to the Event of Default that is the basis (or one of the bases) of the Enforcement Notice. In the event the Collateral Agent shall have received conflicting directions from the Special Requisite Parties and the Requisite Parties, it shall follow the directions of the Requisite Parties, except to the extent that such direction of the Requisite Parties would have the effect of rescinding or nullifying any Enforcement Notice given by Special Requisite Parties, in which case the Collateral Agent shall follow the directions of the Special Requisite Parties set forth in such Enforcement Notice. In the event the Collateral Agent shall receive conflicting directions as set forth in two or more Enforcement Notices delivered by any one or more holders of Secured Obligations, each of which constitutes Special Requisite Parties, it shall either (i) follow the directions of the Requisite Parties or (ii) if no such directions shall have been given by the Requisite Parties within thirty (30) Business Days from the most recent directions so received from a group of holders constituting Special Requisite Parties submit such matter to a court of competent jurisdiction to establish the proper course of action it shall be required to take. It is acknowledged that the Collateral Agent shall have no obligation to take any action (including, without limitation, submitting such matter to court) unless it has received security or indemnity as contemplated by Section 5.5(a).

(b) BofA, each Note Holder, Northern and each holder of Additional Future Debt agrees that it will promptly, and in any event within five (5) Business Days after the request by one of the others (which request may be made telephonically), advise the requesting party (telephonically, confirmed in writing) as to the outstanding amount of Undrawn LC/Guaranty Exposure, other BofA Debt, Note Debt, Trade Agreement Debt or Additional Future Debt owed to it. Any party may rely on such information (or other means available to it) to determine whether the Requisite Parties or the Special Requisite Parties, as the case may be, have acted with respect to any action or proposed action.

(c) Any Enforcement Notice, when issued, may be rescinded or withdrawn with the consent of the Requisite Parties or Special Requisite Parties, whichever shall have given such Enforcement Notice .

SECTION 4.6. TURNOVER OF COLLATERAL. If any Secured Party acquires custody, control or possession of any payment constituting any Collateral (including proceeds therefrom), other than pursuant to the terms of Section 4.1(b), Section 4.1(c) or Section 4.2 hereof, such Secured Party shall promptly cause such payment or Collateral to be delivered to or put in the custody, possession or control of the Collateral Agent or, if the Collateral Agent shall so designate, an agent of the Collateral Agent (which agent may be a branch or affiliate of the Collateral Agent) in the same form of



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payment received, with appropriate endorsements, for distribution in accordance with the provisions of Section 4.1 or Section 4.2, as applicable. Until such time as the provisions of the immediately preceding sentence have been complied with, such Secured Party shall be deemed to hold such Collateral in trust for the Collateral Agent. Notwithstanding the foregoing, neither BofA, any Note Holder, Northern nor any holder of Additional Future Debt shall be required to deliver to the Collateral Agent or such agent of the Collateral Agent, any amounts received by BofA, such Note Holder, Northern or such holder of Additional Future Debt prior to receipt by the Collateral Agent of a Notice of Actionable Default to the extent that such amounts constitute (a) payments of principal on BofA Debt, the Note Debt, the Trade Agreement Debt or Additional Future Debt required to be made pursuant to the Loan Documents and due and paid prior to such date, or (b) regular payments of interest, Make-Whole Amounts, fees and other charges on or in respect of BofA Debt, the Note Debt, the Trade Agreement Debt or Additional Future Debt due and paid prior to such date.

SECTION 4.7. PAYMENTS FROM ENFORCEMENT RIGHTS. Each of the Secured Parties agrees with each other Secured Party that (a) if any Secured Party exercises any right of setoff, banker's lien or similar right with respect to any Collateral or any assets of the Company or any Guarantor, the amount set off shall be applied pro rata to the Secured Obligations in accordance with Section 4.1(b) or Section 4.2, as the case may be, and (b) if such Secured Party shall receive from the Company or any Guarantor, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross-action, enforcement of the claim in respect of the Secured Obligations owing to such Secured Party by proceedings against the Company at law or in equity or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, for application to the payment of the Secured Obligations owing to such Secured Party any amount in excess of its ratable portion of the payments received by the other Secured Parties with respect to BofA Debt, Note Debt, Trade Agreement Debt and Additional Future Debt (as the case may be) held by all of the Secured Parties as contemplated by Section 4.1(b) or Section 4.2, as the case may be, such Secured Party will make such disposition and arrangements with the other Secured Parties with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Secured Party receiving in respect of the Secured Obligations owing to it its proportionate payment as contemplated by Section 4.1(b) or Section 4.2, as the case may be; provided that if all or any part of such excess payment is thereafter recovered from such Secured Party, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

SECTION 4.8. WAIVERS AND AMENDMENTS OF CREDIT DOCUMENTS. Each of the Note Holders, Northern, BofA and each holder of Additional Future Debt agrees that, without the written consent of the Majority Secured Parties, it shall not modify or amend any provisions of or give any waiver with respect to the Credit Documents to which such party hereto is a signatory, if the effect of such modification or amendment or waiver is (i) to increase the principal amount of the Note Debt, Trade Agreement Debt, BofA Debt or Additional Future Debt then outstanding (unless such increase in Note Debt, Trade Agreement Debt, BofA Debt or Additional Future Debt constitutes Additional Future Debt, in which case no such consent shall be required), or (ii) to amend or modify any term defined therein which is incorporated by reference into this Agreement, or is specifically referred to in this Agreement in such a way as to alter its meaning in this Agreement, or (iii) to provide for loans to be made or letters of credit to be issued (other



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than by extension or renewal) after the issuance of an Enforcement Notice, or (iv) to amend or modify any provision of any of the Security Documents or this Agreement except as provided therein or herein. Except as otherwise specified in the preceding sentence, the Note Holders, Northern, BofA and the holders of Additional Future Debt, without the consent of the other parties, shall be free to deal with the Company and the Guarantors in their respective sole discretion under and in respect of the provisions of the Loan Documents to which they are party, with the right and power without limitation to modify, amend or waive any terms or provisions of such Loan Documents, to grant extensions of the time of payment or performance, and to make compromises and settlements with the Company or any Guarantor.

SECTION 4.9. INDEPENDENT INVESTIGATION; SHARING OF FINANCIAL INFORMATION. Each of BofA, each Note Holder, Northern and each holder of Additional Future Debt acknowledges and agrees that it has entered into the Credit Documents to which it is party and (as applicable) extended funds and/or credit or provided services to the Company on the basis of its own independent investigation of the Company, its Subsidiaries and affiliated companies, and their business, operations and financial condition, that it shall continue to make such investigations in connection with the credit and/or loans extended to the Company as it deems appropriate and that it has not conducted any such investigations in reliance upon information, analysis and recommendations which it may have obtained from any other Secured Party. Without derogation in any way of the preceding sentence, the Company acknowledges and consents to any exchange of information by and among BofA, each Note Holder, Northern and each holder of Additional Future Debt, without regard to whether the impact of any such exchange is favorable or unfavorable to the Company and without regard to the accuracy or completeness of any information so exchanged.

SECTION 4.10. AGENTS. Except as specifically provided in this Agreement, and except for the role of the Collateral Agent as specified in this Agreement, BofA is not acting as agent for any other Secured Party, no Note Holder is acting as agent for any other Secured Party and Northern is not acting as agent for any other Secured Party; and nothing stated or implied in this Agreement shall be deemed to create such an agency relationship.

SECTION 5. CONCERNING THE COLLATERAL AGENT.

SECTION 5.1. APPOINTMENT OF COLLATERAL AGENT. The Note Holders, BofA and Northern hereby appoint the Collateral Agent Bank to act as collateral agent pursuant to the terms of this Agreement and the Security Documents and hereby irrevocably authorize the Collateral Agent to execute and enter into the A/R Intercreditor Agreement and an intercreditor agreement in connection with any other Receivables Purchase Agreement on their behalf and to take such action and perform such duties as provided therein, and the Collateral Agent Bank hereby accepts such appointment. The relationship between the Collateral Agent and the holders of the Secured Obligations is and shall be that of agent and principal only, and nothing contained in this Agreement or any of the Credit Documents shall be construed to appoint the Collateral Agent as a trustee for any such holder.



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SECTION 5.2. LIMITATIONS ON RESPONSIBILITY OF COLLATERAL AGENT.

(a) The Collateral Agent shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties contained herein or in any Security Document, except for those made by it herein. The Collateral Agent makes no representation as to the value or condition of the Collateral or any part thereof, as to the title of the Company or any Guarantor to the Collateral, as to the security afforded by this Agreement or any Security Document or, except as set forth in Section 6, as to the validity, execution, enforceability, legality or sufficiency of this Agreement or any Security Document, and the Collateral Agent shall incur no liability or responsibility in respect of any such matters. The Collateral Agent shall not be responsible for insuring the Collateral, for the payment of taxes, charges, assessments or liens upon the Collateral or otherwise as to the maintenance of the Collateral, except as provided in the immediately following sentence when the Collateral Agent has possession of the Collateral. The Collateral Agent shall have no duty to the Company or any Guarantor or to the holders of any of the Secured Obligations as to the care of any Collateral in its possession or control or in the possession or control of any agent or nominee of the Collateral Agent or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except the duty to accord such of the Collateral as may be in its possession substantially the same care as it accords its own assets and the duty to account for monies received by it. The Collateral Agent's duties and responsibilities shall be determined solely by the provisions of this Agreement and the Security Documents to which it is a party, and the Collateral Agent shall not be liable or responsible for any duties or obligations set forth in any other document to which it is not a party.

(b) The Collateral Agent shall not be responsible for any loss suffered with respect to any investment permitted to be made under this Agreement and shall not be responsible for the consequences of any oversight or error of judgment whatsoever, except that the Collateral Agent may be liable for losses due to its willful misconduct, gross negligence or breach of its agreement set forth herein. The Collateral Agent shall not be required to ascertain or inquire as to the performance by the Company of any of the covenants or agreements contained herein or in any of the Credit Documents. Neither the Collateral Agent nor any officer, agent or representative thereof shall be personally liable for any action taken or omitted to be taken by any such Person in connection with this Agreement or any Security Document except for such Person's own gross negligence or willful misconduct. Neither the Collateral Agent nor any officer shall be personally liable for any action taken by any such Person in accordance with any notice given by the Requisite Parties or Special Requisite Parties, as the case may be, in accordance with and pursuant to the terms of this Agreement even if, at the time such action is taken by any such Person, the Requisite Parties or Special Requisite Parties, as the case may be, or Persons purporting to be the Requisite Parties or Special Requisite Parties, as the case may be, are not so authorized by the Requisite Parties or the Special Requisite Parties, as the case may be, to give such notice, except where a Responsible Officer of the Collateral Agent has actual knowledge that such Requisite Parties or Special Requisite Parties, as the case may be, or Persons purporting to be the Requisite Parties or Special Requisite Parties, as the case may be, are not so authorized by the Requisite Parties or Special Requisite Parties, as the case may be, to give such notice. The Collateral Agent may execute any of the powers granted under this Agreement or any of the Security Documents or the A/R Intercreditor Agreement (or any other

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intercreditor agreement executed by the Collateral Agent in accordance with the terms of this Agreement) and perform any duty hereunder or thereunder either directly or by or through agents, receivers, or attorneys-in-fact and shall not be responsible for anything done by such agents, receivers or attorneys-in-fact selected by it with due care.

(c) Whenever pursuant to the provisions hereof or of any Security Document it is required that any party hereto obtain the consent or approval of the Collateral Agent, or that any matter prove satisfactory to the Collateral Agent, or if the Collateral Agent, in its best judgment, needs clarification or instruction concerning its duties or obligations hereunder, the Collateral Agent, prior to giving any such consent or approval or indicating its satisfaction with any such matter, or performing such duty or obligation, shall (except where the failure to do so, in its good faith judgment, could imperil the Collateral or the Liens thereon) be required to consult with the Secured Parties in a manner deemed reasonable by the Collateral Agent, and the Collateral Agent shall be protected in following any direction of the Requisite Parties or Special Requisite Parties, as the case may be.

(d) The foregoing provisions of this Section 5.2 shall not relieve the Collateral Agent of any liability for any failure to perform any contractual duty expressly undertaken by it to be performed under this Agreement if such liability is caused by the gross negligence or willful misconduct of the Collateral Agent.

SECTION 5.3. RELIANCE BY COLLATERAL AGENT; ETC.

(a) Whenever in the performance of its duties under this Agreement the Collateral Agent shall deem it necessary or desirable that a matter be proved or established with respect to any Person in connection with the taking, suffering or omitting of any action hereunder by the Collateral Agent, such matter may be conclusively deemed to be proved or established by a certificate executed by an officer of such Person, and the Collateral Agent shall have no liability with respect to any action taken, suffered or omitted in reliance in good faith thereon.

(b) The Collateral Agent may consult with counsel and shall be fully protected in taking any action hereunder in good faith in accordance with any advice of such counsel. The Collateral Agent shall have the right but not the obligation at any time to seek instructions concerning the administration of this Agreement, the duties created hereunder, or any of the Collateral from any court of competent jurisdiction.

(c) The Collateral Agent shall be fully protected in relying in good faith upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other paper or document which it believes to be genuine and to have been signed or presented by the proper party or parties. In the absence of its gross negligence or willful misconduct, the Collateral Agent may conclusively rely in good faith, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinions furnished to the Collateral Agent in connection with this Agreement.

(d) The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect notice or knowledge of the occurrence of any Event of Default or Actionable

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Default unless and until a Responsible Officer of the Collateral Agent shall have received a Notice of Actionable Default or notice of such Event of Default. The Collateral Agent shall have no obligation whatsoever either prior to or after receiving such a Notice of Actionable Default to inquire whether an Actionable Default has, in fact, occurred and shall be entitled to rely in good faith conclusively, and shall be fully protected in so relying, on any certificate so furnished to it and shall have no obligation, absent written instructions from the Requisite Parties or Special Requisite Parties, as the case may be, to take or omit to take any action with respect to such Notice of Actionable Default.

(e) To the extent the Collateral Agent is required (pursuant to Section 4, Section 11, Section 12, Section 13, or otherwise) to determine any amount, or take any action to distribute any amount, of any Secured Obligation or other payments hereunder, it shall have no obligation to do so unless such amount shall have been certified in writing by the Requisite Parties or the Special Requisite Parties, as the case may be, as being the amount in question. Each of the other parties hereto agrees to certify such amounts upon request of the Collateral Agent. If any dispute or disagreement shall arise as to the allocation of any sum of money received by the Collateral Agent hereunder or under any Security Document, the Collateral Agent shall have the right to deliver such sum to a court of competent jurisdiction and therein commence an action for interpleader.

SECTION 5.4. RESIGNATION OR REMOVAL OF THE COLLATERAL AGENT.
The Collateral Agent may at any time resign by giving sixty (60) days prior written notice thereof to each Secured Party and the Company, and the Collateral Agent may at any time be removed for cause (consisting of fraud, gross misconduct, willful or reckless breach of this Agreement or other just cause, as determined in their discretion by the Majority Secured Parties) by sixty (60) days prior written notice thereof to the Collateral Agent, each other Secured Party and the Company given by the Majority Secured Parties, provided that in the case of fraud, gross misconduct or willful or reckless breach of this Agreement such removal may be effective immediately upon five (5) days after giving of such notice to the Collateral Agent and provided further that no resignation or removal shall be effective until a successor for the Collateral Agent is appointed. Upon such resignation or removal, the Majority Secured Parties shall have the right to appoint a successor Collateral Agent. If no successor Collateral Agent shall have been so appointed by the Majority Secured Parties and shall have accepted such appointment within forty-five (45) days after the retiring Collateral Agent's giving of notice of resignation or the giving of notice of removal, as the case may be, then the retiring Collateral Agent may, on behalf of the Secured Parties, appoint a successor Collateral Agent, which shall be a financial institution having a long-term bank deposit rating of not less than "A" from Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc., or "A-2" from Moody's Investors Services, Inc. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. After any retiring Collateral Agent's resignation or removal, the provisions of this Agreement and the Security Documents shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Collateral Agent. Any corporation into which the Collateral Agent Bank may be merged or with which it may be consolidated, or any corporation which acquires all or

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substantially all of the corporate trust business of the Collateral Agent Bank, including the collateral agency established pursuant to this Agreement, or any corporation resulting from any merger or consolidation to which the Collateral Agent Bank shall be a party, shall be the successor to the Collateral Agent Bank without the execution of any paper.

SECTION 5.5. EXPENSES AND INDEMNIFICATION.

(a) By countersigning this Agreement, the Company agrees (i) to reimburse the Collateral Agent, promptly, for any reasonable expenses incurred by the Collateral Agent, including reasonable counsel fees and disbursements and compensation of agents, arising out of, in any way connected with, or as a result of, the execution or delivery of this Agreement or any Security Document or any agreement or instrument contemplated hereby or thereby or the performance by the parties hereto or thereto of their respective obligations hereunder or thereunder or in connection with the enforcement or protection of the rights of the Collateral Agent and the Secured Parties hereunder or under the Security Documents, and (ii) to indemnify and hold harmless the Collateral Agent and its directors, officers, employees and agents, promptly, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, and reasonable costs, expenses or disbursements of any kind or nature whatsoever ("LOSSES") which may be imposed on, incurred by or asserted against the Collateral Agent Bank in its capacity as the Collateral Agent or any of them in any way relating to or arising out of this Agreement or any Security Document or any action taken or omitted by them under this Agreement or any Security Document; provided that the Company shall not be liable to the Collateral Agent for any portion of such Losses resulting from the gross negligence or willful misconduct of the Collateral Agent or any of its directors, officers, employees or agents as determined by a final non-appealable order of a court of competent jurisdiction. A statement by the Collateral Agent that is submitted to the Company with respect to the amount of such expenses and containing a basic description thereof and/or the amount of its indemnification obligation shall be prima facie evidence of the amount thereof owing to the Collateral Agent or the Collateral Agent Bank, as the case may be; provided, however, that the Company shall nonetheless have the right to dispute any such amount and, to the extent provided in this Section 5.5, the reasonableness thereof. Except as otherwise expressly provided herein, the Collateral Agent shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action in connection with the execution or enforcement of its duties hereunder, whether on its own motion or on request of any other Person, which in the opinion of the Collateral Agent may involve loss, liability or expense to it, unless one or more of the Secured Parties shall offer and furnish security or indemnity, reasonably satisfactory to the Collateral Agent in accordance herewith, against loss, liability and expense to the Collateral Agent. Notwithstanding anything to the contrary contained in this Agreement, or any Security Document or any other documents noted in Section 10 of this Agreement, in the event that the Collateral Agent is entitled or required to commence an action to foreclose on such Security Document or other document, or otherwise exercise its remedies to acquire control or possession of any property constituting all or part of the Collateral, the Collateral Agent shall not be required to commence any such action or exercise any such remedy if the Collateral Agent has determined in good faith that it may incur liability under any federal or state environmental or hazardous waste law, rule or regulation as the result of the presence at, or release on or from, any property of any hazardous materials or waste, as defined under such federal or state laws, unless it has

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received security or indemnity from a Person, in an amount and in form, all satisfactory to the Collateral Agent in its sole discretion, protecting the Collateral Agent from all such liability.

(b) The indemnification provisions in this Section 5.5(b) and Section 5.5(c) are in addition to the indemnification provisions in Section 5.5(a). Without limiting any indemnification the Company or any Obligor has granted in any other provision of this Agreement or in any other Credit Document, the Company and each Obligor hereby indemnifies and holds harmless the Collateral Agent and each of the Secured Parties and their respective directors, officers, employees and agents (collectively, the "INDEMNIFIED PARTIES") from and against any and all Losses which may be imposed on, incurred by or asserted against the Indemnified Parties or any of them as a result of, arising out of, or relating to any claim, action or proceeding by any third party (other than any Indemnified Party) with respect to (i) any accident, injury to or death of persons or loss of or damage to or loss of the use of property occurring on or about any Mortgaged Property or any part thereof or the adjoining sidewalks, curbs, vaults and vault spaces, if any, streets, alleys or ways, (ii) any use, non-use or condition of any Mortgaged Property or any part thereof or the adjoining sidewalks, curbs, vaults and vault spaces, if any, streets, alleys or ways, (iii) any failure on the part of the Company or any applicable Obligor to perform or comply with any of the terms of any Mortgage, (iv) performance of any labor or services or the furnishing of any materials or other property in respect of any Mortgaged Property or any part thereof made or suffered to be made by or on behalf of the Company or any applicable Obligor, (v) any negligence or tortious act on the part of the Company or any applicable Mortgagor or any of its agents, contractors, lessees, licensees or invitees, or (vi) any work in connection with any alterations, changes, new construction or demolition of or additions to any Mortgaged Property (collectively, the "INDEMNIFIED LIABILITIES"); provided, however, that the Company or any Obligor shall not indemnify or hold harmless any Indemnified Party against any Indemnified Liabilities arising (x) by reason of any Indemnified Party's gross negligence or willful misconduct, or (y) in the case of clauses (i), (ii), (iv) and (vi) above, after termination of the Company's or such Obligor's ownership or operation of any Mortgaged Property.

(c) In the event that (i) any Indemnified Party is made a party to any action or proceeding by reason of the execution of this Agreement or any Security Document or (ii) any action or proceeding shall be commenced in which it becomes necessary to defend or uphold the lien of any Mortgage, all reasonable sums paid by the Indemnified Parties for the expense of any litigation to prosecute or defend the rights and lien created by any Mortgage or otherwise shall be paid by the Company or any applicable Mortgagor to such Indemnified Parties, as hereinafter provided. The Company or any applicable Mortgagor will pay and save the Indemnified Parties harmless against any and all liability with respect to any intangible personal property tax or similar imposition of any jurisdiction or any subdivision or authority thereof now or hereafter in effect, to the extent that the same may be payable by the Indemnified Parties in respect of any Mortgage or any obligation secured thereby. In case any action, suit or proceeding is brought against any Indemnified Party by reason of any such occurrence, the Company or any applicable Mortgagor, upon written request of such Indemnified Party, will, at the Company's or such Mortgagor's expense, resist and defend such action, suit or proceeding or cause the same to be resisted or defended by counsel designated by the Company or such Mortgagor and approved by such Indemnified Party, which approval shall not be unreasonably withheld or delayed. The obligations of the Company and each Mortgagor under this Section 5.5 shall survive any discharge or

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reconveyance of any Mortgage and the payment in full of the obligations secured thereby. If and to the extent that the foregoing undertaking is unenforceable for any reason, the Company and each Mortgagor hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. (d) All amounts payable to the Indemnified Parties under this Section 5.5 shall be deemed indebtedness secured by the Security Documents and shall bear interest at the highest interest rate for overdue payments provided for in any of the Credit Documents commencing 30 days after any Obligor's receipt of written notice that such amounts are due and owing.

SECTION 5.6. EXPENSES AND INDEMNIFICATION BY SECURED PARTIES.

Each of BofA, each Note Holder, Northern and each holder of Additional Future Debt severally agrees (i) to reimburse the Collateral Agent, promptly, in the amount of its pro rata share for any expenses referred to in Section 5.5 and reasonable fees due pursuant to Section 5.7 which shall not have been reimbursed or paid by the Company or paid from the proceeds of Collateral as provided herein and (ii) to indemnify and hold harmless the Collateral Agent, the Collateral Agent Bank and its directors, officers, employees and agents, promptly, in the amount of its pro rata share, from and against any and all Losses referred to in Section 5.5, to the extent the same shall not have been reimbursed by the Company or paid from the proceeds of Collateral as provided herein; provided that none of BofA, any Note Holder, Northern or any holder of Additional Future Debt shall be liable to the Collateral Agent or the Collateral Agent Bank for any portion of such Losses resulting from the gross negligence or willful misconduct of, or the gross negligence or willful misconduct in the failure to perform any express duty undertaken under this Agreement to be performed by, the Collateral Agent or the Collateral Agent Bank or any of its directors, officers, employees or agents. For purposes of this Section 5.6, the pro rata share of any Secured Party's claim for which a reimbursement or indemnity obligation arises under this Section 5.6 shall be its percentage share of the sum of the Secured Obligations, as of the last day of the calendar month preceding the date on which such claim was incurred and on which any Principal Obligations were outstanding.

SECTION 5.7. COLLATERAL AGENT'S FEE. By countersigning this

Agreement, the Company agrees to pay to the Collateral Agent for the Collateral Agent's own account, a non-refundable Collateral Agent's fee, on the date hereof and an additional yearly fee. Such yearly fees shall be payable as specified in a separate letter agreement between the Company and the Collateral Agent Bank until the Secured Obligations have been paid in full in cash, the commitments represented by the Credit Documents shall have expired or been reduced to zero or terminated, there is no Undrawn LC/Guaranty Exposure, and the Collateral Agent no longer has any duties hereunder.

SECTION 6. REPRESENTATIONS AND WARRANTIES. Each of the Collateral

Agent, BofA, each Note Holder, Northern, each holder of Additional Debt and, by countersigning this Agreement, the Company and each Guarantor, represents and warrants to the other parties hereto that (a) the execution, delivery and performance of this Agreement or the Joinder Agreement to which it is a party (in the case of a holder of Additional Future Debt) (i) have been duly authorized by all requisite corporate or other action on its part and (ii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or

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regulation to which it is subject or any judgment, order, writ, injunction, license or permit applicable to it and will not conflict with any provision of its charter documents or bylaws or any agreement or other instrument binding upon it; and (b) this Agreement or such Joinder Agreement, as the case may be, has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms.

SECTION 7. AMENDMENT OF THIS AGREEMENT.

SECTION 7.1. Amendments. No modification or amendment of this Agreement shall be effective unless the same shall be in writing and signed by the Majority Secured Parties and no modification or amendment of any Security Document shall be effective, nor shall any waiver of any provision of any Security Document be executed by the Collateral Agent, without the written consent of the Majority Secured Parties; provided, however, (i) no amendment or waiver shall adversely affect any of the Collateral Agent's rights, immunities or rights to indemnification hereunder or under any of the Security Documents or expand its duties or reduce any amount payable to the Collateral Agent hereunder or under any Security Documents without the written consent of the Collateral Agent; (ii) Sections 3 and 5 of this Agreement and any other provision of this Agreement or of any of the Security Documents affecting the rights and obligations of the Collateral Agent hereunder may not be amended without the written consent of the Collateral Agent; (iii) no modification or amendment of Section 2.2 or the defined terms used therein, Section 4.9, Section 5.4, Section 5.5, Section 5.7, Section 6, this Section 7.1(iii), Section 8, Section 10, Section 11, Section 12 or Section 13 of this Agreement shall be effective unless the same shall have been consented to by the Company; (iv) no modification, amendment or waiver that changes the amount that a Secured Party receives from a distribution hereunder or that delays the time of a distribution hereunder shall be effective without the consent of such Secured Party and (v) none of the Material Provisions of any of the Security Documents may be created, amended or waived without the consent of all holders of Secured Obligations. Any Security Document executed after the date hereof shall be approved by the Majority Secured Parties as to form.

SECTION 7.2. WAIVERS. Except as provided in Section 7.1, no waiver of any provision of this Agreement and no consent to any departure by any party hereto from the provisions hereof shall be effective unless such waiver or consent shall be set forth in a written instrument executed by the party against which it is sought to be enforced, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in the same, similar or other circumstances.

SECTION 8. APPROVAL BY THE COMPANY AND GUARANTORS; COMPANY'S OBLIGATIONS ABSOLUTE.

SECTION 8.1. GENERAL. By countersigning this Agreement, each of the Company and the Guarantors acknowledges and consents to and agrees to perform and be bound by each provision of this Agreement which expressly recites that the Company or such Guarantor is agreeing to such provision by countersigning this Agreement.



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SECTION 8.2. OBLIGATIONS ABSOLUTE. Nothing contained in this Agreement shall impair, as between the Company, or any Guarantor and each of BofA, each Note Holder, Northern and each holder of Additional Future Debt, (a) the obligation of the Company or such Guarantor to pay to the Note Holders all amounts payable in respect of the Note Debt as and when the same shall become due and payable in accordance with the terms thereof, or prevent any of the Note Holders (except as expressly otherwise provided in this Agreement) from exercising all rights, powers and remedies otherwise permitted by the Note Documents and by applicable law upon a default in the payment or performance of the Note Debt, all, however, subject to the rights of BofA, Northern and the holders of Additional Future Debt as set forth in this Agreement, or (b) the obligation of the Company or such Guarantor to pay to BofA all amounts payable in respect of BofA Debt as and when the same shall become due and payable in accordance with the terms thereof, or prevent BofA (except as expressly otherwise provided in this Agreement) from exercising all rights, powers and remedies otherwise permitted by the Reimbursement Agreements, the IRB Bond Guaranties and by applicable law upon a default in the payment or performance of BofA Debt, all, however, subject to the rights of the Note Holders, Northern and the holders of Additional Future Debt as set forth in this Agreement, (c) the obligation of the Company or such Guarantor to pay to Northern all amounts payable in respect of the Trade Agreement Debt as and when the same shall become due and payable in accordance with the terms thereof, or prevent Northern (except as expressly otherwise provided in this Agreement) from exercising all rights, powers and remedies otherwise permitted by the Trade Agreement and by applicable law upon a default in the payment or performance of the Trade Agreement Debt, all, however, subject to the rights of the Note Holders, BofA Issuer and the holders of Additional Future Debt as set forth in this Agreement and (d) the obligation of the Company or such Guarantor to pay to any holder of Additional Future Debt all amounts payable in respect of such Additional Future Debt as and when the same shall become due and payable in accordance with the terms thereof, or prevent any holder of Additional Future Debt (except as expressly otherwise provided in this Agreement) from exercising all rights, powers and remedies otherwise permitted by such Additional Future Debt Documents and by applicable law upon a default in the payment or performance of such Additional Future Debt, all, however, subject to the rights of the Note Holders, Northern and BofA as set forth in this Agreement.

SECTION 8.3. NO ADDITIONAL RIGHTS FOR COMPANY HEREUNDER. If the Collateral Agent or any Secured Party shall enforce its rights or remedies in violation of the terms of this Agreement, the Company and each Guarantor agrees, by its consent hereto, that it shall not use such violation as a defense to such enforcement by any such party nor assert such violation as a counterclaim or basis for setoff or recoupment against any such party (except to the extent such violation affects the rights of the Company or any Guarantor set forth in this Agreement). Nothing contained in this Agreement shall constitute a commitment by BofA, any Note Holder, Northern or any holder of Additional Future Debt to make available to the Company or any Guarantor any advances, loans or letters of credit beyond such advances, loans or letters of credit as specifically provided for in the Loan Documents.

SECTION 9. COLLATERAL AGENT AS AGENT AND LENDER. If a Secured Party is at any time the Collateral Agent, such Secured Party shall, in its individual capacity and as Collateral Agent, have the same obligations and the same rights, powers and privileges as it would have had were it not also the Collateral Agent.

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SECTION 10. COVENANTS CONCERNING COLLATERAL

SECTION 10.1. ADDITIONAL ASSIGNMENTS, AND MORTGAGES.

(a) Without limiting the obligations of the Company or any of its Subsidiaries in the Credit Documents (and subject to the provisions of the Credit Documents and this Agreement), the Company shall, and shall cause each of its Significant Subsidiaries which has not theretofore executed and delivered one or more Security Documents in favor of the Collateral Agent with respect to all of its assets (other than Excluded Collateral) as security for the Secured Obligations, to execute and deliver to the Collateral Agent such Security Documents, and take such other action, as may be requested to grant Liens to the Collateral Agent on all its assets (other than Excluded Collateral).

(b) Without limiting the obligations of the Company or any of its Subsidiaries in the Credit Documents (and subject to the provisions of the Credit Documents and this Agreement) if the Company or any of its Significant Subsidiaries acquires after the date hereof ownership of a Significant Real Estate Interest, the Company shall, and shall cause such Significant Subsidiary, to deliver within a reasonable time period to the Collateral Agent a fully executed mortgage or deed of trust over such interest in real estate, together with any environmental site assessments in the possession of the Company or such Significant Subsidiary and evidence of insurance with the Collateral Agent named as loss payee and additional insured with respect to such real estate as the Collateral Agent (upon instruction from the Requisite Parties) may reasonably request in accordance with good banking and lending practices, all in form and content acceptable to the Requisite Parties. If such Significant Subsidiary is not a Guarantor, the Company shall cause such Significant Subsidiary to become a Guarantor and a party to this Agreement. If the Company or the Significant Subsidiary acquiring such Significant Real Estate Interest obtains a current owner's title insurance policy in respect of all or a portion of such Significant Real Estate Interest in connection with the acquisition of such Significant Real Estate Interest, the Company shall also deliver to the Collateral Agent a customary lender's title insurance policy in respect of such Significant Real Estate Interest for the benefit of the Collateral Agent from the insurance company issuing such owner's title insurance policy in an insured amount equal to the insured amount of such owner's title insurance policy. The Company further agrees that, following the taking of such actions, the Collateral Agent shall have for the pari passu benefit of the Secured Parties a valid and enforceable Lien over such interest in real estate, free and clear of all Liens, defects and encumbrances other than such Liens, defects or encumbrances existing on such Significant Real Estate Interest at the time such Significant Real Estate Interest shall have been so acquired.

SECTION 10.2. PERFECTION CERTIFICATE. The Company shall furnish to the Collateral Agent and to each of the holders of Secured Obligations not later than October 15 of each year beginning with the year 2004, a fully completed Perfection Certificate substantially in the form attached hereto as Exhibit C setting forth the information required thereby as of October 1st in such year. Upon receipt of such Perfection Certificate the Collateral Agent shall forward a copy of such Perfection Certificate to special counsel to the Requisite Parties if such special counsel is known to the Collateral Agent. If such special counsel is not known to the Collateral Agent, it shall request that the holders of the Secured Obligations notify the Collateral Agent of the name

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and address of such special counsel. Upon the effective date of this Agreement such special counsel is Bingham McCutchen, LLP of Hartford, Connecticut. Upon request of the Requisite Parties or such special counsel the Company will take any and all actions, and execute and deliver such documents and instruments, with respect to the recording, filing, registering, re-recording, refiling and re-registering of any of the Security Documents in respect of any Collateral as are necessary under the law of the jurisdiction in which the Collateral is located or under other applicable law to maintain the continued perfection, existence and priority of the Lien of the Security Documents (including, without limitation, to the extent provided for therein and herein on any property acquired by the Company or any Guarantor after the date hereof), and to fully preserve and protect the rights, and under the Security Documents of or for the benefit of the Collateral Agent in respect of such Liens and the Collateral.

SECTION 11. CONDEMNATION

SECTION 11.1. TAKINGS. Each Obligor, in each Mortgage to which such entity is a party, shall irrevocably assign, or cause to be assigned, to the Collateral Agent a security interest in and Lien on any award or payment which may become payable to such entity by reason of any taking of a Significant Real Estate Interest encumbered by such Mortgage or any part thereof, whether directly or indirectly, temporarily or permanently, in or by condemnation or other eminent domain proceedings (a "Taking"). All rights of the Collateral Agent under this Section 11 as to any Significant Real Estate Interest are subject to any rights in favor of holders of Permitted First Priority Liens in such Significant Real Estate Interest and shall be enforceable to the fullest extent not prohibited or restricted by the terms of any agreements or instruments creating such Permitted First Priority Liens.

SECTION 11.2. APPLICATION OF AWARDS.

(a) Any awards or payments made with respect to any Taking relating to a Significant Real Estate Interest shall be paid or distributed as provided in this Section. If any Obligor shall receive directly any such award or payment, promptly following the receipt thereof such Obligor shall transfer in immediately available funds the Net Proceeds in respect of such Taking from such award or payment to the Collateral Agent and the Collateral Agent shall distribute such Net Proceeds in accordance with the provisions of this clause (a). If the Collateral Agent shall receive directly any such award or payment and no Default or Event of Default then exists, the Collateral Agent shall, prior to making any other payment or distribution hereunder, transfer to the Obligor whose Property was the subject of such Taking an amount in immediately available funds equal to the difference between (A) the amount of such award or payment so received and (B) the Net Proceeds relating thereto (as set forth in a certificate executed by a Senior Officer and delivered to the Collateral Agent), and thereafter the remainder of such award or payment shall be distributed as provided below. Any and all amounts to be distributed as provided in this clause (a) shall be distributed as follows:

(i) if the gross amount of any awards or payments with respect to such Taking are in an amount less than \$5,000,000, the Net Proceeds thereof held by the Collateral Agent shall be immediately payable in immediately available funds directly to such Obligor which is the subject of such Taking upon receipt of a certificate executed by

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a Senior Officer which states that no Default or Event of Default exists and such Obligor will use such Net Proceeds to repair or replace the Significant Real Estate Interest which was the subject of such Taking; and

(ii) if the gross amount of any awards or payments with respect to such Taking equals or exceeds \$5,000,000, the Secured Parties shall review with the Company, the Company's business proposal with respect to the application of the Net Proceeds thereof held by the Collateral Agent, which proposal the Company shall submit to the Secured Parties at any time but no later than thirty (30) Business Days after the date such award has been paid, and give due consideration to the merits and rationale of such proposal recognizing the integrated nature of the Company's manufacturing facilities and operations. Within twenty (20) Business Days of receipt of the Company's proposal, the Requisite Parties shall, following review thereof, determine (which determination shall be reasonably made and not unduly delayed) whether such Net Proceeds shall be applied as provided in such proposal. If the Company shall not have received a reply from the Requisite Parties by the end of such twenty (20) Business Day period, the Company shall deliver a written notice to each of the Secured Parties requesting a determination as to such proposal and shall give the Requisite Parties an additional five (5) Business Days after the delivery of such second notice to deliver a written acceptance or rejection of such proposal. If the Requisite Parties fail to advise the Company in writing of their determination with respect to such proposal as provided herein prior to the end of such five (5) Business Day period, they shall be deemed to have accepted such proposal. Upon actual or deemed acceptance of such proposal, the Collateral Agent shall promptly transfer in immediately available funds such Net Proceeds to the relevant Obligor and the relevant Obligor shall act diligently and good faith to apply such Net Proceeds substantially as provided in such proposal. If such proposal is not accepted, then the Net Proceeds shall be applied as an Offered Repayment as set forth in Section 11.4 below.

(b) Notwithstanding anything contained herein, if any Default or Event of Default shall have occurred and be continuing, any Net Proceeds of a Taking, together with any other amounts held by the Collateral Agent in respect of such Taking, shall be applied as an Offered Repayment as set forth in Section 11.4 below unless the Majority Secured Parties and the Company agree otherwise. The Collateral Agent shall promptly and, in any case, not more than five (5) Business Days after the receipt of any funds hereunder satisfactorily identified to the Collateral Agent as Net Proceeds of a Taking, inform the Obligors and the Secured Parties in writing of such receipt and the amount thereof.

SECTION 11.3. SETTLEMENT OF CONDEMNATION CLAIMS. Immediately upon receipt by any of the Obligors of notice of the institution of any proceeding or negotiations for a Taking, the Obligors shall give notice thereof to the Collateral Agent. The Collateral Agent may, but shall be under no obligation to, appear in any such proceedings and participate in any such negotiations and may be represented by counsel. The Obligors, notwithstanding that the Collateral Agent may not be a party to any such proceeding, will promptly give, or cause to be given, to the Collateral Agent copies of all notices, pleadings, judgments, determinations and other papers received by any Obligor. The Obligors will not enter into, or permit to be entered into, any agreement permitting or consenting to the Taking of the applicable Significant Real Estate Interest, or any



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part thereof, or providing for the conveyance thereof in lieu of condemnation, with anyone authorized to acquire the same in condemnation or by eminent domain which, for any award or payment, is estimated by the Collateral Agent in good faith to exceed \$5,000,000, unless the Collateral Agent, acting at the direction of the Requisite Parties, shall first have consented thereto in writing. The Requisite Parties agree to consider granting such consent without undue delay. If a Default or Event of Default has occurred and is continuing, the Collateral Agent, acting at the direction of the Requisite Parties, shall be authorized, but shall not be obligated, to negotiate, adjust, compromise or settle any Taking award and appear in any proceeding arising in connection with such Taking. In connection therewith, the Obligors do hereby irrevocably authorize, empower and appoint the Collateral Agent as attorney-in-fact for the Obligors (which appointment is coupled with an interest) to do any and all of the foregoing in the name and on behalf of the Obligors. The Requisite Parties agree to act in good faith without undue delay in issuing any such written instruction and approving any such adjustment.

SECTION 11.4. OFFERED REPAYMENT. Any Net Proceeds to be applied as an Offered Repayment as provided in Section 11.2(a)(ii) or Section 11.2(b) shall be offered pro rata to all Secured Parties as a prepayment as provided in Section 11.5 below. Each such Offered Repayment shall be made in writing as soon as practicable after the Obligors being informed, in writing, by the Collateral Agent of their obligation to make such Offered Repayment but, in any case, not later than ten (10) days thereafter. Each Offered Repayment shall specify the date on which the prepayment provided therein is to be made (which shall be a Business Day and shall not be a date more than twenty-five (25) days after the date of the delivery of such Offered Repayment), the principal amount of the Secured Obligations of each recipient of such Offered Repayment then being offered to be prepaid and the amount of accrued interest to be paid thereon. To accept or reject any Offered Repayment under this Section 11.4, in whole or in part, any Secured Party shall cause a written notice of such acceptance or rejection to be delivered to the Obligors not later than fifteen (15) days after the date of receipt by such holder of such Offered Repayment (it being understood that the failure by a holder to accept in full or in part such Offered Repayment as provided herein prior to the end of such fifteen (15) day period shall be deemed to constitute a rejection of said Offered Repayment, or, if so indicated as to any Secured Party on the Schedule 14.4 or in a written notice delivered to the Company by any Secured Party within 60 days of the date hereof, an acceptance of such Offered Repayment). The Obligors shall inform the Collateral Agent, in writing not less than five (5) Business Days prior to any date fixed for effecting of the payments contemplated by any accepted Offered Repayment under this Section 11.4, of all amounts due in respect of each of such accepted Offered Repayments, the payment date therefor, the recipients thereof, and the payment address and payment method required in respect of each such recipient. Upon the receipt by the Collateral Agent of written instructions from the Obligors (or the Requisite Parties, in the event that the Obligors fail to give such notice within a reasonable time) directing the Collateral Agent to effect the payment in immediately available funds of accepted Offered Repayments from the Net Proceeds then held by the Collateral Agent, as expressly provided in the immediately preceding sentence, the Collateral Agent shall effect the payment of such accepted Offered Repayments as so instructed. To the extent that any such Net Proceeds shall not have been utilized to pay or prepay Secured Obligations as a result of one or more holders of Secured Obligations rejecting (in whole or in part) or being deemed to have rejected their respective Offered Repayments, upon receipt of a written demand from the Obligors (or the

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Requisite Parties, in the event that the Obligors fail to give such notice within a reasonable time), the Collateral Agent shall pay such remaining Net Proceeds, together with any interest accrued thereon, promptly to the Obligors. Only upon the Collateral Agent effecting the payment in full of all of the amounts owing in respect of the applicable accepted Offered Repayments under this Section 11.4 will the Obligors be deemed to have discharged the payment obligations they have under this Section 11.4 with respect to such accepted Offered Repayments. The Obligors agree that they will instruct the Collateral Agent to effect the payment of all related Offered Repayments to all applicable Secured Parties simultaneously. Notwithstanding the foregoing, if, to the extent required by the operation of any provision of any of the Credit Documents (it being understood that the Loan Documents outstanding on the date hereof contain no such provision), the Obligors are prohibited from making any Offered Repayment such Offered Repayment shall be deemed to have been rejected by each Secured Party who is a party to the Credit Document containing such prohibition.

SECTION 11.5. APPLICABLE PREPAYMENT PROVISIONS. Each accepted Offered Repayment pursuant to Section 11.4 shall be made in accordance with, and subject to, (a) Section 2.2(a) of each of the Note Documents (with respect to any prepayment of the Note Principal Obligations) but without payment of any Make-Whole Amount, (b) Section 3.6 and Section 3.4(iii)(d) of the Trade Agreement (with respect to any prepayment of the Trade Agreement Debt) but without payment of any prepayment or breakage fees, and (c) any one or more similar provisions in a similar section in the Additional Future Debt Documents (with respect to any prepayment of the Additional Future Debt), in each case, as certified to the Collateral Agent by the Secured Party entitled to receive such Offered Repayment. Each accepted Offered Repayment in respect of any BofA Debt shall be deposited in the Special Cash Collateral Account as a Proceeds Deposit. To the extent any such sections of the Loan Documents referred to in this Section 11.5 contain notice and procedural provisions, such provisions are hereby deemed waived to permit prepayments under this Section 11.5.

SECTION 11.6. WAIVER OF OFFERED REPAYMENT. The Majority Secured Parties may at any time within twenty (20) days after receipt of written notification from the Collateral Agent of its receipt of any funds arising from a Taking, as provided for in Section 11.2(b) above, waive the obligation of the Obligors to make Offered Repayments in respect of such award, as provided in Section 11.2 above, by delivering a written notice of waiver in respect thereof to the Obligors and the Collateral Agent. In such event, the Collateral Agent shall promptly thereafter transfer in immediately available funds all such funds held by it to the Obligor whose Property was the subject of such Taking.

SECTION 11.7. COLLATERAL AGENT EXPENSES. The Obligors shall promptly reimburse the Collateral Agent upon demand for all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 11. To the extent the Collateral Agent has not been so reimbursed by the Obligors (or arrangements therefor made to the satisfaction of the Collateral Agent), any disbursement to be made by the Collateral Agent pursuant to this Section 11 shall be net of all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 11.



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SECTION 12. APPLICATION OF INSURANCE PROCEEDS

SECTION 12.1. GENERAL.

(a) Any insurance proceeds (other than Excluded Insurance Proceeds) which are paid in respect of the damage, destruction, loss or other casualty (each, a "CASUALTY") of the Collateral under any insurance policy required to be maintained by any one or more of the Obligors under the provisions of any Credit Document shall be paid or distributed as provided in this Section. If any Obligor shall receive directly any such insurance proceeds, promptly following the receipt thereof such Obligor shall transfer in immediately available funds the Net Proceeds in respect of such Casualty from such insurance proceeds to the Collateral Agent and the Collateral Agent shall distribute such Net Proceeds in accordance with the provisions of this clause (a). If the Collateral Agent shall receive directly any such insurance proceeds and no Default or Event of Default then exists, the Collateral Agent shall, prior to making any other payment or distribution hereunder, transfer to the Obligor whose Property was the subject of such Casualty an amount in immediately available funds equal to the difference between (A) the amount of such insurance proceeds so received and (B) the Net Proceeds relating thereto (as set forth in a certificate executed by a Senior Officer and delivered to the Collateral Agent), and thereafter the remainder of such insurance proceeds shall be distributed as provided below. Any and all amounts to be distributed as provided in this clause (a) shall be distributed as follows:

(i) if the insurance proceeds with respect to such Casualty are in an aggregate amount less than \$5,000,000 in respect of any single occurrence, the Net Proceeds thereof held by the Collateral Agent shall be immediately payable in immediately available funds directly to the applicable Obligor which is the primary insured on such policy (the "INSURED") upon receipt of a certificate executed by a Senior Officer which states that no Default or Event of Default then exists and such Obligor will use such Net Proceeds to repair or replace the Collateral which was the subject of such Casualty which gave rise to such Net Proceeds; and

(ii) if the insurance proceeds with respect to such Casualty equal or exceed \$5,000,000 in respect of any single occurrence, the Secured Parties shall review with the Company, the Company's business proposal with respect to the application of the Net Proceeds thereof held by the Collateral Agent, which proposal the Company shall submit to the Secured Parties within thirty (30) Business Days of the date of the occurrence of the Casualty, and give due consideration to the merits and rationale of such proposal recognizing the integrated nature of the Company's facilities and operations. Within twenty (20) Business Days of receipt of the Company's proposal, the Requisite Parties shall, following review thereof, determine (which determination shall be reasonably made and not unduly delayed) whether such Net Proceeds shall be applied as provided in such proposal. If the Company shall not have received a reply from the Requisite Parties by the end of such twenty (20) Business Day period, the Company shall deliver a written notice to each of the Secured Parties requesting a determination as to such proposal and shall give the Requisite Parties an additional five (5) Business Days after the delivery of such second notice to deliver a written acceptance or rejection of such proposal. If the Requisite Parties fail to advise the Company in writing of their



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determination with respect to such proposal as provided herein prior to the end of such five (5) Business Day period, they shall be deemed to have accepted such proposal. Upon actual or deemed acceptance of such proposal, the Collateral Agent shall hold such Net Proceeds for disbursement in accordance with Section 12.3 and the Insured shall act diligently and in good faith to apply such Net Proceeds substantially as provided in such proposal. If such proposal is not accepted, then the Net Proceeds shall be applied as a Offered Repayment as set forth in Section 12.2 below.

(b) Notwithstanding anything contained herein, if any Default or Event of Default shall have occurred and be continuing, any Net Proceeds of any such Casualty with respect to the Collateral, together with any other amounts held by the Collateral Agent in respect of such Casualty, shall be applied as an Offered Repayment as set forth in Section 12.2 below unless the Majority Secured Parties and the Company agree otherwise. The Collateral Agent shall promptly and, in any case, not more than five (5) Business Days after the receipt of any funds hereunder satisfactorily identified to the Collateral Agent as amounts to be applied as an Offered Repayment, inform the Obligors and the Secured Parties in writing of such receipt and the amount thereof.

SECTION 12.2. OFFERED REPAYMENT. Any Net Proceeds to be applied as an Offered Repayment as provided in Section 12.1(a)(iii) or Section 12.1(b) shall be offered pro rata to all Secured Parties as a prepayment as provided below. Each such Offered Repayment shall be made in writing as soon as practicable after each of the Obligors being informed, in writing, by the Collateral Agent of their obligation to make such Offered Repayment but, in any case, not later than ten (10) days thereafter. Each Offered Repayment shall specify the date on which the prepayment provided therein is to be made (which shall be a Business Day and shall not be a date more than thirty-five (35) days after the date of the delivery of such Offered Repayment), the principal amount of the Secured Obligations of the recipient of such Offered Repayment then being offered to be prepaid and the amount of accrued interest to be paid thereon. To accept or reject any Offered Repayment under this Section 12.2, in whole or in part, any Secured Party shall cause a written notice of such acceptance or rejection to be delivered to the Obligors not later than fifteen (15) days after the date of receipt by such holder of such Offered Repayment, provided that, if (a) the Obligors shall have not received a reply from a holder of such applicable Secured Obligations by the end of such fifteen (15) day period or (b) any such holder shall have rejected such Offered Repayment, the Obligors shall deliver a second written notice (which shall include a description of whether other holders of such Secured Obligations have accepted or rejected such Offered Repayment) in respect of the relevant Offered Repayment to each such holder described in clause (a) or (b) above and shall give each such holder an additional ten (10) days after the delivery of such second notice to deliver a written acceptance or rejection of such Offered Repayment (it being understood that the failure by a holder to accept (in full or in part) such Offered Repayment as provided herein prior to the end of the aforesaid ten (10) day period shall be deemed to constitute a rejection of said Offered Repayment, or, if so indicated as to any Secured Party on Schedule 14.4 or in a written notice delivered to the Company by any Secured Party within 60 days of the date hereof, an acceptance of such Offered Repayment). The Obligors shall inform the Collateral Agent, in writing not less than five (5) Business Days prior to any date fixed for the effecting of the payments contemplated by any accepted Offered Repayment under this Section 12.2, of all amounts due in respect of each of such accepted Offered Repayments, the payment date



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therefor, the recipients thereof, and the payment address and payment method required in respect of each such recipient. Upon the receipt by the Collateral Agent of written instructions from the Obligors (or the Requisite Secured Parties, in the event that the Obligors fail to give such notice within a reasonable time) directing the Collateral Agent to effect the payment in immediately available funds of accepted Offered Repayments from the Net Proceeds then held by the Collateral Agent, as expressly provided in the immediately preceding sentence, the Collateral Agent shall effect the payment of such accepted Offered Repayments as so instructed. To the extent that any such Net Proceeds shall not have been utilized to pay or prepay Secured Obligations as a result of one or more holders of Secured Obligations rejecting (in whole or in part) or being deemed to have rejected their respective Offered Repayments, upon receipt of a written demand from the Obligors (or the Requisite Parties, in the event that the Obligors fail to give such notice within a reasonable time), the Collateral Agent shall pay such remaining Net Proceeds, together with any interest accrued thereon, promptly to the Obligors. Each accepted Offered Repayment in respect of any BofA Debt shall be deposited in the Special Cash Collateral Account as a Proceeds Deposit and each other accepted Offered Repayment pursuant to this Section 12.2 shall be made in accordance with (a) Section 2.2(a) of each of the Note Agreements (with respect to any prepayment of the Note Principal Obligations) but without payment of Make-Whole Amount, (b) Section 3.6 and Section 3.4(iii)(d) of the Trade Agreement (with respect to any prepayment of the Trade Agreement Debt) but without payment of any prepayment or breakage fees, and (c) any one or more similar provisions in the Additional Future Debt Documents (with respect to any prepayments of Additional Future Debt), in each case, as certified to the Collateral Agent by the Secured Party to whom such Offered Repayment is due. To the extent any such sections of the Loan Documents referred to in this Section 12.2 contain notice or other procedural provisions, such provisions are hereby deemed waived to permit prepayments under this Section 12.2. Only upon the Collateral Agent effecting the payment in full of all of the amounts owing in respect of the applicable accepted Offered Repayments under this Section 12.2 will the Obligors be deemed to have discharged the payment obligations they have under this Section 12.2 with respect to such accepted Offered Repayments. The Obligors agree that they will instruct such Collateral Agent to effect the payment of all related Offered Repayments to all applicable Secured Parties simultaneously. Notwithstanding the foregoing, if, to the extent required by the operation of any provision of any Credit Documents (it being understood that the Loan Documents outstanding on the date hereof contain no such provision), the Obligors are prohibited from making any Offered Repayment under such Credit Document, such Offered Repayment shall be deemed to have been rejected by the each Secured Party who is a party to the Credit Document containing such prohibition.

SECTION 12.3. REMNANT INSURANCE PROCEEDS. With respect to any proposal accepted or deemed accepted in accordance with Section 12.1(a)(ii) whereby the Insured is entitled to be paid and use such Net Proceeds, such Net Proceeds shall be held by the Collateral Agent for distribution in accordance with this Section 12.3. Upon receipt of a written demand from the Insured and a certificate certifying that no Default or Event of Default has occurred and is continuing, the Collateral Agent shall promptly pay any Net Proceeds in immediately available funds to the Insured to pay the costs of implementing the Company's proposal in accordance with Section 12.1(a)(ii). Should the Net Proceeds, if any, be insufficient to pay the entire cost of the work outlined in such proposal, the Insured shall pay the deficiency or the entire cost as the case may be. On the completion of all work and payment in full therefor and upon receipt by the Collateral Agent of evidence to its



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satisfaction that such work has been completed and paid for in full and that any property purchased, repaired, reconstructed and restored in the course of such work is subject to the applicable Liens under the Security Documents (subject to any Permitted First Priority Liens), any Net Proceeds not yet disbursed to the Insured as above provided and in the possession or under the control of the Collateral Agent or the Secured Parties shall be remitted to the Insured. Notwithstanding anything in this Section 12.3 to the contrary, if no Default or Event of Default shall have occurred and be continuing, to the extent that such Net Proceeds shall not have been utilized to pay or prepay the applicable Secured Obligations as provided herein, the Insured may, in its discretion, elect not to implement its proposal in connection with such Net Proceeds and, in such event, upon notice thereof to the Secured Parties and the Collateral Agent, shall pay any amounts they are entitled to receive under this Section 12.3 to the Secured Parties as an Offered Repayment of the Secured Obligations as provided in Section 12.2. The Insured will be deemed to have so elected if it shall not have commenced implementation of such proposal within sixty (60) days of such Net Proceeds having become available to it for such purposes.

SECTION 12.4. NOTICE OF CASUALTY; ADJUSTING LOSS. In the event all or any part of a Significant Real Estate Interest shall suffer a Casualty, the Obligors will promptly give written notice thereof to the insurance carrier and the Collateral Agent, and shall promptly provide to the Collateral Agent such reasonable information concerning such Casualty as the Collateral Agent may request. So long as no Default or Event of Default shall then exist, the Obligors shall be authorized to make proof of loss and to negotiate, adjust, compromise and settle all insurance claims and demands with respect to any such Casualty; provided, however, that the Obligors may not adjust any claim for any Casualty which is estimated by the Collateral Agent in good faith to exceed \$5,000,000 unless the Collateral Agent at the Collateral Agent's request, acting at the direction of the Requisite Parties, shall have joined in such adjustment without undue delay. If (a) there has been no adjustment of any such Casualty within six (6) months from the date of occurrence thereof as a result of the failure of any Obligor to diligently prosecute the applicable insurance claim or (b) if a Default or an Event of Default has occurred and is continuing, the Collateral Agent, acting at the direction of the Requisite Parties, shall be authorized, but shall not be obligated, to make such proof of loss with respect to any such Casualty and to negotiate, adjust, compromise or settle all insurance claims and demands in respect thereof and prosecute any action arising in connection therewith. In connection therewith, the Obligors do hereby irrevocably authorize, empower and appoint the Collateral Agent as attorneys-in-fact for the Obligors (which appointment is coupled with an interest) to do any and all of the foregoing in the name and on behalf of the Obligors. The Requisite Parties agree to act in good faith without undue delay in issuing any such written instruction and approving any such adjustment.

SECTION 12.5. REIMBURSEMENT OF COLLATERAL AGENT'S EXPENSES. The Obligors shall promptly reimburse the Collateral Agent upon demand for all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 12. To the extent the Collateral Agent has not been so reimbursed by the Obligors (or arrangements therefor made to the satisfaction of the Collateral Agent), any disbursement to be made by the Collateral Agent pursuant to this Section 12 shall be net of all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 12.



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SECTION 13. PROCEEDS FROM SALE OF ASSETS.

SECTION 13.1. GENERAL. Notwithstanding anything in this Section 13 to the contrary, any Obligor shall be entitled and permitted to undertake any Asset Disposition in accordance with the terms and conditions of all of the Loan Documents. If any Obligor intends to undertake an Asset Disposition and if all of the Loan Documents permit the Obligor to use the proceeds of such Asset Disposition for any purpose other than the repayment or prepayment of any Secured Obligation, then such Obligor shall include in its Asset Disposition Certificate required to be delivered to the Collateral Agent and the Secured Parties in accordance with Section 14.6: (i) the purpose for which the Obligor intends to use the proceeds, (ii) the specific provisions of any covenant under any of the Loan Documents which restrict transfer of assets and which permit such Asset Disposition and (iii) a statement that the proceeds will be used for such stated purpose.

SECTION 13.2. NET PROCEEDS FROM AN ASSET DISPOSITION. To the extent any Obligor is required or is permitted and elects to prepay the Secured Obligations with Net Proceeds from any Asset Disposition, such Net Proceeds shall be paid in immediately available funds to the Collateral Agent. The Collateral Agent shall promptly and, in any case, not more than five (5) Business Days after the receipt of any such Net Proceeds satisfactorily identified to the Collateral Agent as Net Proceeds of an Asset Disposition, inform the Obligors and the Secured Parties in writing of such receipt and the amount thereof. All Net Proceeds so paid to the Collateral Agent from such Asset Disposition shall be applied as an Offered Repayment in accordance with the requirements of Section 13.3.

SECTION 13.3. OFFERED REPAYMENT. With respect to the Net Proceeds received by the Collateral Agent as a result of any Asset Disposition, the Obligors shall, subject to Section 13.4 below, extend an Offered Repayment pro rata to each of the holders of Secured Obligations if such Net Proceeds arise out of the sale, transfer or other disposition of any Collateral. Each such Offered Repayment shall be made in writing as soon as practical after the Obligors being informed, in writing, by the Collateral Agent of its receipt of any such Net Proceeds but, in any case, not later than ten (10) days thereafter. Each Offered Repayment shall specify the date on which the prepayment provided therein is to be made (which shall be a Business Day and shall not be a date more than twenty-five (25) days after the date of the delivery of such Offered Repayment), the principal amount of the applicable Secured Obligations of the recipient of such Offered Repayment then being offered to be prepaid, the amount of accrued interest to be paid thereon and the estimated Make-Whole Amount due in respect of such prepayment as provided under the terms of the Note Documents. To accept or reject any Offered Repayment under this Section 13.3, in whole or in part, any Secured Party shall cause a written notice of such acceptance or rejection to be delivered to the Obligors not later than fifteen (15) days after the date of receipt by such holder of such Offered Repayment (it being understood that the failure by a holder to accept in full or in part such Offered Repayment as provided herein prior to the end of such fifteen (15) day period shall be deemed to constitute a rejection of said Offered Repayment, or, if so indicated as to any Secured Party on Schedule 14.4 or in a written notice delivered to the Company by any Secured Party within 60 days of the date hereof, an acceptance of such Offered Repayment). The Obligors shall inform the Collateral Agent, in writing not less than five (5) Business Days prior to any date fixed for the effecting of the payments contemplated by any



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accepted Offered Repayment under this Section 13.3, of all amounts due in respect of each of such accepted Offered Repayments, the payment date therefor, the recipients thereof, and the payment address and payment method required in respect of each such recipient. Upon the receipt by the Collateral Agent of written instructions from each of the Obligors (or the Requisite Parties in the event that the Obligors fail to give such notice within a reasonable time) directing the Collateral Agent to effect the payment in immediately available funds of accepted Offered Repayments from the Net Proceeds then held by the Collateral Agent, as expressly provided in the immediately preceding sentence, the Collateral Agent shall effect the payment of such accepted Offered Repayments as so instructed. To the extent that any such Net Proceeds shall not have been utilized to pay or prepay the applicable Secured Obligations as a result of one or more holders of such Secured Obligations rejecting (in whole or in part) or being deemed to have rejected their respective Offered Repayments in respect of such Net Proceeds and upon receipt of a written demand from the Obligors (or the Requisite Parties in the event that the Obligors fail to give such notice within a reasonable time), the Collateral Agent shall pay such Net Proceeds promptly to the Obligors. Each accepted Offered Repayment of the BofA Debt shall be deposited in the Special Cash Collateral account as a Proceeds Deposit and each other accepted Offered Repayment pursuant to this Section 13.3 shall be made in accordance with (a) Section 2.2(a) of each of the Note Agreements (with respect to any prepayment of the Note Debt), (b) Section 3.6 and Section 3.4(iii)(d) of the Trade Agreement (with respect to any prepayment of the Trade Agreement Debt), and (c) any one or more similar provisions in the Additional Future Debt Documents (with respect to any prepayments of Additional Future Debt)), in each case, as certified to the Collateral Agent by the Secured Party to whom such payment is due. To the extent any such sections referred to in this Section 13.3 contain notice or other procedural provisions such provisions are hereby deemed waived to permit prepayments under this Section 13.3. Only upon the Collateral Agent's effecting of the payment in full of all of the amounts owing in respect of the applicable accepted Offered Repayments under this Section 13.3 will the Obligors be deemed to have discharged the payment obligations it has under this Section 13.3 with respect to such accepted Offered Repayments. The Obligors agree that they will instruct the Collateral Agent to effect the payment of all related Offered Repayments to all applicable Secured Parties simultaneously. Notwithstanding the foregoing, if, to the extent required by the operation of any provision of any Loan Documents (it being understood that the Loan Documents outstanding on the date hereof have no such provision), the Obligors are prohibited from making any Offered Repayment under such Loan Document, such Offered Repayment shall be deemed to have been rejected by the Secured Party whose Loan Document contained the prohibition. Any amounts held by the Collateral Agent after giving effect to all such rejected Offered Repayments shall be released to the Obligors upon receipt of a certificate of a Senior Officer delivered to the Collateral Agent and each of the Secured Parties which states that (i) no Default or Event of Default then exists and (ii) such amounts so paid to the Obligors will be used to acquire productive assets within 180 days of their receipt of such funds or applied to the prepayment of Secured Obligations within five (5) Business Days of receipt of such funds by the Obligors.

SECTION 13.4. COLLATERAL AGENT EXPENSES. The Obligors shall promptly reimburse the Collateral Agent upon demand for all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 13. To the extent the Collateral Agent has not been so reimbursed by the Obligors (or arrangements

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therefor made to the satisfaction of the Collateral Agent), any disbursement to be made by the Collateral Agent pursuant to this Section 13 shall be net of all of the Collateral Agent's reasonable out-of-pocket expenses (including reasonable attorney's fees) incurred in performing its duties under this Section 13.

SECTION 14. MISCELLANEOUS.

SECTION 14.1. FURTHER ASSURANCES, ETC. BofA, each Note Holder, Northern and each holder of Additional Future Debt and, by countersigning this Agreement, the Company and each Guarantor, agrees to execute and deliver such other documents and instruments, in form and substance reasonably satisfactory to the Collateral Agent (upon instructions from the Requisite Parties), and shall take such other action, in each case as the Collateral Agent (upon instructions from the Requisite Parties) may reasonably request (at the sole cost and expense of the Company which, by countersigning this Agreement, agrees to pay such costs and expenses), to effectuate and carry out the provisions of this Agreement including, without limitation, by recording or filing in such places as the requesting party may reasonably deem desirable, this Agreement or such other documents or instruments.

SECTION 14.2. NO INDIVIDUAL ACTION; MARSHALING; ETC. No holder of any Secured Obligations may require the Collateral Agent to take or refrain from taking any action hereunder or under any of the Security Documents or with respect to any of the Collateral except as and to the extent expressly set forth in this Agreement. The Collateral Agent shall have no duty to, and the Company and each Guarantor hereby waives any and all right to require the Collateral Agent to, marshal any assets or otherwise to take any actions with respect to marshaling.

SECTION 14.3. SUCCESSORS AND ASSIGNS.

(a) This Agreement shall be binding on and inure to the benefit of the Collateral Agent, BofA, each of the Note Holders, Northern and each of the holders of Additional Future Debt who shall have executed and delivered a Joinder Agreement and their respective successors and assigns and shall be binding on the Company and each Guarantor and their respective successors and permitted assigns. Each of the Note Holders, BofA, Northern and each holder of Additional Future Debt agrees that the provisions of this Agreement apply regardless of any sale, transfer, pledge, assignment, hypothecation or other disposition by such Note Holder, BofA, Northern or such holder of Additional Future Debt of any Note or of any instrument or right evidencing BofA Debt, Trade Agreement Debt or Additional Future Debt to any Person. Each Secured Party agrees that it shall not sell, transfer, assign or otherwise dispose of any interest in any Secured Obligation unless the buyer, transferee or assignee assumes in writing the obligations of such Secured Party under this Agreement; provided, however, that the foregoing shall not prohibit BofA, any Note Holder, Northern or any holder of Additional Future Debt from pledging or otherwise granting a security interest in any Secured Obligation so long as the pledgee or other secured party, as a condition to its retaining or further transferring such Secured Obligation by way of enforcement of such pledge or other security interest, assumes or causes its transferee to assume in writing the obligations of such Note Holder, BofA, Northern or such holder of Additional Future Debt under this Agreement.



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(b) No Secured Party may sell any Secured Obligation or any interest therein to any Affiliate of the Company (other than a sale which constitutes a payment under a Guaranty after an Event of Default), or accept any payment of a Secured Obligation from an Affiliate of the Company (other than payments under a Guaranty after an Event of Default), without the consent of the Majority Secured Parties.

SECTION 14.4. NOTICES. All notices and other communications made or required to be given pursuant to this Agreement or the Security Documents shall be in writing and shall be delivered in hand, mailed by United States registered or certified first class mail, postage prepaid, sent by overnight courier or sent by telecopy, confirmed by delivery via courier or postal service, addressed as set forth on Schedule 14.4 hereto or to such other address or addresses as any such party shall specify by notice given to the other parties. Any such notice and other communications shall be deemed to have been duly given or made and to have become effective (i) if delivered by hand, overnight courier or facsimile, at the time of the receipt thereof, and (ii) if sent by registered or certified first class mail postage prepaid, on the fourth (4th) Business Day following the mailing thereof; provided, however, that a Notice of Actionable Default or any other notice to be delivered to the Collateral Agent pursuant to the terms of this Agreement shall not be deemed to have been received by a Responsible Officer of the Collateral Agent until the Collateral Agent actually receives such notice.

SECTION 14.5. TERMINATION; FULL RELEASE OF COLLATERAL.

(a) The Liens created by the Security Documents, including the Liens of the Collateral Agent, shall terminate and all right, title and interest in the Collateral shall revert to the Company and its successors and assigns upon payment in full in cash of all amounts owed to the Collateral Agent pursuant to Section 5.5 and Section 5.7 and the satisfaction of each of the following four conditions:

(i) receipt by the Collateral Agent from Northern of notice stating that either:

(A) the Trade Agreement Debt has been paid in full, in cash, and all commitments under the Trade Agreement have terminated, been canceled or been reduced to zero; or

(B) the Trade Agreement Debt no longer constitutes a Secured Obligation under the Security Documents; or

(C) the Company has entered into an Acceptable Revolving Credit Facility to replace a Receivables Purchase Agreement and the Company's unsecured debt obligations are Investment Grade; and

(ii) receipt by the Collateral Agent from each of the Note Holders of notice that either:

(A) the Note Debt held by such Note Holders has been paid in full, in cash, in accordance with the Note Agreements; or



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(B) the Note Debt held by such Note Holders no longer constitutes a Secured Obligation under the Security Documents; or

(C) the Company has entered into an Acceptable Revolving Credit Facility to replace a Receivables Purchase Agreement and the Company's unsecured debt obligations are Investment Grade; and

(iii) receipt by the Collateral Agent from BofA of notice stating that:

(A) BofA Debt due to it has been paid in full, in cash, and it has no Undrawn LC/Guaranty Exposure; or

(B) BofA Debt due to it no longer constitutes a Secured Obligation under the Security Documents; or

(C) the Company has entered into an Acceptable Revolving Credit Facility to replace a Receivables Purchase Agreement and the Company's unsecured debt obligations are Investment Grade; and

(iv) receipt by the Collateral Agent from each of the holders of Additional Future Debt that either:

(A) the Additional Future Debt held by such holder or holders has been paid in full, in cash, in accordance with the Additional Future Debt Documents; or

(B) the Additional Future Debt held by such holder or holders no longer constitutes a Secured Obligation under the Security Documents; or

(C) the Company has entered into an Acceptable Revolving Credit Facility to replace a Receivables Purchase Agreement and the Company's unsecured debt obligations are Investment Grade; and

The Secured Parties agree to provide the notices contemplated by Section 14.5(a)(i), Section 14.5(a)(ii), Section 14.5(a)(iii) and Section 14.5(a)(iv), under the circumstances provided in such Sections for such notices to be capable of being given, promptly upon the Company's request.

(b) Upon the termination of the Collateral Agent's Liens and the release of the Collateral in accordance with subsection (a) of this Section 14.5, the Collateral Agent will promptly, at the Company's written request and expense, (i) execute and deliver to the Company such documents as the Company shall reasonably request and to provide evidence of the termination of such security interest, or the release of the Collateral and (ii) deliver or cause to be delivered to the Company all property of the Company constituting Collateral then held by Collateral Agent or any agent thereof.

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(c) This Agreement shall terminate automatically when the Liens granted under the Security Documents have terminated and the Collateral has been released to the Company by the Collateral Agent as provided in the foregoing provisions of this Section 14.5.

(d) If, at any time, any payment made or value received with respect to any Secured Obligation must be returned by the Secured Party receiving the same upon the insolvency, bankruptcy or reorganization of the Company or any Guarantor, or otherwise, with the effect as though such payment had not been made or value received, the Liens in the Collateral created by the Security Documents in favor of the Collateral Agent and the rights of the Collateral Agent to act as agent hereunder and to receive amounts pursuant to this Agreement shall be reinstated to the extent those rights had previously been terminated. In such event each Secured Party agrees that it will pay to the other Secured Parties such amounts so that, after giving effect to the payments hereunder by all Secured Parties, the amounts received by all Secured Parties are not in excess of the amounts to be paid to them hereunder as though any payment so returned had not been made.

(e) Notwithstanding the foregoing, Section 5.5, Section 5.6 and Section 5.7 of this Agreement shall survive, and remain operative and in full force and effect, regardless of the termination of this Agreement.

SECTION 14.6. PARTIAL RELEASE OF COLLATERAL.

(a) In connection with any Obligor's consummation of an Asset Disposition in compliance with the provisions of this Agreement, the Liens of the Collateral Agent in the Asset Disposition Collateral in respect of such Asset Disposition shall be released and all right, title and interest therein shall revert to such Obligor and its successors and assigns upon satisfaction of the following conditions:

(i) if such Asset Disposition is not an Approved Asset Disposition and if the net book value of such Asset Disposition Collateral, together with the aggregate net book value of all other Asset Disposition Collateral which was the subject of an Asset Disposition (other than an Approved Asset Disposition) in the then current calendar year, is \$5,000,000 or less, the Collateral Agent shall, at such Obligor's request and expense, release all of its Liens with respect to such Asset Disposition Collateral as soon as reasonably possible (but no later than the consummation of such Asset Disposition) provided that the Company shall have delivered to the Collateral Agent and to each holder of Secured Obligations an Asset Disposition Certificate in respect of such Asset Disposition at least twenty (20) days prior to the consummation of such Asset Disposition; or

(ii) if such Asset Disposition is not an Approved Asset Disposition and if the net book value of such Asset Disposition Collateral, together with the aggregate net book value of all other Asset Disposition Collateral which was the subject of an Asset Disposition (other than an Approved Asset Disposition) in the then current calendar year, is more than \$5,000,000, the Collateral Agent shall, at the Company's request and expense, release all of its Liens with respect to such Asset Disposition Collateral no later

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than the consummation of such Asset Disposition; provided that (a) the Company shall have delivered to the Collateral Agent and to each holder of Secured Obligations an Asset Disposition Certificate in respect of such Asset Disposition at least thirty (30) days prior to the proposed consummation date of such Asset Disposition, and (b) the Requisite Parties do not instruct the Collateral Agent to not release the Asset Disposition Collateral within such thirty (30) day period; or

(iii) if such Asset Disposition is an Approved Asset Disposition approved by the Requisite Parties as provided in the definition thereof, then the Collateral Agent shall, at the Company's request and expense, release all of its Liens with respect to the Asset Disposition Collateral which is the subject of such Approved Asset Disposition no later than the consummation of such Asset Disposition.

In each such instance, upon satisfaction of the foregoing conditions, the Collateral Agent will promptly, at the Company's written request and expense; (i) execute and deliver to the Company such documents as the Company shall reasonably request and provide to evidence the release of its Lien in such Asset Disposition Collateral and (ii) deliver or cause to be delivered to the Obligors, all Property of the Obligors constituting such Asset Disposition Collateral then held by the Collateral Agent or any agent thereof so long as, in each such case, the Collateral Agent obtains a perfected security interest in Collateral received as proceeds of such Asset Disposition, and it shall have received an opinion of nationally recognized independent outside counsel to such effect if such Collateral is real estate or property in which a security interest is perfected by means other than the filing of a financing statement.

(b) Whether or not instructed by the Secured Parties, the Collateral Agent may release any Collateral and may provide any release, termination statement or instrument of subordination required by order of a court of competent jurisdiction.

(c) To the extent that the Loan Documents of any party permit any Disposition to which such party's consent is required pursuant to this Section 14.6, such party agrees to provide that consent promptly following a written request by the Company. But nothing in this Section 14.6 shall (i) be deemed to imply any waiver of any restriction on Dispositions under the Reimbursement Agreements, the Note Documents, the Trade Agreement, the Additional Debt Documents or any other Loan Document, or (ii) without the prior written consent of the Requisite Parties, authorize the Collateral Agent in any bankruptcy case to enter into any agreement for, or give any authorization or consent with respect to, the post-petition usage of Collateral.

Notwithstanding anything to the contrary in this Agreement (including Section 14.11) or in any Security Document, nothing in this Agreement or in any Security Document shall or shall be construed as waiving, modifying or otherwise altering any obligation of any Secured Party to release any Collateral from the Lien of any Security Document upon the terms and conditions contained in any Loan Document.

SECTION.14.7. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS (WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PRINCIPLES).



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SECTION 14.8. SEVERABILITY. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

SECTION 14.9. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

SECTION 14.10. SECTION HEADINGS. The section headings used herein are for convenience of reference only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 14.11. COMPLETE AGREEMENT. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes and all other prior representations, negotiations, writings, memoranda and agreements except as provided below. Except as expressly provided herein, to the extent any provision of this Agreement supplements, modifies or conflicts with any provision of the Trade Agreement, any Reimbursement Agreement, any IRB Bond Guaranty, any Note Agreement or any other Credit Document, the provisions of this Agreement shall be controlling. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

SECTION 14.12. ADDITIONAL FUTURE DEBT. At the request of the Company, holders of additional unsecured indebtedness of the Company incurred in compliance with the terms of the Loan Documents may from time to time after the date of this Agreement become parties hereto by executing and delivering a Joinder Agreement to this Agreement in substantially the form attached as Exhibit A hereto. Each of the undersigned agrees that, effective from and after the date of the execution and delivery by the Company, each Guarantor and any holder of such additional indebtedness of a Joinder Agreement, such holder shall be, and shall be deemed for all purposes to be, a party hereto with the same force and effect, and subject to the same agreements, representations, covenants, guarantees, indemnities, liabilities and obligations, as if such holder were, effective as of such date, an original signatory to this Agreement.

[SIGNATURES FOLLOW ON NEXT PAGE]



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IN WITNESS WHEREOF, the Collateral Agent Bank, the Collateral Agent, the Note Holders, BofA, Northern, the Company and each of the Guarantors have caused this Collateral Agency and Intercreditor Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION, IN ITS
INDIVIDUAL CAPACITY AND IN ITS CAPACITY
AS COLLATERAL AGENT, AS APPLICABLE

By: /s/ Maryanne Y. Dufresne

Name: Maryanne Y. Dufresne
Title: Assistant Vice President

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BANK OF AMERICA, N.A.

By: /s/ Michael G. Staunton

Name: Michael G. Staunton
Title: Senior Vice President

[Signature Page to Collateral Agency and Intercreditor Agreement]



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THE NORTHERN TRUST COMPANY

By: /s/ Greta Satek

Name: Greta Satek
Title: Vice President

[Signature Page to Collateral Agency and Intercreditor Agreement]

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ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Bill Schmidt

Name: Bill Schmidt
Title: Authorized Signatory

By: /s/ Jerry D. Zinkula

Name: Jerry D. Zinkula
Title: Authorized Signatory

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MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY

By: /s/ Mark A. Ahmed

Name: Mark A. Ahmed
Title: Managing Director

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THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY

By: /s/ David A. Barras

Name: David A. Barras
Title: Its Authorized
Representative

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MUTUAL OF OMAHA LIFE INSURANCE
COMPANY

By: /s/ Edwin H. Garrison, Jr.

Name: Edwin H. Garrison, Jr.
Title: First Vice President

UNITED OF OMAHA LIFE INSURANCE
COMPANY

By: /s/ Edwin H. Garrison, Jr.

Name: Edwin H. Garrison, Jr.
Title: First Vice President

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NATIONWIDE LIFE INSURANCE COMPANY

By: /s/ Joseph P. Young

Name: Joseph P. Young
Title: Credit Officer
Fixed Income Securities

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ACCEPTED AND AGREED TO:

A. M. CASTLE & CO.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

DATAMET, INC.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

KEYSTONE TUBE COMPANY, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

TOTAL PLASTICS, INC.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

PARAMONT MACHINE COMPANY, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

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ADVANCED FABRICATING TECHNOLOGY, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

OLIVER STEEL PLATE CO.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

METAL MART, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

[Signature Page to Collateral Agency and Intercreditor Agreement]

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SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of March 20, 2003, among A. M. Castle & Co., a Maryland Corporation (the "COMPANY") and the entities set forth on Schedule A hereto (collectively, the "OTHER SECURING PARTIES", and together with the Company, collectively, the "OBLIGORS, each individually, an "OBLIGOR") and U.S. Bank National Association, as collateral agent (hereinafter, in such capacity, the "COLLATERAL AGENT") pursuant to, and for the benefit of the Secured Parties (as defined herein) which are or may become parties to, a Collateral Agency and Intercreditor Agreement dated as of even date herewith (as amended and in effect from time to time, the "INTERCREDITOR AGREEMENT"), among the Obligors, the Collateral Agent and the Secured Parties.

WHEREAS, the Company has previously entered into various financing arrangements with the Secured Parties; and

WHEREAS, each Obligor wishes to grant a security interest in favor of the Collateral Agent, for the benefit of the Secured Parties, as herein provided;

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

1. DEFINITIONS. All capitalized terms used herein without definitions and that are defined in the Intercreditor Agreement shall have the respective meanings provided therefor in the Intercreditor Agreement. The term "STATE", as used herein, means the State of Illinois. Terms used herein and not defined herein or in the Intercreditor Agreement that are defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein from time to time. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9. As used in this Agreement, the following terms have the respective meanings set forth below or provided for in the section or other part of this Agreement referred to immediately following such term:

BAILMENT THRESHOLD PROPERTY - means (a) property with an aggregate cost of \$50,000 or more if such property is in the possession of any individual trade vendor of any Obligor and, (b) property in the possession of any individual customer of any Obligor if such property has a cost of \$800,000 or more or (c) property in the possession of one or more customers of any Obligor to the extent that the aggregate cost of all such property in the possession of all such customers is in excess of \$3,000,000 (but only such excess property).

JOINT VENTURE RIGHTS - means any Obligor's right or obligation to buy or sell shares of capital stock or other similar equity or ownership interest in a Person

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pursuant to the terms and conditions of such Person's constitutive documents or other similar agreements related to the formation of such Person, agreements or arrangements with the other holders of capital stock or other similar equity or ownership interests in such Person (other than the Company or any wholly-owned Subsidiary of the Company) or other similar agreements.

REVOLVING LOAN FACILITY - means a loan agreement or similar facility pursuant to which a lender or lenders provides revolving loans to the Company or any Subsidiary for the primary purpose of financing such Person's ongoing business operations, whether such agreement or facility is secured or unsecured.

SECURITIZATION TRANSACTIONS - means one or more transactions involving the transfer by the Company or any of its Subsidiaries of Receivables and Related Security including, without limitation, the sale or granting of a Lien in such Receivables and Related Security, (not including a Revolving Loan Facility) to an SPV as a contribution to the capital of such SPV or for consideration in the form of cash or advances under a subordinated note due from such SPV, provided such transactions are entered into in good faith to provide working capital to the Company and its Subsidiaries, and provided further that the aggregate outstanding amount of the obligations incurred under all such transactions by all such Persons that would be characterized as principal if such transaction or transactions were structured as a secured lending facility rather than as purchase transaction or transactions does not exceed \$65,000,000 in the aggregate at any one time outstanding, and provided, further that the aggregate amount of Receivables and Related Security sold, pledged or otherwise transferred to the SPV does not exceed \$90,000,000 in the aggregate at any one time outstanding.

SPV - means an entity in which the Company or any of its Subsidiaries owns an equity interest and a substantial economic interest created and maintained for the sole purpose of purchasing, or otherwise acquiring, interests in Receivables and Related Security from any Obligor.

2. GRANT OF SECURITY INTEREST. Each Obligor hereby grants to the Collateral Agent, for the benefit of the Secured Parties, to secure the payment and performance in full of all of the Secured Obligations, a security interest in and pledges and assigns to the Collateral Agent, for the benefit of the Secured Parties, the following properties, assets and rights of such Obligor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "COLLATERAL"): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letters of credit, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, money, oil, gas or other minerals before extraction,

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securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles), in each case, other than Excluded Collateral. The Collateral Agent acknowledges that the attachment of its security interest in any commercial tort claim of any Obligor as original collateral is subject to such Obligor's compliance with Section 4.8.

3. AUTHORIZATION TO FILE FINANCING STATEMENTS. Each Obligor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of such Obligor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, but specifically excluding Excluded Collateral, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State or such other jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether such Obligor is an organization, the type of organization and any organizational identification number issued to such Obligor and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Obligor agrees to furnish any such information to the Collateral Agent promptly upon request. Each Obligor also ratifies its authorization for the Collateral Agent to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

4. OTHER ACTIONS. Further to insure the attachment and perfection of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in the Collateral (but in each instance subject to Permitted First Priority Liens, each Obligor agrees, in each case at such Obligor's expense, to take the following actions with respect to the following Collateral and without limitation on such Obligor's other obligations contained in this Agreement:

4.1. PROMISSORY NOTES AND TANGIBLE CHATTEL PAPER. If any Obligor shall, now or at any time hereafter, hold or acquire any promissory notes or tangible chattel paper not constituting Excluded Collateral in excess of \$3,000,000 in the aggregate, such Obligor shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time specify; provided, however, that any such promissory note or tangible chattel paper shall be released and returned to the Obligors (a) pursuant to the conditions set forth in Sections 14.5 or 14.6 of the Intercreditor Agreement or (b) at such time that the obligations

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evidenced by such promissory note or tangible chattel paper have terminated or have been satisfied and the Obligors shall have certified in writing to the Collateral Agent that such termination or satisfaction has occurred.

4.2. DEPOSIT ACCOUNTS. For each deposit account that any Obligor, now or at any time hereafter, opens or maintains (other than accounts (i) opened or maintained in connection with Securitization Transactions or (ii) which do not include proceeds of Collateral or funds generated from the sale of products or services by any Obligor), such Obligor shall, at the Collateral Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, use its reasonable best efforts to cause the depository bank to agree to comply without further consent of such Obligor, at any time following the occurrence and during the continuance of an Event of Default with instructions from the Collateral Agent to such depository bank directing the disposition of funds from time to time credited to such deposit account. The Collateral Agent agrees with the Obligors that the Collateral Agent shall not give any such instructions or withhold any withdrawal rights from the Obligors, unless an Event of Default has occurred and is continuing, or, would occur if effect were given to any withdrawal not otherwise permitted by each of the Credit Documents. The provisions of this paragraph shall not apply to (i) a deposit account for which the Collateral Agent is the depository bank and is in automatic control, and (ii) any deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Obligor's salaried employees.

4.3. INVESTMENT PROPERTY. If any Obligor shall, now or at any time hereafter, hold or acquire any one or more certificated securities not evidencing or constituting Excluded Collateral with a fair market value in excess of \$100,000, in the aggregate for all such certificated securities, such Obligor shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time specify. If any securities (not evidencing or constituting Excluded Collateral) now or hereafter acquired by such Obligor are uncertificated and are issued to such Obligor or its nominee directly by the issuer thereof, the Company shall immediately notify the Collateral Agent thereof and, at the Collateral Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, use its reasonable efforts to cause the issuer to agree to comply without further consent of such Obligor or such nominee, at any time following the occurrence and during the continuance of an Event of Default with instructions from the Collateral Agent as to such securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by any Obligor (not evidencing or constituting Excluded Collateral) are held by any Obligor or its

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nominee through a securities intermediary or commodity intermediary, such Obligor shall immediately notify the Collateral Agent thereof and, at the Collateral Agent's request and option, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, use its reasonable efforts to cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply, in each case without further consent of such Obligor or such nominee, at any time with entitlement orders or other instructions from the Collateral Agent, subject to the provisions of this Section 4.3 noted below, to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Collateral Agent to such commodity intermediary, subject to the provisions of this Section 4.3 noted below. The Collateral Agent agrees with the Obligors that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Obligors, unless an Event of Default has occurred and is continuing or would occur, after giving effect to any such investment and withdrawal rights not otherwise permitted by each of the Credit Documents. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Collateral Agent is the securities intermediary.

4.4. PLEDGED INTEREST; LIMITATION ON ACTIONS. The parties hereto acknowledge that Castle SPFD, LLC, a Delaware limited liability company (the "Receivables Seller"), has entered into a structured receivables purchase transaction with General Electric Capital Corporation, as purchaser and agent (the "RECEIVABLES AGENT") pursuant to that certain Receivables Purchase and Servicing Agreement, dated as of December 26, 2002 among the Receivables Agent, the Receivables Seller, Castle IND MGR, Inc., a Delaware corporation, as independent Member, the Company, as master servicer, Total Plastics, Inc., a Michigan corporation, as servicer, and Oliver Steel Plate Co., a Delaware corporation, as servicer (as amended, restated or otherwise modified from time to time, the "PURCHASE AGREEMENT"), pursuant to which the Receivables Agent has agreed to purchase interests in the Receivables and Related Security (as defined therein). To induce the Receivables Agent to permit the pledge of the membership interest of the Receivables Seller (the "PLEDGED COLLATERAL"), the parties hereto agree to the following limitations. Capitalized terms used in this Section 4.4 and not otherwise defined herein shall have the meanings ascribed thereto in the A/R Intercreditor Agreement.

(a) Anything herein or in the Credit Documents to the contrary notwithstanding, so long as the Receivables Seller has any assets that are Receivables Assets:



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(i) Until the date on which the Purchaser Interest and all other amounts owed under the Related Documents have been paid in full in cash in accordance with the terms of the Related Documents, the Collateral Agent, for itself and as agent for the Secured Parties, agrees that, upon exercising its rights with respect to the Pledged Collateral, it will not exercise any rights to vote the Pledged Collateral or otherwise control the actions and operations of the Receivables Seller with respect to any matters, except (i) to vote in favor of a prepayment or termination of the Purchase Agreement in accordance with its terms and (ii) to vote in favor of receiving payment of money or other distribution, and, until the Purchaser Interest and all other amounts owed under the Related Documents have been paid in full in cash as described above, the Collateral Agent's rights will be limited to receiving payments of money and other distributions on the Pledged Collateral which, pursuant to the terms of the Related Documents, are allowed to be distributed on account of the Pledged Collateral. Without limiting the foregoing, the Collateral Agent shall not vote the Pledged Collateral or otherwise exercise control over the Receivables Seller so as to cause the Receivables Seller: (A) to violate or breach any term or provision in any Related Documents, (B) to make payments of money or other distributions on such Pledged Collateral except as described above, (C) to amend or alter any of the Receivables Seller's organizational documents, or (D) to incur any debt other than as expressly permitted under the Related Documents; and

(ii) The provisions of this Section 4.4 shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Purchaser Interest or any other amounts owed under the Related Documents is rescinded or must otherwise be returned by the Receivables Agent or the Purchaser upon the insolvency, bankruptcy or reorganization of the Receivables Seller or otherwise, all as though such payment had not been made.

(b) The Receivables Agent shall be a third-party beneficiary with respect to this Section 4.4.

(c) So long as the Purchaser Interest and all other amounts owed under the Related Documents have not been paid in full in cash in accordance with the terms of the Related Documents, this Section 4.4 shall not be amended, modified or supplemented without the prior written consent of the Receivables Agent, which consent shall be at the



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sole discretion of the Receivables Agent, and the provisions of this Section 4.4 shall be contained in any agreement that amends and restates this Security Agreement. The Collateral Agent and the Secured Parties agree that no such party shall enter into any additional agreement that would adversely affect the rights of the Receivables Agent as provided hereunder.

4.5. COLLATERAL IN THE POSSESSION OF A BAILEE. If any Collateral constituting Bailment Threshold Property is, now or at any time hereafter, in the possession of a bailee, the Obligors shall promptly notify the Collateral Agent thereof and, at the Collateral Agent's request and option, shall use its reasonable efforts to promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Collateral Agent, that the bailee holds such Collateral for the benefit of the Collateral Agent and such bailee's agreement to comply, without further consent of the Obligors, at any time with instructions of the Collateral Agent as to such Collateral. The Collateral Agent agrees with each Obligor that the Collateral Agent shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Obligors with respect to the bailee.

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4.6. ELECTRONIC CHATTEL PAPER AND TRANSFERABLE RECORDS. If any Obligor, now or at any time hereafter, holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, in each case, not constituting Excluded Collateral, such Obligor shall promptly notify the Collateral Agent thereof and, at the request and option of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control, under Section 9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with each of the Obligors that the Collateral Agent will arrange, pursuant to procedures satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Obligors to make alterations to the electronic chattel paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by any Obligor with respect to such electronic chattel paper or transferable record.

4.7. LETTER-OF-CREDIT RIGHTS. If any Obligor is, now or at any time hereafter, a beneficiary under a letter of credit in a face amount in excess of \$500,000, such Obligor shall promptly notify the Collateral Agent thereof and, at the request and option of the Collateral Agent, such Obligor shall, pursuant to an agreement in form and substance satisfactory to the Collateral Agent, use its reasonable efforts to either (a) arrange for the issuer and any confirmer of such letter of credit to consent to a collateral assignment to the Collateral Agent of the proceeds of the letter of credit or (b) arrange for the Collateral Agent to become the transferee beneficiary of the letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of the letter of credit are to be applied as provided in the Intercreditor Agreement.

4.8. COMMERCIAL TORT CLAIMS. If any Obligor shall, now or at any time hereafter, hold or acquire a commercial tort claim in an amount in excess of \$500,000, such Obligor shall immediately notify the Collateral Agent in a writing signed by such Obligor of the particulars thereof and grant to the Collateral Agent, for the benefit of the Secured Parties and the Collateral Agent, in such writing a security interest therein and in the

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proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Collateral Agent.

4.9. OTHER ACTIONS AS TO ANY AND ALL COLLATERAL. Each Obligor further agrees, upon the request of the Collateral Agent and at the Collateral Agent's option, to take any and all other actions as the Collateral Agent may reasonably determine to be necessary or useful for the attachment, and perfection of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that any Obligor's signature thereon is required therefor, (b) causing the Collateral Agent's name to be noted as secured party on any certificate of title for a titled good with a book value in excess of \$50,000 if such notation is a condition to attachment, perfection of, or ability of the Collateral Agent to enforce, the Collateral Agent's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection, or ability of the Collateral Agent to enforce, the Collateral Agent's security interest in such Collateral, (d) using commercially reasonable efforts to obtain governmental and other third party waivers, consents and approvals, in form and substance reasonably satisfactory to the Collateral Agent, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and (e) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Collateral Agent to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

5. RELATION TO OTHER SECURITY DOCUMENTS. The provisions of this Agreement supplement the provisions of any real estate mortgage or deed of trust granted by the Company to the Collateral Agent, for the benefit of the Secured Parties and the Collateral Agent, and which secures the payment or performance of any of the Obligations. Nothing contained in any such real estate mortgage or deed of trust shall derogate from any of the rights or remedies of the Collateral Agent or any of the Secured Parties hereunder. In addition to the provisions of this Agreement being so read and construed with any such mortgage or deed of trust, the provisions of this Agreement shall be read and construed with the other Security Documents referred to below in the manner so indicated.

5.1. STOCK PLEDGE AGREEMENT. Concurrently herewith the Company is executing and delivering to the Collateral Agent, for the benefit of the Secured Parties, a stock pledge agreement pursuant to which the Company is pledging to the Collateral Agent all of the shares of the capital stock of the Company's subsidiary or subsidiaries which are Guarantors. Such pledge(s)

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shall be governed by the terms of such stock pledge agreement(s) and not by the terms of this Agreement.

5.2. CONTROL AGREEMENT. Within 60 days from the date hereof, some or all of the Obligors will execute and deliver to the Collateral Agent, for the benefit of the Secured Parties, a control agreement pursuant to which each Obligor will pledge to the Collateral Agent all of its respective interests in its deposit accounts other than such accounts excluded from the operation of Section 4.2 above. Such pledge shall be governed by the terms of such control agreement and not by the terms of this Agreement.

5.3. TRADEMARK COLLATERAL AND SECURITY AGREEMENT. Concurrently herewith the Company and Total Plastics, Inc. will execute and deliver to the Collateral Agent, for the benefit of the Secured Parties, a trademark collateral and security agreement pursuant to which each such Obligor will pledge to the Collateral Agent all of its rights and interests in any trademarks in which such Obligor has an interest. Such pledge shall be governed by the terms of such trademark and collateral and security agreement and not by the terms of this Agreement, other than Section 2 hereof.

6. REPRESENTATIONS AND WARRANTIES CONCERNING OBLIGORS' LEGAL STATUS. The Obligors have previously delivered to the Collateral Agent a certificate signed by each Obligor and entitled "Perfection Certificate" (the "PERFECTION CERTIFICATE"). Each Obligor represents and warrants to the Secured Parties and the Collateral Agent as of the date hereof as follows: (a) each Obligor's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof, (b) each Obligor is an organization of the type, and is organized in the jurisdiction, set forth in the Perfection Certificate, (c) the Perfection Certificate accurately sets forth each Obligor's organizational identification number or accurately states that each Obligor has none, (d) the Perfection Certificate accurately sets forth each Obligor's place of business or, if more than one, its chief executive office, as well as its mailing address, if different, (e) all other information set forth on the Perfection Certificate pertaining to each Obligor is accurate and complete in all material respects, and (f) there has been no change in any of such information since the date on which the Perfection Certificate was signed by each Obligor.

7. COVENANTS CONCERNING OBLIGOR'S LEGAL STATUS. Each Obligor covenants with the Secured Parties and the Collateral Agent as follows: (a) without providing written notice to the Collateral Agent not later than 30 days after any change referred to below, no Obligor will change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if any Obligor does not have an organizational identification number and later obtains one, such Obligor will

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forthwith notify the Collateral Agent of such organizational identification number, and (c) such Obligor will not change its type of organization, jurisdiction of organization or other legal structure unless such change is otherwise not prohibited by each of the Credit Documents and the Collateral Agent shall have received written notice of such change not later than 30 days after any such change.

8. REPRESENTATIONS AND WARRANTIES CONCERNING COLLATERAL, ETC. Each Obligor further represents and warrants to the Secured Parties and the Collateral Agent as of the date hereof as follows: (a) each Obligor is the owner of the Collateral, free from any right or claim of any Person or any Lien, except for the security interest created by this Agreement and permitted by each of the Loan Documents, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code of the State, (c) the none of the Obligors holds any commercial tort claims except as indicated on the Perfection Certificate, (d) each Obligor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances to the extent that any failure to so operate could result in or cause to occur a material adverse impairment to the Collateral or the Lien created hereby, (e) all other information set forth on the Perfection Certificate pertaining to the Collateral is accurate and complete in all material respects, and (f) there has been no change in any of such information since the date on which the Perfection Certificate was signed by the Obligors.

9. COVENANTS CONCERNING COLLATERAL, ETC. Each Obligor further covenants with the Secured Parties and the Collateral Agent as follows: (a) (except as permitted by clause (h) and except for Collateral not constituting Bailment Threshold Property), the Collateral, to the extent not delivered to the Collateral Agent pursuant to Section 4, will be kept at those locations listed on the Perfection Certificate and none of the Obligors will remove the Collateral from such locations, without providing at least 30 days prior written notice to the Collateral Agent, (b) except for the security interest herein granted and Liens permitted by each of the Credit Documents or the Intercreditor Agreement, one or more of the Obligors shall be the owner of the Collateral free from any right or claim of any other Person (other than Joint Venture Rights) or any Lien, and each of the Obligors shall defend the same against all claims and demands of all Persons at any time claiming the same or any interests therein adverse to the Collateral Agent or any of the Secured Parties, (c) no Obligor shall pledge, mortgage or create, or suffer to exist any right of any Person in or claim by any Person to the Collateral, or any Lien in the Collateral in favor of any Person, other than the Collateral Agent except for Liens permitted by each of the Credit Documents and the Intercreditor Agreement, (d) each of the Obligors will keep the Collateral in good order and repair and will not use the same in violation of law (to the extent that any failure to so operate could result in or cause to occur a material adverse impairment to the Collateral or the Lien created



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hereby) and will comply, in all material respects, with the terms of any policy of insurance thereon, (e) each of the Obligors will permit the Collateral Agent, or its designee, to inspect the Collateral in its possession at any reasonable time and to take all reasonable steps to permit the same with respect to any Collateral in the possession of Persons other than the Obligors, (f) each of the Obligors will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement other than those in dispute by appropriate procedures, (g) each Obligor will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances to the extent that any failure to so operate could result in or cause to occur a material adverse impairment to the Collateral or the Lien created hereby, and (h) none of the Obligors will sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for sales of inventory in the ordinary course of business and, so long as no Default or Event of Default then exists, sales or other dispositions as otherwise permitted by each of the Credit Documents. Each of the Secured Parties agrees to instruct the Collateral Agent to release its security interest in the Collateral in connection with any such sale or disposition pursuant to the terms of the Intercreditor Agreement.

10. INSURANCE.

10.1. MAINTENANCE OF INSURANCE. Each Obligor will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that no Obligor will be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Collateral Agent. All proceeds of insurance shall be paid and distributed in accordance with the terms of the Intercreditor Agreement. Without limiting the foregoing, each Obligor will, in accordance with prudent and reasonable business standards, (a) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, (b) maintain all such workers' compensation or similar insurance as may be required by law and (c) maintain, in amounts equal to those generally maintained by businesses engaged in similar activities in similar geographic areas: (i) general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of each Obligor; (ii) business interruption insurance; and (iii) product liability insurance.

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10.2. INSURANCE PROCEEDS. The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall be paid and disbursed in accordance with the terms of the Intercreditor Agreement.

10.3. CONTINUATION OF INSURANCE. All policies of insurance shall provide for at least 30 days prior written cancellation notice to the Collateral Agent. In the event of failure by any Obligor to provide and maintain insurance as herein provided, the Collateral Agent may, at its option, provide such insurance and charge the amount thereof to any one or more of the Obligors. Each Obligor shall furnish the Collateral Agent with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. COLLATERAL PROTECTION EXPENSES; PRESERVATION OF COLLATERAL.

11.1. EXPENSES INCURRED BY COLLATERAL AGENT. In the Collateral Agent's discretion at any time following the occurrence and during the continuance of an Event of Default, if any Obligor fails to do so, the Collateral Agent may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. Each Obligor agrees to reimburse the Collateral Agent on demand for all expenditures so made. The Collateral Agent shall have no obligation to any Obligor to make any such expenditures, nor shall the making thereof be construed as a waiver or cure of any Default or Event of Default.

11.2. COLLATERAL AGENT'S OBLIGATIONS AND DUTIES. Anything herein to the contrary notwithstanding, each Obligor shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by such Obligor thereunder. Neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Collateral Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Obligor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Collateral Agent or to which the Collateral Agent or any Secured Party may be entitled at any time or times. The Collateral Agent's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial



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Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Collateral Agent deals with similar property for its own account.

12. SECURITIES AND DEPOSITS. The Collateral Agent may at any time following and during the continuance of an Event of Default, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations pursuant to the terms of the Intercreditor Agreement. Whether or not any Obligations are due, the Collateral Agent may following and during the continuance of an Event of Default demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral.

13. NOTIFICATION TO ACCOUNT DEBTORS AND OTHER PERSONS OBLIGATED ON COLLATERAL. If an Event of Default shall have occurred and be continuing, each of the Obligors shall, at the request and option of the Collateral Agent, notify account debtors with respect to the Collateral and other Persons obligated on any of the Collateral of the security interest of the Collateral Agent in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Collateral Agent or to any financial institution designated by the Collateral Agent as the Collateral Agent's agent therefor, and the Collateral Agent may itself, if an Event of Default shall have occurred and be continuing, without notice to or demand upon any Obligor, so notify account debtors and other Persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Obligors shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by any Obligor as trustee for the Collateral Agent, for the benefit of the Secured Parties and the Collateral Agent, without commingling the same with other funds of any one or more of the Obligors and shall turn the same over to the Collateral Agent in the identical form received, together with any necessary endorsements or assignments. The Collateral Agent shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Collateral Agent to the Secured Obligations as contemplated by the Intercreditor Agreement.

14. POWER OF ATTORNEY.

14.1. APPOINTMENT AND POWERS OF COLLATERAL AGENT. Each Obligor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of each such Obligor or in the Collateral Agent's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement



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and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of such Obligor, without notice to or assent by any such Obligor, to do the following:

(a) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and to do, at the Obligors' expense, at any time, or from time to time, all acts and things which the Collateral Agent deems necessary or useful to protect, preserve or realize upon the Collateral and the Collateral Agent's security interest therein, in order to effect the intent of this Agreement, all no less fully and effectively as such Obligor might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to such Obligor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Collateral Agent so elects, with a view to causing the liquidation of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that such Obligor's authorization given in Section 3 is not sufficient, to file such financing statements with respect hereto, with or without such Obligor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Collateral Agent may deem appropriate and to execute in such Obligor's name such financing statements and amendments thereto and continuation statements which may require the signature of such Obligor.

14.2. RATIFICATION BY THE OBLIGORS. To the extent permitted by law, each Obligor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

14.3. NO DUTY ON COLLATERAL AGENT. The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Collateral Agent and the Secured Parties in the Collateral and shall not impose any duty upon the Collateral Agent to exercise any such powers. The

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Collateral Agent shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to any Obligor or to the Secured Parties for any act or failure to act, except for the Collateral Agent's own gross negligence or willful misconduct.

15. RIGHTS AND REMEDIES. If an Event of Default shall have occurred and be continuing, subject to the terms and conditions of the Intercreditor Agreement, the Collateral Agent, without any other notice to or demand upon any Obligor, shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies as may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Collateral Agent may, so far as any one or more of the Obligors can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Collateral Agent may in its discretion require each Obligor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of such Obligor's principal office(s) or at such other locations as the Collateral Agent may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Collateral Agent shall give to the Obligors at least ten (10) days prior written notice to it of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. Each Obligor hereby acknowledges that ten (10) days prior written notice of such sale or sales shall be reasonable notice. In addition, to the fullest extent permitted by applicable law, each Obligor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Collateral Agent's rights and remedies hereunder, including, without limitation, its right following and during the continuance of an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

16. STANDARDS FOR EXERCISING RIGHTS AND REMEDIES. To the extent that applicable law imposes duties on the Collateral Agent to exercise remedies in a commercially reasonable manner, each Obligor acknowledges and agrees that it is not commercially unreasonable for the Collateral Agent (a) to fail to incur expenses reasonably deemed significant by the Collateral Agent to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove Liens on or any adverse claims against Collateral, (d)



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to exercise collection remedies against account debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as any of the Obligors, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or disposition of Collateral or to provide to the Collateral Agent a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Collateral Agent, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or disposition of any of the Collateral. Each Obligor acknowledges that the purpose of this Section 16 is to provide non-exhaustive indications of what actions or omissions by the Collateral Agent would fulfill the Collateral Agent's duties under the Uniform Commercial Code of the State or any other relevant jurisdiction in the Collateral Agent's exercise of remedies against the Collateral and that other actions or omissions by the Collateral Agent shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section 16. Without limitation upon the foregoing, nothing contained in this Section 16 shall be construed to grant any rights to any Obligor or to impose any duties on the Collateral Agent that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 16.

17. NO WAIVER BY COLLATERAL AGENT, ETC. The Collateral Agent shall not be deemed to have waived any of its rights and remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Collateral Agent. No delay or omission on the part of the Collateral Agent in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Collateral Agent with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Collateral Agent deems expedient.

18. SURETYSHIP WAIVERS BY THE OBLIGORS. Each Obligor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the



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Obligations and the Collateral, each Obligor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or Person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Collateral Agent may deem advisable. The Collateral Agent shall have no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 11.2. Each Obligor further waives any and all other suretyship defenses.

19. MARSHALLING. Neither the Collateral Agent nor any Secured Party shall be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the rights and remedies of the Collateral Agent or any Secured Party hereunder and of the Collateral Agent or any Secured Party in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Obligor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Collateral Agent's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws.

20. PROCEEDS OF DISPOSITIONS; EXPENSES. Each Obligor shall pay to the Collateral Agent on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Collateral Agent in protecting, preserving or enforcing the Collateral Agent's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as is provided in the Intercreditor Agreement. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the Obligors. In the absence of final payment and satisfaction in full of all of the Obligations, each of the Obligors shall remain liable for any deficiency.

21. OVERDUE AMOUNTS. Until paid, all amounts due and payable by any one or more of the Obligors hereunder shall (a) be a debt secured by the Collateral

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and (b) bear, whether before or after judgment, interest at the highest rate of interest provided for overdue payments in any of the Credit Documents commencing 30 days after any such Obligor's receipt of a written notice that such amounts are due and owing. For the avoidance of doubt, all principal, interest and other amounts due under any Credit Document shall bear interest, and default interest, as provided in such Credit Agreement.

22. GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE. Each Obligor agrees that any action or claim arising out of any dispute in connection with this Agreement, any rights or obligations hereunder or the performance or enforcement of such rights or obligations may be brought in the courts of the State or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon any Obligor by mail at the address specified in Section 14.4 of the Intercreditor Agreement. Each Obligor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

23. WAIVER OF JURY TRIAL. EACH OBLIGOR, EACH SECURED PARTY AND THE COLLATERAL AGENT WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OR ENFORCEMENT OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, each Obligor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Each Obligor (a) certifies that neither the Collateral Agent or any Secured Party nor any representative, agent or attorney of the Collateral Agent or any Secured Party has represented, expressly or otherwise, that the Collateral Agent or any Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement and (b) acknowledges that, in entering into each of the Security Documents, the Collateral Agent and the Secured Parties are relying upon, among other things, the waivers and certifications contained in this Section 23.

24. TERMINATION. Upon either final payment and performance in full of the Secured Obligations and the cancellation or termination of any commitment to extend credit under the Credit Documents or satisfaction of the conditions set forth in Section 14.5 of the Intercreditor Agreement, this Agreement shall terminate and the Collateral Agent shall, at the Obligors' request and expense, return such Collateral in the possession or control of the Collateral Agent as has not theretofore been disposed of pursuant to the provisions hereof, together with any moneys and other property at the time held by the Collateral Agent hereunder. Upon

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satisfaction of the conditions set forth in Section 14.6 of the Intercreditor Agreement, this Agreement shall terminate with respect to the Collateral being released and the Collateral Agent shall, at the Company's request and expense, return any Collateral held by the Collateral Agent hereunder and take all necessary action to release the Lien on such Collateral created hereby.

25. MISCELLANEOUS. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon each of the Obligors and its successors and assigns, and shall inure to the benefit of the Collateral Agent, the Secured Parties and their respective successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. Each Obligor acknowledges receipt of a copy of this Agreement.

26. SUBJECT TO INTERCREDITOR AGREEMENT. Any and all rights granted to the Collateral Agent under this Agreement are to be held and exercised by the Collateral Agent as security trustee for the benefit of the Secured Parties pursuant to the provisions of the Intercreditor Agreement. Each of the Secured Parties shall be a beneficiary of the terms of this Agreement. Any and all obligations under this Agreement of the parties to this Agreement, and the rights and indemnities granted to the Collateral Agent under this Agreement, are created and granted subject to, and in furtherance (and not in limitation) of, the terms of the Intercreditor Agreement and the rights and indemnities of the Secured Parties contained therein shall apply equally to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any Person other than the Obligors, the Secured Parties and the Collateral Agent any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenant, condition, or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Obligors, the Secured Parties and the Collateral Agent. Notwithstanding anything herein to the contrary, the Collateral Agent shall exercise its rights and powers subject to the direction and indemnity of the Secured Parties as provided in the Intercreditor Agreement.

Notwithstanding anything to the contrary in this Agreement, in the event that any term or provision of the Intercreditor Agreement conflicts with any term or provision of this Agreement, the relevant terms and provisions of the Intercreditor Agreement shall control concerning such specific term or provision.

27. COURSE OF DEALING. No course of dealing among any one or more of the Obligors, the Secured Parties and the Collateral Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any of the Secured Parties, any right, power or privilege hereunder or under the Security



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Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

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IN WITNESS WHEREOF, intending to be legally bound, each Obligor has caused this Agreement to be duly executed as of the date first above written.

A. M. CASTLE & CO.
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

DATAMET, INC.
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

KEYSTONE TUBE COMPANY, LLC
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

PARAMONT MACHINE COMPANY, LLC
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

[Signature Page to Security Agreement]

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ADVANCED FABRICATING
TECHNOLOGY, LLC
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

OLIVER STEEL PLATE CO.
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

METAL MART, LLC
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

TOTAL PLASTICS, INC.
By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

[Signature Page to Security Agreement]



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Accepted:

U.S. BANK NATIONAL
ASSOCIATION, AS COLLATERAL
AGENT

By: /s/ Maryanne Y. Dufresne

Name: Maryanne Y. Dufresne
Title: Assistant Vice President

[Signature Page to Security Agreement]



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SCHEDULE A

1. Datamet, Inc.
2. Keystone Tube Company, LLC
3. Paramont Machine Company, LLC
4. Advanced Fabricating Technology, LLC
5. Oliver Steel Plate Co.
6. Metal Mart, LLC
7. Total Plastics, Inc.

Schedule A

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EXHIBIT 4.11

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT dated as of March 20, 2003 (as modified, amended, restated or supplemented from time to time, this "AGREEMENT"), by and among:

- (1) U.S. Bank National Association, in its capacity as the collateral agent under the Collateral Agency and Intercreditor Agreement described below (the "COLLATERAL AGENT");
- (2) Castle SPFD, LLC, a Delaware limited liability company (the "SPE");
- (3) A. M. Castle & Co., a Maryland corporation ("CASTLE"), Total Plastics, Inc., a Michigan corporation ("TOTAL PLASTICS"), Oliver Steel Plate Co., a Delaware corporation ("OLIVER"), and Keystone Tube Company, LLC, a Delaware limited liability company ("KEYSTONE"; and together with Castle, Total Plastics and Oliver, each, a "COMPANY" and collectively, the "COMPANIES");
- (4) Massachusetts Mutual Life Insurance Company, Allstate Life Insurance Company, Nationwide Life Insurance Company, The Northwestern Mutual Life Insurance Company, United of Omaha Life Insurance Company, Mutual of Omaha Life Insurance Company, Bank of America, N.A. and The Northern Trust Company (collectively, the "EXISTING LENDERS");
- (5) Castle IND MGR, Inc. (the "INDEPENDENT MEMBER"); and
- (6) General Electric Capital Corporation, a Delaware corporation ("GE CAPITAL"), acting in its capacity as administrative agent for the Purchaser under the Purchase Agreement (in such capacity, together with its successors and assigns, the "RECEIVABLES AGENT").

R E C I T A L S:

A. The Companies and the SPE are parties to that certain Receivables Sale and Contribution Agreement, dated as of December 26, 2002 (as amended, supplemented, restated or otherwise modified from time to time, the "SALE AGREEMENT"), pursuant to which each of the Companies has agreed to sell and/or contribute to the SPE, and the SPE has agreed to purchase and accept from such Company, all of the right, title and interest of such Company in all of its Receivables and the Related Security (each as hereinafter defined).

B. Castle, as master servicer, Total Plastics, as servicer, Oliver, as servicer, the SPE, Castle IND MGR, Inc., a Delaware corporation (the "INDEPENDENT MEMBER"), and GE Capital, as purchaser and the Receivables Agent, are parties to that certain Receivables Purchase

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and Servicing Agreement, dated as of December 26, 2002 (as amended, supplemented, restated or otherwise modified from time to time, the "PURCHASE AGREEMENT"), pursuant to which GE Capital has agreed to purchase interests in the Receivables and Related Security sold and contributed to the SPE pursuant to the Sale Agreement.

C. Pursuant to (i) the Reimbursement Agreement, dated as of June 1, 1994 by Castle in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of June 12, 2001, by and among Castle, Bank One, NA (successor to NBD Bank, N.A.) and Bank of America, N.A. ("BOFA"), as further amended by the Second Amendment to Reimbursement Agreement dated November 22, 2002, the Third Amendment to Reimbursement Agreement dated December 26, 2002 and the Fourth Amendment to Reimbursement Agreement dated March 20, 2002 and the related documents (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "JUNE 1994 REIMBURSEMENT Agreement"), (ii) the Reimbursement Agreement, dated as of November 1, 1994 by Castle in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of November 1, 2001, by and among Castle, Bank One, NA (successor to NBD Bank, N.A.), as further amended by the Second Amendment to Reimbursement Agreement dated as of November 1, 2001, the Third Amendment to Reimbursement Agreement dated as of November 22, 2002, the Fourth Amendment to Reimbursement Agreement dated as of December 26, 2002 and the Fifth Amendment to Reimbursement Agreement dated March 20, 2003 and the related documents (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "NOVEMBER 1994 REIMBURSEMENT AGREEMENT"), and (iii) the Application and Agreement for Standby Letter of Credit dated as of March 5, 2002 and the related documents (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "MARCH 2002 AGREEMENT"; and, together with the June 1994 Reimbursement Agreement and the November 1994 Reimbursement Agreement, the "REIMBURSEMENT AGREEMENTS"), BofA has issued letters of credit (u) pursuant to which up to a maximum amount of \$611,337 may be drawn at any one time to secure payments due in connection with certain State of Ohio, Industrial Development Refinancing Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company, (v) pursuant to which up to a maximum amount of \$1,008,188 may be drawn at any one time to secure payments due in connection with certain The Industrial Development Authority of the City of Kansas City, Missouri, Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company, (w) pursuant to which up to a maximum of \$672,544 may be drawn at any one time in connection with certain Village of Franklin Park, Illinois Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company; (x) pursuant to which up to a maximum of \$194,281 may be drawn at any one time to secure payments due in connection with certain Village of Rosemont, Illinois Industrial Development Refunding Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company; (y) pursuant to which up to a maximum of \$3,762,740 may be drawn at any one time to secure payments due in connection with certain City of Hammond, Indiana Adjustable Rate Economic Development Revenue Bonds (A.M. Castle & Co. Project) Series 1994 issued to provide financing to the Company and (z) pursuant to which up to \$5,000,000 may be drawn to secure payments due from Kreher Steel Company LLC ("KREHER") in connection with a certain Amended and Restated Credit Agreement, dated as of March 8,

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2002 (as from time to time amended or modified) between Kreher and BofA, as Agent (the items described in clauses (u) - (z) are herein collectively, as may be amended, supplemented, restated or otherwise modified from time to time, referred to as the "BOFA LETTERS OF CREDIT").

D. Pursuant to (i) the Guarantee Agreement dated as of November 22, 2002 by Castle in favor of BofA, Castle guaranteed to BofA (a) the payment by the City of LaPorte, Indiana (the "KEYSTONE ISSUER") of all principal interest and any other amounts payable by the Keystone Issuer in respect of the Keystone Issuer's Economic Development Revenue Bonds, Series 1998 (Keystone Services, Inc. Project) (the "LAPORTE BONDS"), and (b) the payment and performance by Keystone Service, Inc. of all of its covenants, agreements, obligations and liabilities under that certain Loan Agreement, dated as of April 1, 1998, between the Keystone Issuer and Keystone Service, Inc. and (ii) the Guarantee Agreement dated as of November 22, 2002 by Castle in favor of BofA Castle guaranteed the payment to BofA by The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority (the "MECKLENBURG ISSUER") of all principal, interest and other amounts payable by the Mecklenburg Issuer in respect to the Mecklenburg Issuer's Tax-Exempt Industrial Revenue Bonds (A.M. Castle & Co. Project) Series 1996 (the "MECKLENBURG BONDS"); the obligation of Castle under each of said Guarantee Agreements are herein collectively, as may be amended, supplemented, restated or otherwise modified from time to time, referred to as the "IRB BOND GUARANTY OBLIGATIONS" and each such Guarantee Agreement, as may be amended, supplemented, restated or otherwise modified from time to time, is herein referred to as an "IRB BOND GUARANTEE").

E. Pursuant to the Trade Acceptance Purchase Agreement dated as of August 13, 2001 between Castle and The Northern Trust Company ("NORTHERN TRUST"), as amended by the First Amendment thereto dated as of April 29, 2002, the Second Amendment thereto dated as of June 30, 2002, the Third Amendment thereto dated as of November 22, 2002, the Fourth Amendment thereto dated December 26, 2002 and the Fifth Amendment thereto dated March 20, 2003 (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "TRADE ACCEPTANCE PURCHASE AGREEMENT"), Northern Trust agreed to purchase certain Trade Acceptances (as defined therein) from Castle from time to time.

F. Pursuant to (i) the Note Agreement dated as of April 1, 1996 between Castle and Nationwide Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002, the Third Amendment to Note Agreement dated as of December 26, 2002 and the Fourth Amendment to Note Agreement dated as of March 20, 2003, (ii) the Note Agreement dated as of May 15, 1997 among Castle, Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002, the Third Amendment to Note Agreement dated as of December 26, 2002 and the Fourth Amendment to Note Agreement dated as of March 20, 2003, and (iii) the Note Agreement, dated as of March 1, 1998, among Castle, Allstate Life Insurance Company, The The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002, the Third Amendment to Note Agreement dated as of December 26,

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2002 and the Fourth Amendment to Note Agreement dated as of March 20, 2003 (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "NOTE AGREEMENTS"), Castle issued various series of senior notes (collectively, as may be amended, supplemented, restated or otherwise modified from time to time, the "SENIOR NOTES") to the other parties to the Note Agreements (each of such other parties, a "NOTEHOLDER" and collectively, the "NOTEHOLDERS").

G. To secure their obligations to the Existing lenders (all of the foregoing and their permitted successors and assigns under Section 3.3 hereof, collectively, the "LENDERS") under the Loan Documents (hereinafter defined), Castle and certain of its Subsidiaries (other than the SPE and the Independent Member) have granted to the Collateral Agent, for the benefit of the Lenders, liens on, among other things, Lender Collateral.

H. The parties hereto wish to set forth certain agreements with respect to the Receivables Assets (as hereinafter defined) and with respect to the Lender Collateral (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

ARTICLE 1. DEFINITIONS

1.1. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ACCOUNT COLLATERAL" has the meaning assigned to it in clause (f) of the definition of the term "Related Security".

"BANKRUPTCY CODE" means the provisions of title 11 of the United States Code, 11 U.S.C. Sections 101 et seq.

"BILLING DATE" means, with respect to any Receivable or Unsold Receivable, as the case may be, the date on which the invoice with respect thereto was generated and billed to the Obligor.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in any of the States of Illinois or New York.

"CLAIM" means the Lender Claim or the Receivables Claim, as applicable.

"COLLATERAL AGENCY AND INTERCREDITOR AGREEMENT" means the Collateral Agency and Intercreditor Agreement, dated as of March 20, 2003, among the Collateral Agent, BofA, the Noteholders, Northern Trust, the Guarantors (as defined therein) and any holders of Additional Future Debt (as defined therein), as may be amended, supplemented, restated or otherwise modified from time to time.

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"COLLECTION ACCOUNT" means Deutsche Bank Trust Company Americas, New York, New York, ABA No. 021 001 033, Account No. 502 328 54, Account Name: GE Capital/CAF Depository, Reference: A. M. Castle CFN 4963, or any successor collection account, established by the Receivables Agent under the Purchase Agreement.

"COLLECTIONS" means, with respect to any Receivable, all cash collections and other proceeds of such Receivable, including, without limitation, all late charges, fees and interest arising thereon, all recoveries with respect to any such Receivable that has been written off as uncollectible, and any payments (whether by a scrap mill, any Company or any other Person) with respect to Returned Goods or Scrapped Goods, BUT EXCLUDING, HOWEVER, in respect of the Transferred Receivables, any purchase price paid to the Companies by the SPE with respect to and as consideration for the sale of the Transferred Receivables by any of the Companies to the SPE.

"CONCENTRATION ACCOUNT" means that certain concentration account listed on Schedule 4.01(r), as amended, to the Purchase Agreement established in the name of the SPE and held at the Concentration Account Bank.

"CONCENTRATION ACCOUNT BANK" means any bank or other financial institution at which the Concentration Account is maintained.

"CONTRACT" means any of the Receivables Contracts or the Unsold Receivables Contracts.

"CONTRIBUTED RECEIVABLE" means a Receivable and Related Security contributed to SPE as capital contribution under the Sale Agreement.

"DEPOSIT INVESTMENTS" means, with respect to any Account Collateral, the certificates, instruments, investment property or other investments in which amounts constituting such collateral are invested from time to time.

"DESIGNATED DISTRICT" means a District which has been designated in writing by the Receivables Agent to the Companies pursuant to the provisions of the Related Documents as giving rise to Designated Receivables.

"DESIGNATED RECEIVABLE" means any indebtedness of Obligors (whether constituting an account, a payment intangible, an instrument or otherwise) arising from the sale of merchandise, goods or services by any District of any Company to its Obligors (including the right to payment of any interest or finance charges and other obligations of such Obligors with respect thereto) designated in writing by the Receivables Agent to the Companies pursuant to the provisions of the Related Documents at any time that the aggregate principal amount of Transferred Receivables at any one time outstanding exceeds \$75,000,000 and arising after the date of such written designation.

"DISPOSITION" means any liquidation of Castle or any of its Subsidiaries or their assets, the establishment of any receivership for Castle or any of its Subsidiaries or their assets, a bankruptcy proceeding (either voluntary or involuntary) of Castle or any of its Subsidiaries, the payment of any insurance, condemnation, confiscation, seizure or other claim upon the

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condemnation, confiscation, seizure, loss or destruction of, or damage to, or any other sale, transfer, assignment or other disposition of assets of Castle or any of its Subsidiaries (other than the sale, contribution and transfer of interests in the Receivables Assets pursuant to the Sale Agreement and the Purchase Agreement).

"DISTRICT" means the geographic location of the office of the Company which generates a Contract with respect to any Receivable or Unsold Receivable.

"ENFORCEMENT" means, collectively or individually, (a) any declaration by the Receivables Agent or the Purchaser or automatic occurrence of the Facility Termination Date as a result of the occurrence of a Termination Event under the Related Documents; or (b) the Collateral Agent or any of the Lenders, after the occurrence and during the continuance of a Loan Event of Default, (i) demands payment in full of or accelerates or requires cash collateral for the indebtedness of Castle and its Subsidiaries (other than the SPE and the Independent Member) to the Lenders under the Loan Documents or (ii) commences the judicial or nonjudicial enforcement of any of the default rights and remedies against Castle or its Subsidiaries (other than the SPE and the Independent Member) or any of their respective assets under the Loan Documents or applicable law.

"ENFORCEMENT NOTICE" means a written notice delivered in accordance with Section 2.4 hereof which notice shall (a) if delivered by the Receivables Agent, state that the Facility Termination Date has occurred, specify the nature of the Termination Event that has caused the declaration of such Facility Termination Date, and state that an Enforcement Period has commenced and (b) if delivered by the Collateral Agent, state that a Loan Event of Default has occurred and that the payment in full of or cash collateral for the Lender Claim has been demanded or the indebtedness of Castle or its Subsidiaries (other than the SPE and the Independent Member) to any of the Lenders has been accelerated, specify the nature of the Loan Event of Default that caused such demand or acceleration, and state that an Enforcement Period has commenced.

"ENFORCEMENT PERIOD" means the period of time following the receipt by either (a) the Collateral Agent, on behalf of the Lenders, or (b) the Receivables Agent of an Enforcement Notice delivered by the other until the earliest of the following: (i) the Receivables Claim has been satisfied in full, the Purchaser and the Receivables Agent have no further obligations under the Related Documents and the Related Documents have been terminated; (ii) the Lender Claim has been satisfied in full, the Lenders have no further obligations under the Loan Documents and the Loan Documents have been terminated; and (iii) the parties hereto agree in writing to terminate the Enforcement Period.

"FACILITY TERMINATION DATE" means the earliest of (a) the date so designated pursuant to the Purchase Agreement, (b) December 26, 2005, and (c) the date of termination of the Maximum Purchase Limit specified in a notice from the SPE to the Purchaser delivered pursuant to the Purchase Agreement.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

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"JOINDER AGREEMENT" means the Joinder Agreement in the form of Exhibit C attached hereto.

"LENDER CLAIM" means all of the indebtedness, obligations and other liabilities of Castle or its Subsidiaries (other than the SPE and the Independent Member) now or hereafter arising under, or in connection with the Loan Documents, including, but not limited to, all reimbursement obligations of Castle with respect to any loans made or any letters of credit issued thereunder, all guarantee obligations of Castle's Subsidiaries (other than the SPE and the Independent Member) under the Loan Documents, any interest thereon (including, without limitation, interest accruing after the commencement of a bankruptcy, insolvency or similar proceeding relating to any of Castle or its Subsidiaries (other than the SPE and the Independent Member), whether or not such interest is an allowed claim in any such proceeding), any reimbursement obligations, premiums, make-whole amounts, yield maintenance amounts, fees or expenses due thereunder, and any costs of collection or enforcement.

"LENDER COLLATERAL" means all property and interests in property now owned or hereafter acquired or created, of Castle or any of its Subsidiaries (other than the SPE and the Independent Member) in or upon which a Lender Interest is granted or purported to be granted by any such Person to any of the Lenders under any of the Loan Documents, EXCLUDING, HOWEVER, the Receivables Assets, the Returned Goods or Scrapped Goods the original sale of which gave rise to a Transferred Receivable (except as otherwise set forth in Section 2.1(a) hereof, BUT INCLUDING Returned Goods or Scrapped Goods in or on which the Lender Interest is junior, subordinated and subject to the Receivables Interest pursuant to Section 2.1(a) hereof.

"LENDER INTEREST" means, with respect to any property or interest in property (including, without limitation, the Lender Collateral), now owned or hereafter acquired or created, of Castle or any of its Subsidiaries (other than the SPE and the Independent Member), any lien, claim, encumbrance, security interest, voting right, right of offset (whether contractual or arising at common law) or other interest of the Collateral Agent (for the benefit of itself and the Lenders) or any Lender in such property or interests in or to such property.

"LIEN" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable law of any jurisdiction).

"LOAN DOCUMENTS" means the Collateral Agency and Intercreditor Agreement, the Reimbursement Agreements, the Trade Acceptance Purchase Agreement, the Note Agreements, the IRB Bond Guarantees, any Additional Future Debt Documents (as defined in the Collateral Agency and Intercreditor Agreement), the following collateral documents, each dated as of March 20, 2003: the Security Agreement between the Collateral Agent and the Obligors, the Stock Pledge Agreement between the Collateral Agent and Castle, the Trademark Collateral Security and Pledge Agreement among the Collateral Agent, Castle and Total Plastics, the Environmental Indemnity Agreement between the Obligors and the Collateral Agent, Deed

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of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle and the Collateral Agent (Charlotte, NC), the Open-End Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle and the Collateral Agent (Bedford Heights, OH), the Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases between the Company and the Collateral Agent (Grand Prairie, TX), the Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between Keystone and the Collateral Agent (Franklin Park, IL), the Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle and the Collateral Agent (Houston, TX), the Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle and the Collateral Agent (Kansas City, MO), the Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases between Kestone and the Collateral Agent (Paramount, CA), the Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between the Company and the Collateral Agent (Blaine, MN), the Open-End Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle, Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between Castle and the Collateral Agent (Worcester, MA) and the Collateral Agent (Fairless Hills, PA) and Mortgage, Security Agreement, Financing Statement and Assignment of Rents and Leases between Total Plastics and the Collateral Agent (Grand Rapids, MI), and all related documents executed pursuant to any of the foregoing, in each case, as may be amended, supplemented, restated or otherwise modified from time to time. For the purposes of this definition of the term "Loan Documents", "Obligors" means Castle, Datamet, Inc., an Illinois corporation, Keystone, Total Plastics, Paramount Machine Company, LLC, a Delaware limited liability company, Advanced Fabricating Technology, LLC, a Delaware limited liability company, Oliver, and Metal Mart, LLC, a Delaware limited liability company.

"LOAN EVENT OF DEFAULT" has the meaning ascribed to the term "Event of Default" under and as defined in any of the Reimbursement Agreements, the IRB Bond Guarantees, the Trade Acceptance Purchase Agreement, any of the Note Agreements or any Additional Future Debt Documents (as defined in the Collateral Agency and Intercreditor Agreement).

"LOCKBOX" has the meaning ascribed to it in Section 6.01(a)(ii) of the Purchase Agreement.

"LOCKBOX ACCOUNT" means each lockbox account or blocked account (including blocked accounts consisting of deposit accounts and concentration accounts) listed on Schedule 4.01(r) to the Purchase Agreement as amended from time to time established in the name of the SPE and held at a Lockbox Account Bank, together with any other segregated deposit account established by the SPE for the deposit of Collections pursuant to and in accordance with the Purchase Agreement.

"LOCKBOX ACCOUNT BANK" means any bank or other financial institution at which one or more Lockbox Accounts are maintained.

"LOCKBOX ACCOUNT AGREEMENT" means any agreement among any one or more Companies, the SPE, the Receivables Agent, a Lockbox Account Bank and/or Concentration

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Account Bank with respect to a Lockbox, Lockbox Account and/or Concentration Account that provides, among other things, that (a) all items of payment deposited in such Lockbox, Lockbox Account or Concentration Account are held by such Lockbox Account Bank or such Concentration Account Bank, as the case may be, as custodian for GE Capital, as Receivables Agent, (b) neither the Lockbox Account Bank nor the Concentration Account Bank, as applicable, has any rights of setoff or recoupment or any other claim against such Lockbox Account or Concentration Account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such Account and for returned checks or other items of payment and (c) such Lockbox Account Bank agrees to forward all Collections received in such Lockbox Account to the Concentration Account within one Business Day of receipt of available funds, and such Concentration Account Bank agrees to forward all Collections received in the Concentration Account to the Collection Account within one Business Day of receipt of available funds, and is otherwise in form and substance acceptable to the Receivables Agent.

"MAXIMUM PURCHASE LIMIT" means \$60,000,000 as such amount may be reduced in accordance with Section 2.02(a) of the Purchase Agreement.

"OBLIGOR" means, with respect to any Receivable, the Person primarily obligated to make payments in respect thereof.

"OUTSTANDING BALANCE" means, with respect to any Receivable and as of any date of determination, the amount (which amount shall not be less than zero) equal to (a) the amount billed to the Obligor thereof, minus (b) all Collections received from the Obligor thereunder, minus (c) all discounts to or any other modifications that reduce such amount billed to the Obligor; PROVIDED THAT if the Receivables Agent or any of the Companies makes a determination that all payments by such Obligor with respect to such amount billed have been made, the Outstanding Balance shall be zero.

"PERSON" means any individual, sole proprietorship, partnership, joint venture, unincorporated organization, trust, association, corporation (including a business trust), limited liability company, institution, public benefit corporation, joint stock company, Governmental Authority or any other entity of whatever nature.

"PURCHASER" means GE Capital and its assigns under the Purchase Agreement.

"RECEIVABLE" means, with respect to any Obligor, indebtedness of such Obligor (whether constituting an account, a payment intangible, an instrument or otherwise) arising from the sale of merchandise, goods or services by a Company to such Obligor, including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto; PROVIDED THAT the definition of "Receivable" shall exclude the Designated Receivables.

"RECEIVABLES ASSETS" means the Transferred Receivables and Related Security (exclusive of any Collections or other monies deposited in the Collection Account, any Lockbox Account or the Concentration Account which are not Collections related to Transferred Receivables, and, for the avoidance of doubt, exclusive of Unsold Receivables).

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"RECEIVABLES CONTRACT" means any agreement (including any invoice, draft or promissory note) pursuant to, or under which, an Obligor shall be obligated to make payments with respect to any Receivable.

"RECEIVABLES CLAIM" means (a) all indebtedness, obligations and other liabilities of the SPE to the Receivables Agent and the Purchaser and (b) until and unless all of the obligations to the Receivables Agent or any Purchaser arising under or in connection with the Related Documents have been fully performed and indefeasibly paid in full in cash to the Receivables Agent, all indebtedness, obligations and other liabilities of (i) any of the Companies now or hereafter arising under, or in connection with, any of the Related Documents or (ii) any of the Companies to the SPE now or hereafter arising under, or in connection with, the Related Documents, including, but not limited to, all sums or advances now made to or for the benefit of the SPE under the Purchase Agreement, any yield or interest thereon (including, without limitation, interest or yield accruing after the commencement of a bankruptcy, insolvency or similar proceeding relating to any of the Companies or the SPE, whether or not such interest or yield is an allowed claim in any such proceeding), any repayment obligations, fees or expenses due thereunder, and any costs of collection or enforcement.

"RECEIVABLES INTEREST" means, with respect to any of the Receivables Assets or any property or interest in property, any lien, claim, encumbrance, security interest or other interest of any or all of the SPE, the Purchaser and/or the Receivables Agent in or to any of such property.

"RECORDS" means all Receivables Contracts and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained by any Company, any Sub-Servicers or the SPE with respect to the Receivables Assets and the Obligors thereunder.

"RELATED DOCUMENTS" means the Sale Agreement, the Purchase Agreement, each as amended from time to time, and any other agreements, instruments or documents (other than this Agreement) executed by (a) any or all of the Companies and delivered to the SPE or (b) the SPE and delivered to the Receivables Agent or the Purchaser.

"RELATED SECURITY" means with respect to any Receivable:

(a) all supporting obligations (as defined in Article 9 of the UCC), security interests or Liens and property subject thereto from time to time securing or purporting to secure the payment of such Receivable by the Person obligated thereon;

(b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable;

(c) all right, title and interest of Castle or any Subsidiary in and to any goods (including Returned Goods) the sale of which gave rise to such Receivable and all right, title and interest of Castle or any Subsidiary in and to payments made on account of Scrapped Goods; PROVIDED THAT Related Security will not include Returned Goods from and after the time, if any, when the SPE shall have received full cash payment required to be made under the Sale

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Agreement on account of the reduction of the Outstanding Balance of the Receivable related to such Returned Good;

(d) all Collections;

(e) all Records;

(f) all of the following (collectively, the "ACCOUNT COLLATERAL") (A) in the case of any Company, all deposit accounts and/or lockboxes established for collection of Receivables and all funds on deposit therein and all certificates and instruments, if any, at any time or evidencing such accounts, lockboxes or such funds and (B) in the case of SPE:

(1) all deposit accounts, including the Lockbox Accounts, the Lockboxes, and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing any deposit account, the Lockbox Accounts, the Lockboxes or such funds,

(2) the Collection Account, the Concentration Account and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing the Collection Account, the Concentration Account or such funds,

(3) all Deposit Investments from time to time of amounts in the Collection Account, and all certificates, instruments and investment property, if any, from time to time representing or evidencing such Deposit Investments,

(4) all notes, certificates of deposit and other instruments in substitution for or relating to any of the then existing Account Collateral, and

(5) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise distributed with respect to or in exchange for any and all of the then existing Account Collateral; and

(g) all proceeds of such Receivable and with respect to any of the foregoing.

"REPURCHASED GOODS" means any Returned Goods or Scrapped Goods, the original sale of which gave rise to a Transferred Receivable, for which the SPE has received, pursuant to the Sale Agreement, a payment in cash for the adjustment of the Transferred Receivable with respect to which such return arose.

"RETURNED GOODS" means goods, the sale of which gave rise to a Receivable, that are returned to a Company by an Obligor for any reason.

"SCRAPPED GOODS" means goods, the sale of which gave rise to a Receivable, which are rejected by the applicable Obligor for any reason but which are scrapped rather than being returned to the applicable Company or any of its affiliates.

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"SOLD RECEIVABLE" means a Receivable and Related Security identified for sale to SPE under the Sale Agreement.

"SPE MEMBERSHIP COLLATERAL" means the membership interest of the SPE upon which a Lender Interest is granted or purported to be granted by the Companies or any other owner thereof to the Collateral Agent under the Loan Documents.

"SUB-SERVICER" means any Person with whom the Companies enter into a written contract pursuant to and in accordance with the Purchase Agreement relating to the servicing, administration or collection of the Transferred Receivables.

"SUBSIDIARY" means, with respect to any Person, any corporation or other entity (a) of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person or (b) that is directly or indirectly controlled by such Person within the meaning of control under Section 15 of the Securities Act of 1933, as amended from time to time.

"TERMINATION EVENT" has the meaning ascribed to it in the Purchase Agreement.

"TRANSFERRED RECEIVABLE" means any Sold Receivable or Contributed Receivable (it being understood and agreed that for the period from and including December 26, 2002 through and including the Facility Termination Date, such sale, contribution or transfer of a Receivable or Related Security shall occur immediately upon creation of such Receivable or Related Security); PROVIDED THAT any Receivable repurchased by a Company pursuant to Section 4.05 of the Sale Agreement shall not be deemed to be a Transferred Receivable from and after the date of such repurchase unless such Receivable has subsequently been repurchased by or contributed to the SPE.

"UCC" means, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

"UNSOLD RECEIVABLE" means, with respect to any Obligor, indebtedness of such Obligor (whether constituting an account, a payment intangible, an instrument or otherwise) arising from the sale of merchandise, goods or services by a Company to such Obligor (including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto) other than any and all Transferred Receivables with respect to such Obligor. Unsold Receivables include any Designated Receivable with respect to such Obligor.

"UNSOLD RECEIVABLES CONTRACTS" has the meaning ascribed to it in clause (e) of the definition of the term "Unsold Related Security".

"UNSOLD RECEIVABLES COLLECTIONS" has the meaning ascribed to it in clause (d) of the definition of the term "Unsold Related Security".

"UNSOLD RECEIVABLES RECORDS" has the meaning ascribed to it in clause (e) of the definition of "Unsold Related Security".

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"UNSOLD RELATED SECURITY" means with respect to any Unsold Receivable:

(a) all supporting obligations (as defined in Article 9 of the UCC), security interests or Liens and property subject thereto from time to time securing or purporting to secure the payment of such Unsold Receivable by the Person obligated thereon;

(b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Unsold Receivable;

(c) all right, title and interest of Castle or any Subsidiary in and to any goods the sale of which gave rise to such Unsold Receivable;

(d) all cash collections and other proceeds of such Unsold Receivable, including, without limitation, all late charges, fees and interest arising thereon, all recoveries with respect to any such Unsold Receivable that has been written off as uncollectible (collectively, the "UNSOLD RECEIVABLES COLLECTIONS");

(e) all agreements (including any invoice, draft or promissory note) (collectively, the "UNSOLD RECEIVABLES CONTRACTS") pursuant to, or under which, an Obligor shall be obligated to make payments with respect to any Unsold Receivable and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained with respect to such Unsold Receivable (all items referenced to in this clause (e) are herein referred to as "UNSOLD RECEIVABLES RECORDS");

(f) all deposit accounts and/or lockboxes established by Collateral Agent for collection of Unsold Receivables and all funds on deposit therein and all certificates and instruments, if any, at any time or evidencing such accounts, lockboxes or such funds; and

(g) all proceeds of such Unsold Receivable and with respect to any of the foregoing.

For the avoidance of doubt, Unsold Related Security shall not include any Related Security.

ARTICLE 2. INTERCREDITOR PROVISIONS

2.1. Priorities with Respect to Receivables and Collections, Etc.

(a) Notwithstanding any provision of the UCC, any applicable law or decision or any of the Loan Documents, the Collateral Agent hereby agrees that (and the Lenders hereby so direct the Collateral Agent): (i) upon the sale, contribution or other transfer on or prior to the occurrence of the Facility Termination Date of an ownership or security interest in any Receivable or any Related Security by any of the Companies to the SPE pursuant to the Sale Agreement or by the SPE to the Purchaser pursuant to the Purchase Agreement, any Lender Interest in such Receivables and Related Security and the associated Collections shall automatically, and without any further action by the Receivables Agent, be released upon such sale, contribution or transfer (it being understood and agreed that for the period from and including December 26, 2002 through and including the Facility Termination Date, such sale,

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contribution or transfer of a Receivable or Related Security shall occur immediately upon creation of such Receivable or Related Security) and (ii) any Lender Interest in the Scrapped Goods and Returned Goods (other than the Repurchased Goods) shall automatically, and without any further action by the Receivables Agent, be released; PROVIDED, HOWEVER, that nothing in this Section 2.1 shall be deemed to constitute a release of: (w) any Lender Interest in the cash proceeds paid or payable to any or all of the Companies by the SPE for the sale of Receivables under the Sale Agreement; (x) any Lender Interest or other right the Collateral Agent has in any Unsold Receivables and the proceeds thereof, including, without limitation, Unsold Receivables Collections; (y) any Lender Interest in any other Lender Collateral or the SPE Membership Collateral; and (z) any Lender Interest or other right the Collateral Agent has in any interests which the Companies may have in Repurchased Goods; PROVIDED FURTHER, HOWEVER, that any Lender Interest in the Scrapped Goods and Returned Goods (other than the Repurchased Goods) shall be junior and subject and subordinate to the Receivables Interest therein unless and until the Companies shall have made all cash payments required to be made (if any) under the Related Documents on account of the reduction of the Outstanding Balance of any Transferred Receivable or Related Security related to the Scrapped Goods and Returned Goods (other than the Repurchased Goods). If any goods or merchandise, the sale of which has given rise to a Transferred Receivable or a Related Security, are returned to or repossessed by the Companies, then, upon payment by the Companies of all cash payments required (if any) on account thereof under the Related Documents, the Receivables Interest in such Returned Goods shall automatically and without further action cease to exist and be released and extinguished and such Returned Goods shall thereafter not constitute Receivables Assets for purposes of this Agreement unless and until such Returned Goods have been resold so as to give rise to a Receivable and Related Security and such Receivable and Related Security has been transferred or purported to be transferred to the SPE pursuant to the Sale Agreement.

(b) Notwithstanding anything in the Related Documents or otherwise to the contrary, if the Facility Termination Date shall occur, no Receivables shall, without the prior written consent of the Collateral Agent, be sold, contributed or otherwise transferred to the SPE, and if any such sale, contribution or transfer shall nonetheless occur, the Lender Interest therein and in all proceeds thereof shall not be released hereunder and such Receivables shall not constitute Transferred Receivables and any Receivables Interest therein shall be subordinated to any Lender Interest therein.

2.2. Distribution of Proceeds.

(a) Except as otherwise provided in Section 2.3(b)(ii) hereof, (i) all proceeds of the Receivables Assets (including, without limitation, Collections) shall be paid to the Receivables Agent for application against the Receivables Claim and for application in accordance with the Related Documents until the Receivables Claim has been paid and satisfied in full in cash and the Related Documents have terminated and such proceeds shall not be subject to any right of offset, deduction, recoupment or similar rights (whether contractual or arising at common law) in favor of any Lender (except for rights of offset specifically provided for in any Lockbox Account Agreement); and (ii) any remaining proceeds of the Receivables Assets shall be paid to the SPE or as otherwise required by applicable law.

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(b) Except as otherwise provided in Section 2.3(b)(ii) hereof, (i) all proceeds of the Lender Collateral (including, without limitation, Unsold Receivables Collections) shall be paid to the Collateral Agent for application against the Lender Claim and for application in accordance with the Loan Documents and the Collateral Agency and Intercreditor Agreement until the Lender Claim has been paid and satisfied in full in cash and the Loan Documents are terminated and (ii) any remaining proceeds of the Lender Collateral shall be paid to Castle or the applicable Subsidiary thereof or as otherwise required by applicable law.

(c) In the event that any of Castle, the SPE, the Purchaser or the Receivables Agent now or hereafter obtains possession of any funds which could constitute Lender Collateral ("LENDER COLLATERAL FUNDS") prior to the termination or release of the Lender Interest therein, it shall promptly deliver to the Collateral Agent such Lender Collateral Funds (and until delivered to the Collateral Agent, such Lender Collateral shall be held in trust for the Collateral Agent), PROVIDED that such property so received or held by Castle, the SPE, the Purchaser or the Receivables Agent constitutes Lender Collateral. Each of Castle, the SPE and the Receivables Agent (on behalf of itself and the Purchaser) further agrees to promptly turn over the proceeds of any Disposition of Lender Collateral which it might receive while any Lender Claim, any other obligations or liabilities under any Loan Document or any commitment to make financial accommodations thereunder remains outstanding, regardless of whether the Collateral Agent has a perfected and enforceable Lien on the assets of Castle or its Subsidiaries (other than the SPE and the Independent Member) from which the proceeds of any such Disposition have been received, PROVIDED that such proceeds so received or held by Castle, the SPE, the Purchaser or the Receivables Agent constitutes proceeds of a Disposition of Lender Collateral.

(d) In the event that Castle or the Collateral Agent now or hereafter obtains possession of any funds which could constitute Receivables Assets ("RECEIVABLES FUNDS") prior to the termination or release of the Receivables Interest therein, Castle shall and the Collateral Agent shall upon direction from the Lenders that are Requisite Parties (as defined in the Collateral Agency and Intercreditor Agreement) promptly deliver to the Receivables Agent such Receivables Assets (and until delivered to the Receivables Agent, such Receivables Assets shall be held in trust for the Receivables Agent). Castle and the Collateral Agent further agree to promptly turn over the proceeds of any Disposition of Receivables Assets (such proceeds, together with Receivables Funds, herein referred to as the "RECEIVABLES PROCEEDS") to the Receivables Agent which it might receive while any Receivables Claim, any other obligations or liabilities under the Related Documents or any commitment to make financial accommodations thereunder remain outstanding, regardless of whether the Receivables Agent has a perfected and enforceable Lien on the assets from which the proceeds of such Disposition have been received. Promptly upon receipt of such Receivables Proceeds, the Collateral Agent shall notify each of the Lenders of such receipt and the amount of nature of such Receivables Proceeds, and the Lenders that are Requisite Parties agree to promptly direct the Collateral Agent to make such delivery, PROVIDED that such property so received or held by the Collateral Agent constitutes Receivables Assets or proceeds of a Disposition of Receivables Assets.

(e) If any inventory of the Companies subject to a Lender Interest has been commingled with Returned Goods in which the Receivables Interest continues as provided in Section 2.1(a) hereof and the Collateral Agent receives any proceeds on account of such inventory (whether by reason of sale or by reason of insurance payments on account thereof)

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prior to release of such Receivables Interest, then: (i) all proceeds of such inventory shall be paid to the Collateral Agent and the Collateral Agent shall upon direction from the Lenders that are Requisite Parties (as defined in the Collateral Agency and Intercreditor Agreement) immediately upon receipt of such proceeds pay to the Receivables Agent for application against the Receivables Claim a share of such proceeds equal to the dollar amount thereof times a fraction, the numerator of which equals the book value of the Returned Goods on account of which the Collateral Agent has received cash proceeds and the denominator of which equals the book value of all of the inventory on account of which the Collateral Agent has received such cash proceeds; and (ii) any remaining proceeds shall be paid to the Collateral Agent for application against the Lender Claim. Promptly upon receipt of such proceeds, the Collateral Agent shall notify each of the Lenders of such receipt and the amount of nature of such proceeds, and the Lenders that are Requisite Parties agree to promptly direct the Collateral Agent to make such delivery, PROVIDED that such proceeds so received or held by the Collateral Agent constitutes proceeds of such inventory. The Collateral Agent agrees that, in the event the Collateral Agent sells any Returned Goods in which the Receivables Agent continues to have an interest, such sale shall be conducted in a commercially reasonable manner to the extent required by applicable law.

2.3. Receivables Accounts.

(a) Each of the SPE and the Receivables Agent hereby acknowledges that the Collateral Agent shall be entitled to Unsold Receivables Collections, that Unsold Receivables Collections shall not constitute Receivables Assets and that the SPE and the Receivables Agent have no claim on Unsold Receivables Collections. The Collateral Agent hereby acknowledges that the Receivables Agent shall be entitled to Collections, that Collections shall not constitute Lender Collateral and that the Collateral Agent and the Lenders have no claim on Collections.

(b) Each of the parties hereto hereby agrees that all Collections shall be paid or delivered to the Receivables Agent for application in accordance with Section 2.2(a) hereof and all Unsold Receivables Collections shall be paid or delivered to the Collateral Agent in accordance with Section 2.2(b) hereof. For the purpose of determining whether specific collections have been received on account of Receivables Assets or on account of Unsold Receivables, the parties agree as follows:

(i) All payments made by an Obligor which is obligated to make payments on Transferred Receivables or Related Security but is not obligated to make any payments on Unsold Receivables (including Unsold Related Security) shall be conclusively presumed to be payments on account of Transferred Receivables or Related Security and all payments made by an Obligor which is obligated to make payments on Unsold Receivables but is not obligated to make any payments on Transferred Receivables or Related Security shall be conclusively presumed to be payments on account of Unsold Receivables; and

(ii) All payments made by an Obligor which is obligated to make payments with respect to both Transferred Receivables (including Related Security) and Unsold Receivables (including Unsold Related Security) shall be applied against the specific Receivables or Related Security, if any, or the specific Unsold Receivables or Unsold Related Security, if any, which are identified by

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such Obligor by reference to the applicable Receivables Contract or the applicable Unsold Receivables Contract, as the case may be (or otherwise identified by such Obligor in a writing delivered with such payment) as the Receivables or Related Security, on the one hand, or the Unsold Receivables or Unsold Related Security, on the other hand, with respect to which such payments should be applied; PROVIDED THAT where any Obligor makes payment and identifies the applicable Receivables Contracts or the applicable Unsold Receivables Contracts, as the case may be, of a group of two or more Receivables or Related Security or of a group of two or more Unsold Receivables or Unsold Related Security, as applicable, to which such payment shall be applied and such payment is in an amount less than the aggregate Outstanding Balance of such Receivables or Related Security or is in an amount less than the aggregate the outstanding balance of such Unsold Receivables or Unsold Related Security, as the case may be, such payment shall be applied pro rata to all such Receivables or Related Security, on the one hand, or Unsold Receivables or Unsold Related Security, on the other hand, as the case may be. In the absence of such identification by an Obligor, all payments made by an Obligor under a Contract generated by an office of a Company in a District that is not a Designated District shall be conclusively presumed to be payments on account of Transferred Receivables, and all payments made by an Obligor under a Contract generated by an office of a Company in a Designated District shall be conclusively presumed to be payments on account of Unsold Receivables.

(c) In order to effect more fully the provisions of this Agreement, each of the parties hereto agrees that during an Enforcement Period, it shall not send any notices to the Obligors directing them to remit Collections of any Transferred Receivables or Related Security other than to a Lockbox Account, the Concentration Account or the Collection Account.

(d) Collateral Agent agrees that it shall not, at any time prior to Enforcement, or during Enforcement prior to the later of payment in full of the Receivables Claim and the termination of the Related Documents, exercise any rights it may have under the Loan Documents to send any notices to Obligors (i) claiming the Collateral Agent's interest in the Transferred Receivables or Related Security, or (ii) directing such Obligors to make payments in any particular manner of any amounts due under the Transferred Receivables or Related Security; PROVIDED, HOWEVER, that the Collateral Agent may inform any Obligor of Unsold Receivables that such Unsold Receivables have been assigned to the Collateral Agent so long as such notices expressly state that all payments on account of such Unsold Receivables shall continue to be made as otherwise required pursuant to the terms of the Related Documents. Collateral Agent further agrees that, prior to the later of payment in full of the Receivables Claim and the termination of the Related Documents, if it receives payments directly from any Obligor on account of an Unsold Receivable, it shall immediately forward such payment to the Receivables Agent in order that the Receivables Agent may determine whether such payment was, in fact, properly allocated to such Unsold Receivable in accordance with the terms of this Section 2.3, and, if necessary pursuant to the terms hereof, reallocate such payment. Collateral Agent and Receivables Agent agree that the collection of Unsold Receivables pursuant to the terms of the Related Documents shall not render such Unsold Receivables to be deemed Transferred Receivables for the purposes of determining whether the aggregate Outstanding Balance of Transferred Receivables is in excess of \$90,000,000 under the Loan Documents or

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for the purposes of determining availability based on Transferred Receivables under the Related Documents.

2.4. Enforcement Actions. Each of the Lenders and the Receivables Agent agrees to use reasonable efforts to give an Enforcement Notice to the other prior to commencement of Enforcement (but failure to do so shall not prevent such Person or the Collateral Agent from commencing Enforcement or affect its rights hereunder nor create any cause of action or liability against such Person). Subject to the foregoing, each of the parties hereto agrees that during an Enforcement Period:

(a) Subject to any applicable restrictions in the Related Documents, the Receivables Agent may at its option and without the prior written consent of the Companies or the Collateral Agent take any action to (i) accelerate payment of the Receivables Claim or any other obligations and liabilities under any of the Related Documents and (ii) liquidate the Receivables Assets or to foreclose or realize upon or enforce any of its rights with respect to the Receivables Assets.

(b) Subject to any applicable restrictions in and to the terms of the Loan Documents, and in compliance with the terms of the Collateral Agency and Intercreditor Agreement, the Collateral Agent or any of the Lenders, may, at its option, and without the prior written consent of any other party hereto, take any action to accelerate payment of or require cash collateral for the Lender Claim or any other obligation or liability arising under any of the Loan Documents and to foreclose or realize upon or enforce any of its rights with respect to the Lender Collateral or other collateral security, including (except as otherwise provided in Section 2.2(e) hereof) with respect to any Receivables Assets constituting Returned Goods that have been commingled with the Lender Collateral, or take any other actions as they deem appropriate; PROVIDED, HOWEVER, that the Collateral Agent shall not otherwise take any action to foreclose or realize upon or to enforce any rights it may have with respect to any of the Receivables Assets or the SPE Membership Collateral without the Receivables Agent's prior written consent unless the Receivables Claim or any other obligation or liability arising under any of the Related Documents shall have been first paid and satisfied in full and the Related Documents have terminated; PROVIDED, FURTHER, that the Receivables Agent shall not otherwise take any action to foreclose or realize any rights it may have with respect to any of the Lender Collateral without the prior written consent of the Collateral Agent (who shall be directed in this case by the Requisite Parties (as defined in the Collateral Agency and Intercreditor Agreement) unless the Lender Claim and each other obligation or liability arising under any of the Loan Documents shall have been the first paid and satisfied in full and the Loan Documents have terminated.

2.5. Access to and Use of Lender Collateral and Receivables Assets. The Receivables Agent (on behalf of itself and the Purchaser), the Collateral Agent (on behalf of itself and the Lenders), the Companies and the SPE hereby agree that the Receivables Agent (on behalf of itself and the Purchaser) and the Collateral Agent (on behalf of itself and the Lenders) shall have the following rights of access to and use of the Receivables Assets and Lender Collateral respectively (in addition to other rights set forth in the Loan Documents or Related Documents):

(a) Subject to any applicable restrictions in the Related Documents, the Purchaser and the Receivables Agent (or their agents, employees or designees) may enter one or



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more premises of the Companies or the SPE, whether leased or owned, at any time during reasonable business hours, without force or process of law and without obligation to pay rent or compensation to the Companies, the SPE, the Collateral Agent or any Lender, whether before, during or after an Enforcement Period, and may exercise any license rights and have access to and use of all Records located thereon and any of the Company's computer hardware and software for the purpose of obtaining information about and servicing the Receivables or any other property to which such access and use are granted under the Related Documents, in each case PROVIDED THAT such use is for the purpose of exercising or enforcing the Receivables Agent's rights, on behalf of the Purchaser, with respect to the Receivables Assets.

(b) Subject to any applicable restrictions in the Loan Documents, the Collateral Agent (or their agents, employees or designees) may enter one or more premises of the Companies or the SPE, whether leased or owned, at any time during reasonable business hours, without force or process of law and without obligation to pay rent or compensation to Castle, the Servicers, the Companies, the SPE, the Receivables Agent, or the Purchaser, whether before, during or after an Enforcement Period, and may have access to and use of all Unsold Receivables Records located thereon and use of any other property to which such access and use are granted under the Loan Documents, in each case PROVIDED THAT such use is for the purpose of exercising or enforcing the Collateral Agent's rights, on behalf of the Lenders, with respect to the Lender Collateral.

2.6. No Amendment of Limited Liability Company Agreement of the SPE. So long as any Receivables Claim is outstanding, neither Collateral Agent nor any Lender shall or shall seek to amend, alter, change or repeal any provision of the Limited Liability Company Agreement of the SPE (including Schedule A thereof) in effect as of the date hereof and as attached hereto as Exhibit A.

2.7. Agency for Perfection. The Receivables Agent and Collateral Agent hereby appoint each other as agent for purposes of perfecting by possession their respective security interests and ownership interests and Liens on the Lender Collateral and Receivables Assets described hereunder. In the event that the Receivables Agent obtains possession of any of the Lender Collateral Funds or proceeds of a Disposition of Lender Collateral or instruments or other property which could constitute Lender Collateral, the Receivables Agent shall notify the Collateral Agent of such fact, shall hold such Lender Collateral in trust and shall deliver such Lender Collateral Funds, proceeds and instruments to the Collateral Agent upon request, PROVIDED that such property so received or held by the Receivables Agent constitutes Lender Collateral. In the event that the Collateral Agent obtains possession of any of the Receivables Proceeds or instruments or other property which could constitute Receivables Assets, the Collateral Agent shall upon direction from the Lenders that are Requisite Parties (as defined in the Collateral Agency and Intercreditor Agreement) notify the Receivables Agent of such fact, shall hold such Receivables Assets in trust and shall deliver such Receivables Proceeds and instruments to the Receivables Agent upon request. Promptly upon receipt of such Receivables Proceeds or such instruments, the Collateral Agent shall notify each of the Lenders of such receipt and the amount of nature of such Receivables Proceeds or instruments, and the Lenders that are Requisite Parties agree to promptly direct the Collateral Agent to make such delivery, PROVIDED that such property so received or held by the Collateral Agent constitutes Receivables Assets.



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2.8. UCC Notices. In the event that the Purchaser or the Receivables Agent shall be required by the UCC or any other applicable law to give notice to the Collateral Agent of any intended disposition of any Receivables Assets, such notice shall be given in accordance with Section 3.1 hereof and ten (10) days' notice shall be deemed to be commercially reasonable.

2.9. Independent Credit Investigations. None of the Purchaser, the Receivables Agent, the Collateral Agent, any of the Lenders or any of their respective directors, officers, agents or employees shall be responsible to the other or to any other Person for the solvency, financial condition or ability of the Companies, the SPE or Castle or its Subsidiaries to repay the Receivables Claim or the Lender Claim, or for the worth of the Receivables Assets or the Lender Collateral, or for statements of the Companies, the SPE or Castle or its Subsidiaries, oral or written, or for the validity, sufficiency or enforceability of the Receivables Claim, the Lender Claim, the Related Documents, the Loan Documents, the Receivables Agent's interest in the Receivables Assets or the Collateral Agent's interest in the Lender Collateral. The Lenders and the Purchaser have entered into their respective agreements with Castle and its applicable Subsidiaries based upon their own independent investigations. None of the Purchaser, the Receivables Agent, Collateral Agent or any of the Lenders makes any warranty or representation to the other nor does it rely upon any representation of the other with respect to matters identified or referred to in this Section 2.9.

2.10. Limitation on Liability of Parties to Each Other. Except as provided in this Agreement, no party shall have any liability to any other party except for liability arising from the gross negligence or willful misconduct of such party or its representatives.

2.11. Amendments to Financing Arrangements or to this Agreement. Each of the Companies shall, and each of the Lenders agrees to use reasonable efforts to give, concurrently with any written amendment or modification in the Loan Documents to which it is a party and concurrently with the execution and delivery of any Additional Future Debt Document (as defined in the Collateral Agency and Intercreditor Agreement) to which it is a party, prompt notice to the Receivables Agent of the same, and the Receivables Agent agrees to use reasonable efforts to, concurrently with any written amendment or modification in the Related Documents, notify the Lenders of the same; PROVIDED, HOWEVER, that the failure to do so shall not create a cause of action against any party failing to give such notice or create any claim or right on behalf of any third party or affect any such amendment or modification. Receivables Agent, each of the Lenders and the Collateral Agent shall, upon reasonable request of the other, provide copies of all such modifications, amendments and Additional Future Debt Documents to which it is party and copies of all other documentation in its possession relevant to the Receivables Assets or the Lender Collateral. Notwithstanding any confidentiality provisions in the Related Documents and the Loan Documents, the Companies, Receivables Agent and the Collateral Agent hereby agree that the foregoing sharing of documentations relevant to the Receivables Assets or the Lender Collateral shall not create a cause of action against any party hereto. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of each party hereto to be binding and enforceable.

2.12. Marshalling of Assets. Nothing in this Agreement will be deemed to require the Receivables Agent (i) to proceed against certain property securing the Receivables Claim (or any other obligation or liability under the Related Documents) prior to proceeding against other



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property securing such Claim or obligations or liabilities or against certain persons guaranteeing any such obligations or (ii) to marshal the Receivables Assets upon the enforcement of the Receivables Agent's remedies under the Related Documents. Nothing in this Agreement will be deemed to require the Collateral Agent (i) to proceed against certain property securing the Lender Claim (or any other obligation or liability under the Loan Documents) prior to proceeding against other property securing such Claim or obligations or liabilities or against certain persons guaranteeing any such obligations or (ii) to marshal the Lender Collateral upon the enforcement of the Collateral Agent's remedies under the Loan Documents.

2.13. Access to Books and Records. The Collateral Agent hereby acknowledges that the Receivables Agent or its representatives or invitees, subject to any applicable restrictions in the Related Documents, may enter upon any properties of any Company that the Collateral Agent (on behalf of the Lenders) has a Lender Interest at any time to inspect, remove or otherwise deal with any books and records or exercise any access, license or other use rights granted under the Related Documents related to the Receivable Assets without interference by the Collateral Agent or liability of the Receivables Agent to the Collateral Agent.

2.14. Relative Rights. The Collateral Agent and the Lenders shall be entitled to rely on the power and authority of the Receivables Agent to act on behalf of its principals to the extent the provisions hereof have the Receivables Agent so act, and the Receivables Agent and the Purchaser shall be entitled to rely on the power and authority of Collateral Agent to act on behalf of its principals to the extent the provisions hereof have the Collateral Agent so act.

2.15. Effect Upon Loan Documents and Related Documents. By executing this Agreement, the Companies and the SPE agree to be bound by the provisions hereof (i) as they relate to the relative rights of the Collateral Agent (on behalf of itself and the Lenders) with respect to the property of the Companies and (ii) as they relate to the relative rights of the Receivables Agent and the Purchaser as creditors of the SPE. Each Company acknowledges that the provisions of this Agreement shall not give such Company any substantive rights as against the Collateral Agent or the Lenders and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Loan Documents as between the parties thereto (except to the extent that this Agreement identifies collateral granted by the Companies to the Receivables Agent, on the one hand, and the Collateral Agent for the benefit of the Lenders, on the other hand). The Receivables Agent and the SPE acknowledge that the conditions of Sections 4.04(q) of the Sale Agreement and subsections (B) and (C) of clause (m) of the definition of the term "Permitted Originator Encumbrance" in Annex X to the Sale Agreement have been satisfied. The SPE acknowledges that the provisions of this Agreement shall not give the SPE any substantive rights as against the Receivables Agent or any of the Purchaser and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Related Documents as among the parties thereto. Each Company acknowledges that the provisions of this Agreement shall not give any Company any substantive rights as against the Receivables Agent or any of the Purchaser and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Related Documents as among the parties thereto. Each of the Companies and the SPE further acknowledges that the provisions of this Agreement shall not give any such party any substantive rights as against the other and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Related Documents as between the Companies and the SPE. Notwithstanding the foregoing, each of the Receivables Agent and the Collateral Agent



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agrees, that, as between themselves and their respective constituents, to the extent the terms and provisions of the Loan Documents or the Related Documents are inconsistent with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall control.

2.16. Nature of the Lender Claim and Modification of Loan Documents. Each of the SPE and the Receivables Agent, on behalf of the Purchaser, acknowledges that the Lender Claim and other obligations and liabilities owing under the Loan Documents are or may be, in part, revolving in nature and that the amount of such revolving indebtedness which may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed. The terms of the Loan Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice to or consent by any of the SPE, the Purchaser or the Receivables Agent and without affecting the provisions of this Agreement. Without in any way limiting the foregoing, each of the SPE, the Purchaser and the Receivables Agent hereby agrees that the maximum amount of Lender Claim and other obligations and liabilities owing under the Loan Documents may be increased at any time and from time to time to any amount.

2.17. Nature of the Receivables Claim and Modification of Related Documents. The Companies and the Collateral Agent acknowledge that the Receivables Claim and other obligations and liabilities owing under the Related Documents are, in part, revolving in nature and that the amount of such revolving obligations which may be outstanding at any time or from time to time may be increased or reduced and subsequently reincurred. The terms of the Related Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice to or consent by the Companies or the Collateral Agent and without affecting the provisions of this Agreement. Without in any way limiting the foregoing, each of the Companies and the Collateral Agent hereby agrees that the maximum amount of Receivables Claim and other obligations and liabilities owing under the Related Documents may be increased at any time and from time to time to any amount. The parties hereto acknowledge that, under the Loan Documents, the Transferred Receivables having the aggregate Outstanding Balance in excess of \$90,000,000 are subject to a Lien in favor of the Collateral Agent, and, until the Lender Claim has been paid and satisfied in full in cash and the Loan Documents are terminated, the Receivables Agent agrees not to amend by entering into one or more other agreements the Purchase Agreement to provide for the Maximum Purchase Limit (as defined therein) to exceed \$65,000,000.

2.18. Further Assurances. Each of the parties agrees to take such actions as may be reasonably requested by any other party, whether before, during or after an Enforcement Period, in order to effect the rules of distribution and allocation set forth above in this Article 2 and to otherwise effectuate the agreements made in this Article.

2.19. Filing. To and until the date which is one year and one day after the later of the date the Receivables Claim shall have been paid in full and the Related Documents have been terminated, each of the Collateral Agent (on behalf of itself and the Lenders), Castle and the Companies agree that it shall not consent to or vote for the filing of any petition in bankruptcy for the SPE or the Independent Member.

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2.20. True Sale. The Collateral Agent, on behalf of the Lenders, agrees that it will not seek to challenge the characterization of the transfers of Receivables Assets pursuant to the Sale Agreement as being true sales or other outright conveyances thereof, and will not seek to substantively consolidate the SPE or the Independent Member with any of the Companies or any Companies' other Subsidiaries.

2.21. Pledge of SPE Membership Collateral. The Receivables Agent hereby agrees that, notwithstanding anything to the contrary contained in the Related Documents, the Companies may pledge to the Collateral Agent all of their right, title and interest in and to their membership interests in the SPE, together with all rights of the Companies to receive any payment of money or other distribution and other rights relating thereto; PROVIDED, HOWEVER, that the Receivables Agent is furnished for review not more than five (5) business days prior to the execution of any pledge agreement relating to such pledge, a copy of such pledge agreement setting forth provisions substantially similar to those attached hereto as Exhibit B; PROVIDED, FURTHER, that Collateral Agent shall not obtain, and Castle and the Independent Member hereby agree that they shall not create, incur, assume or suffer to exist, any pledge, lien, security interest, hypothecation, assignment, charge or encumbrance of any nature upon or with respect to (a) the Independent Member's membership interest or other equity interest in the SPE (the "INDEPENDENT MEMBER'S SPE INTEREST") and (b) Castle's equity interest in the Independent Member (the "CASTLE'S INDEPENDENT MEMBER INTEREST"), in each case now owned or hereafter acquired, and the Collateral Agent, Castle and the Independent Member agree that they shall not file under the Uniform Commercial Code of any jurisdiction a financing statement which names Castle or the Independent Member, as applicable, as a debtor, or execute any security agreement authorizing any secured party thereunder to file such financing statement with respect to the Independent Member's SPE Interest or Castle's Independent Member Interest.

ARTICLE 3. MISCELLANEOUS

3.1. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecommunications and communication by facsimile copy) and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by facsimile (with such facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 3.1), (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number set forth on Schedule 3.1 attached hereto or to such other address (or facsimile number) as may be substituted by notice given as herein provided.

3.2. Agreement Absolute. Each of the Receivables Agent and the Purchaser shall be deemed to have entered into the Related Documents in express reliance upon this Agreement and the Lenders and the Collateral Agent shall be deemed to have entered into the Loan Documents in express reliance upon this Agreement. This Agreement shall be and remain absolute and unconditional under any and all circumstances, and no acts or omissions on the part of any party to this Agreement shall affect or impair the agreement of any party to this Agreement, unless



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otherwise agreed to in writing by all of the parties hereto. This Agreement shall be applicable both before and after the filing of any petition by or against Castle or any of its Subsidiaries or the SPE under the Bankruptcy Code and all references herein to Castle or any of its Subsidiaries or the SPE shall be deemed to apply to a debtor-in-possession for such party and all allocations of payments between the Collateral Agent, the Lenders, the Purchaser and the Receivables Agent shall, subject to any court order to the contrary, continue to be made after the filing of such petition on the same basis that the payments were to be applied prior to the date of the petition.

3.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and its respective successors and assigns. The successors and assigns for Castle and its Subsidiaries, Companies and the SPE shall include a debtor-in-possession or trustee of or for such party. The successors and assigns for the Lenders, the Collateral Agent, the Purchaser, or the Receivables Agent, as the case may be, shall include any successor Lender or Purchaser under the Loan Documents or the Related Documents, as the case may be, and any Collateral Agent or the Receivables Agent appointed under the terms of the Collateral Agency and Intercreditor Agreement or the Purchase Agreement, as applicable. Each of the Collateral Agent and the Receivables Agent agrees not to transfer any interest it may have in the Loan Documents or the Related Documents, as applicable, unless such transferee has been notified of the existence of this Agreement and has agreed to be bound hereby. In the event that the financing provided under the Reimbursement Agreements or the BofA Letters of Credit shall be refinanced, replaced or refunded, Castle, the Companies, the SPE, the Purchaser, BofA and the Receivables Agent hereby agree, at the request of the Receivables Agent or lenders under the facility that so refinances, replaces or refunds the financing under the Reimbursement Agreements or the BofA Letters of Credit, to execute and deliver a new intercreditor agreement with such agent and/or lenders on substantially the same terms as herein provided. In the event that the financing provided under the Related Documents shall be refinanced, replaced or refunded, the Collateral Agent hereby agrees, at the request of the agent or purchasers under the facility or other agreements that so refinance, replace or refund the financing under the Related Documents, to execute and deliver a new intercreditor agreement with such agent and/or purchaser on substantially the same terms as herein provided. In the event that the financing provided under the Note Agreements shall be refinanced, replaced or refunded, Castle, the Companies, the SPE, the Purchaser, the Receivables Agent and the Noteholders hereby agree that, at the request of the noteholders under the facility or other agreements that so refinance, replace or refund the financing under the Note Agreements, to execute and deliver a new intercreditor agreement with such noteholders on substantially the same terms as herein provided. In the event that the financing provided under the Trade Acceptance Purchase Agreement shall be refinanced, replaced or refunded, Castle, the Companies, the SPE, the Purchaser, Northern Trust and the Receivables Agent hereby agree, at the request of the Receivables Agent or lenders under the facility or other agreements that so refinance, replace or refund the financing under the Trade Acceptance Purchase Agreement, to execute and deliver a new intercreditor agreement with such agent and/or lenders on substantially the same terms as herein provided. In the event that any financing provided under any Additional Future Debt Document (as defined in the Collateral Agency and Intercreditor Agreement) shall be refinanced, replaced or refunded, Castle, the Companies, the SPE, the Purchaser, Northern Trust, Noteholders, BofA and the Receivables Agent hereby agree, at the request of the Receivables Agent or lenders under the facility or other agreements that so refinance, replace or refund the financing under such Additional Future Debt Document, to execute and deliver a new



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intercreditor agreement with such agent and/or lenders on substantially the same terms as herein provided. The Collateral Agent represents that it is authorized to execute this Agreement at the direction of the Lenders and their respective successors and assigns, and the Receivables Agent represents that it is authorized to execute this Agreement on behalf of the Purchaser and its successors and assigns.

3.4. Beneficiaries. The terms and provisions of this Agreement shall be for the sole benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, or priority by reason of this Agreement.

3.5. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES) OF THE STATE OF NEW YORK.

3.6. Waiver of Jury Trial. Each of the parties hereto hereby waives its respective rights to a jury trial of any action or proceeding arising out of or relating to this Agreement. This waiver is irrevocable and may not be modified either orally or in writing (other than by a mutual written waiver specifically referencing this Section 3.6 executed by all of the parties hereto).

3.7. Section Titles. The article and section headings contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

3.8. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

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3.9. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

3.10. Additional Future Debt. Castle hereby agrees to cause each holder of Additional Future Debt (as defined in the Collateral Agency and Intercreditor Agreement) to become a party hereto by executing and delivering a Joinder Agreement. Each Company, the Receivables Agent, the SPE, the Independent Member, the Collateral Agent and each then-existing Lender agrees to execute and deliver to each other party hereto a Joinder Agreement. Each of the undersigned agrees that, effective from and after the date of the execution and delivery of each Joinder Agreement such holder of such Additional Future Debt shall be, and shall be deemed for all purposes to be, a party hereto with the same force and effect, and subject to the same agreements, representations, covenants, guarantees, indemnities, liabilities and obligations, as if such holder were, effective as of such date, an original signatory to this Agreement.

3.11. Collateral Agent. Any and all rights granted to the Collateral Agent under this Agreement are to be held and exercised by the Collateral Agent as security agent pursuant to the provisions of the Collateral Agency and Intercreditor Agreement. Any and all rights granted to the Collateral Agent under this Agreement are granted subject to its rights and obligations in favor of the Lenders set forth in the Collateral Agency and Intercreditor Agreement and subject to the indemnities of the Lenders in favor of the Collateral Agent contained therein. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any Person other than the Receivables Agent, Purchasers under the Purchase Agreement, the Companies, the Independent Member, the Lenders and the Collateral Agent any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenant, condition, or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Receivables Agent, Purchasers under the Purchase Agreement, the Companies, the Independent Member, the Lenders and the Collateral Agent. Notwithstanding anything herein to the contrary, the Collateral Agent shall exercise its rights and powers hereunder subject to the direction and indemnity of the Lenders as provided in the Collateral Agency and Intercreditor Agreement, and each of the Lenders, by execution and delivery of this Agreement, hereby directs the Collateral Agent to take all actions required of it hereunder and, if requested by the Collateral Agent, agrees to reaffirm such direction from time to time.

[SIGNATURE PAGES FOLLOW]



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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

GENERAL ELECTRIC CAPITAL CORPORATION,
AS RECEIVABLES AGENT

By /s/ John L. Dale

Name: John L. Dale
Title: Its Duly Authorized Signatory

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U.S. BANK NATIONAL ASSOCIATION, AS COLLATERAL
AGENT

By: /s/ Maryanne Y. Dufresne

Name: Maryanne Y. Dufresne
Title: Assistant Vice President

Address: 225 Asylum Street, 23rd Floor
Hartford, CT 06103
Attention: Maryanne Y. Dufresne
Facsimile: (860) 241-6897

[Signature Page to the Intercreditor Agreement]



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NATIONWIDE LIFE INSURANCE COMPANY

By: /s/ Joseph P. Young

Name: Joseph P. Young
Title: Credit Officer
Fixed Income Securities

[Signature Page to the Intercreditor Agreement]



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UNITED OF OMAHA LIFE INSURANCE COMPANY

By: /s/ Edwin H. Garrison, Jr.

Name: Edwin H. Garrison, Jr.
Title: First Vice President

MUTUAL OF OMAHA LIFE INSURANCE
COMPANY

By: /s/ Edwin H. Garrison, Jr.

Name: Edwin H. Garrison, Jr.
Title: First Vice President

[Signature Page to the Intercreditor Agreement]



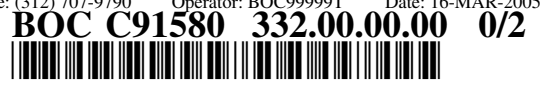
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THE NORTHWESTERN MUTUAL LIFE INSURANCE
COMPANY

By: /s/ David A. Barras

Name: David A. Barras
Title: Its Authorized Representative

[Signature Page to the Intercreditor Agreement]



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MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY

By: /s/ Mark A. Ahmed

Name: Mark A. Ahmed
Title: Managing Director

[Signature Page to the Intercreditor Agreement]



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ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Bill Schmidt

Name: Bill Schmidt
Title: Authorized Signatory

By: /s/ Jerry D. Zinkula

Name: Jerry D. Zinkula
Title: Authorized Signatory

[Signature Page to the Intercreditor Agreement]



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BANK OF AMERICA, N.A.

By: /s/ Michael G. Staunton

Name: Michael G. Staunton
Title: Senior Vice President

[Signature Page to the Intercreditor Agreement]



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THE NORTHERN TRUST COMPANY

By: /s/ Greta Satek

Name: Greta Satek
Title: Vice President

[Signature Page to the Intercreditor Agreement]



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A. M. CASTLE & CO.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

CASTLE SPFD, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

CASTLE IND MGR, INC.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

TOTAL PLASTICS, INC.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

OLIVER STEEL PLATE CO.

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

KEYSTONE TUBE COMPANY, LLC

By: /s/ Jerry M. Aufox

Name: Jerry M. Aufox
Title: Secretary

[Signature Page to the Intercreditor Agreement]

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EXHIBIT 10.4
EXECUTION COPY

RECEIVABLES SALE AND CONTRIBUTION AGREEMENT

DATED AS OF DECEMBER 26, 2002

BY AND AMONG

A.M. CASTLE & CO., TOTAL PLASTICS, INC., OLIVER STEEL PLATE CO. AND
KEYSTONE TUBE COMPANY, LLC
EACH AS AN ORIGINATOR,

AND

CASTLE SPFD, LLC,
AS BUYER

A. M. Castle & Co., Total Plastics, Inc.,
Oliver Steel Plate Co, and Keystone Tube Company, LLC
Receivables Sale and Contribution Agreement



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THIS RECEIVABLES SALE AND CONTRIBUTION AGREEMENT (as amended, supplemented or otherwise modified and in effect from time to time, this "Agreement") is entered into as of December 26, 2002, by and among A. M. CASTLE & CO., a Maryland corporation ("Parent"), TOTAL PLASTICS, INC., a Michigan corporation, OLIVER STEEL PLATE CO., a Delaware corporation, and KEYSTONE TUBE COMPANY, LLC, a Delaware limited liability company (together with Parent, each an "Originator", and collectively, the "Originators"), and CASTLE SPFD, LLC, a Delaware limited liability company (the "Buyer").

RECITALS

A. Each of the Originators now owns, and from time to time hereafter will own, Receivables and the Related Security.

B. Buyer has been formed for the sole purpose of purchasing, or otherwise acquiring by capital contribution, and reselling to the Administrative Agent for the benefit of the Purchaser, all Receivables and the Related Security originated by each Originator.

C. Each of the Originators intends to sell, and Buyer intends to purchase, such Receivables and the Related Security, from time to time, as described herein.

D. In addition, each of the Originators may, from time to time, contribute capital to Buyer in the form of Contributed Receivables or cash.

E. Parent owns, directly or indirectly, one hundred percent (100%) of the equity interests of each of the other Originators and, as such, will receive direct and indirect economic benefits from the sales of the Receivables and the Related Security described in Recital C.

F. Originators and the Independent Member own, directly or indirectly, one hundred percent (100%) of the Equity Interests of the Buyer and, as such, will receive direct and indirect economic benefits from the sales of the Receivables and the Related Security described in Recital C.

G. Pursuant to Article VIII hereto, Parent is willing to guarantee to Buyer the full and punctual payment and performance by each other Originator and each other Servicer that is a Subsidiary or an Affiliate of Parent (each of the foregoing, collectively, an "Affiliated Party") of its respective Guaranteed Obligations, as defined herein.

AGREEMENT

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

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ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Annex X.

Section 1.02. Rules of Construction. For purposes of this Agreement, the rules of construction set forth in Annex X shall govern. All Appendices hereto, or expressly identified to this Agreement, are incorporated herein by reference and, taken together with this Agreement, shall constitute but a single agreement.

ARTICLE II
SALE OF RECEIVABLES AND THE RELATED SECURITY

Section 2.01. Agreement to Sell.

(a) Sale of Receivables and the Related Security. Subject to the terms and conditions hereof, each of the Originators agrees to sell or contribute, without recourse except to the extent specifically provided herein, to Buyer on the Closing Date and on each Business Day thereafter including the Facility Termination Date (the Closing Date and each such Business Day, a "Transfer Date") all Receivables and the Related Security owned by it on each such Transfer Date, and Buyer agrees to purchase or acquire as a capital contribution all such Receivables and the Related Security on each such Transfer Date (each such sale or contribution a "Transfer"). All such Transfers by the Originators shall be evidenced by a single certificate of assignment substantially in the form of Exhibit 2.01(a) (the "Receivables Assignment"), and each of the Originators and Buyer shall execute and deliver the Receivables Assignment on or before the Closing Date.

(b) Determination of Sold Receivables. It is understood and agreed that each Transfer of a Receivable and the Related Security on a Transfer Date subsequent to the Closing Date shall occur immediately upon creation of such Receivable. On and as of each Transfer Date, all Receivables and the Related Security owned by each of the Originators and not previously acquired by Buyer shall be identified for sale to Buyer such that the Sale Price to be paid by Buyer therefor does not exceed the amount of cash available to Buyer for the payment thereof (each such Receivable identified for sale, individually, a "Sold Receivable" and, collectively, the "Sold Receivables"). The Sold Receivables will be identified by reference to the General Trial Balance of each of the Originators.

(c) Payment of Sale Price. In consideration for each Sale of Sold Receivables hereunder by an Originator, Buyer shall pay to the applicable Originator on the Transfer Date therefor the Sale Price therefor in Dollars in immediately available funds. All such payments by

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Buyer under this Section 2.01(c) shall be effected by means of a wire transfer on the day when due to such account or accounts as the applicable Originator may designate.

(d) Determination of Contributed Receivables. To the extent that, on and as of any Transfer Date, Receivables owned by each of the Originators do not constitute Sold Receivables pursuant to Section 2.01(b), then each of the Originators shall, unless it has delivered an Election Notice (as defined below) to Buyer, contribute such Receivables and the Related Security to Buyer as a capital contribution (each such contributed Receivable, individually, a "Contributed Receivable," and collectively, the "Contributed Receivables"). If any Originator elects not to contribute Receivables and the Related Security to Buyer on any Transfer Date, or if any Receivables and the Related Security eligible for sale and owned by such Originator are not sold on any Transfer Date, such Originator shall deliver to Buyer not later than 5:00 p.m. (New York City time) on such Transfer Date a notice of election thereof (each such notice, an "Election Notice").

(e) Ownership of Transferred Receivables. On and after each Transfer Date and after giving effect to the Transfer(s) to be made on each such date, Buyer shall own the Transferred Receivables and the Related Security and no Originator shall take any action inconsistent with such ownership, nor shall the Originators claim any ownership interest in such Transferred Receivables and the Related Security.

(f) Reconstruction of General Trial Balance. If at any time any Originator fails to generate its General Trial Balance, Buyer shall have the right to reconstruct such General Trial Balance so that a determination of the Sold Receivables and Contributed Receivables can be made pursuant to Section 2.01(b). Each of the Originators agrees to cooperate with such reconstruction, including by delivery to Buyer, upon Buyer's request, of copies of all applicable Contracts and Records.

(g) Servicing of Receivables. So long as no Event of Servicer Termination shall have occurred and be continuing and no Successor Servicer has assumed the responsibilities and obligations of the Servicers pursuant to Section 9.02 of the Purchase Agreement, the Servicers shall (i) conduct the servicing, administration and collection of the Transferred Receivables and shall take, or cause to be taken, all such actions as may be necessary or advisable to service, administer and collect the Transferred Receivables, all in accordance with (A) the terms of the Purchase Agreement, (B) customary and prudent servicing procedures for trade receivables of a similar type and (C) all applicable laws, rules and regulations, and (ii) hold all Contracts and other documents and incidents relating to the Transferred Receivables in trust for the benefit of Buyer, as the owner thereof, and for the sole purpose of facilitating the servicing of the Transferred Receivables in accordance with the terms of the Purchase Agreement.

Section 2.02. Grant of Security Interest. The parties hereto intend that each Transfer of Receivables and the Related Security pursuant to this Agreement shall constitute an absolute sale, transfer and assignment of all of the applicable Originator's rights, title and interest in and to the Transferred Receivables and the Related Security to Buyer, and not a loan from Buyer to

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the Originators secured by the Transferred Receivables and the Related Security. Notwithstanding the foregoing, in addition to and not in derogation of any rights now or hereafter acquired by Buyer under Section 2.01 hereof, the parties agree that if for any reason the Transfer of a Receivable and the Related Security is treated as a loan, the parties hereto intend that this Agreement shall constitute a security agreement under applicable law and that each of the Originators does hereby grant, to the Buyer a continuing security interest in all of such Originator's right, title and interest in, to and under the Originator Collateral whether now owned or hereafter acquired by such Originator to secure the obligations of such Originator to the Buyer hereunder (including, if and to the extent that any Transfer is recharacterized as a transfer for security, the repayment of a loan deemed to have been made by the Buyer in the amount of the Sale Price with respect thereto and which secures the Buyer's right to receive all Collections of the Transferred Receivables as otherwise contemplated under this Agreement), which security interest shall be prior to all Adverse Claims thereto.

ARTICLE III
CONDITIONS PRECEDENT

Section 3.01. Conditions to Initial Transfer. The initial Transfer hereunder shall be subject to satisfaction of each of the following conditions precedent (any one or more of which may be waived in writing by each of Buyer and the Administrative Agent, as Buyer's assignee):

(a) Sale Agreement; Other Documents. This Agreement or counterparts hereof shall have been duly executed by, and delivered to each of the Originators and Buyer, and Buyer shall have received such documents, instruments, agreements and legal opinions as Buyer shall request in connection with the transactions contemplated by this Agreement, and all those identified in the Schedule of Documents, each in form and substance satisfactory to Buyer.

(b) Governmental Approvals. Buyer shall have received (i) satisfactory evidence that each of the Originators has obtained all required consents and approvals of all Persons, including all requisite Governmental Authorities, to the execution, delivery and performance of this Agreement and the other Related Documents and the consummation of the transactions contemplated hereby and thereby or (ii) an Officer's Certificate from each of the Originators in form and substance satisfactory to Buyer affirming that no such consents or approvals are required.

(c) Compliance with Laws. Each of the Originators shall be in compliance with all applicable foreign, federal, state and local laws and regulations, including those specifically referenced in Section 4.02(g) except to the extent that the failure to so comply, individually or in the aggregate, could not be expected to have a Material Adverse Effect.

(d) Payment of Expenses. Each Originator shall have paid all expenses required to be paid by it on the Closing Date, and shall have reimbursed the Buyer for its share of all costs and

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expenses of closing the transactions contemplated hereunder including the Buyer's legal and audit expenses, and other document preparation.

(e) Purchase Agreement Conditions. Each of those conditions precedent set forth in Sections 3.01 and 3.02 of the Purchase Agreement shall have been satisfied or waived in writing as provided therein.

Section 3.02. Conditions to all Transfers. Each Transfer hereunder (including the initial Transfer) shall be subject to satisfaction of the following further conditions precedent as of the Transfer Date therefor:

(a) the representations and warranties of each of the Originators contained herein or in any other Related Document shall be true and correct as of such Transfer Date or in any other Related Document, both before and after giving effect to such Transfer and to the application of the Sale Price therefor, except to the extent that any such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted by this Agreement;

(b) no Incipient Termination Event or Termination Event shall have occurred and be continuing or would result after giving effect to such Transfer or the application of the Sale Price therefor;

(c) Each of the Originators and each other member of the Parent Group, shall be in compliance with each of its covenants and other agreements set forth herein, or in any other Related Document; and

(d) Each of the Originators shall have taken such other action, including delivery of approvals, consents, opinions, documents and instruments to Buyer as Buyer may request.

The acceptance by each of the Originators of the Sale Price for any of its Sold Receivables and the Related Security or the contribution by each Originator of any Contributed Receivables and the Related Security on any Transfer Date shall be deemed to constitute, as of any such Transfer Date, a representation and warranty by such Originator that the conditions in this Section 3.02 have been satisfied. Upon any such acceptance, title to the Transferred Receivables and Related Security sold or contributed on such Transfer Date shall be vested absolutely in Buyer, whether or not such conditions were in fact so satisfied.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.01. Representations and Warranties of each of the Originators. To induce Buyer to purchase the Sold Receivables and the Related Security and to acquire the Contributed Receivables and the Related Security, each of the Originators makes the following representations and warranties to Buyer as to itself, each and all of which shall survive the execution and delivery of this Agreement.

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(a) Existence; Compliance with Law. Such Originator (i) is either a corporation or limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization as set forth on Schedule 4.01(a) attached hereto; (ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified is not reasonably likely to result in a Material Adverse Effect; (iii) has the requisite corporate or limited liability company power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease, and to conduct its business, in each case, as now, heretofore and proposed to be conducted; (iv) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct, except where the failure to obtain such licenses, permits, consents or approvals is not reasonably likely to result in a Material Adverse Effect; (v) is in compliance with its Organic Documents; and (vi) subject to specific representations set forth herein regarding ERISA, Environmental Laws, tax laws and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Executive Offices; Collateral Locations; Legal or Other Names; Organizational ID Number. As of the Closing Date, the current location of such Originator's chief executive office, principal place of business, other offices, the warehouses and premises within which such Originator Collateral is stored or located, and the locations of all records of such Originator concerning the Originator Collateral are set forth in Schedule 4.01(b) and such Originator's state of organization, chief executive office location or principal place of business location has not changed within the past 12 months. During the prior five years, except as set forth in Schedule 4.01(b), such Originator has not been known as or used any corporate, fictitious or trade name. In addition, Schedule 4.01(b) lists the organizational identification number issued by such Originator's state of organization or states that no such number has been issued and lists the federal employer identification number of such Originator.

(c) Power, Authorization, Enforceable Obligations. The execution, delivery and performance by such Originator of this Agreement and the execution, delivery and performance by such Originator of any other Related Documents to which it is a party and the creation and perfection of all Transfers and Liens provided for herein and therein: (i) are within such Person's corporate or company power, as the case may be; (ii) have been duly authorized by all necessary or proper corporate or company action, as the case may be, and all necessary shareholder or member action, as applicable; (iii) do not contravene any provision of such Person's Organic Documents; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority, except where such violation could not reasonably be expected to have a Material Adverse Effect; (v) except as set forth in Schedule 4.01(c)(v), do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Person is a party or by which such Person or any of its property is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon

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any of the property of such Originator; and (vii) do not require the consent or approval of any Governmental Authority or any other Person, except those which will have been duly obtained, made or complied with prior to the Closing Date as provided Section 3.01(b). The exercise by Buyer of any of its rights and remedies under any Related Document to which it is a party, do not require the consent or approval of any Governmental Authority or any other Person (other than consents or approvals solely relating to or required to be obtained by the Buyer, and subject to the Bankruptcy Code), except those which will have been duly obtained, made or complied with prior to the Closing Date as provided in Section 3.01(b). On or prior to the Closing Date, each of the Related Documents shall have been duly executed and delivered by such Originator that is a party thereto and each such Related Document shall then constitute a legal, valid and binding obligation of such Person enforceable against it in accordance with its terms.

(d) No Litigation. No Litigation is now pending or, to the knowledge of such Originator, threatened against such Originator or any member of the Parent Group, that (i) challenges such Originator's or member of the Parent Group's right or power to enter into or perform any of its obligations under the Related Documents to which it is a party, or the validity or enforceability of any Related Document or any action taken thereunder, (ii) seeks to prevent the Transfer, Purchase, contribution or pledge of any Receivable and the Related Security or the consummation of any of the transactions contemplated under this Agreement or the other Related Documents or (iii) has a reasonable risk of being determined adversely to such Originator or any member of the Parent Group and that, if so determined, could reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 4.01(d), as of the Closing Date there is no Litigation pending or threatened that seeks damages in excess of \$250,000 or injunctive relief against, or alleges criminal misconduct by, such Originator or any member of the Parent Group.

(e) Solvency. Both before and after giving effect to (i) the transactions contemplated by this Agreement and the other Related Documents and (ii) the payment and accrual of all transaction costs in connection with the foregoing, such Originator is and will be Solvent and no insolvency proceedings of any nature are now pending or threatened against it.

(f) Financial Statements and Projections. The Financial Statements and Projections referred to in Annex 4.03(a) hereto have been delivered on the date hereof. All Financial Statements concerning such Originator that are referred to in Annex 4.03(a) have been prepared in accordance with GAAP with procedures consistently applied throughout the periods covered (except as disclosed therein and except, with respect to unaudited Financial Statements, for the absence of footnotes and normal year-end audit adjustments) and present fairly in all material respects the financial position of the Persons covered thereby as at the dates thereof and the results of their operations and cash flows for the periods then ended. The Projections have been prepared by such Originator in light of the past operations of its business. The Projections are based upon the same accounting principles as those used in the preparation of the Financial Statements described above and the estimates and assumptions stated therein, all of which such Originator believes to be reasonable and fair in light of current conditions and current facts known to such Originator and, as of the Closing Date, reflect such Originator's good faith and

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reasonable estimates of the future financial performance of such Originator for the period set forth therein.

(g) Material Adverse Effect. Between December 31, 2001 and the Closing Date, (i) no member of the Parent Group has incurred any obligations, contingent or non-contingent liabilities, liabilities for charges, long-term leases or unusual forward or long-term commitments that, alone or in the aggregate, could reasonably be expected to have a Material Adverse Effect, (ii) no contract, lease or other agreement or instrument has been entered into by any member of the Parent Group or has become binding upon any member of the Parent Group's assets and no law or regulation applicable to any member of the Parent Group has been adopted that has had or could reasonably be expected to have a Material Adverse Effect; and (iii) except as set forth on Schedule 4.01(g)(iii), no member of the Parent Group is in default and no third party is in default under any material contract, lease or other agreement or instrument to which any member of the Parent Group is a party that alone or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(h) Ownership of Receivables and the Related Security; Liens. Except for any Liens of the Collateral Administrative Agent on the Receivables and the Related Security which Lien will be automatically released upon Transfer thereof pursuant to the Intercreditor Agreement: (i) such Originator owns each Receivable and the Related Security originated by it free and clear of any Adverse Claim (other than Permitted Originator Encumbrances) and, from and after each Transfer Date, Buyer will acquire valid and properly perfected title to and the sole record and beneficial ownership interest in each Transferred Receivable and the Related Security purchased or otherwise acquired from such Originator on such date, free and clear of any Adverse Claim or restrictions on transferability; (ii) as of the Closing Date, none of the other assets and properties of such Originator are subject to any Adverse Claims other than Permitted Originator Encumbrances, and there are no facts, circumstances or conditions known to such Originator that may result in any Adverse Claims other than Permitted Originator Encumbrances; (iii) such Originator has received all assignments, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect such Originator's right, title and interest in and to the Receivables originated by it and its other properties and assets; (iv) such Originator has rights in and the power to Transfer each Receivable originated by it and included in the Originator Collateral, together with all related Related Security, and upon which it purports to grant a Lien hereunder free and clear of any and all Liens other than Permitted Originator Encumbrances and (v) the Liens granted by such Originator to Buyer pursuant to Sections 2.02 and 7.01 will at all times be fully perfected first priority Liens in and to the Originator Collateral, subject only to Permitted Originator Encumbrances.

(i) Labor Matters. As of the Closing Date (a) no strikes or other material labor disputes against such Originator are pending or, to such Person's knowledge, threatened; (b) hours worked by and payment made to employees of such Originator comply with the Fair Labor Standards Act and each other federal, state, local or foreign law applicable to such matters; (c) all payments due from such Originator for employee health and welfare insurance have been paid or

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accrued as a liability on the books of such Person; (d) [intentionally omitted]; (e) there is no organizing activity involving such Originator pending or, to such Person's knowledge, threatened by any labor union or group of employees; and (f) there are no representation proceedings pending or, to such Originator's knowledge, threatened with the National Labor Relations Board, and no labor organization or group of employees of such Originator has made a pending demand for recognition; and (g) except as set forth in Schedule 4.01(i), there are no material complaints or charges against such Originator pending or, to the knowledge of such Person, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any individual by such Originator that seek damages in excess of \$250,000 in the aggregate or \$100,000 individually.

(j) Ventures, Subsidiaries and Affiliates; Outstanding Equity Interests. Except as set forth in Schedule 4.01(j), such Originator has no Subsidiaries, is not engaged in any joint venture or partnership with any other Person, and is not an Affiliate of any other Person. All of the issued and outstanding Equity Interests of such Originator other than Parent is owned (directly or indirectly) by Parent. Except as described on Schedule 4.01(j), there are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which such Originator may be required to issue, sell, repurchase or redeem any of its Equity Interest or other equity securities or any Equity Interest or other equity securities of its Subsidiaries. All outstanding Equity Interests of such Originator as of the Closing Date are described in Schedule 4.01(j).

(k) Taxes. All tax returns, reports and statements, including information returns, required by any Governmental Authority to be filed by such Originator and each of its Subsidiaries have been filed with the appropriate Governmental Authority and all charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof (or any such fine, penalty, interest, late charge or loss has been paid), excluding charges or other amounts being contested in accordance with Section 4.02(m)(ii). Proper and accurate amounts have been withheld by such Originator from its respective employees for all periods in full and complete compliance with all applicable federal, state, local and foreign laws and such withholdings have been timely paid to the respective Governmental Authorities. Schedule 4.01(k) sets forth as of the Closing Date (i) those taxable years for which such Originator's tax returns are currently being audited by the IRS or any other applicable Governmental Authority and (ii) any assessments or threatened assessments in connection with such audit or otherwise currently outstanding. As of the Closing Date, except as described on Schedule 4.01(k), such Originator has not executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any charges. As of the Closing Date, no such Originator or to its knowledge any of its Affiliates has agreed or been requested to make any adjustment under Code Section 481(a), by reason of a change in accounting method or otherwise, that would have a Material Adverse Effect.

(l) Intellectual Property. As of the Closing Date, such Originator owns or has rights to use all intellectual property necessary to continue to conduct its business as now or heretofore

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conducted by it or proposed to be conducted by it. To the knowledge of such Originator after diligent inquiry, such Originator conducts its business and affairs without infringement of or interference with any intellectual property of any other Person. Except as set forth in Schedule 4.01(1), such Originator is not aware of any infringement or claim of infringement by others of any intellectual property of such Originator.

(m) Full Disclosure. All information contained in this Agreement, any of the other Related Documents, or any written statement furnished by or on behalf of such Originator to Buyer, the Purchaser or the Administrative Agent pursuant to the terms of this Agreement or any of the other Related Documents is true and accurate in every material respect, and none of this Agreement, any of the other Related Documents, or any written statement furnished by or on behalf of such Originator to Buyer, the Purchaser or the Administrative Agent pursuant to the terms of this Agreement or any of the other Related Documents is misleading as a result of the failure to include therein a material fact. The Projections are not a guaranty of future performance, and actual results may materially differ from the Projections.

(n) Notices to Obligors. Such Originator has directed all Obligors of Transferred Receivables and the Related Security originated by it to remit all payments with respect to such Receivables for deposit in a Lockbox or Lockbox Account.

(o) ERISA.

(i) Schedule 4.01(o) lists all Plans of such Originator and separately identifies all Pension Plans, including all Title IV Plans, Multiemployer Plans, ESOPs and Welfare Plans, including all Retiree Welfare Plans. Each Qualified Plan has been determined by the IRS to qualify under Section 401 of the IRC, the trusts created thereunder have been determined to be exempt from tax under the provisions of Section 501 of the IRC, and nothing has occurred that would cause the loss of such qualification or tax-exempt status. Except as otherwise provided in Schedule 4.01(o), (x) each Plan is in compliance with the applicable provisions of ERISA and the IRC, including the timely filing of all reports required under the IRC or ERISA, (y) neither such Originator nor any ERISA Affiliate has failed to make any contribution or pay any amount due as required by either Section 412 of the IRC or Section 302 of ERISA or the terms of any such Plan and (z) neither such Originator nor any ERISA Affiliate has engaged in a "prohibited transaction," as defined in Section 4975 of the IRC, in connection with any Plan that would subject such Originator to a material tax on prohibited transactions imposed by Section 4975 of the IRC.

(ii) Except as set forth in Schedule 4.01(o): (A) no Title IV Plan has any Unfunded Liability; (B) no ERISA Event or event described in Section 4062(e) of ERISA with respect to any Title IV Plan has occurred or is reasonably expected to occur; (C) there are no pending or, to the knowledge of such Originator, threatened claims (other than claims for benefits in the normal course), sanctions, actions or lawsuits, asserted or instituted against any Plan or any Person as fiduciary or sponsor of any Plan; (D) neither

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such Originator nor any ERISA Affiliate has incurred or reasonably expects to incur any liability as a result of a complete or partial withdrawal from a Multiemployer Plan; (E) within the last five years no Title IV Plan with Unfunded Liabilities has been transferred outside of the "controlled group" (within the meaning of Section 4001(a)(14) of ERISA) of such Originator or any ERISA Affiliate; (F) Equity Interests of such Originator and its ERISA Affiliates make up, in the aggregate, no more than 10% of the assets of any Plan, measured on the basis of fair market value as of the last valuation date of any Plan.

(p) Brokers. No broker or finder acting on behalf of such Originator other than William Blair & Company, LLC was employed or utilized in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby and such Originator has no obligation to any Person other than William Blair & Company, LLC in respect of any finder's or brokerage fees in connection therewith.

(q) Margin Regulations. Such Originator is not engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin security" as such terms are defined in Regulation U of the Federal Reserve Board as now and from time to time hereafter in effect (such securities being referred to herein as "Margin Stock"). Such Originator does not own any Margin Stock, and no portion of the Sale Price for any Sale hereunder will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Indebtedness that was originally incurred to purchase or carry any Margin Stock or for any other purpose that might cause any portion of such proceeds to be considered a "purpose credit" within the meaning of Regulations T, U or X of the Federal Reserve Board. Such Originator will not take or permit to be taken any action that might cause any Related Document to violate any regulation of the Federal Reserve Board.

(r) Nonapplicability of Bulk Sales Laws. No transaction contemplated by this Agreement or any of the other Related Documents requires compliance with any bulk sales act or similar law.

(s) Government Regulation. Such Originator is not an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act. Such Originator is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, or any other federal or state statute that restricts or limits its ability to incur Indebtedness or to perform its obligations hereunder or under the other Related Documents. The purchase or acquisition of Transferred Receivables and the Related Security by Buyer hereunder, the application of the Sale Price for the foregoing and the consummation of the transactions contemplated by this Agreement and the other Related Documents will not violate any provision of any such statute or any rule, regulation or order issued by the Securities and Exchange Commission.

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(t) Books and Records; Minutes. Such Originator maintains (i) books and records of account and (ii) minutes of the meetings and other proceedings of its Equity Holders and board of directors or partners, as applicable, that are separate from the analogous records and minutes of Buyer.

(u) Deposit and Disbursement Accounts. Schedule 4.01(u) lists all banks and other financial institutions at which such Originator maintains any deposit accounts established for the receipt of collections on accounts receivable as of the Closing Date, including any Lockbox Accounts, and such schedule correctly identifies the name, address and telephone number of each depository, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor, in each case as of the Closing Date.

(v) Representations and Warranties in Other Related Documents. Each of the representations and warranties of such Originator contained in the Related Documents (other than this Agreement) is true and correct in all material respects and such Originator hereby makes each such representation and warranty to, and for the benefit of, the Purchaser and the Administrative Agent as if the same were set forth in full herein, and such Originator consents to the assignment of Buyer's rights to the Administrative Agent for the benefit of the Purchaser and its successors and assigns as contemplated in Section 4.02(f).

(w) Receivables. With respect to each Transferred Receivable originated by such Originator designated as an Eligible Receivable in any Investment Base Certificate:

(i) such Receivable satisfies the criteria for an Eligible Receivable prior to its Transfer to Buyer;

(ii) upon its Transfer to Buyer, such Receivable and the Related Security was owned by the applicable Originator free and clear of any Adverse Claim (other than Permitted Originator Encumbrances), and such Originator had the full right, power and authority to sell, contribute, assign, transfer and pledge its interest therein as contemplated under this Agreement and the other Related Documents and, upon such Transfer, Buyer will acquire valid and properly perfected title to and the sole record and beneficial ownership interest in such Receivable and the Related Security, free and clear of any Adverse Claim and, following such Transfer, such Receivable and the Related Security will not be subject to any Adverse Claim as a result of any action or inaction on the part of such Originator;

(iii) the Transfer of each such Receivable and the Related Security pursuant to this Agreement and the Receivables Assignment constitutes, as applicable, a valid sale, contribution, transfer, assignment, setover and conveyance to Buyer of all right, title and interest of such Originator in and to such Receivable and the Related Security; and

(iv) such Originator has no knowledge of any fact (including any defaults by the Obligor thereunder on any other Receivable or the Related Security) that would cause

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it or should have caused it to expect that any payments on such Receivable or the Related Security will not be paid in full when due or to expect any other Material Adverse Effect.

The representations and warranties described in this Section 4.01 shall survive the Transfer of the Transferred Receivables and the Related Security to Buyer, any subsequent assignment of the Transferred Receivables and the Related Security by Buyer, and the termination of this Agreement and the other Related Documents and shall continue until the indefeasible payment in full of all Transferred Receivables and the Related Security.

Section 4.02. Affirmative Covenants of each Originator. Each Originator covenants and agrees as to itself that, unless otherwise consented to by Buyer and the Administrative Agent, from and after the Closing Date and until the Termination Date:

(a) Offices and Records. Such Originator shall maintain its principal place of business and chief executive office and the office at which it keeps its Records at the respective locations specified in Schedule 4.01(b) or, upon 30 days' prior written notice to Buyer and the Administrative Agent, at such other location in a jurisdiction where all action requested by Buyer, the Purchaser or the Administrative Agent pursuant to Section 9.13 shall have been taken with respect to the Transferred Receivables and the Related Security. Such Originator shall at its own cost and expense, for not less than three years from the date on which each Transferred Receivable and the Related Security was originated, or for such longer period as may be required by law, maintain adequate Records with respect to such Transferred Receivable and the Related Security, including records of all payments received, credits granted and merchandise returned with respect thereto. Such Originator will, (A) at all times from and after the date hereof, clearly and conspicuously mark its computer and master data processing books and records with a legend describing the Buyer's interest in the Receivables and the Related Security, and (B) segregate (from all other receivables then owned by such Originator) all Contracts relating to each Receivable and the Related Security.

(b) Access. Such Originator shall, during normal business hours, from time to time upon one Business Day's prior notice and as frequently as Buyer, the Servicers or the Administrative Agent determines to be appropriate: (i) provide Buyer, the Servicers or the Administrative Agent and any of their respective officers, employees and agents access to its properties (including properties utilized in connection with the collection, processing or servicing of the Transferred Receivables and the Related Security), facilities, advisors and employees (including officers) and to the Originator Collateral, (ii) permit Buyer, the Servicers or the Administrative Agent and any of their respective officers, employees and agents, to inspect, audit and make extracts from its books and records, including all Records, reasonably related to the general purposes of such inspection and audit, (iii) permit Buyer, the Servicers or the Administrative Agent and their respective officers, employees and agents, to inspect, review and evaluate the Transferred Receivables and the Related Security and other Originator Collateral, as applicable, and (iv) permit Buyer, the Servicers or the Administrative Agent and their respective officers, employees and agents to discuss matters relating to the Transferred Receivables and the Related Security or such Originator's performance under this Agreement or the affairs, finances

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and accounts of the Originators with any of their officers, directors, employees, representatives or agents (in each case, with those Persons having knowledge of such matters) and with their independent certified public accountants. If an Incipient Termination Event or a Termination Event shall have occurred and be continuing, or the Administrative Agent, in good faith in its reasonable judgment, believes that an Incipient Termination Event or a Termination Event is imminent or deems the Administrative Agent's rights or interests (on behalf of the Purchaser) in the Transferred Receivables and the Related Security or the Originator Collateral insecure, such Originator shall provide such access at reasonably extended business hours and without advance notice and shall provide Buyer, the Servicers or the Administrative Agent with access to its suppliers and customers. Such Originator shall make available to Buyer, the Servicers or the Administrative Agent and their respective counsel, as quickly as is possible under the circumstances, originals or copies of all books and records, including Records, that Buyer, the Servicers or the Administrative Agent may request. Such Originator shall deliver any document or instrument necessary for Buyer, the Servicers or the Administrative Agent, as they may from time to time request, to obtain records from any service bureau or other Person that maintains records for the Originators, and shall maintain duplicate records or supporting documentation on media, including computer tapes and discs owned by such Originator.

(c) Supplemental Disclosure. From time to time as may be reasonably requested by Administrative Agent (which request will not be made more frequently than once each year absent the occurrence and continuance of a Termination Event), each Originator shall supplement each Schedule hereto, or any representation herein or in any other Related Documents, with respect to any matter hereafter arising that, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such Schedule or as an exception to such representation or that is necessary to correct any information in such Schedule or representation which has been rendered inaccurate thereby (and, in the case of any supplements to any Schedule, such Schedule shall be appropriately marked to show the changes made therein); provided that (a) no such supplement to any such Schedule or representation shall amend, supplement or otherwise modify any Schedule or representation, or be or be deemed a waiver of any Termination Event resulting from the matters disclosed therein, except as consented to by Administrative Agent in writing, and (b) no supplement shall be required or permitted as to representations and warranties that relate solely to the Closing Date.

(d) Communication with Accountants. Such Originator authorizes Buyer, the Servicers and the Administrative Agent to communicate directly with its independent certified public accountants, and authorizes and shall instruct those accountants and advisors to disclose and make available to Buyer, the Servicers and the Administrative Agent any and all financial statements and other completed supporting financial documents, schedules and information relating to such Originator (including copies of any issued management letters) with respect to the business, results of operations and financial condition of such Originator. Such Originator agrees to render to Buyer, the Servicers and the Administrative Agent at such Originator's own cost and expense, such clerical and other assistance as may be reasonably requested with regard to the foregoing. If any Termination Event shall have occurred and be continuing, such Originator shall, promptly upon request therefor, assist Buyer in delivering to the Administrative

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Agent Records reflecting activity through the close of business on the Business Day immediately preceding the date of such request.

(e) Compliance With Credit and Collection Policies. Such Originator shall comply in all material respects with the Credit and Collection Policies applicable to each Transferred Receivable and the Related Security therefor, and with the terms of such Transferred Receivables and the Related Security.

(f) Assignment. Each Originator agrees that, to the extent permitted under the Purchase Agreement, Buyer may assign all of its right, title and interest in, to and under the Transferred Receivables and the Related Security and this Agreement, including its right to exercise the remedies set forth in Section 4.05. Each Originator agrees that, upon any such assignment, the assignee thereof may enforce directly, without joinder of Buyer, all of the obligations of such Originator hereunder, including any obligations of such Originator set forth in Sections 4.02(p), 4.05, 5.01 and 9.14.

(g) Compliance with Agreements and Applicable Laws. Each Originator shall perform each of its obligations under this Agreement and the other Related Documents and comply with all federal, state and local laws and regulations applicable to it and the Receivables and the Related Security, including those relating to truth in lending, retail installment sales, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices, privacy, licensing, taxation, ERISA and labor matters and Environmental Laws and Environmental Permits, except to the extent that the failure to so comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(h) Maintenance of Existence and Conduct of Business. Each Originator shall (i) do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and its rights and franchises; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder and in accordance with the terms of its Organic Documents; (iii) at all times maintain, preserve and protect all of its assets and properties used or useful in the conduct of its business, including all licenses, permits, charters and registrations, and keep the same in good repair, working order and condition in all material respects (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices; and (iv) transact business only in such corporate and trade names as are set forth in Schedule 4.02(h) or, upon 30 days' prior written notice to Buyer and the Administrative Agent, in such other corporate or trade names with respect to which all action requested by Buyer, the Purchaser or the Administrative Agent pursuant to Section 9.13 shall have been taken with respect to the Transferred Receivables and the Related Security. No Originator shall change the type of entity it is, its jurisdiction of incorporation or organization, or its organization number, if any, issued by its state of incorporation or organization, except upon 30 days' prior written notice to Buyer and the Administrative Agent, and with respect to which jurisdiction all action requested by Buyer, the Purchaser or the Administrative Agent pursuant to Section 9.13 shall have been taken with respect to the Transferred Receivables and the Related Security.

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(i) Notice of Material Event. Each Originator shall promptly inform Buyer in writing of the occurrence of any of the following, in each case setting forth the details thereof and what action, if any, such Originator proposes to take with respect thereto:

(i) any Litigation commenced or threatened against such Originator or with respect to or in connection with all or any portion of the Transferred Receivables and the Related Security originated by such Originator that (A) seeks damages or penalties in an uninsured amount in excess of \$250,000 in any one instance or \$1,000,000 in the aggregate, (B) seeks injunctive relief, (C) is asserted or instituted against any Plan, its fiduciaries or its assets or against such Originator or any ERISA Affiliate in connection with any Plan, (D) alleges criminal misconduct by such Originator, (E) alleges the violation of any law regarding, or seeks remedies in connection with, any Environmental Liability, (F) would, if determined adversely, have a Material Adverse Effect;

(ii) the commencement of a case or proceeding by or against such Originator seeking a decree or order in respect of Person (A) under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, (B) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for such Originator, or for any substantial part of such Person's assets, or (C) ordering the winding-up or liquidation of the affairs of such Originator;

(iii) (A) any Adverse Claim made or asserted against any of the Transferred Receivables originated by such Originator and the Related Security of which it becomes aware or (B) any determination that a Transferred Receivable originated by such Originator designated as an Eligible Receivable in an Investment Base Certificate or otherwise was not an Eligible Receivable at the time of such designation;

(iv) the receipt of notice that (A) such Originator or any Subsidiary thereof is being placed under regulatory supervision as a result of any violation of any law or regulation, (B) any license, permit, charter, registration or approval necessary for the conduct of such Originator or any Subsidiary thereof business is to be, or may be, suspended or revoked, (C) such Originator or any Subsidiary thereof has received any notice relating to ERISA, Environmental Laws or Environmental Permits or (D) such Originator or any Subsidiary thereof is to cease and desist any practice, procedure or policy employed by such Person in the conduct of its business if such cessation may have a Material Adverse Effect;

(v) (A) each infringement or claim of infringement by any other Person of any intellectual property of such Originator or any Subsidiary thereof necessary for the servicing and collection of the Receivables and the Related Security and (B) each item of intellectual property necessary for the servicing and collection of the Receivables and the Related Security by such Originator or any Subsidiary thereof which it does not own or have rights to use;

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(vi) the execution or filing with the IRS or any other Governmental Authority of any agreement or other document extending, or having the effect of extending, the period for assessment or collection of taxes, assessments or other charges which if not paid would reasonably be expected to cause a Material Adverse Effect;

(vii) (A) the occurrence of any "Event of Default" under (and as defined in the) Permitted Outstanding Debt Documents, (B) the termination of the Permitted Outstanding Debt Documents or any event that has caused the Permitted Outstanding Debt Documents to cease to be in full force and effect (other than as a result of the repayment of the Permitted Outstanding Debt to the extent such repayment is permitted under Section 4.04(n)), (C) the occurrence of any "Termination Event" under (and as defined in the) Purchase Agreement, (D) the termination of the Purchase Agreement or any event that has caused the Purchase Agreement to cease to be in full force and effect; or

(viii) any other event, circumstance or condition that has had or could reasonably be expected to have a Material Adverse Effect;

(j) Use of Proceeds. Each Originator shall utilize the proceeds of the Sale Price obtained by it for each Sale made by it hereunder solely for general corporate purposes and to pay any related expenses payable by such Originator under this Agreement and the other Related Documents in connection with the transactions contemplated hereby and thereby and for no other purpose.

(k) Separate Identity.

(i) Each Originator shall, and shall cause each of its Affiliates included in the Parent Group to, maintain corporate records and books of account separate from those of Buyer.

(ii) The financial statements of each Originator shall disclose the effects of such Originator's transactions in accordance with GAAP and, in addition, disclose that (A) Buyer's sole business consists of the purchase or acceptance through capital contribution of the Receivables and the Related Security from the Originators and the subsequent resale of such Receivables and the Related Security to the Administrative Agent for the benefit of the Purchaser, (B) Buyer is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of Buyer's assets prior to any value in Buyer becoming available to Buyer's Equity Holders and (C) the assets of Buyer are not available to pay creditors of the Originators or any of their Affiliates.

(iii) The resolutions, agreements and other instruments underlying the transactions described in this Agreement shall be continuously maintained by such Originator as official records.

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(iv) Parent shall, and shall cause each member of the Parent Group to, maintain an arm's length relationship with Buyer and shall not hold itself out as being liable for the Indebtedness of Buyer.

(v) Each Originator shall, and shall cause each member of the Parent Group to, keep its assets and its liabilities wholly separate from those of Buyer.

(vi) Each Originator shall, and shall cause each member of the Parent Group to, conduct its business solely in its own name through its duly Authorized Officers or agents and in a manner designed not to mislead third parties as to the separate identity of the Buyer.

(vii) The Originators shall not, and shall not permit any member of the Parent Group to, mislead third parties by conducting or appearing to conduct business on behalf of Buyer or expressly or impliedly representing or suggesting that such Originator or Affiliate thereof is liable or responsible for the Indebtedness of Buyer or that the assets of such Originator or any Affiliate are available to pay the creditors of Buyer.

(viii) Each Originator shall cause operating expenses and liabilities of Buyer to be paid from Buyer's own funds.

(ix) Each Originator shall at all times have stationery and other business forms and a mailing address and telephone number separate from those of Buyer.

(x) Each Originator shall, and shall cause each member of the Parent Group to, at all times limit its transactions with Buyer only to those expressly permitted hereunder or under any other Related Document.

(xi) Each Originator shall, and shall cause each member of the Parent Group to, comply with (and cause to be true and correct) each of the facts and assumptions contained in the opinion of Sidley Austin Brown & Wood delivered pursuant to the Schedule of Documents.

(l) ERISA. Each Originator shall give Buyer and the Administrative Agent prompt written notice of any event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA.

(m) Payment, Performance and Discharge of Obligations.

(i) Subject to Section 4.02(m)(ii), each Originator shall, and shall cause each member of the Parent Group to, pay, perform and discharge or cause to be paid, performed and discharged all of its obligations and liabilities, including all taxes, assessments and governmental charges upon its income and properties and all lawful claims for labor, materials, supplies and services, promptly when due.

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(ii) Any Originator and its Affiliates may in good faith contest, by appropriate proceedings, the validity or amount of any charges or claims described in Section 4.02(m)(i); provided that (A) adequate reserves with respect to such contest are maintained on the books of such Person, in accordance with GAAP, (B) such contest is maintained and prosecuted continuously and with diligence, (C) none of the Originator Collateral may become subject to forfeiture or loss as a result of such contest, (D) no Lien may be imposed to secure payment of such charges or claims other than inchoate tax liens and (E) Buyer has affirmatively advised such Originator in writing that Buyer reasonably believes that nonpayment or nondischarge thereof could not reasonably be expected to have or result in a Material Adverse Effect.

(n) Deposit of Collections. Each Originator shall request in writing and otherwise take such reasonable steps to ensure that all Obligors, with respect to Receivables originated by such Originator, forward payment directly to a Lockbox Account and shall deposit or cause to be deposited promptly into a Lockbox Account, and in any event no later than the first Business Day after receipt thereof, all Collections it may receive in respect of Transferred Receivables.

(o) [RESERVED]

(p) Adjustments to Sale Price. If on any day the Billed Amount of any Transferred Receivable originated by an Originator is reduced as a result of any Dilution Factor relating to such Transferred Receivable, such Originator shall make a cash payment to Buyer in the amount of such reduction by remitting such amount to the Collection Account in accordance with the terms of the Purchase Agreement.

(q) Books and Records. Each Originator shall cause its books and Records to be marked and to clearly distinguish Excluded Receivables from Transferred Receivables.

(r) Reports and Records regarding Transferred Receivables and Reconveyed Receivables. Each Originator hereby agrees that, from and after the Closing Date until the Termination Date, it shall prepare and deliver all reports, statements and records required to be delivered by it hereunder or under any other Related Document so as to clearly distinguish (i) Excluded Receivables from Transferred Receivables and (ii) Transferred Receivables and the Related Security that are subsequently reconveyed to the Originator pursuant to Section 4.05 hereof from Transferred Receivables and the Related Security that are not so reconveyed.

(s) Collections and Proceeds of Transferred Receivables. Each Originator shall instruct all Obligors of Transferred Receivables and the Related Security that are reconveyed to it pursuant to Section 4.05 hereof to remit payments of such Receivables to deposit accounts other than the Lockboxes and the Lockbox Accounts.

(t) Securities and Exchange Commission Reporting. Each of the Originators hereby agrees to make public disclosures regarding the Transfers hereunder in connection with applicable Securities and Exchange Commission reporting requirements.

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(u) Computer Hardware and Software. Each of the Originators hereby grants to the Buyer and the Administrative Agent an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to such Originator) to use such Originator's computer hardware and software for the purpose of obtaining information about and servicing the Transferred Receivables.

Section 4.03. Reporting Requirements of the Parent. The Parent hereby agrees that, from and after the Closing Date and until the Termination Date, it shall deliver or cause to be delivered to the Buyer and to Buyer's assignee, the Administrative Agent, for distribution to the Purchaser, the financial statements, notices and other information at the times, to the Persons and in the manner set forth in Annex 4.03 (b).

Section 4.04. Negative Covenants of each of the Originators. Each Originator covenants and agrees as to itself that, without the prior written consent of Buyer and the Administrative Agent, from and after the Closing Date and until the Termination Date:

(a) Sale of Equity Interests and Assets. Such Originator shall not, nor shall it permit any of its Subsidiaries to, sell, transfer, convey, assign (by operation of law or otherwise) or otherwise dispose of, or assign any right to receive income in respect of any Transferred Receivable originated by it or the Related Security therefor, or any of its rights with respect to any Lockbox or Lockbox Account, other than to the Buyer.

(b) Liens. Such Originator shall not, nor shall it permit any of its Subsidiaries to, create, incur, assume or permit to exist any Adverse Claim on or with respect to its Receivables or any of its other Originator Collateral (whether now owned or hereafter acquired) except for Permitted Originator Encumbrances; it being understood and agreed, for the avoidance of doubt, that any grant of Liens securing the Permitted Outstanding Debt that does not comply with clause (m) of the definition of the term "Permitted Originator Encumbrances" shall be null and void ab initio.

(c) Modifications of Receivables or the Related Security. Such Originator shall not, nor shall it permit any of its Subsidiaries to, extend, amend, forgive, discharge, compromise, cancel or otherwise modify the terms of any Transferred Receivable, or amend, modify or waive any term or condition of the Related Security therefore.

(d) Sale Characterization. Such Originator shall not, nor shall it permit any of its Subsidiaries to, make statements or disclosures or prepare any financial statements for any purpose, including for federal income tax, reporting or accounting purposes, that shall account for the transactions contemplated by this Agreement in any manner other than (i) with respect to the Sale of each Sold Receivable and the Related Security originated by it, as a true sale or absolute assignment of its full right, title and ownership interest in such Receivable and the Related Security and (ii) with respect to the Transfer of each of its Contributed Receivables and the Related Security under this Agreement, as a contribution to the capital of Buyer.

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(e) Capital Structure and Business. Such Originator shall not, nor shall it permit any of its Subsidiaries to, (i) make any changes in any of its business objectives, purposes or operations that could reasonably be expected to have or result in a Material Adverse Effect or (ii) make any change in its capital structure as described on Schedule 4.04(e), including the issuance of any Equity Interest, warrants or other securities convertible into Equity Interests or any revision of the terms of its outstanding Equity Interests, except as permitted under sub-sections (n) and (o) hereto, or (iii) amend, supplement or otherwise modify its Organic Documents, in a manner that could have or result in a Material Adverse Effect. Notwithstanding clause (ii) of this Section 4.04(e), the Parent may issue common Equity Interests or preferred Equity Interests as long as (A) such preferred Equity Interest does not (by its terms or by the terms of any security which is convertible into it or exchangeable for it or upon happening of an event) mature or is mandatorily redeemable in whole or in part pursuant to any sinking fund obligation or otherwise or is redeemable at the option of its holder, in whole or in part, and does not entitle its holder to a dividend more frequently or in the amounts greater than as set forth in Section 2 of that certain Articles Supplementary with respect to Series A Cumulative Convertible Preferred Stock of the Parent as in effect on the Closing Date and (B) no Change of Control results after giving effect to issuance or series of related issuances of such common or preferred Equity Interests. Such Originator shall not change its jurisdiction of organization except as permitted by Section 4.02(h). Such Originator shall not engage in any business other than the businesses currently engaged in by it or any substantially related business.

(f) Actions Affecting Rights. Such Originator shall not, nor shall it permit any of its Subsidiaries to, (i) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights hereunder or under the other Related Documents, including rights with respect to the Transferred Receivables; (ii) waive or alter any rights with respect to the Transferred Receivables (or any agreement or instrument relating thereto); or (iii) fail to pay any tax, assessment, charge, fee or other obligation of such Originator with respect to the Transferred Receivables originated by it, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the perfected title of Buyer to and the sole record and beneficial ownership interest of Buyer in such Transferred Receivables and the Related Security or, prior to their Sale hereunder, such Originator's right, title or interest therein.

(g) ERISA. Such Originator shall not, nor shall it permit any ERISA Affiliate to, cause or permit to occur an event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA or cause or permit to cause an ERISA Event to the extent such ERISA Event could reasonably be expected to have a Material Adverse Effect.

(h) Change to Credit and Collection Policies. Such Originator shall comply with the Credit and Collection Policies, and no change shall be made to, the Credit and Collection Policies without the prior written consent of Buyer and the Administrative Agent, which such consent shall not be unreasonably withheld.

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(i) Adverse Tax Consequences. Such Originator shall not, nor shall it permit any of its Subsidiaries to, take or permit to be taken any action (other than with respect to actions taken or to be taken solely by a Governmental Authority), or fail or neglect to perform, keep or observe any of its obligations hereunder or under the other Related Documents, that would have the effect directly or indirectly of subjecting any payment to Buyer, the Purchaser or the Administrative Agent to withholding taxation.

(j) No Proceedings. From and after the Closing Date and until the date one year plus one day following the date on which all Seller Secured Obligations are paid in full in cash, such Originator shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly, institute or cause to be instituted against Buyer any proceeding of the type referred to in Sections 9.01(c) and 9.01(d) of the Purchase Agreement.

(k) Commingling. Such Originator shall not, nor shall it permit any of its Subsidiaries to, deposit or permit the deposit of any funds that do not constitute Collections of Transferred Receivables originated by it into any Lockbox Account. If such funds are nonetheless deposited into a Lockbox Account and such Originator so notifies the Buyer and the Administrative Agent (as Buyer's assignee), the Administrative Agent shall promptly remit any such amounts as directed by such Originator.

(l) Financial Covenants. The Originators shall not permit the Parent and its Subsidiaries, on a consolidated basis, to breach or fail to comply with any of the financial covenants set forth in Annex 4.04(1) hereto.

(m) Cancellation of Indebtedness. Such Originator shall not, nor shall it permit any of its Subsidiaries to, cancel any claim or Indebtedness owing to it, except for reasonable consideration negotiated on an arm's-length basis and in the ordinary course of its business consistent with past practices which may include conversion of such Indebtedness to an Equity Interest.

(n) Restricted Payments. Such Originator shall not, nor shall it permit any of its Subsidiaries to, at any time (a) declare or pay any dividend or incur any liability to make any other payment or distribution of cash or other property or assets in respect of such Originator's Equity Interests; (b) make or permit any payment on account of the purchase, redemption, defeasance, sinking fund or other retirement of such Originator's Equity Interests or any other payment or distribution made in respect thereof, either directly or indirectly; (c) make or permit any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to, any Permitted Outstanding Debt; (d) make or permit any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire Equity Interests of such Originator now or hereafter outstanding except that the Parent may repurchase its common Equity Interests from the holders thereof in the amount not to exceed \$20,000 in the aggregate; (e) make or permit any payment of a claim for the rescission of the purchase or sale of, or for

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material damages arising from the purchase or sale of, any shares of such Originator's Equity Interests or of a claim for reimbursement, indemnification or contribution arising out of or related to any such claim for damages or rescission; (f) make or permit any payment, loan, contribution, or other transfer of funds or other property to any Equity Holder of such Originator other than payment of compensation in the ordinary course of business to Equity Holders who are employees of such Originator; and (g) any payment of management fees (or other fees of a similar nature) by such Person to any Equity Holder of such Originator or its Affiliates; except (i) Parent may pay cash dividends and other distributions to its common Equity Holders as long as (A) the Capital Investment Available, measured both as of the day immediately prior to the proposed dividend and as an average for the 60-day period then ended (in each case after giving effect to the proposed dividend or distribution) exceeds ten million dollars (\$10,000,000) and (B) the Fixed Charge Coverage Ratio for the Parent and its Subsidiaries on a consolidated basis at the end of a Settlement Period for the 12-month period then ended (calculated as if the proposed dividend or distribution had been made on the first day of such period) is equal to or greater than 1.25 to 1.00; (ii) Parent may pay cash dividends and other distributions to its preferred Equity Holders at such times and in such amounts as set forth in Section 2 of that certain Articles Supplementary with respect to Series A Cumulative Convertible Preferred Stock of the Parent as in effect on the Closing Date, (iii) payments of regularly scheduled principal and interest scheduled as of the Closing Date with respect to the Permitted Outstanding Debt Documents or any refinancing thereof that is permitted under the Purchase Agreements, or (iv) payments of principal with respect to the Permitted Outstanding Debt Documents or any refinancing thereof that is permitted under the Purchase Agreements that is not scheduled as of the Closing Date or payments with respect to any Debt incurred after the Closing Date as long as in each case the Capital Investment Available, measured both on the day immediately prior to the proposed payment and as an average for the 60-day period then ended (in each case after giving effect to the proposed payment) exceeds ten million dollars (\$10,000,000); provided that no Termination Event or Incipient Termination has occurred and is continuing or would result after giving effect to any payments or other distributions under clauses (i), (ii), (iii) or (iv) above.

(o) Mergers, Subsidiaries, Etc. Such Originator shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly, by operation of law or otherwise, (a) form or acquire any Subsidiary except that Parent may form a wholly-owned Subsidiary for the sole purpose of completing an acquisition permitted under this Section 4.04(o), or (b) merge with, consolidate with, acquire all or substantially all of the assets or Equity Interests of, or otherwise combine with or acquire, any Person, except that (i) such Originator may merge with another Originator, and (ii) as the Administrative Agent may otherwise consent (which consent shall not be unreasonably withheld), in each case described in the foregoing clauses (i) and (ii) and Section 4.4(o)(a) above, as long as (A) no Termination Event or Incipient Termination Event has occurred or will result from such merger, formation, combination or acquisition, (B) the Administrative Agent shall have received at least 30 days' prior written notice of such merger, formation, combination or acquisition, which notice shall include a reasonably detailed description of the transaction, and (C) all actions will have been taken to continue the first priority security or ownership interest of the Administrative Agent in the Transferred Receivables or the Related Security or the Seller Collateral; it being understood and agreed that the Administrative Agent reserves the right to make any adjustments to account for the effect

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that any of the acquisitions, merger, consolidation or other combination permitted hereunder may have, in the Administrative Agent's reasonable credit judgment, on the Receivables and the Related Security, including, without limitation, adjustments to the criteria of eligibility of Receivables and levels of Ratios.

(p) No Impairment of Intercompany Transfers. Except as may be permitted by the Credit Agreement, such Originator shall not, and shall not permit any of its Subsidiaries to, directly or indirectly enter into or become bound by any agreement, instrument, indenture or other obligation (other than this Agreement and the other Related Documents) that could directly or indirectly restrict, prohibit or require the consent of any Person with respect to the payment of dividends or distributions or the making or repayment of intercompany loans by a member of the Parent Group to another member.

(q) Computer Hardware and Software. Each Originator hereby agrees that it shall not create, incur, assume or suffer to exist any Lien on its computer hardware or software that would impede or in any way interfere with the Buyer's or the Administrative Agent's use or right to use such computer hardware or software for the purpose of obtaining information about and servicing the Transferred Receivables, including the Buyer's and the Administrative Agent's license to use such computer hardware and software granted in Section 4.02(u), unless an intercreditor agreement satisfactory to the Administrative Agent has been entered into by the Administrative Agent with the holders of the Permitted Outstanding Debt that such Lien secures or with an agent authorized to act on their behalf.

Section 4.05. Breach of Representations, Warranties or Covenants. If any representation or warranty with respect to any Transferred Receivable or Related Security described in Sections 4.01(a)(h)(m)(v) or (w) (other than a representation or warranty relating to the absence of Dilution Factors), shall not have been true on the related Transfer Date with respect to such Transferred Receivable or Related Security and such failure is reasonably likely to have a Material Adverse Effect on the value of such Transferred Receivable or Related Security or the interests of Buyer therein, the party discovering the same shall give prompt written notice thereof to the other parties hereto. The applicable Originator may, at any time on any Business Day, or shall, if requested by notice from Buyer, on the first Business Day following receipt of such notice, either (a) repurchase such Transferred Receivable and the Related Security from Buyer for cash, or (b) make a capital contribution in cash to Buyer by remitting the amount (the "Rejected Amount") of such capital contribution to the Collection Account in accordance with the terms of the Purchase Agreement, in each case in an amount equal to the Billed Amount of such Transferred Receivable minus the sum of (A) Collections received in respect thereof and (B) the amount of any Dilution Factor taken into account in the calculation of the Sale Price therefor. Notwithstanding the foregoing, if any Receivable is not paid in full on account of any Dilution Factor, the applicable Originator's repurchase obligations under this Section 4.05 with respect to such Receivable shall be reduced by the amount of any such Dilution Factors taken into account in the calculation of the Sale Price therefor. The applicable Originator shall ensure that no Collections or other proceeds with respect to a Transferred Receivable and the Related Security so reconveyed to it are paid or deposited into any Lockbox Account.

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ARTICLE V
INDEMNIFICATION

Section 5.01. Indemnification. Without limiting any other rights that Buyer or any of its officers, directors, employees, attorneys, agents or representatives (each, a "Buyer Indemnified Person") may have hereunder or under applicable law, each Originator hereby agrees to indemnify and hold harmless each Buyer Indemnified Person from and against any and all Indemnified Amounts that may be claimed or asserted against or incurred by any such Buyer Indemnified Person in connection with or arising out of the transactions contemplated under this Agreement or under any other Related Document, any actions or failures to act in connection therewith, including any and all legal costs and expenses arising out of or incurred in connection with disputes between or among any parties to any of the Related Documents, or in respect of any Transferred Receivable or the Related Security therefor or the use by such Originator of the Sale Price therefor; provided that no Originator shall be liable for any indemnification to a Buyer Indemnified Person to the extent that any such Indemnified Amounts result solely from (a) such Buyer Indemnified Person's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction, (b) recourse for uncollectible or uncollected Transferred Receivables due to the lack of creditworthiness of the Obligor or the occurrence of any event of bankruptcy with respect to such Obligor, or (c) any income tax or franchise tax incurred by any Buyer Indemnified Person, except to the extent that the incurrence of any such tax results from a breach of or default under this Agreement or any other Related Document. Subject to the exceptions set forth in clauses (a), (b) and (c) of the immediately preceding sentence but otherwise without limiting the generality of the foregoing, each Originator shall pay on demand to each Buyer Indemnified Person any and all Indemnified Amounts relating to or resulting from:

(i) reliance on any representation or warranty made or deemed made by such Originator (or any of its officers) under or in connection with this Agreement or any other Related Document or on any other information delivered by such Originator pursuant hereto or thereto that shall have been incorrect in any material respect when made or deemed made or delivered;

(ii) the failure by such Originator to comply with any term, provision or covenant contained in this Agreement, any other Related Document or any agreement executed in connection herewith or therewith, any applicable law, rule or regulation with respect to any Transferred Receivable or the Related Security therefor, or the nonconformity of any Transferred Receivable or the Related Security therefor with any such applicable law, rule or regulation;

(iii) the failure to vest and maintain vested in Buyer, or to Transfer to Buyer, valid and properly perfected title to and sole record and beneficial ownership of the Receivables and the Related Security that constitute Transferred Receivables originated or acquired by such Originator and the Related Security, together with all Collections in respect thereof, free and clear of any Adverse Claim;

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(iv) any dispute, claim, offset or defense of any Obligor (other than its discharge in bankruptcy) to the payment of any Receivable originated or acquired by such Originator and the Related Security that is the subject of a Transfer hereunder (including a defense based on such Receivable or the Related Security therefor not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services giving rise to such Receivable or the Related Security or the furnishing or failure to furnish such merchandise or services or relating to collection activities with respect to such Receivable or the Related Security (if such collection activities were performed by such Originator or any Affiliate acting as a Servicer or a Sub-Servicer), except to the extent that such dispute, claim, offset or defense results solely from any action or inaction on the part of Buyer;

(v) any products liability claim or other claim arising out of or in connection with merchandise, insurance or services that is the subject of any Contract of such Originator;

(vi) the commingling of Collections with respect to Transferred Receivables and the Related Security by such Originator at any time with its other funds or the funds of any other Person;

(vii) any failure by such Originator to cause the filing of, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or any other applicable laws with respect to any Receivable and the Related Security that is the subject of a Sale hereunder, whether at the time of any such Sale or at any subsequent time;

(viii) any failure by such Originator to perform, keep or observe any of its duties or obligations hereunder, under any other Related Document or under any Related Security related to a Transferred Receivable originated or acquired by such Originator;

(ix) any investigation, Litigation or proceeding related to this Agreement or the use of the Sale Price obtained in connection with any Sale or the ownership of Receivables or the Related Security with respect thereto or in respect of any Receivable originated or acquired by such Originator or the Related Security; or

(x) any claim brought by any Person other than a Buyer Indemnified Person arising from any activity by such Originator in servicing, administering or collecting any Transferred Receivables.

NO BUYER INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE,

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EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

ARTICLE VI
DISTRIBUTIONS

Section 6.01. Distributions. The Buyer may declare or pay distributions to its members at any time that, after giving effect to such distributions, the book value of the assets of the Buyer, minus reserves applicable thereto and minus all of the Buyer's liabilities (including accrued and deferred income taxes), all as determined in accordance with GAAP, shall be equal to or greater than five percent (5.0%) of the Outstanding Balance of all Transferred Receivables .

ARTICLE VII
COLLATERAL SECURITY

Section 7.01. Security Interest. To secure the prompt and complete payment, performance and observance of any and all recourse and indemnity obligations of each of the Originators to Buyer, including those set forth in Sections 4.02(p), 4.05, 5.01 and 9.14, and to induce Buyer to enter into this Agreement in accordance with the terms and conditions hereof, each Originator hereby grants, assigns, conveys, pledges, hypothecates and transfers to Buyer a Lien upon all of such Originator's right, title and interest in, to and under the following property, whether now owned by or owing to, or hereafter acquired by or arising in favor of, such Originator (including under any trade names, styles or derivations of such Originator), and whether owned by or consigned by or to, or leased from or to, such Originator, and regardless of where located (all of which being hereinafter collectively referred to as the "Originator Collateral"):

- (a) all Transferred Receivables and the Related Security;
- (b) to the extent not otherwise included, customer lists, credit files and other related property and rights pertaining to the foregoing;
- (c) to the extent not otherwise included, all proceeds of the foregoing and all substitutions and replacements for, each of the foregoing.

Section 7.02. Other Collateral; Rights in Receivables and the Related Security . Nothing contained in this Article VII shall limit the rights of Buyer in and to any other collateral that may have been or may hereafter be granted to Buyer by any of the Originators or any third party pursuant to any other agreement or the rights of Buyer under any of the Transferred Receivables or the Related Security.

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Section 7.03. Originators Remain Liable. It is expressly agreed by each of the Originators that, anything herein to the contrary notwithstanding, such Originator shall remain liable under any and all of the Receivables originated by it, the Related Security therefor and all other Originator Collateral to observe and perform all the conditions and obligations to be observed and performed by it thereunder. The Buyer shall not have any obligation or liability under any such Receivables, the Related Security, or Originator Collateral by reason of or arising out of this Agreement or the granting herein of a Lien thereon or the receipt by the Buyer of any payment relating thereto pursuant hereto. The exercise by the Buyer of any of its respective rights under this Agreement shall not release any of the Originators from any of its respective duties or obligations under any such Receivables, the Related Security, or Originator Collateral. The Buyer shall not be required or obligated in any manner to perform or fulfill any of the obligations of any of the Originators under or pursuant to any such Receivable, the Related Security, or Originator Collateral, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such Receivable, the Related Security, or Originator Collateral, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

ARTICLE VIII
PERFORMANCE UNDERTAKING

Section 8.01. Guaranty of Performance of Guaranteed Obligations. Parent hereby guarantees to Buyer, the full and punctual payment and performance by each Affiliated Party of its respective Guaranteed Obligations. The undertaking embodied in this Article VIII (this "Undertaking") is an absolute, unconditional and continuing guaranty of the full and punctual performance of all Guaranteed Obligations under this Agreement or the Purchase Agreement, as applicable, and each other document executed and delivered by any Affiliated Party pursuant to such agreements, as applicable, and is in no way conditioned upon any requirement that Buyer first attempt to collect any amounts owing by any Affiliated Party to Buyer, the Administrative Agent or the Purchaser from any other Person or resort to any collateral security, any balance of any deposit account or credit on the books of Buyer, the Administrative Agent or the Purchaser in favor of any Affiliated Party or any other Person or other means of obtaining payment. Should any Affiliated Party default in the payment or performance of any of its Guaranteed Obligations, Buyer (or its assigns) may cause the immediate performance by Parent of such Guaranteed Obligations and cause any payment of Guaranteed Obligations to become forthwith due and payable to Buyer (or its assigns) by Parent, without demand or notice of any nature (other than as expressly provided herein), all of which are hereby expressly waived by Parent. Notwithstanding the foregoing, this Undertaking is not a guarantee of the collection of any of the Receivables and Parent shall not be responsible for any Guaranteed Obligations to the extent the failure to perform such Guaranteed Obligations by any Affiliated Party results from Receivables being uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; provided that nothing herein shall relieve any Affiliated Party from performing

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in full its Guaranteed Obligations under the Related Documents to which it is a party or Parent of its Undertaking hereunder with respect to the full performance of such duties.

Section 8.02. Parent's Further Agreements to Pay. Parent further agrees, as the principal obligor and not as a guarantor only, to pay to Buyer (and its assigns), forthwith upon demand in funds immediately available to Buyer, all reasonable costs and expenses (including court costs and reasonable legal expenses) incurred or expended by Buyer in connection with the Guaranteed Obligations, this Undertaking and the enforcement thereof, together with interest on amounts recoverable under this Undertaking from the time when such amounts become due until payment, at a rate of interest (computed for the actual number of days elapsed based on a 360-day year) equal to the sum of the Index Rate plus the Daily Margin plus the Daily Default Margin per annum, such rate of interest changing when and as the Index Rate changes.

Section 8.03. Waivers by Parent. Parent waives notice of acceptance of this Undertaking, notice of any action taken or omitted by Buyer (or its assigns) in reliance on this undertaking, and any requirement that Buyer (or its assigns) be diligent or prompt in making demands under this undertaking, giving notice of any Termination Event, Event of Servicer Termination, other default or omission by any Affiliated Party or asserting any other rights of Buyer under this Undertaking. Parent warrants that it has adequate means to obtain from each Affiliated Party, on a continuing basis, information concerning their financial condition, and that it is not relying on Buyer to provide such information, now or in the future. Parent also irrevocably waives all defenses (i) that at any time may be available in respect of the Guaranteed Obligations by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect or (ii) that arise under the law of suretyship, including impairment of collateral. Buyer (and its assigns) shall be at liberty, without giving notice to or obtaining the assent of Parent and without relieving Parent of any liability under this Undertaking, to deal with each Affiliated Party and with each other party who now is or after the date hereof becomes liable in any manner for any of the Guaranteed Obligations, in such manner as Buyer in its sole discretion deems fit, and to this end Parent agrees that the validity and enforceability of this Undertaking, shall not be impaired or affected by any of the following: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Guaranteed Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or any collateral securing the Guaranteed Obligations or any part thereof; (c) any waiver of any right, power or remedy or of any Termination Event, Event of Servicer Termination, or default with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto; (d) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any other obligation of any Person or entity with respect to the Guaranteed Obligations or any part thereof; (e) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to the Guaranteed Obligations or any part thereof; (f) the application of payments received from any source to the payment of any payment obligations of any Affiliated Party or any part thereof

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or amounts which are not covered by this Undertaking even though Buyer (or its assigns) might lawfully have elected to apply such payments to any part or all of the payment obligations of such Affiliated Party or to amounts which are not covered by this Undertaking; (g) the existence of any claim, setoff or other rights which Parent may have at any time against any Affiliated Party in connection herewith or any unrelated transaction; (h) any assignment or transfer of the Guaranteed Obligations or any part thereof; or (i) any failure on the part of any Affiliated Party to perform or comply with any term of the Related Documents or any other document executed in connection therewith or delivered thereunder, all whether or not Parent shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (i) of this Section 8.03.

Section 8.04. Unenforceability of Guaranteed Obligations Against any Affiliated Party. Notwithstanding (a) any change of ownership of Parent or any Affiliated Party or the insolvency, bankruptcy or any other change in the legal status of Parent or any Affiliated Party; (b) any change in or the imposition of any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Obligations; (c) the failure of any Affiliated Party or Parent to maintain in full force, validity or effect or to obtain or renew when required all governmental and other approvals, licenses or consents required in connection with the Guaranteed Obligations or this Undertaking, or to take any other action required in connection with the performance of all obligations pursuant to the Guaranteed Obligations or this Undertaking; or (d) if any of the moneys included in the Guaranteed Obligations have become irrecoverable from any Affiliated Party for any other reason other than final payment in full of the payment Guaranteed Obligations in accordance with their terms, this Undertaking shall nevertheless be binding on Parent. This Undertaking shall be in addition to any other guaranty or other security for the Guaranteed Obligations, and it shall not be rendered unenforceable by the invalidity of any such other guaranty or security. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Affiliated Party or for any other reason with respect to any Affiliated Party, all such amounts then due and owing with respect to the Guaranteed Obligations under the terms of the Related Documents, or any other agreement evidencing, securing or otherwise executed in connection with the Guaranteed Obligations, shall be immediately due and payable by Parent.

Section 8.05. Subrogation; Subordination. Notwithstanding anything to the contrary contained herein, until the Guaranteed Obligations are paid in full, Parent: (a) will not enforce or otherwise exercise any right of subrogation to any of the rights of Buyer, the Administrative Agent or the Purchaser against any Affiliated Party, (b) hereby waives all rights of subrogation (whether contractual, under Section 509 of the United States Bankruptcy Code, at law or in equity or otherwise) to the claims of Buyer, the Administrative Agent and the Purchaser against any Affiliated Party and all contractual, statutory or legal or equitable rights of contribution, reimbursement, indemnification and similar rights and "claims" (as such term is defined in the United States Bankruptcy Code) which Parent might now have or hereafter acquire against any Affiliated Party that arise from the existence or performance of Parent's obligations hereunder,

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(c) will not claim any setoff, recoupment or counterclaim against any Affiliated Party in respect of any liability of Parent to any Affiliated Party and (d) waives any benefit of and any right to participate in any collateral security which may be held by the Administrative Agent or any Purchaser. The payment of any amounts due with respect to any Indebtedness of any Affiliated Party now or hereafter owed to Parent is hereby subordinated to the prior payment in full of all of the Guaranteed Obligations. Parent agrees that, after the occurrence of any default in the payment or performance of any of the Guaranteed Obligations, Parent will not demand, sue for or otherwise attempt to collect any such Indebtedness of any Affiliated Party to Parent until all of the Guaranteed Obligations shall have been paid and performed in full. If, notwithstanding the foregoing sentence, Parent shall collect, enforce or receive any amounts in respect of such Indebtedness while any Guaranteed Obligations are still unperformed or outstanding, such amounts shall be collected, enforced and received by Parent as trustee for Buyer (and its assigns) and be paid over to Buyer (or its assigns) on account of the Guaranteed Obligations without affecting in any manner the liability of Parent under the other provisions of this Undertaking. The provisions of this Section shall be supplemental to and not in derogation of any rights and remedies of Buyer under any separate subordination agreement which Buyer may at any time and from time to time enter into with Parent.

Section 8.06. Termination of Performance Undertaking. Parent's obligations hereunder shall continue in full force and effect until all Seller Secured Obligations are finally paid and satisfied in full and the Purchase Agreement is terminated, provided that this Undertaking shall continue to be effective or shall be reinstated, as the case may be, if at any time payment or other satisfaction of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned upon the bankruptcy, insolvency, or reorganization of any Affiliated Party or otherwise, as though such payment had not been made or other satisfaction occurred, whether or not Buyer (or its assigns) is in possession of this Undertaking. No invalidity, irregularity or unenforceability by reason of the federal bankruptcy code or any insolvency or other similar law, or any law or order of any government or agency thereof purporting to reduce, amend or otherwise affect the Guaranteed Obligations shall impair, affect, be a defense to or claim against the obligations of Parent under this Undertaking.

Section 8.07. Effect of Bankruptcy. This Performance Undertaking shall survive the insolvency of any Affiliated Party and the commencement of any case or proceeding by or against any Affiliated Party under the federal bankruptcy code or other federal, state or other applicable bankruptcy, insolvency or reorganization statutes. No automatic stay under the federal bankruptcy code with respect to any Affiliated Party or other federal, state or other applicable bankruptcy, insolvency or reorganization statutes to which any Affiliated Party is subject shall postpone the obligations of Parent under this Undertaking.

Section 8.08. Setoff. Regardless of the other means of obtaining payment of any of the Guaranteed Obligations, Buyer (and its assigns) is hereby authorized at any time and from time to time, without notice to Parent (any such notice being expressly waived by Parent) and to the fullest extent permitted by law, to set off and apply any deposits and other sums against the

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obligations of Parent under this Undertaking, whether or not Buyer (or any such assign) shall have made any demand under this Undertaking and although such obligations may be contingent or unmaturred.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 9.01), (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number set forth below in this Section 9.01 or to such other address (or facsimile number) as may be substituted by notice given as herein provided:

If to any of the Originators:

A.M. Castle & Co.
3400 N. Wolf Road
Franklin Park, IL 60131
Tel: 847-455-7111
Fax: 847-455-7136
Attn: Jerry M. Aufox, Corporate Counsel

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With a copy to:

Sidley Austin Brown & Wood
Bank One Plaza
10 S. Dearborn
Chicago, IL 60603
Tel: 312-853-7000
Fax: 312-853-7036
Attn: Kevin F. Blatchford

If to Buyer:

Castle SPFD, LLC
c/o A.M. Castle & Co.
3400 N. Wolf Road
Franklin Park, IL 60131
Tel: 847-455-7111
Fax: 847-455-7136
Attn: Jerry M. Aufox

provided that each such declaration or other communication shall be deemed to have been validly delivered to the Administrative Agent under this Agreement upon delivery to the Administrative Agent in accordance with the terms of the Purchase Agreement. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than Buyer) designated in any written communication provided hereunder to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. Notwithstanding the foregoing, whenever it is provided herein that a notice is to be given to any other party hereto by a specific time, such notice shall only be effective if actually received by such party prior to such time, and if such notice is received after such time or on a day other than a Business Day, such notice shall only be effective on the immediately succeeding Business Day.

Section 9.02. No Waiver; Remedies. Buyer's failure, at any time or times, to require strict performance by any Originators of any provision of this Agreement or the Receivables Assignment shall not waive, affect or diminish any right of Buyer thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of any breach or default hereunder shall not suspend, waive or affect any other breach or default whether the same is prior or subsequent thereto and whether the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of the Originators contained in this Agreement or the Receivables Assignment, and no breach or default by any Originator hereunder or thereunder, shall be deemed to have been suspended or waived by Buyer unless such waiver or suspension is by an instrument in writing signed by an officer of or other duly

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authorized signatory of Buyer and directed to such Originator, as applicable, specifying such suspension or waiver. Buyer's rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that Buyer may have under any other agreement, including the other Related Documents, by operation of law or otherwise. Recourse to the Originator Collateral shall not be required.

Section 9.03. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Originators and Buyer and their respective successors and permitted assigns, except as otherwise provided herein. No Originator may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder without the prior express written consent of Buyer, the Purchaser and the Administrative Agent. Any such purported assignment, transfer, hypothecation or other conveyance by any Originator without the prior express written consent of Buyer, the Purchaser and the Administrative Agent shall be void. Each Originator acknowledges that, to the extent permitted under the Purchase Agreement, Buyer may assign its rights granted hereunder, including the benefit of any indemnities under Article V and any of its rights in the Originator Collateral granted under Article VII, and upon such assignment, such assignee shall have, to the extent of such assignment, all rights of Buyer hereunder and, to the extent permitted under the Purchase Agreement, may in turn assign such rights. Each Originator agrees that, upon any such assignment, such assignee may enforce directly, without joinder of Buyer, the rights set forth in this Agreement. All such assignees, including parties to the Purchase Agreement in the case of any assignment to such parties, shall be third party beneficiaries of, and shall be entitled to enforce Buyer's rights and remedies under, this Agreement to the same extent as if they were parties hereto. Without limiting the generality of the foregoing, all notices to be provided to the Buyer hereunder shall be delivered to both the Buyer and the Administrative Agent under the Purchase Agreement, and shall be effective only upon such delivery to the Administrative Agent. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Originator and Buyer with respect to the transactions contemplated hereby and, except for the Purchaser and the Administrative Agent, no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement.

Section 9.04. Termination; Survival of Obligations.

(a) This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Termination Date.

(b) Except as otherwise expressly provided herein or in any other Related Document, no termination or cancellation (regardless of cause or procedure) of any commitment made by Buyer under this Agreement shall in any way affect or impair the obligations, duties and liabilities of any Originator or the rights of Buyer relating to any unpaid portion of any and all recourse and indemnity obligations of any Originator to Buyer, including those set forth in Sections 4.02(p), 4.05, 5.01 and 9.14, due or not due, liquidated, contingent or unliquidated or

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any transaction or event occurring prior to such termination, or any transaction or event, the performance of which is required after the Facility Termination Date. Except as otherwise expressly provided herein or in any other Related Document, all undertakings, agreements, covenants, warranties and representations of or binding upon Originators, and all rights of Buyer hereunder, all as contained in the Related Documents, shall not terminate or expire, but rather shall survive any such termination or cancellation and shall continue in full force and effect until the Termination Date; provided that the rights and remedies pursuant to Sections 4.02(p), 4.05, the indemnification and payment provisions of Article V, and the provisions of Sections 4.04(j), 9.03, 9.12 and 9.14 shall be continuing and shall survive any termination of this Agreement. Section 9.05. Complete Agreement; Modification of Agreement. This Agreement and the other Related Documents constitute the complete agreement between the parties with respect to the subject matter hereof and thereof, supersede all prior agreements and understandings relating to the subject matter hereof and thereof, and may not be modified, altered or amended except as set forth in Section 9.06.

Section 9.06. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Agreement or any of the other Related Documents, or any consent to any departure by any Originator therefrom, shall in any event be effective unless the same shall be in writing and signed by each of the parties hereto and the Purchaser and the Administrative Agent. No consent or demand in any case shall, in itself, entitle any party to any other consent or further notice or demand in similar or other circumstances.

Section 9.07. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

(a) THIS AGREEMENT AND EACH RELATED DOCUMENT (EXCEPT TO THE EXTENT THAT ANY RELATED DOCUMENT EXPRESSLY PROVIDES TO THE CONTRARY) AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAWS BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES), EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF THE BUYER IN THE RECEIVABLES OR REMEDIES HEREUNDER OR THEREUNDER, IN RESPECT THEREOF, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(b) EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF

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MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT; PROVIDED THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE BUYER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE ORIGINATOR COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS OF ORIGINATORS ARISING HEREUNDER, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF BUYER. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT THE ADDRESS SET FORTH BENEATH ITS NAME ON THE SIGNATURE PAGES HEREOF AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE ACTUAL RECEIPT THEREOF. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(c) BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

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Section 9.08. Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

Section 9.09. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 9.10. Section Titles. The section titles and table of contents contained in this Agreement are provided for ease of reference only and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 9.11. No Setoff. No Originator's obligations under this Agreement shall be affected by any right of setoff, counterclaim, recoupment, defense or other right such Originator might have against Buyer, the Purchaser or the Administrative Agent, all of which rights are hereby expressly waived by the Originators.

Section 9.12. Press Releases. Each Originator agrees that it shall not (and shall not permit any of its Subsidiaries to) issue any news release or make any public announcement pertaining to the transactions contemplated by this Agreement and the Related Documents without the prior written consent of Buyer and the Administrative Agent (which consent shall not be unreasonably withheld) unless such news release or public announcement is required by law, in which case such Originator, as the case may be, shall consult with Buyer and the Purchaser prior to the issuance of such news release or public announcement that mentions GE Capital or any of its Affiliates by name or attaches any press release that mentions them by name and has not been previously approved by GE Capital; it being acknowledged and agreed that this Agreement and the Purchase Agreement may be filed with the Parent's filings with the Securities Exchange Commission under the Securities Exchange Act of 1934. Each Originator may, however, disclose the general terms of the transactions contemplated by this Agreement and the Related Documents to trade creditors, suppliers and other similarly-situated Persons so long as such disclosure is not in the form of a news release or public announcement.

Section 9.13. Further Assurances.

(a) Each Originator agrees to, and each Originator shall, at its sole cost and expense, upon request of Buyer, the Purchaser or the Administrative Agent, promptly and duly execute and deliver any and all further instruments and documents and take such further actions that may be necessary or desirable or that Buyer, the Purchaser or the Administrative Agent may request to carry out more effectively the provisions and purposes of this Agreement or any other Related Document or to obtain the full benefits of this Agreement and of the rights and powers herein

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granted, including (i) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Buyer of any Transferred Receivable, Related Security, or Originator Collateral held by such Originator or in which such Originator has any rights not heretofore assigned, (ii) filing any financing or continuation statements under the UCC with respect to the ownership interests or Liens granted hereunder or under any other Related Document, (iii) transferring Originator Collateral to Buyer's possession if such collateral consists of chattel paper or instruments or if a Lien upon such collateral can be perfected only by possession, or if otherwise requested by Buyer; and (iv) entering into "control agreements" (as defined in the UCC with respect to such Originator Collateral to the extent that a first priority Lien upon such Originator Collateral can be perfected only by control. Each of the Originators hereby authorizes Buyer, the Purchaser and the Administrative Agent to file any such financing or continuation statements without the signature of such Originator to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Agreement or of any notice or financing statement covering the Transferred Receivables and the Related Security, the Originator Collateral or any part thereof shall be sufficient as a notice or financing statement where permitted by law. If any amount payable under or in connection with any of the Originator Collateral is or shall become evidenced by any instrument, such instrument, other than checks and notes received in the ordinary course of business, shall be duly endorsed in a manner satisfactory to Buyer immediately upon the applicable Originator's receipt thereof and promptly delivered to Buyer.

(b) If such Originator fails to perform any agreement or obligation under this Section 9.13, Buyer, the Purchaser or the Administrative Agent may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the reasonable expenses of Buyer, the Purchaser or the Administrative Agent incurred in connection therewith shall be payable by such Originator upon demand of Buyer or the Administrative Agent.

Section 9.14. Expenses. In addition to its indemnification obligations pursuant to Article V, each Originator agrees, jointly and severally, to pay on demand all costs and expenses incurred by Buyer in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Related Documents, including the out-of-pocket expenses of Buyer's counsel, advisors, consultants and auditors retained in connection with the transactions contemplated thereby and advice in connection therewith, and each Originator agrees, jointly and severally, to pay all costs and expenses, if any (including attorneys' fees and expenses but excluding any costs of enforcement or collection of the Transferred Receivables), in connection with the enforcement of this Agreement and the other Related Documents.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties have caused this Receivables Sale Agreement to be executed by their respective duly authorized representatives, as of the date first above written.

ORIGINATORS:

A. M. CASTLE & CO.

By: _____
Name: _____
Title: _____

TOTAL PLASTICS, INC.

By: _____
Name: _____
Title: _____

OLIVER STEEL PLATE CO.

By: _____
Name: _____
Title: _____

KEYSTONE TUBE COMPANY, LLC

By: _____
Name: _____
Title: _____

BUYER:

CASTLE SPFD, LLC

By: _____
Name: _____
Title: _____

[Signature Page to Receivables Sale and Contribution Agreement]



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EXHIBIT 2.01(a)

Form of
RECEIVABLES ASSIGNMENT

THIS RECEIVABLES ASSIGNMENT (the "Receivables Assignment") is entered into as of December 26, 2002, by and among A. M. CASTLE & CO., a Maryland corporation (the "Parent"), TOTAL PLASTICS, INC., a Michigan corporation, OLIVER STEEL PLATE CO., a Delaware corporation, and KEYSTONE TUBE COMPANY, LLC, a Delaware limited liability company (together with Parent, the "Originators"), and CASTLE SPFD, LLC, a Delaware limited liability company (the "Buyer").

1. We refer to that certain Receivables Sale and Contribution Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Sale Agreement") of even date herewith among the Originators and Buyer. All of the terms, covenants and conditions of the Sale Agreement are hereby made a part of this Receivables Assignment and are deemed incorporated herein in full. Unless otherwise defined herein, capitalized terms or matters of construction defined or established in the Sale Agreement shall be applied herein as defined or established therein.

2. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Originator hereby sells, or sells and contributes, to Buyer, without recourse, except as provided in Sections 4.02(p), 4.05, and 5.01 of the Sale Agreement, all of such Originator's right, title and interest in, and under all of its Receivables and the Related Security thereto existing as of the Closing Date and thereafter created or arising at any time until the Facility Termination Date.

3. Subject to the terms and conditions of the Sale Agreement, each Originator hereby covenants and agrees to sign, sell or contribute, as applicable, execute and deliver, or cause to be signed, sold or contributed, executed and delivered, and to do or make, or cause to be done or made, upon request of Buyer and at such Originator's expense, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required by Buyer for the purpose of or in connection with acquiring or more effectively vesting in Buyer or evidencing the vesting in Buyer of the property, rights, title and interests of such Originator sold or contributed hereunder or intended to be sold or contributed hereunder.

4. Wherever possible, each provision of this Receivables Assignment shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Receivables Assignment shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Receivables Assignment.

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5. THIS RECEIVABLES ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICT OF LAWS, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

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IN WITNESS WHEREOF, the parties have caused this Receivables Assignment to be executed by their respective officers thereunto duly authorized, as of the day and year first above written.

ORIGINATORS:

A. M. CASTLE & CO.

By: /s/ Edward F. Culliton

Name: Edward F. Culliton
Title: Vice President and CFO

TOTAL PLASTICS, INC.

By: /s/ Edward F. Culliton

Name: Edward F. Culliton
Title: Vice President

OLIVER STEEL PLATE CO.

By: /s/ Edward F. Culliton

Name: Edward F. Culliton
Title: Vice President

KEYSTONE TUBE COMPANY, LLC

By: /s/ Edward F. Culliton

Name: Edward F. Culliton
Title: Vice President

BUYER:

CASTLE SPFD, LLC

By: /s/ Edward F. Culliton

Name: Edward F. Culliton
Title: President



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ANNEX X
DEFINITIONS

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EXECUTION COPY

ANNEX X
to
RECEIVABLES SALE AND CONTRIBUTION AGREEMENT
and
RECEIVABLES PURCHASE AND SERVICING AGREEMENT,
each dated as of December 26, 2002,
Definitions and Interpretation

A.M. Castle & Co. et al. and
Castle SPFD, LLC
Annex X



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SECTION 1. Definitions and Conventions. Capitalized terms used in the Sale Agreement and the Purchase Agreement shall have (unless otherwise provided elsewhere therein) the following respective meanings:

"ACCOUNTING CHANGES" shall mean, with respect to any Person, (a) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion of the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or any successor thereto or any agency with similar functions); (b) changes in accounting principles concurred in by such Person's certified public accountants; (c) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves; and (d) the reversal of any reserves established as a result of purchase accounting adjustments.

"ACCOUNTS" shall mean the Collection Account, the Concentration Account and the Lockbox Accounts, collectively.

"ACCOUNT COLLATERAL" shall have the meaning assigned to it in clause (f) of the definition of the term "Related Security".

"ACCRUED SERVICING FEE" shall mean, as of any date of determination within a Settlement Period, the sum of the Servicing Fees calculated for each day from and including the first day of the Settlement Period through and including such date.

"ACCRUED UNUSED FACILITY FEE" shall mean, as of any date of determination within a Settlement Period, the sum of the Unused Facility Fees calculated for each day from and including the first day of the Settlement Period through and including such date.

"ACCUMULATED FUNDING DEFICIENCY" shall mean an "accumulated funding deficiency" as defined in Section 412 of the IRC and Section 302 of ERISA, whether or not waived.

"ADDITIONAL AMOUNTS" shall mean any amounts payable to any Affected Party under Sections 2.09 or 2.10 of the Purchase Agreement.

"ADDITIONAL COSTS" shall have the meaning assigned to it in Section 2.09(b) of the Purchase Agreement.

"ADMINISTRATIVE AGENT" shall have the meaning set forth in the Preamble of the Purchase Agreement.

"ADVERSE CLAIM" shall mean any claim of ownership or any Lien, other than any ownership interest or Lien created under the Sale Agreement or the Purchase Agreement.

"AFFECTED PARTY" shall mean each of the following Persons: the Purchaser, the Administrative Agent, the Depository and each Affiliate of the foregoing Persons.

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Annex X



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"AFFILIATE" shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the Equity Interests having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, or (c) each of such Person's officers, directors, joint venturers and partners. For the purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"AFFILIATED PARTY" shall have the meaning assigned to it in Recital G of the Sale Agreement.

"ANCILLARY SERVICES AND LEASE AGREEMENT" shall mean that certain Ancillary Services and Lease Agreement dated as of December 26, 2002 between the Parent and the Seller.

"APPENDICES" shall mean, with respect to any Related Document, all exhibits, schedules, annexes and other attachments thereto, or expressly identified thereto.

"APPLICABLE SERVICING FEE" shall mean, as of any Settlement Date, with respect to each Servicer other than the Master Servicer, an amount equal to (a) the Servicing Fee received by the Master Servicer or its Successor Servicer on such Settlement Date pursuant to Section 2.07(b) of the Purchase Agreement less the Master Servicer's portion of such Servicing Fee, multiplied by (b) a percentage equal to (i) the Outstanding Balance of Transferred Receivables, as of the last day of the related Settlement Period, sold by such Servicer in its capacity as an Originator under the Sale Agreement divided by (ii) the Outstanding Balance of all Transferred Receivables as of the last day of the related Settlement Period.

"ASSIGNMENT AGREEMENT" shall have the meaning assigned to it in Section 14.02(c) of the Purchase Agreement.

"AUTHORIZED OFFICER" shall mean, with respect to any corporation or limited liability company, as the case may be, the Chief Executive Officer, Chief Financial Officer, Treasurer, Chairman or Vice-Chairman of the Board, the President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, any Assistant Treasurer and each other officer of such corporation or limited liability company specifically authorized in resolutions of the Board of Directors or Board of Managers of such corporation or limited liability company, as the case may be, to sign agreements, instruments or other documents on behalf of such corporation in connection with the transactions contemplated by the Sale Agreement, the Purchase Agreement and the other Related Documents.

"AVAILABILITY" shall mean, as of any date of determination, the amount equal to the lesser of: (a) the Available Accounts Receivables minus (ii) the Discount Reserve and minus (iii) the Availability Reserve and (b) the Maximum Purchase Limit.

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"AVAILABILITY RESERVE" shall mean, as of any date of determination, (i) \$10,000,000, if the Fixed Charge Coverage Ratio for the Parent and its Subsidiaries on a consolidated basis at the end of a Settlement Period for the 12-month period then ended is less than 1.1 to 1.0, or (ii) zero, if the Fixed Charge Coverage Ratio for the Parent and its Subsidiaries on a consolidated basis at the end of any Settlement Period in the 12-month period then most recently ended is equal to or greater than 1.1 to 1.0.

"AVAILABLE ACCOUNTS RECEIVABLES" shall mean the Investment Base multiplied by the Dynamic Purchase Discount Rate.

"BANKRUPTCY CODE" shall mean the provisions of title 11 of the United States Code, 11 U.S.C. Sections 101 et seq.

"BILLED AMOUNT" shall mean, with respect to any Receivable, the amount billed on the Billing Date to the Obligor thereunder.

"BILLING DATE" shall mean, with respect to any Receivable, the date on which the invoice with respect thereto was generated and billed to the Obligor.

"BREAKAGE COSTS" shall have the meaning assigned to it in Section 2.10 of the Purchase Agreement.

"BRINGDOWN CERTIFICATE" shall have the meaning assigned to it in Section 5.02 of the Purchase Agreement.

"BUSINESS DAY" shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in any of the States of Illinois or New York.

"BUYER" shall mean the Seller in its capacity as the purchaser under the Sale Agreement.

"BUYER INDEMNIFIED PERSON" shall have the meaning assigned to it in Section 5.01 of the Sale Agreement.

"CAPITAL EXPENDITURES" shall mean, with respect to any Person, all expenditures (by the expenditure of cash or the incurrence of Debt) by such Person during any measuring period for any fixed assets or improvements or for replacements, substitutions or additions thereto, that have a useful life of more than one year and that are required to be capitalized under GAAP.

"CAPITAL INVESTMENT" shall mean, as of any date of determination, the amount equal to (a) the aggregate deposits made by the Purchaser to the Collection Account pursuant to Section 2.04(b)(i) of the Purchase Agreement on or before such date, minus (b) the aggregate amounts disbursed to the Purchaser in reduction of Capital Investment pursuant to the Purchase Agreement on or before such date.

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"CAPITAL INVESTMENT AVAILABLE" shall mean, as of any date of determination, the amount, if any, by which Availability exceeds Capital Investment, in each case as of the end of the immediately preceding day.

"CAPITAL LEASE" shall mean, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, would be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

"CAPITAL LEASE OBLIGATION" shall mean, with respect to any Capital Lease of any Person, the amount of the obligation of the lessee thereunder that, in accordance with GAAP, would appear on a balance sheet of such lessee in respect of such Capital Lease.

"CAPITAL PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"CAPITAL PURCHASE REQUEST" shall have the meaning assigned to it in Section 2.03 (b) of the Purchase Agreement.

"CHANGE OF CONTROL" shall mean any event, transaction or occurrence as a result of which (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) (other than any Person or group of Persons that owns of record or beneficially, in the aggregate, on the Closing Date, 15% or more of the issued and outstanding shares of capital stock of the Parent) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities Exchange Commission under the Securities Exchange Act of 1934, as amended) of 20% or more of the issued and outstanding shares of capital stock of the Parent having the right to vote for the election of directors of the respective entity under ordinary circumstances; (b) during any twelve (12) consecutive calendar months ending after the Closing Date, individuals who at the beginning of such twelve-month period constituted the board of directors of the Parent (together with any new directors whose election by such board or whose nomination for election by the shareholders of the Parent was approved by a vote of a majority of the directors still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of the Parent then in office; (c) the Parent shall cease to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding Equity Interests of the other Originators, of the Independent Member or of the Seller; or (d) the Parent has sold, transferred, conveyed, assigned or otherwise disposed of all or substantially all of the assets of the Parent.

"CLOSING DATE" shall mean December 26, 2002.

"COLLECTIONS" shall mean, with respect to any Receivable, all cash collections and other proceeds of such Receivable, including, without limitation, all late charges, fees and interest arising thereon, all recoveries with respect to any such Receivable that has been written off as uncollectible, and any payments (whether by a scrap mill, an Originator or any other

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Person) with respect to Returned Goods or Scrapped Goods, BUT EXCLUDING, HOWEVER, any purchase price paid to the Originators by the Buyer with respect to and as consideration for the sale of the Transferred Receivables by any of the Originators to the Buyer.

"COLLECTION ACCOUNT" shall mean Deutsche Bank Trust Company Americas, New York, New York, ABA No. 021 001 033, Account No. 502 328 54, Account Name: GE Capital/CAF Depository, Reference: A. M. Castle CFN 4963, established by the Administrative Agent pursuant to the requirements set forth in Section 6.01(b) of the Purchase Agreement.

"COMMITMENT" shall mean, with respect to the Purchaser, its commitment to purchase the Purchaser Interest under the Purchase Agreement in the amount set forth opposite its name on the signature pages of the Purchase Agreement or any Assignment Agreement executed pursuant thereto.

"COMMITMENT REDUCTION NOTICE" shall have the meaning assigned to it in Section 2.02(a) of the Purchase Agreement.

"COMMITMENT TERMINATION NOTICE" shall have the meaning assigned to it in Section 2.02(b) of the Purchase Agreement.

"COMPLIANCE CERTIFICATE" means a certificate in the form of Schedule CC to this Annex X delivered to the Administrative Agent and the Purchaser by the Parent pursuant to the provisions of the Sale Agreement and covering, among other things, its compliance with the financial covenants contained in Annex 4.04(1) to the Sale Agreement.

"CONCENTRATION ACCOUNT" shall mean that certain concentration account listed on Schedule 4.01(r) to the Purchase Agreement established in the name of the Seller and held at the Concentration Account Bank.

"CONCENTRATION ACCOUNT BANK" shall mean any bank or other financial institution at which the Concentration Account is maintained.

"CONCENTRATION DISCOUNT AMOUNT" shall mean, with respect to any Obligor, and as of any date of determination after giving effect to all Eligible Receivables to be transferred on such date, the amount by which the Outstanding Balance of Eligible Receivables owing by such Obligor exceeds the product of (a) the percentage set forth in the table below based upon the short-term unsecured debt rating assigned to such Obligor's short-term debt at such time by S&P and Moody's (and, if such Obligor is rated by both agencies and has a split rating (except for an A-1+/P-1 rating), the applicable rating will be the lower of the two) and (b) the Outstanding Balance of all Eligible Receivables on such date.

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S&P RATING	MOODY'S RATING	ALLOWABLE % OF ELIGIBLE RECEIVABLES
<S>	<C>	<C>
A-1+	P-1	5%
A-1	P-1	5%
A-2	P-2	5%
A-3	P-3	3%
Below A-3 or Not Rated by either S&P or Moody's	Below P-3 or Not Rated by either S&P or Moody's	3%

"CONSOLIDATED EBITDA" shall mean, for any period, on a consolidated basis for the Parent and its Subsidiaries, the sum of the amounts for such period, without duplication of

(a) consolidated net income of the Parent and Subsidiaries for such period, minus

(b) the sum, without duplication, of (i) income tax credits, (ii) interest income, (iii) gain from extraordinary items for such period, (iv) any aggregate net gain (but not any aggregate net loss) during such period arising from the sale, exchange or other disposition of capital assets (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) by the Parent or its Subsidiaries, and (v) any other non-cash gains which have been added in determining consolidated net income, in each case to the extent included in the calculation of consolidated net income of the Servicers for such period in accordance with GAAP, plus

(c) the sum, without duplication, of (i) any provision for income taxes, (ii) Interest Expense, (iii) loss from extraordinary items for such period, (iv) any aggregate net loss during such period arising from the sale, exchange or other disposition of capital assets (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) by the Parent or its Subsidiaries, (v) the amount of non-cash charges (including depreciation and amortization) for such period, (vi) amortized debt discount for such period and (vii) any cash income or losses occurred in respect to any joint venture or business partnership, in each case to the extent included in the calculation of consolidated net income of the Servicers for such period in accordance with GAAP.

"CONTAMINANT" shall mean any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste,

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asbestos, polychlorinated biphenyls ("PCBS"), or any constituent of any such substance or waste, and includes but is not limited to these terms as defined in Environmental Laws.

"CONTRACT" shall mean any agreement (including any invoice, draft or promissory note) pursuant to, or under which, an Obligor shall be obligated to make payments with respect to any Receivable.

"CONTRIBUTED RECEIVABLES" shall have the meaning assigned to it in Section 2.01(d) of the Sale Agreement.

"CREDIT AND COLLECTION POLICIES" shall mean the credit, collection, customer relations and service policies of the Originators in effect on the Closing Date and as set forth on Exhibit A to the Purchase Agreement, as the same may from time to time be amended, restated, supplemented or otherwise modified with the written consent of the Administrative Agent.

"CREDIT MEMO LAG" shall mean the weighted average number of days, as determined by the Administrative Agent pursuant to the results of the most recent field examination, between the date a credit is applied to the aged trial balance and the applicable original invoice date.

"CREDIT MEMO RESERVE" shall mean, the product of (i) the aggregate Dilution Factors during the twelve (12) Settlement Periods most recently ended on or prior to the date of determination, divided by (ii) three hundred and sixty (360) days, multiplied by (iii) the Credit Memo Lag less thirty (30) days. For the purposes of Availability on the Closing Date, the Credit Memo Reserve shall equal the amount calculated as set forth in the Monthly Report.

"DAILY DEFAULT MARGIN" shall mean, for any day on which a Termination Event has occurred and is continuing, two percent (2.0%) divided by 360.

"DAILY MARGIN" shall mean, for any day, the Per Annum Daily Margin on such day divided by 360.

"DAILY YIELD" shall mean, for any day, the aggregate of the following for each portion of the Capital Investment: the product of (a) the portion of the Capital Investment outstanding on such day at a given Daily Yield Rate, multiplied by (b) the sum of (i) such Daily Yield Rate, plus (ii) the applicable Daily Margin on such day for such Daily Yield Rate, plus (iii) if a Termination Event has occurred and is continuing, the Daily Default Margin.

"DAILY YIELD RATE" shall mean, for any day during a Settlement Period, (a) the LIBOR Rate or Index Rate, as applicable, on such day, divided by (b) 360.

"DEBT" of any Person shall mean, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services payment for which is deferred 90 days or more, but excluding obligations to trade creditors incurred in the ordinary course of business that are not overdue by more than 90 days unless being contested in

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good faith, (b) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, whether or not matured, (c) all obligations evidenced by notes, bonds, debentures or similar instruments (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations (f) all obligations of such Person under commodity purchase or option agreements or other commodity price hedging arrangements, in each case whether contingent or matured (g) all obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates, in each case whether contingent or matured, (h) all liabilities of such Person under Title IV of ERISA, (i) all Guaranteed Indebtedness of such Person, (j) all indebtedness referred to in clauses (a) through (i) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or other assets (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness, (k) all obligations, indebtedness and liabilities constituting the Permitted Outstanding Debt or arising pursuant thereto, and (k) the Seller Secured Obligations.

"DEFAULTED RECEIVABLE" shall mean (a) with respect to any Receivable that is not an Extended Term Receivable, a Receivable: (i) with respect to which any payment, or part thereof, remains unpaid for more than 60 days from its Maturity Date, (ii) with respect to which the Obligor thereunder has taken any action, or suffered any event to occur, of the type described in Sections 9.01(c) or 9.01(d) of the Purchase Agreement or (iii) that otherwise is or should be determined to be uncollectible and is or should be written off in accordance with the Credit and Collection Policies and (b) with respect to any Receivable that is an Extended Term Receivable, a Receivable that (i) remains unpaid for more than four (4) Business Days after its Extended Maturity Date, (ii) with respect to which the Obligor thereunder has taken any action, or suffered any event to occur, of the type described in Sections 9.01(c) or 9.01(d) of the Purchase Agreement or (iii) that otherwise is or should be determined to be uncollectible and is or should be written off in accordance with the Credit and Collection Policies.

"DEFAULT RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) (i) the average of the respective Outstanding Balances of all Transferred Receivables which constituted Defaulted Receivables as of the last day of the three Settlement Periods immediately preceding such date, plus (ii) the average Outstanding Balance of Transferred Receivables that were written off as uncollectible during such three Settlement Periods.

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(b) the average of the respective Outstanding Balances of all Transferred Receivables as of the last day of the three Settlement Periods immediately preceding such date.

"DELINQUENCY RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) the average of the respective Outstanding Balances of all Transferred Receivables which remain unpaid for more than 30 days but less than 61 days from their respective Maturity Date as of the last day of the three Settlement Periods immediately preceding such date

to

(b) the average of the Outstanding Balances of all Transferred Receivables as of the last day of the three Settlement Periods immediately preceding such date.

"DEPOSIT INVESTMENTS" shall mean, with respect to any Account Collateral, the certificates, instruments, investment property or other investments in which amounts constituting such collateral are invested from time to time.

"DEPOSITARY" shall mean Deutsche Bank Trust Company Americas, in its capacity as the depositary for GE Capital.

"DILUTION FACTORS" shall mean, with respect to any Receivable, any credits, rebates, freight charges, cash discounts, volume discounts, cooperative advertising expenses, royalty payments, warranties, cost of parts required to be maintained by agreement (whether express or implied), warehouse and other allowances, disputes, setoffs, chargebacks, credits issued on account of returned defective goods or other returned or repossessed goods or scrapped goods, inventory transfers, allowances for early payments and other similar allowances that are reflected on the books of each Originator and made or coordinated with the usual practices of the Originator thereof; PROVIDED THAT any allowances or adjustments in accordance with the Credit and Collection Policies made on account of the insolvency of the Obligor thereunder or such Obligor's inability to pay shall not constitute a Dilution Factor.

"DILUTION RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) the sum of (i) the aggregate Dilution Factors during the three (3) consecutive Settlement Periods most recently ended on or prior to the date of determination, plus, without duplication (ii) gross write-offs in connection with Credit and Collection Policies (without deduction of any debit memos or recoveries) during such three (3) consecutive Settlement Periods,

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(b) the aggregate gross Billed Amount of all Transferred Receivables originated during the third, fourth and fifth Settlement Periods preceding the Settlement Period then most recently ended.

"DILUTION RESERVE RATIO" shall mean, as of any date of determination, the sum of (a) the product of (i) two multiplied by (ii) the Dilution Ratio for the Settlement Period most recently ended plus (b) 5%. Notwithstanding the foregoing, the Dilution Reserve Ratio may be changed at any time at the sole discretion of the Administrative Agent, exercised in good faith.

"DOL" shall mean the United States Department of Labor and any Person succeeding to the functions thereof.

"DISCOUNT RESERVE" shall mean, at any time, the product of (a) 1.5, (b) the Index Rate, (c) Capital Investment and (d) a fraction, the numerator of which is the higher of (i) 30 and (ii) the most recently reported Receivables Collection Turnover, and the denominator of which is 360; PROVIDED THAT, the Discount Reserve may be changed at any time at the sole discretion of the Administrative Agent, exercised in good faith.

"DISTRICT" shall mean the geographic location of the office of the Originator which generates the Contract with respect to any Receivable.

"DOLLARS" or "\$" shall mean lawful currency of the United States of America.

"DOMESTIC SUBSIDIARY" shall mean a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"DYNAMIC PURCHASE DISCOUNT RATE" shall mean, as of any date of determination, the rate equal to the lesser of (i) Purchase Discount Rate Cap and (ii) 100% minus the Dilution Reserve Ratio.

"EARLY TERMINATION FEE" shall mean the First Year Early Termination Fee and the Second Year Early Termination Fee.

"ELECTION NOTICE" shall have the meaning assigned to it in Section 2.01(d) of the Sale Agreement.

"ELIGIBLE EXTENDED TERM RECEIVABLE" shall mean, as of any date of determination, an Extended Term Receivable (i) that is evidenced by an Extended Term Instrument, the original of which, together with all requisite endorsements, is delivered to the Administrative Agent pursuant to Section 8.04 of the Purchase Agreement, (ii) that is not a Defaulted Receivable or an Unapproved Receivable, (iii) that satisfies all criteria of eligibility of a Transferred Receivable other than clause (n) of the definition of "Eligible Receivable" and (iv) that is a liability of an Extended Term Receivable Obligor; PROVIDED THAT the aggregate Outstanding Balance of the Extended Term Receivables that exceeds 5% of the aggregate Outstanding Balance of all Eligible Receivables shall be ineligible; and PROVIDED, FURTHER, THAT if

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any of the Extended Term Receivables of an Obligor is a Defaulted Receivable (i) all Eligible Extended Term Receivables, if any, of such Obligor shall be ineligible and (ii) such Obligor shall no longer be an Extended Term Receivable Obligor and Schedule 3 to this Annex X shall be deemed amended by deleting such Obligor therefrom without any further action of the parties; it being understood that no Extended Term Receivable of such Obligor shall be eligible.

"ELIGIBLE RECEIVABLE" shall mean, as of any date of determination, (i) an Eligible Extended Term Receivable and (ii) a Transferred Receivable:

(a) that is not a liability of an Obligor (i) organized under the laws of any jurisdiction outside of the United States of America (including the District of Columbia but otherwise excluding its territories and possessions), (ii) having its principal place of business outside of the United States of America (including the District of Columbia but otherwise excluding its territories and possessions), (iii) that is an Affiliate of the Seller or the applicable Originator, (iv) that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof unless the applicable Originator, if necessary or desirable, has complied with respect to that obligation with the Federal Assignment of Claims Act of 1940, or any applicable state, county or municipal law restricting the assignment or enforcement thereof, or (v) that is a natural person; PROVIDED THAT, Transferred Receivables owing from an Obligor organized under the laws of Canada or any province thereof which has its principal place of business in Canada may be eligible as long as the other criteria of eligibility hereunder with respect to such Transferred Receivables are satisfied, and PROVIDED FURTHER that the aggregate Outstanding Balance of such Transferred Receivables that are eligible shall not exceed five percent (5%) of the aggregate Outstanding Balance of all Eligible Receivables;

(b) that is only denominated and payable in Dollars in the United States of America;

(c) that is not and will not be subject to any deposit or right of rescission, set-off, recoupment, counterclaim, dispute or defense, whether arising out of transactions concerning the Contract therefor or otherwise or is subject to a claim by the Obligor thereunder for consequential damages;

(d) that is not a Defaulted Receivable or an Unapproved Receivable;

(e) which is not the liability of an Obligor as to which more than 25% of the aggregate Outstanding Balance of all Receivables owing from such Obligor are Defaulted Receivables;

(f) that, does not represent "billed but not yet shipped," "bill and hold" or "progress-billed" goods or merchandise, unperformed services, consigned goods or "sale or return" goods and does not arise from a transaction for which any additional performance by the Originator thereof, or acceptance by or other act of the Obligor thereunder, remains to be performed as a condition to any payments on such Receivable;

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(g) as to which the representations and warranties of Sections 4.01(x)(ii)-(iv) of the Sale Agreement are true and correct in all respects as of the Transfer Date therefor and has been transferred to the Seller pursuant to the Sale Agreement in a transaction constituting a true sale or other outright conveyance and contribution;

(h) that is not the liability of an Obligor that has any claim of a material nature against or affecting any Originator or the property of any Originator;

(i) that is a true and correct statement of a bona fide indebtedness incurred in the amount of the Billed Amount of such Receivable for merchandise or goods sold to or services rendered and accepted by the Obligor thereunder;

(j) that was originated by an Originator in accordance with and satisfies all applicable requirements of the Credit and Collection Policies, except to the extent that the failure to satisfy such requirements could not reasonably be expected to have a material adverse effect on the collectibility or enforceability of such Receivable;

(k) that represents the genuine, legal, valid and binding obligation of the Obligor thereunder enforceable by the holder thereof in accordance with its terms;

(l) that is entitled to be paid pursuant to the terms of the Contract therefor, has not been paid in full or been compromised, adjusted, extended, satisfied, subordinated, rescinded or modified, and is not subject to compromise, adjustment, extension, satisfaction, subordination, rescission, or modification by the Originator thereof (except for adjustments to the Outstanding Balance thereof to reflect Dilution Factors made in accordance with the Credit and Collection Policy);

(m) with respect to which the Originator thereof has submitted all necessary documentation for payment to the Obligor thereunder and such Originator has fulfilled all of its other obligations in respect thereof;

(n) the stated term of which, if any, is not greater than 30 days after its Billing Date (other than with respect to Extended Term Receivables);

(o) that was created in compliance with and otherwise does not contravene any laws, rules or regulations applicable thereto (including laws, rules and regulations relating to usury, consumer protection, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no party to the Contract therefor is in violation of any such law, rule or regulation, in each case except to the extent that such noncompliance or contravention could not reasonably be expected to have a material adverse effect on the collectibility, enforceability, value or payment terms of such Receivable;

(p) with respect to which no proceedings or investigations are pending or threatened before any Governmental Authority (i) asserting the invalidity of such Receivable or

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the Contract therefor, (ii) asserting the bankruptcy or insolvency of the Obligor thereunder, (iii) seeking payment of such Receivable or payment and performance of such Contract or (iv) seeking any determination or ruling that might materially and adversely affect the validity or enforceability of such Receivable or such Contract;

(q) with respect to which the Obligor thereunder is not: (i) bankrupt or insolvent, (ii) unable to make payment of its obligations when due, (iii) a debtor in a voluntary or involuntary bankruptcy proceeding, or (iv) the subject of a comparable receivership or insolvency proceeding;

(r) that (other than in the case of Eligible Extended Term Receivables) is an "account" (and is not evidenced by a draft, promissory note or other instrument and does not constitute chattel paper) within the meaning of the UCC of the jurisdictions in which each of the Originators, the Parent and the Seller are organized;

(s) that is payable solely and directly to an Originator and not to any other Person (including any shipper of the merchandise or goods that gave rise to such Receivable), except to the extent that payment thereof may be made to the Collection Account or otherwise as directed pursuant to Article VI of the Purchase Agreement;

(t) with respect to which all material consents, licenses, approvals or authorizations of, or registrations with, any Governmental Authority required to be obtained, effected or given in connection with the creation of such Receivable or the Contract therefor have been duly obtained, effected or given and are in full force and effect;

(u) that is created through the provision of merchandise, goods or services by the Originator thereof in the ordinary course of its business in a current transaction;

(v) that complies with such other criteria and requirements as the Administrative Agent may from time to time, in its reasonable credit judgment, specify to the Seller or the Originator thereof upon not less than three (3) Business Days' prior written notice;

(w) that is not the liability of an Obligor that is receiving or, under the terms of the Credit and Collection Policies, should receive merchandise, goods or services on a "cash on delivery" basis;

(x) that does not constitute a rebilled amount arising from a deduction taken by an Obligor with respect to a previously arising Receivable or the balance owed on a Receivable with respect to which one or more partial payments have been made;

(y) with respect to which no check, draft or other item of payment has previously been received which was returned unpaid or otherwise dishonored;

(z) no portion of which constitutes sales tax, excise tax or commission, late fees, service charges or similar charges;

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(aa) that is not subject to any Lien, right, claim, security interest or other interest of any other Person, other than Liens in favor of the Administrative Agent and the Purchaser; and

(bb) which is not an indebtedness or a liability of a scrap mill (whether or not a supplier) or any other Person with respect to Scrapped Goods.

"ENVIRONMENTAL LAWS" shall mean all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.); the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. Sections 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Sections 136 et seq.); the Solid Waste Disposal Act (42 U.S.C. Sections 6901 et seq.); the Toxic Substance Control Act (15 U.S.C. Sections 2601 et seq.); the Clean Air Act (42 U.S.C. Sections 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Sections 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. Sections 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Sections 300(f) et seq.); and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., each as from time to time amended, and any and all regulations promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

"ENVIRONMENTAL LIEN" shall mean a lien in favor of any Governmental Authority for (a) any liability under Environmental Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to a release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater (a "RELEASE") or threatened Release of a Contaminant into the environment.

"ENVIRONMENTAL PERMITS" shall mean all permits, licenses, authorizations, certificates, approvals, registrations or other written documents required by any Governmental Authority under any Environmental Laws.

"EQUITY INTEREST" shall mean all shares, options, warrants, member interests, general or limited partnership interests or other equivalents (regardless of how designated) of or in a corporation, limited liability company, partnership or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act).

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"EQUITY HOLDERS" shall mean, with respect to any Person, each holder of Equity Interests of such Person.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 and any regulations promulgated thereunder.

"ERISA AFFILIATE" shall mean, with respect to any Originator, any trade or business (whether or not incorporated) that, together with such Originator, are treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the IRC.

"ERISA EVENT" shall mean, with respect to any Originator or any ERISA Affiliate, (a) any event described in Section 4043(c) of ERISA with respect to a Title IV Plan; (b) the withdrawal of any Originator or ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer," as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any Originator or any ERISA Affiliate from any Multiemployer Plan; (d) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA; (e) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC; (f) the failure by any Originator or ERISA Affiliate to make when due required contributions to a Multiemployer Plan or Title IV Plan unless such failure is cured within 30 days; (g) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of liability under Section 4069 or 4212(c) of ERISA; (h) the termination of a Multiemployer Plan under Section 4041A of ERISA or the reorganization or insolvency of a Multiemployer Plan under Section 4241 of ERISA; (i) the loss of a Qualified Plan's qualification or tax exempt status; or (j) the termination of a Plan described in Section 4064 of ERISA.

"ESOP" shall mean a Plan that is intended to satisfy the requirements of Section 4975(e)(7) of the IRC.

"EVENT OF SERVICER TERMINATION" shall have the meaning assigned to it in Section 9.02 of the Purchase Agreement.

"EXCLUDED RECEIVABLE" shall mean any indebtedness of Obligors (whether constituting an account, general intangible, instrument or otherwise) arising from the sale of merchandise, goods or services by any District of any Originator to its Obligors (including the right to payment of any interest or finance charges and other obligations of such Obligors with respect thereto) designated in writing by the Administrative Agent to the Originators at any time that the aggregate principal amount of Transferred Receivables at any one time outstanding exceeds \$75,000,000 and arising after the date of such written designation.

"EXTENDED MATURITY DATE" shall mean, with respect to any Receivable, the due date for payment thereof which is extended by an agreement between an Originator and an

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Obligor beyond the original Maturity Date, which is not, in any event, later than 124 days after its original Billing Date.

"EXTENDED TERM INSTRUMENT" shall mean a draft executed by an Obligor in favor of an Originator evidencing the Extended Term Receivable substantially in the form attached as Exhibit B to the Purchase Agreement.

"EXTENDED TERM INSTRUMENT REPORT" shall have the meaning set forth in Annex 5.02(a) to the Purchase Agreement.

"EXTENDED TERM RECEIVABLE" shall mean a Receivable that has an Extended Maturity Date and is a liability of those Obligor that are listed on Schedule 3 attached to this Annex X (each, an "EXTENDED TERM RECEIVABLE OBLIGOR" and collectively, the "EXTENDED TERM RECEIVABLE OBLIGORS"), as Schedule 3 may be amended from time to time by deletion of such Obligor pursuant to the definition of "Eligible Extended Term Receivables".

"FACILITY TERMINATION DATE" shall mean the earliest of (a) the date so designated pursuant to Section 9.01 of the Purchase Agreement, (b) the Final Purchase Date, and (c) the date of termination of the Maximum Purchase Limit specified in a notice from Seller to the Purchaser delivered pursuant to and in accordance with Section 2.02(b) of the Purchase Agreement.

"FAIR LABOR STANDARDS ACT" shall mean the provisions of the Fair Labor Standards Act, 29 U.S.C. Sections 201 et seq.

"FEDERAL FUNDS RATE" shall mean, for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by the Administrative Agent.

"FEDERAL RESERVE BOARD" shall mean the Board of Governors of the Federal Reserve System.

"FEE LETTER" shall mean that certain letter agreement dated December 26, 2002, between the Seller and the Administrative Agent.

"FINAL PURCHASE DATE" shall mean December 26, 2005.

"FINANCIAL STATEMENTS" shall mean, consolidated and consolidating income statements, statements of cash flows and balance sheets of the Parent delivered in accordance with Section 4.01(f) of the Sale Agreement, Annex 4.03(a) and Annex 4.03(b) to the Sale Agreement and separate income statements, statements of cash flows and balance sheets of the Seller delivered in accordance with Section 5.02 of the Purchase Agreement.

"FIRST YEAR EARLY TERMINATION FEE" shall have the meaning assigned to it in the Fee Letter.

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"FIXED CHARGES" shall mean, with respect to the Parent and its Subsidiaries, on a consolidated basis, for any fiscal period, (a) the aggregate of all Interest Expense payable in cash during such period, plus (b) scheduled payments of principal payable in cash with respect to Debt during such period.

"FIXED CHARGE COVERAGE RATIO" shall mean, with respect to the Parent and its Subsidiaries, on a consolidated basis, for any fiscal period, the ratio of (a) the Consolidated EBITDA, minus Capital Expenditures (other than that portion of such Capital Expenditures that are financed) during such period and minus, to the extent not already deducted in the calculation of the Consolidated EBITDA, income taxes payable in cash with respect to such period (without adding back any tax credit received) and minus the aggregate of all redemptions, purchases, retirements, defeasances, or similar payments or acquisitions for value with respect to Debt (other than refinancing of any Permitted Outstanding Debt expressly permitted under the Purchase Agreement) and minus dividends paid in cash to (b) Fixed Charges.

"FOREIGN SUBSIDIARY" shall mean a Subsidiary which is not a Domestic Subsidiary.

"GAAP" shall mean (i) generally accepted accounting principles in the United States of America as in effect on the Closing Date for the purpose of calculating the Fixed Charge Coverage Ratio and (ii) generally accepted accounting principles in the United States of America as in effect from time to time for all other purposes.

"GE CAPITAL" shall mean General Electric Capital Corporation, a Delaware corporation, and its successors and assigns.

"GENERAL TRIAL BALANCE" shall mean, with respect to any Originator and as of any date of determination, such Originator's accounts receivable trial balance (whether in the form of a computer printout, magnetic tape or diskette) as of such date, listing Obligors and the Receivables owing by such Obligors as of such date together with the aged Outstanding Balances of such Receivables, in form and substance satisfactory to the Seller and the Purchaser.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEED INDEBTEDNESS" shall mean, as to any Person, any obligation of such Person guaranteeing any indebtedness, lease, dividend, or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner, including any obligation or arrangement of such Person to (a) purchase or repurchase any such primary obligation, (b) advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) purchase property, securities or services primarily for the purpose of assuring the owner of any such

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primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) indemnify the owner of such primary obligation against loss in respect thereof. The amount of any Guaranteed Indebtedness at any time shall be deemed to be the amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranteed Indebtedness is incurred and (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guaranteed Indebtedness; or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"GUARANTEED OBLIGATIONS" shall mean, collectively: (a) all covenants, agreements, terms, conditions and indemnities to be performed and observed by each of the Affiliated Party under and pursuant to the Sale Agreement and each other document executed and delivered by each of the Affiliated Party pursuant to the Sale Agreement, including, without limitation, the due and punctual payment of all sums which are or may become due and owing by any of the Affiliated Parties under the Sale Agreement, whether for fees, expenses (including counsel fees), indemnified amounts or otherwise, whether upon any termination or for any other reason and (b) all obligations of Affiliated Parties under the Purchase Agreement, or which arise pursuant to the Purchase Agreement as a result of their termination as Servicers.

"INCIPIENT SERVICER TERMINATION EVENT" shall mean any event that, with the passage of time or notice or both, would, unless cured or waived, become an Event of Servicer Termination.

"INCIPIENT TERMINATION EVENT" shall mean any event that, with the passage of time or notice or both, would, unless cured or waived, become a Termination Event.

"INDEMNIFIED AMOUNTS" shall mean, with respect to any Person, any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal).

"INDEMNIFIED PERSON" shall have the meaning assigned to it in Section 12.01(a) of the Purchase Agreement.

"INDEMNIFIED TAXES" shall have the meaning assigned to it in Section 2.08(b) of the Purchase Agreement.

"INDEPENDENT MEMBER" shall mean Castle IND MGR, Inc., a Delaware corporation.

"INDEX RATE" shall mean, for any day, a floating rate equal to the higher of (i) the rate publicly quoted from time to time by The Wall Street Journal as the "base rate on corporate loans at large U.S. money center commercial banks" (or, if The Wall Street Journal ceases quoting a base rate of the type described, the highest per annum rate of interest published by the Federal Reserve Board in Federal Reserve statistical release H.15 (519) entitled "Selected

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Interest Rates" as the Bank prime loan rate or its equivalent), and (ii) the Federal Funds Rate plus fifty (50) basis points per annum. Each change in any interest rate provided for in the Purchase Agreement based upon the Index Rate shall take effect at the time of such change in the Index Rate.

"INTENDED CHARACTERIZATION" shall mean, for income tax purposes, the characterization of the acquisition by the Purchaser of Purchaser Interests under the Purchase Agreement as a loan or loans by the Purchaser to the Seller secured by the Receivables and the Related Security.

"INTEREST EXPENSE" shall mean, with respect to the Parent and its Subsidiaries and any period, the interest expense of such Person, determined on a consolidated basis for such period, including in any event the interest portion or payments under Capital Lease Obligations and interest expense for the relevant period that has been capitalized on the balance sheet of such Person and yield or other amounts due and payable (other than upfront fees) under any accounts receivable securitization facility to which any such Person is a party as seller or issuer.

"INVESTMENT BASE" shall mean, as of any date of determination, the amount equal to the aggregate Outstanding Balance of all Eligible Receivables minus the Reserves with respect thereto, in each case as disclosed in the most recently submitted Investment Base Certificate or as otherwise determined by the Purchaser or the Administrative Agent based on Seller Collateral information available to any of them, including any information obtained from any audit or from any other reports with respect to the Seller Collateral, which determination shall be final, binding and conclusive on all parties to the Purchase Agreement (absent manifest error).

"INVESTMENT BASE CERTIFICATE" shall have the meaning assigned to it in Section 2.03(a)(i) of the Purchase Agreement.

"INVESTMENT COMPANY ACT" shall mean the provisions of the Investment Company Act of 1940, 15 U.S.C. Sections 80a et seq., and any regulations promulgated thereunder.

"INVESTMENT REPORTS" shall mean, collectively, the Investment Base Certificates, the Monthly Reports and each of the reports with respect to the Transferred Receivables, the Related Security and the Seller Collateral referred to in Annex 7.02 of the Purchase Agreement.

"IRC" shall mean the Internal Revenue Code of 1986 and any regulations promulgated thereunder.

"IRS" shall mean the Internal Revenue Service.

"LENDERS" shall mean the lenders from time to time party to Permitted Outstanding Debt Documents.

"LIBOR BUSINESS DAY" shall mean a Business Day on which banks in the City of London are generally open for interbank or foreign exchange transactions.

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"LIBOR PERIOD" shall mean, with respect to any LIBOR Tranche, each period commencing on a LIBOR Business Day selected by Seller pursuant to the Purchase Agreement and ending one, two or three months thereafter, as selected by Seller's irrevocable notice to Administrative Agent as set forth in the Purchase Agreement; PROVIDED THAT the foregoing provision relating to LIBOR Periods is subject to the following:

(a) if any LIBOR Period would otherwise end on a day that is not a LIBOR Business Day, such LIBOR Period shall be extended to the next succeeding LIBOR Business Day unless the result of such extension would be to carry such LIBOR Period into another calendar month in which event such LIBOR Period shall end on the immediately preceding LIBOR Business Day;

(b) any LIBOR Period that would otherwise extend beyond the Facility Termination Date shall end 2 LIBOR Business Days prior to such date;

(c) any LIBOR Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Period) shall end on the last LIBOR Business Day of a calendar month;

(d) Seller shall select LIBOR Periods so as not to require a payment or prepayment of any LIBOR Tranche during a LIBOR Period for such LIBOR Tranche; and

(e) Seller shall select LIBOR Periods so that there shall be no more than 5 separate LIBOR Tranches in existence at any one time.

"LIBOR RATE" shall mean for each LIBOR Period, a rate of interest determined by the Administrative Agent equal to:

(a) the offered rate for deposits in United States Dollars for the applicable LIBOR Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time), on the second full LIBOR Business Day next preceding the first day of such LIBOR Period (unless such date is not a Business Day, in which event the next succeeding Business Day will be used); divided by

(b) a number equal to 1.0 minus the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day that is 2 LIBOR Business Days prior to the beginning of such LIBOR Period (including basic, supplemental, marginal and emergency reserves under any regulations of the Federal Reserve Board or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect) for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board that are required to be maintained by a member bank of the Federal Reserve System.

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If such interest rates shall cease to be available from Telerate News Service, the LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Administrative Agent and Seller.

"LIBOR TRANCHE" shall mean each portion of the Capital Investment (if any) that is accruing Daily Yield at a LIBOR Rate for a LIBOR Period.

"LIEN" shall mean any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable law of any jurisdiction).

"LITIGATION" shall mean, with respect to any Person, any action, claim, lawsuit, demand, investigation or proceeding pending or threatened against such Person before any court, board, commission, agency or instrumentality of any federal, state, local or foreign government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators.

"LOCKBOX" shall have the meaning assigned to it in Section 6.01(a)(ii) of the Purchase Agreement.

"LOCKBOX ACCOUNT" shall mean each lockbox account or blocked account listed on Schedule 4.01(r) to the Purchase Agreement as amended from time to time established in the name of the Seller and held at a Lockbox Account Bank, together with any other segregated deposit account established by the Seller for the deposit of Collections pursuant to and in accordance with Section 6.01(a) of the Purchase Agreement.

"LOCKBOX ACCOUNT AGREEMENT" shall mean any agreement among any one or more Originators, the Seller, the Administrative Agent, a Lockbox Account Bank and/or Concentration Account Bank with respect to a Lockbox, Lockbox Account and/or Concentration Account that provides, among other things, that (a) all items of payment deposited in such Lockbox, Lockbox Account or Concentration Account are held by such Lockbox Account Bank or such Concentration Account Bank, as the case may be, as custodian for GE Capital, as Administrative Agent, (b) neither the Lockbox Account Bank nor the Concentration Account Bank, as applicable, has any rights of setoff or recoupment or any other claim against such Lockbox Account or Concentration Account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such Account and for returned checks or other items of payment and (c) such Lockbox Account Bank agrees to forward all Collections received in such Lockbox Account to the Concentration Account within one Business Day of receipt of available funds, and such Concentration Account Bank agrees to forward all Collections received in the Concentration Account to the Collection Account within one Business Day of receipt of available funds, and is otherwise in form and substance acceptable to the Administrative Agent.

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"LOCKBOX ACCOUNT BANK" shall mean any bank or other financial institution at which one or more Lockbox Accounts are maintained.

"MARGIN STOCK" shall have the meaning set forth in Regulation U promulgated by the Board of Governors of the Federal Reserve System, as from time to time in effect.

"MASTER SERVICER" shall mean the Parent in its capacity as Master Servicer under the Purchase agreement, or any other Person designated as a Successor Servicer to the Master Servicer.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (a) the business, assets, liabilities, operations, prospects or financial or other condition of (i) any Originator or the Originators considered as a whole, (ii) the Seller or (iii) the Master Servicer and its Subsidiaries considered as a whole, (b) the ability of any Originator, the Seller or any Servicer to perform any of its obligations under the Related Documents in accordance with the terms thereof, (c) the validity or enforceability of any Related Document or the rights and remedies of the Seller, the Purchaser or the Administrative Agent under any Related Document, (d) the federal income tax attributes of the sale, contribution or pledge of the Transferred Receivables and the Related Security pursuant to any Related Document or (e) the Transferred Receivables, the Related Security, the Originator Collateral, the Seller Collateral or the ownership interests or Liens of the Seller or the Purchaser or the Administrative Agent thereon or the priority of such interests or Liens.

"MATERIAL DEBT" shall have the meaning assigned to it in Section 9.01(b) of the Purchase Agreement.

"MATURITY DATE" shall mean, with respect to any Receivable, the due date for payment therefor specified in the Contract therefor, or, if no date is so specified, 30 days from the Billing Date.

"MAXIMUM PURCHASE LIMIT" shall mean \$60,000,000 as such amount may be reduced in accordance with Section 2.02(a) of the Purchase Agreement.

"MONTHLY REPORT" shall mean a report in substantially the form of Exhibit 2.03(a)(iii) to the Purchase Agreement.

"MOODY'S" shall mean Moody's Investors Service, Inc. or any successor thereto.

"MULTIEMPLOYER PLAN" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA with respect to which any Originator or ERISA Affiliate is making, is obligated to make, or has made or been obligated to make, contributions on behalf of participants who are or were employed by any of them.

"NET WORTH PERCENTAGE" shall mean a fraction (expressed as a percentage) (a) the numerator of which equals the excess of assets over liabilities, in each case determined in

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accordance with GAAP consistently applied and (b) the denominator of which equals the Outstanding Balance of Transferred Receivables.

"NOTE AGREEMENTS" shall mean (i) that certain Note Agreement, dated as of May 15, 1997, as amended and in effect on the Closing Date, among the Parent and the holder of the Parent's Reset Rate Senior Secured Notes due 2009, (ii) that certain Note Agreement, dated as of March 1, 1998, as amended and in effect on the Closing Date, among the Parent, the holders of the Parent's Reset Rate Series A Senior Secured Notes due 2008, the holders of the Parent's Reset Rate Series B Senior Secured Notes due 2010, and the holders of the Parent's Reset Rate Series C Senior Secured Notes due 2012, and (iii) that certain Note Agreement, dated as of April 1, 1996, as amended and in effect on the Closing Date, among the Parent and the holders of the Parent's Reset Rate Senior Secured Notes due 2008.

"NOTE DOCUMENTS" shall mean, the Note Agreements, the Senior Notes and all notes, security agreements, guaranties, pledge agreements, mortgages and related collateral documents executed pursuant to any of the foregoing.

"NOTEHOLDER" shall mean each holder of a Senior Note pursuant to a Note Agreement, and its successors and assigns.

"OBLIGOR" shall mean, with respect to any Receivable, the Person primarily obligated to make payments in respect thereof.

"OFFICER'S CERTIFICATE" shall mean, with respect to any Person, a certificate signed by an Authorized Officer of such Person.

"ORGANIC DOCUMENTS" shall mean, relative to any Person, its certificate of incorporation, its by-laws, its partnership agreement, its memorandum and articles of association, its certificate of formation or articles of organization and limited liability company agreement and/or operating agreement, share designations or similar organization documents and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized Equity Interest.

"ORIGINATOR" shall mean each of A. M. Castle & Co., a Maryland corporation, Oliver Steel Plate Co., a Delaware corporation, Keystone Tube Company, llc, a Delaware limited liability company, and Total Plastics, Inc., a Michigan corporation.

"ORIGINATOR COLLATERAL" shall have the meaning assigned to it in Section 7.01 of the Sale Agreement.

"OUTSTANDING BALANCE" shall mean, with respect to any Receivable and as of any date of determination, the amount (which amount shall not be less than zero) equal to (a) the Billed Amount thereof, minus (b) all Collections received from the Obligor thereunder, minus (c) all discounts to or any other modifications that reduce such Billed Amount; PROVIDED THAT if the Administrative Agent or the Master Servicer makes a determination that all payments by such

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Obligor with respect to such Billed Amount have been made, the Outstanding Balance shall be zero.

"PARENT" shall mean A. M. Castle & Co., a Maryland corporation.

"PARENT GROUP" shall mean the Parent and each of its Affiliates (other than the Seller and the Independent Member).

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"PENSION PLAN" shall mean a Plan described in Section 3(2) of ERISA.

"PER ANNUM DAILY MARGIN" shall have the meaning assigned to it in the Fee Letter:

"PERFORMANCE UNDERTAKING" shall mean the provisions of Article VIII of the Sale Agreement.

"PERMITTED INDEPENDENT MEMBER ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) deposits securing statutory obligations of the Independent Member; and (c) presently existing or hereinafter created Liens in favor of the Collateral Administrative Agent on the Independent Member's Equity Interest in the Seller.

"PERMITTED INVESTMENTS" shall mean any of the following:

(a) obligations of, or guaranteed as to the full and timely payment of principal and interest by, the federal government of the United States or obligations of any agency or instrumentality thereof if such obligations are backed by the full faith and credit of the federal government of the United States, in each case with maturities of not more than 90 days from the date acquired;

(b) repurchase agreements on obligations of the type specified in clause (a) of this definition; provided, that the short-term debt obligations of the party agreeing to repurchase are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's;

(c) federal funds, certificates of deposit, time deposits and bankers' acceptances of any depository institution or trust company incorporated under the federal laws of the United States or any state, in each case with original maturities of not more than 90 days or, in the case of bankers' acceptances, original maturities of not more than 365 days; provided, that the short-term obligations of such depository institution or trust company are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's;

(d) commercial paper of any corporation incorporated under the laws of the United States of America or any state thereof with original maturities of not more than 30 days

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that on the date of acquisition are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's; and

(e) securities of money market funds rated at least Aam or the equivalent by S&P and P-1 or the equivalent by Moody's.

"PERMITTED ORIGINATOR ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) pledges or deposits securing obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation (excluding Liens under ERISA); (c) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which any Originator, the Seller or any Servicer is a party as lessee made in the ordinary course of business; (d) deposits securing statutory obligations of any Originator, the Seller or any Servicer; (e) inchoate and unperfected workers', mechanics', suppliers' or similar Liens arising in the ordinary course of business; (f) carriers', warehousemen's or other similar possessory Liens arising in the ordinary course of business and securing liabilities in an outstanding aggregate amount not in excess of \$500,000 at any one time; (g) deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which any Originator, the Seller or any Servicer is a party; (h) any attachment or judgment Lien not constituting a Termination Event under Section 9.01(f) of the Purchase Agreement; (i) Liens existing on the Closing Date and listed on Schedule 4.04(b) of the Sale Agreement; (j) [reserved]; (k) [reserved]; (l) Liens securing Debt which is incurred to extend, refinance, renew, replace, defease or refund Debt which has been secured by a Lien permitted under the Sale Agreement and is permitted to be extended, refinanced, renewed, replaced, defeased or refunded under the Sale Agreement but only to the extent that such Lien is limited to the same collateral as that covered by the prior Lien; (m) Liens securing the Permitted Outstanding Debt so long as such Liens (A) do not encumber Originator Collateral or Seller Collateral, (B) are granted to one or more holders of the Permitted Outstanding Debt pursuant to agreements, instruments or documents which have been reviewed by the Administrative Agent and which are reasonably satisfactory to the Administrative Agent, and (C) an intercreditor agreement satisfactory to the Administrative Agent has been entered into between the Administrative Agent and such holders of the Permitted Outstanding Debt or an agent authorized to act on their behalf; and (n) presently existing or hereinafter created Liens in favor of the Buyer, the Seller, the Purchaser or the Administrative Agent.

"PERMITTED OUTSTANDING DEBT" shall mean existing Debt described in Schedule 2 to this Annex X with the holders of such Debt as described in that Schedule (or with any other future holder of such Debt reasonably satisfactory to the Administrative Agent) and refinancings thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof or changing the amortization thereof (other than to extend the same and other than as expressly permitted in the Purchase Agreement) and that are otherwise on terms and conditions no less favorable to any Seller Party or the Administrative Agent, as determined by the Administrative Agent, than the terms of the Debt being refinanced, amended or modified.

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"PERMITTED OUTSTANDING DEBT DOCUMENTS" shall mean the agreements, indentures, and related documents and instruments evidencing the Permitted Outstanding Debt, each in effect as of the Closing Date.

"PERMITTED SELLER ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) deposits securing statutory obligations of the Seller; and (c) presently existing or hereinafter created Liens in favor of the Purchaser or the Administrative Agent.

"PERSON" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, trust, association, corporation (including a business trust), limited liability company, institution, public benefit corporation, joint stock company, Governmental Authority or any other entity of whatever nature.

"PLAN" shall mean, at any time, an "employee benefit plan," as defined in Section 3(3) of ERISA, that any Originator or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any Originator or ERISA Affiliate.

"PROJECTIONS" shall mean Parent Group's forecasted consolidated and consolidating: (a) balance sheets; (b) income statements; and (c) cash flow statements, all prepared on a Subsidiary-by-Subsidiary or division-by-division basis, if applicable, and otherwise consistent with the historical Financial Statements of Parent, together with appropriate supporting details and a statement of underlying assumptions.

"PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"PURCHASE AGREEMENT" shall mean that certain Receivables Purchase and Servicing Agreement dated as of December 26, 2002, among the Seller, the Independent Member, the Purchaser, the Servicers and the Administrative Agent.

"PURCHASE ASSIGNMENT" shall mean that certain Purchase Assignment, dated as of December 26, 2002, by and between the Seller and the Purchaser in the form attached as Exhibit 2.04(a) to the Purchase Agreement.

"PURCHASE DATE" shall mean each day on which a Purchase is made.

"PURCHASE DISCOUNT RATE CAP" shall mean a rate equal to eighty-five percent (85%); PROVIDED THAT the Purchase Discount Rate Cap may be changed at any time as determined by the Administrative Agent in its reasonable credit judgment exercised in good faith.

"PURCHASE EXCESS" shall mean, as of any date of determination, the extent to which the Capital Investment exceeds the Availability, in each case as disclosed in the most

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recently submitted Investment Base Certificate or as otherwise determined by the Purchaser or the Administrative Agent based on Seller Collateral information available to any of them, including any information obtained from any audit or from any other reports with respect to the Seller Collateral, which determination shall be final, binding and conclusive on all parties to the Purchase Agreement (absent manifest error).

"PURCHASE REQUEST" shall have the meaning assigned to it in Section 2.03(b) of the Purchase Agreement.

"PURCHASER" shall mean GE Capital, its successors and assigns.

"PURCHASER INTEREST" shall mean the undivided percentage ownership interest of the Purchaser in the Transferred Receivables and the Related Security which are purchased under the Purchase Agreement. The Purchaser Interest of the Purchaser shall be expressed as a fraction of the total Transferred Receivables computed as follows:

$$PI = C + DR/IB \times DPR$$

where:

PI = the Purchaser Interest at the time of determination;

C = the aggregate Capital Investment at such time;

DR = the Discount Reserve plus the Availability Reserve;

IB = the Investment Base at such time; and

DPR = the Dynamic Purchase Discount Rate at such time.

The Purchaser Interest shall be calculated (or deemed to be calculated) on each Business Day from the Closing Date through the Facility Termination Date; from and after the Facility Termination Date, the Purchaser Interest of the Purchaser shall be the Purchaser Interest of such Purchaser as calculated on the Business Day immediately preceding the Facility Termination Date until the Termination Date, at which time the Purchaser Interest shall equal zero.

"QUALIFIED PLAN" shall mean a Pension Plan that is intended to be tax-qualified under Section 401(a) of the IRC.

"RATIOS" shall mean, collectively, the Dilution Ratio, the Default Ratio, the Delinquency Ratio, the Receivables Collection Turnover and Net Worth Percentage.

"RECEIVABLE" shall mean, with respect to any Obligor, indebtedness of such Obligor (whether constituting an account, a payment intangible, an instrument or otherwise)

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arising from the sale of merchandise, goods or services by an Originator to such Obligor, including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto; PROVIDED THAT the definition of "Receivable" shall exclude the Excluded Receivables.

"RECEIVABLES COLLECTION TURNOVER" shall mean, as of any date of determination, the amount (expressed in days) equal to:

(a) a fraction, (i) the numerator of which is equal to the average of the Outstanding Balances of Transferred Receivables on the first day of the three (3) Settlement Periods immediately preceding such date and (ii) the denominator of which is equal to aggregate Collections received during such three (3) Settlement Periods with respect to all Transferred Receivables,

multiplied by

(b) the number of days contained in such three (3) Settlement Periods.

"RECORDS" shall mean all Contracts and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained by any Originator, any Servicer, any Sub-Servicer or the Seller with respect to the Receivables and the Obligors thereunder, the Originator Collateral and the Seller Collateral.

"REGULATORY CHANGE" shall mean any change after the Closing Date in any federal, state or foreign law or regulation (including Regulation D of the Federal Reserve Board) or the adoption or making after such date of any interpretation, directive or request under any federal, state or foreign law or regulation (whether or not having the force of law) by any Governmental Authority charged with the interpretation or administration thereof that, in each case, is applicable to any Affected Party.

"REINVESTMENT PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"REJECTED AMOUNT" shall have the meaning assigned to it in Section 4.05 of the Sale Agreement.

"RELATED DOCUMENTS" shall mean each Lockbox Account Agreement, the Sale Agreement (including, without limitation, the Performance Undertaking contained therein), the Purchase Agreement, the Purchase Assignment, the Fee Letter and all other agreements, instruments, documents and certificates identified in the Schedule of Documents and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Person, or any employee of any Person, and delivered in connection with either Sale Agreement, the Purchase Agreement or the transactions contemplated thereby. Any reference in either Sale

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Agreement, the Purchase Agreement or any other Related Document to a Related Document shall include all Appendices thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to such Related Document as the same may be in effect at any and all times such reference becomes operative.

"RELATED SECURITY" shall mean with respect to any Receivable:

(a) all supporting obligations (as defined in Article 9 of the UCC), security interests or Liens and property subject thereto from time to time securing or purporting to secure the payment of such Receivable by the Person obligated thereon;

(b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable;

(c) all right, title and interest of the Parent or any Subsidiary in and to any goods (including Returned Goods) the sale of which gave rise to such Receivable and all right, title and interest of the Parent or any Subsidiary in and to payments made on account of Scrapped Goods; provided that Related Security will not include Returned Goods from and after the time, if any, when the Seller shall have received full cash payment required to be made under the Sale Agreement on account of the reduction of the Outstanding Balance of the Receivable related to such Returned Good);

(d) all Collections;

(e) all Records;

(f) all of the following (collectively, the "ACCOUNT COLLATERAL") (A) in the case of any Originator, all deposit accounts and/or lockboxes established for collection of Receivables and all funds on deposit therein and all certificates and instruments, if any, at any time or evidencing such accounts, lockboxes or such funds and (B) in the case of Seller:

(1) all deposit accounts, including the Lockbox Accounts, the Lockboxes, and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing any deposit account, the Lockbox Accounts, the Lockboxes or such funds,

(2) the Collection Account, the Concentration Account and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing the Collection Account, the Concentration Account or such funds,

(3) all Deposit Investments from time to time of amounts in the Collection Account, and all certificates, instruments and

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investment property, if any, from time to time representing or evidencing such Deposit Investments,

(4) all notes, certificates of deposit and other instruments in substitution for or relating to any of the then existing Account Collateral, and

(5) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise distributed with respect to or in exchange for any and all of the then existing Account Collateral; and

(g) all proceeds of such Receivable and with respect to any of the foregoing.

"REPAYMENT NOTICE" shall have the meaning assigned to it in Section 2.03(c) of the Purchase Agreement.

"RESERVES" shall mean the aggregate Concentration Discount Amount for all Obligors of Transferred Receivables plus the Credit Memo Reserve and any other reserves as the Administrative Agent may establish from time to time in its credit judgment exercised in good faith.

"RETIREE WELFARE PLAN" shall mean, at any time, a Welfare Plan that provides for continuing coverage or benefits for any participant or any beneficiary of a participant after such participant's termination of employment, other than continuation coverage provided pursuant to Section 4980B of the IRC and at the sole expense of the participant or the beneficiary of the participant.

"RETURNED GOODS" shall mean goods, the sale of which gave rise to a Receivable, that are returned to an Originator by an Obligor for any reason.

"REVOLVING PERIOD" shall mean the period from and including the Closing Date through and including the day immediately preceding the Facility Termination Date.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SALE" shall mean with respect to a sale of Receivables under the Sale Agreement, a sale of Receivables by an Originator to the Seller in accordance with the terms of the Sale Agreement.

"SALE AGREEMENT" shall mean that certain Receivables Sale and Contribution Agreement dated as of December 26, 2002, among the Originators, as sellers, the Parent, and the Seller, as buyer thereunder.

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"SALE PRICE" shall mean, with respect to any Sale of Sold Receivables, the price calculated by the Seller and approved from time to time by the Administrative Agent equal to:

- (a) the Outstanding Balance of such Sold Receivable, minus
- (b) the expected costs to be incurred by the Seller in financing the purchase of such Sold Receivables until the Outstanding Balance of such Sold Receivables is paid in full, minus
- (c) the portion of such Sold Receivables that are reasonably expected by such Originator to become Defaulted Receivables, minus
- (d) the portion of such Sold Receivables that are reasonably expected by such Originator to be reduced by means other than the receipt of Collections thereon or pursuant to clause (c) above, minus
- (e) amounts expected to be paid to the Servicers with respect to the servicing, administration and collection of such Sold Receivables;

PROVIDED THAT such calculations shall be determined based on the historical experience of (y) such Originator, with respect to the calculations required in each of clauses (c) and (d) above, and (z) the Seller, with respect to the calculations required in clauses (b) and (e) above.

"SCHEDULE OF DOCUMENTS" shall mean the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with the Sale Agreement, the Purchase Agreement and the other Related Documents and the transactions contemplated thereunder, substantially in the form attached as Annex Y to the Purchase Agreement and the Sale Agreement.

"SCRAPPED GOODS" shall mean goods, the sale of which gave rise to a Receivable, which are rejected by the applicable Obligor for any reason but which are scrapped rather than being returned to the applicable Originator or any of its Affiliates.

"SECOND YEAR EARLY TERMINATION FEE" shall have the meaning assigned to it in the Fee Letter.

"SECURITIES ACT" shall mean the provisions of the Securities Act of 1933, 15 U.S.C. Sections 77a et seq., and any regulations promulgated thereunder.

"SECURITIES EXCHANGE ACT" shall mean the provisions of the Securities Exchange Act of 1934, 15 U.S.C. Sections 78a et seq., and any regulations promulgated thereunder.

"SELLER" shall mean Castle SPFD, LLC, a Delaware limited liability company, in its capacity as seller under the Purchase Agreement.

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"SELLER ACCOUNT" shall mean a deposit account maintained in the name of the Seller at a commercial bank in the United States of America, as designated by the Seller from time to time.

"SELLER ASSIGNED AGREEMENTS" shall have the meaning assigned to it in Section 8.01(b) of the Purchase Agreement.

"SELLER COLLATERAL" shall have the meaning assigned to it in Section 8.01 of the Purchase Agreement.

"SELLER PARTIES" shall have the meaning assigned to it in the recitals of the Purchase Agreement.

"SELLER SECURED OBLIGATIONS" shall mean all loans, advances, debts, liabilities, indemnities and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by the Seller to any Affected Party under the Purchase Agreement and any document or instrument delivered pursuant thereto, and all amendments, extensions or renewals thereof, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising thereunder, including Capital Investment, Daily Yield, Unused Facility Fees, amounts in reduction of Purchase Excess, Successor Servicing Fees and Expenses, Additional Amounts and Indemnified Amounts. This term includes all principal, interest (including all interest that accrues after the commencement of any case or proceeding by or against the Seller in bankruptcy, whether or not allowed in such case or proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to the Seller thereunder, whether now existing or hereafter arising, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations that are paid to the extent all or any portion of such payment is avoided or recovered directly or indirectly from any Purchaser or the Administrative Agent or any transferee of the Purchaser or the Administrative Agent as a preference, fraudulent transfer or otherwise.

"SENIOR NOTE" shall mean any of the Parent's Reset Rate Senior Secured Notes, due May 30, 2009, Reset Rate Series A Senior Secured Notes, due March 1, 2008, Reset Rate Series B Senior Secured Notes, due March 1, 2010, Reset Rate Series C Senior Secured Notes, due March 1, 2012, or Reset Rate Senior Secured Notes, due April 15, 2008.

"SERVICER" shall mean each of the Master Servicer, Oliver Steel Plate Co., a Delaware corporation and Total Plastics, Inc., a Michigan corporation, each in its capacity as a Servicer under the Purchase Agreement, or any other Person designated as a Successor Servicer.

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"SERVICER TERMINATION NOTICE" shall mean any notice by the Administrative Agent to any Servicer that (a) an Event of Servicer Termination has occurred and (b) the Servicers' appointment under the Purchase Agreement has been terminated.

"SERVICING FEE" shall mean, for any day within a Settlement Period, the amount equal to (a) (i) the Servicing Fee Rate divided by (ii) 360, multiplied by (b) the Transferred Receivables on such day.

"SERVICING FEE RATE" shall mean 1.00%.

"SERVICING RECORDS" shall mean all documents, books, Records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained by the Master Servicer with respect to the Transferred Receivables and the Related Security and the Obligors thereunder.

"SERVICING SOFTWARE" shall mean the data processing software used by the Originators, Master Servicer and/or Seller for the purpose of servicing, monitoring, and retaining data regarding the Transferred Receivables and the Related Security and the Obligors thereunder.

"SETTLEMENT DATE" shall mean the tenth Business Day following the end of each Settlement Period.

"SETTLEMENT PERIOD" shall mean (a) solely for purposes of determining the Ratios, (i) with respect to all Settlement Periods other than the final Settlement Period, each calendar month, whether occurring before or after the Closing Date, and (ii) with respect to the final Settlement Period, the period ending on the Termination Date and beginning with the first day of the calendar month in which the Termination Date occurs, and (b) for all other purposes, (i) with respect to the initial Settlement Period, the period from and including the Closing Date through and including the last day of the calendar month in which the Closing Date occurs, (ii) with respect to the final Settlement Period, the period ending on the Termination Date and beginning with the first day of the calendar month in which the Termination Date occurs, and (iii) with respect to all other Settlement Periods, each calendar month.

"SOLD RECEIVABLE" shall have the meaning assigned to it in Section 2.01(b) of the Sale Agreement.

"SOLVENT" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person; (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its Indebtedness as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur Indebtedness or liabilities beyond such Person's ability to pay as such Indebtedness and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent

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liabilities (such as Litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SUB-SERVICER" shall mean any Person with whom any Servicer enters into a Sub-Servicing Agreement.

"SUB-SERVICING AGREEMENT" shall mean any written contract entered into between any Servicer and any Sub-Servicer pursuant to and in accordance with Section 7.01 of the Purchase Agreement relating to the servicing, administration or collection of the Transferred Receivables.

"SUBSIDIARY" shall mean, with respect to any Person, any corporation or other entity (a) of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person or (b) that is directly or indirectly controlled by such Person within the meaning of control under Section 15 of the Securities Act.

"SUCCESSOR SERVICER" shall have the meaning assigned to it in Section 11.02 of the Purchase Agreement.

"SUCCESSOR SERVICING FEES AND EXPENSES" shall mean the fees and expenses payable to the Successor Servicer as agreed to by the Seller, the Purchaser and the Administrative Agent.

"TERMINATION DATE" shall mean the date on which (a) Capital Investment has been permanently reduced to zero, (b) all other Seller Secured Obligations under the Purchase Agreement and the other Related Documents have been indefeasibly repaid in full and completely discharged and (c) the Maximum Purchase Limit has been irrevocably terminated in accordance with the provisions of Section 2.02(b) of the Purchase Agreement.

"TERMINATION EVENT" shall have the meaning assigned to it in Section 9.01 of the Purchase Agreement.

"TITLE IV PLAN" shall mean a Pension Plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA and that any Originator or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"TRANSFER" shall mean any Sale or capital contribution of Transferred Receivables and the Related Security to the Seller pursuant to the terms of the Sale Agreement.

"TRANSFER DATE" shall have the meaning assigned to it in Section 2.01(a) of the Sale Agreement.

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"TRANSFERRED RECEIVABLE" shall mean any Sold Receivable or Contributed Receivable; PROVIDED THAT any Receivable repurchased by an Originator thereof pursuant to Section 4.05 of the Sale Agreement shall not be deemed to be a Transferred Receivable from and after the date of such repurchase unless such Receivable has subsequently been repurchased by or contributed to the Seller.

"UCC" shall mean, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

"UNAPPROVED RECEIVABLE" shall mean any Receivable (a) with respect to which the Obligor thereunder is not an Obligor on any Transferred Receivable and whose customer relationship with an Originator arises as a result of the acquisition by such Originator of another Person, (b) that was originated in accordance with standards established by another Person acquired by an Originator, in each case, solely with respect to any such acquisitions that have not been approved in writing by the Administrative Agent and then only for the period prior to any such approval, or (c) with respect to which the Obligor thereunder is not creditworthy, as determined by the Administrative Agent in its reasonable credit judgment.

"UNDERFUNDED PLAN" shall mean any Plan that has an Underfunding.

"UNDERFUNDING" shall mean, with respect to any Plan, the excess, if any, of (a) the present value of all benefits under the Plan (based on the assumptions used to fund the Plan pursuant to Section 412 of the IRC) as of the most recent valuation date over (b) the fair market value of the assets of such Plan as of such valuation date.

"UNFUNDED LIABILITY" shall mean, at any time, the aggregate amount, if any, of the sum of (a) the amount by which the present value of all accrued benefits under each Title IV Plan exceeds the fair market value of all assets of such Title IV Plan allocable to such benefits in accordance with Title IV of ERISA, all determined as of the most recent valuation date for each such Title IV Plan using the actuarial assumptions for funding purposes in effect under such Title IV Plan, and (b) for a period of five years following a transaction that might reasonably be expected to be covered by Section 4069 of ERISA, the liabilities (whether or not accrued) that could be avoided by any Originator or any ERISA Affiliate as a result of such transaction.

"UNITED STATES" shall mean the United States of America (including the District of Columbia but otherwise excluding its territories and possessions).

"UNUSED FACILITY FEE" shall mean, as of any date of determination, a fee equal to the product of (a) the applicable Per Annum Daily Margin for Unused Facility Fees multiplied by (b) the excess (if any) of the Maximum Purchase Limit over the aggregate Capital Investment.

"WELFARE PLAN" shall mean a Plan described in Section 3(1) of ERISA.

SECTION 2. Other Terms and Rules of Construction.

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(a) Accounting Terms. Rules of construction with respect to accounting terms used in any Related Document shall be as set forth in Annex 4.04(1) to the Sale Agreement. Unless otherwise specifically provided therein, any accounting term used in any Related Document shall have the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed in accordance with GAAP consistently applied. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing.

(b) Other Terms. All other undefined terms contained in any of the Related Documents shall, unless the context indicates otherwise, have the meanings provided for by the UCC as in effect in the State of New York from time to time to the extent the same are used or defined therein.

(c) Rules of Construction. Unless otherwise specified, references in any Related Document or any of the Appendices thereto to a Section, subsection or clause refer to such Section, subsection or clause as contained in such Related Document. The words "herein," "hereof" and "hereunder" and other words of similar import used in any Related Document refer to such Related Document as a whole, including all annexes, exhibits and schedules, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in such Related Document or any such annex, exhibit or schedule. Any reference to or definition of any document, instrument or agreement shall, unless expressly noted otherwise, include the same as amended, restated, supplemented or otherwise modified from time to time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; the word "or" is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by the Related Documents) or, in the case of Governmental Authorities, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations.

(d) Rules of Construction for Determination of Ratios. The Ratios as of the last day of the Settlement Period immediately preceding the Closing Date shall be established by the Administrative Agent on or prior to the Closing Date and the underlying calculations for periods immediately preceding the Closing Date to be used in future calculations of the Ratios shall be established by the Administrative Agent on or prior to the Closing Date in accordance with Schedule 1 attached to this Annex X. For purposes of calculating the Ratios, (i) averages shall be computed by rounding to the third decimal place and (ii) the Settlement Period in which the date of determination thereof occurs shall not be included in the computation thereof and the first Settlement Period immediately preceding such date of determination shall be deemed to be the Settlement Period immediately preceding the Settlement Period in which such date of determination occurs.

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SCHEDULE 1
RULES OF CONSTRUCTION FOR RATIOS

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SCHEDULE 2

PERMITTED OUTSTANDING DEBT

(a) Four Letters of Credit issued by Bank of America, N.A. for the account of Parent pursuant to that certain Reimbursement Agreement, dated as of June 1, 1994 by the Parent in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of June 12, 2001, by and among the Parent, Bank One, NA (successor to NBD Bank, N.A.) and the Bank of America, N.A., as further amended from time to time, and Parent's obligations pursuant to such Reimbursement Agreement;

(b) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Village of Rosemont, Illinois and A. M. Castle & Co.;

(c) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Village of Franklin Park, Illinois and A. M. Castle & Co.;

(d) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Director of Ohio Department of Development and A. M. Castle & Co.;

(e) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between The City of Kansas City, Missouri and A. M. Castle & Co.;

(f) A Letter of Credit issued by Bank of America, N.A. for the account of Parent pursuant to that certain Reimbursement Agreement, dated as of November 1, 1994 by the Parent in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of November 1, 2001, by and among the Parent, Bank One, NA (successor to NBD Bank, N.A.) and the Bank of America, N.A., as further amended from time to time, and Parent's obligations pursuant to such Reimbursement Agreement;

(g) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of the Bank of America, N.A., pursuant to which they guarantee certain payments with respect of the Reimbursement Agreements described in items (a) and (f) above;

(h) Obligations of Parent under that certain Loan Agreement, dated November 1, 1994, between City of Hammond, Indiana and A. M. Castle & Co.

(i) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by the Parent in favor of the Bank of America, N.A., pursuant to which the Parent guarantees certain payments in respect of the Economic Development Revenue Bonds, Series 1998 (Keystone Service, Inc. Project) issued by the City of La Porte, Indiana;

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(j) Obligations of Keystone Service, Inc. under that certain Loan Agreement, dated April 1, 1998, between the City of LaPorte, Indiana and Keystone Service, Inc.;

(k) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by the Parent in favor of the Bank of America, N.A., pursuant to which the Parent guarantees certain payments in respect of the Tax-Exempt Industrial Revenue Bonds (A. M. Castle & Co. Project Series 1996) issued by the Mecklenburg County Industrial Facilities and Pollution Control Financing Authority;

(l) Obligations of Parent under that certain Loan Agreement, dated July 1, 1996, between The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority and A. M. Castle & Co.;

(m) Obligations pursuant to that certain Irrevocable Documentary Credit No. 7273987 in the stated amount of \$1,800,000 issued by the Bank of America, N.A. for the account of Parent, as amended from time to time;

(n) Obligations pursuant to that certain Irrevocable Standby Letter of Credit No. 7409195 in the stated amount of \$5,000,000 issued by the Bank of America, N.A. for the account of Parent pursuant to that certain Application and Agreement for Standby Letter of Credit, dated March 15, 2002, as amended from time to time;

(o) Obligations pursuant to that certain Amended and Restated Limited Guaranty, dated as of March 8, 2002, by the Parent in favor of the Bank of America, N.A., as agent on behalf of certain Lenders from time to time party to the Kreher Credit Agreement (as defined below), pursuant to which the Parent guarantees certain Obligations (as defined in the Kreher Credit Agreement) under that certain Amended and Restated Credit Agreement, dated as of March 8, 2002 (as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "Kreher Credit Agreement"), among Bank of America, N.A., Lenders and Kreher Steel Company, LLC;

(p) Senior Notes issued by the Parent pursuant to that certain Note Agreement, dated as of March 1, 1998, among the Parent, Allstate Life Insurance Company, The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(q) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Allstate Insurance Company, The Northwestern Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (p) above;

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(r) Senior Notes issued by the Parent pursuant to that certain Note Agreement dated as of April 1, 1996 between the Parent and Nationwide Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(s) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Nationwide Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (r) above;

(t) Senior Notes issued by the Parent pursuant to that certain Note Agreement dated as of May 15, 1997 among the Parent, Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(u) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (t) above;

(v) Obligations pursuant to that certain Trade Acceptance Purchase Agreement dated as of August 13, 2001 between the Parent and The Northern Trust Company, as amended by the First Amendment thereto dated as of April 29, 2002, the Second Amendment thereto dated as of June 30, 2002, the Third Amendment thereto dated as of November 22, 2002 and the Fourth Amendment thereto dated December 26, 2002, in an aggregate amount not in excess of \$8,000,000;

(w) Credit facilities in the aggregate amount not to exceed CDN \$30,000,000 pursuant to that certain Letter Agreement, dated November 20, 2002, between The Bank of Nova Scotia and Parent and the Terms and Conditions attached thereto; and

(x) Obligations of A. M. Castle & Co. (Canada), Inc. to the Manitoba Development Corporation pursuant to that certain commitment letter dated September 15, 1998 and the related Demand Debenture dated January 7, 1999.

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SCHEDULE 3

EXTENDED TERM RECEIVABLE OBLIGORS

B & G Manufacturing Co.
J. Baur Machining Inc.
C E S Machine Products Inc.
Conn Tool Mfg. Co. Inc.
Crown Equipment Corp.
Dri-Honing Corp.
Dynaquip Controls Corp.
E B C Industries
Ferguson Metals Inc.
Forest Engineering Inc.
Hall Industries Inc.
Halvorsen Boiler & Eng. Co.
Hanover Gear Manufacturing Co.
Harbor Steel & Supply Corp.
Harmon's Machine Works Inc.
Holgate Products Inc.
Hyspan Prec. Products Inc.
J P Products Inc.
Lake Engineering Inc.
Loudon Industries Inc.
McWilliams Forge Co. Inc.
Metal Mart LLC
Muncy Machine & Tool Co. Inc.
Niles Machine & Tool Works Inc.
Northland Screw Prdts. Inc.
P B M Incorporated
Pace Engineering Inc.
Paughco Inc.
Saelens Corp.
Senior Aerospace - Jet Products
Southern Manufacturing Tech.
Standard - Hall Group
Stanley Mach. & Tool Corp.
Stedman Machine Co.
Texas Pneumatic Tools Inc.
TOG Machining Co. Inc.
Trinity Forge Inc.
Western Cutterheads Inc.

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Zak Inc.

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SCHEDULE CC
FORM OF COMPLIANCE CERTIFICATE

[To be Attached]

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EXHIBIT 10.5
EXECUTION COPY

RECEIVABLES PURCHASE AND SERVICING AGREEMENT

DATED AS OF DECEMBER 26, 2002,

BY AND AMONG

CASTLE SPFD, LLC,
AS SELLER,

A.M. CASTLE & CO.,
AS MASTER SERVICER,

TOTAL PLASTICS, INC. AND OLIVER STEEL PLATE CO.,
EACH AS A SERVICER,

CASTLE IND MGR, INC.,
AS INDEPENDENT MEMBER,

AND

GENERAL ELECTRIC CAPITAL CORPORATION,
AS PURCHASER AND AS ADMINISTRATIVE AGENT



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Exhibit 2.02(b)	Form of Commitment Termination Notice
Exhibit 2.03(a)(i)	Form of Investment Base Certificate
Exhibit 2.03(a)(ii)	Form of Monthly Report
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Exhibit 2.03(c)	Form of Repayment Notice
Exhibit 2.04(a)	Form of Purchase Assignment
Exhibit 5.02	Form of Bringdown Certificate
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Exhibit A	Credit and Collection Policy
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Schedule 4.01(b)	Seller's Executive Offices; Collateral Locations; Legal or Other Names
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THIS RECEIVABLES PURCHASE AND SERVICING AGREEMENT (as amended, supplemented or otherwise modified and in effect from time to time, this "Agreement") is entered into as of December 26, 2002, by and among Castle SPFD, LLC, a Delaware limited liability company (the "Seller"), A. M. CASTLE & CO., a Maryland corporation (the "Parent" and, in its capacity as the master servicer hereunder, the "Master Servicer"), oliver steel plate co., a Delaware corporation ("Oliver Steel"), TOTAL PLASTICS, INC., a Michigan corporation ("Total Plastics"), each in its capacity as servicer hereunder (each, a "Servicer" and, together with the Master Servicer, the "Servicers"), CASTLE IND MGR, INC., a Delaware corporation (the "Independent Member"), and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, as the purchaser (together with its successors and assigns, the "Purchaser") and as administrative agent for the Purchaser hereunder (in such capacity, the "Administrative Agent").

RECITALS

A. The Seller is a special purpose limited liability company owned by the Parent, Oliver Steel, KEYSTONE TUBE COMPANY, LLC, a Delaware limited liability company ("Keystone Tube"), Total Plastics (each, an "Originator" and collectively, the "Originators") and the Independent Member (the Independent Member, the Originators, the Seller, and the Parent as performance guarantor being sometimes hereinafter referred to collectively as the "Seller Parties").

B. The Seller has been formed for the purpose of purchasing, or otherwise acquiring by capital contribution, all trade receivables of the Parent and the other Originators other than certain designated receivables.

C. The Seller intends to sell, and subject to the terms and conditions hereof, the Purchaser intends to purchase, undivided percentage interests in such trade receivables from time to time as described herein.

D. The Administrative Agent has been requested and is willing to act as administrative agent on behalf of the Purchaser in connection with the making of such purchases.

E. In order to effectuate the purposes of this Agreement, the Purchaser desires to appoint the Parent, as the Master Servicer, and Oliver Steel and Total Plastics, each as a Servicer, to service, administer and collect the receivables acquired by the Purchaser pursuant to this Agreement and each of the Parent, Oliver Steel and Total Plastics is willing to act in such capacity as Servicers hereunder on the terms and conditions set forth herein.

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AGREEMENT

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

ARTICLE I.

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Annex X.

Section 1.02. Rules of Construction. For purposes of this Agreement, the rules of construction set forth in Annex X shall govern. All Appendices hereto, or expressly identified to this Agreement, are incorporated herein by reference and, taken together with this Agreement, shall constitute but a single agreement.

ARTICLE II.

AMOUNTS AND TERMS OF PURCHASES

Section 2.01. Purchases. From and after the Closing Date and until the Facility Termination Date and subject to the terms and conditions hereof, the Purchaser agrees to purchase Purchaser Interests (each such purchase hereunder, a "Purchase") from the Seller from time to time, and the Seller agrees to sell the Purchaser Interests to the Purchaser. Under no circumstances shall the Purchaser make any Purchase if, after giving effect thereto, a Purchase Excess would exist. Each purchase of the Purchaser Interest by the Purchaser hereunder shall consist of either (i) a purchase made by the Purchaser with new funds provided by the Purchaser (each, a "Capital Purchase") or (ii) a purchase made by the Purchaser with funds consisting of Collections allocated to the Purchaser Interests pursuant to the terms of this Agreement (each, a "Reinvestment Purchase").

Section 2.02. Optional Changes in Maximum Purchase Limit.

(a) So long as no Incipient Termination Event or Termination Event shall have occurred and be continuing, the Seller may, not more than twice during each calendar year, reduce the Maximum Purchase Limit permanently; provided that (i) the Seller shall give ten Business Days' prior written notice of any such reduction to the Administrative Agent substantially in the form of Exhibit 2.02(a) (each such notice, a "Commitment Reduction Notice"), (ii) any partial reduction of the Maximum Purchase Limit shall be in a minimum amount of \$5,000,000 or an integral multiple thereof, (iii) no such reduction shall reduce the Maximum Purchase Limit below the greater of (x) Capital Investment at such time and

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(y) \$40,000,000, and (iv) any such reduction must be accompanied by payment of the fee required by Section 2.02(c).

(b) The Seller may at any time on at least 90 days' prior written notice by the Seller to the Administrative Agent irrevocably terminate the Maximum Purchase Limit; provided that (i) such notice of termination shall be substantially in the form of Exhibit 2.02(b) (the "Commitment Termination Notice"), (ii) the Seller shall reduce the Capital Investment to zero and make all payments required by Section 2.03(c) at the time and in the manner specified therein, and (iii) such reduction must be accompanied by payment of the fees required by Section 2.02(c) and other fees required to be paid in accordance with the Fee Letter. Upon such termination, the Seller's right to request that the Purchaser make Purchases hereunder shall simultaneously terminate and the Facility Termination Date shall automatically occur.

(c) If all or any portion of the Maximum Purchase Limit is reduced or terminated in accordance with this Section 2.02 or if the Seller has received an Election Notice pursuant to Section 2.01 of the Sale Agreement (i) prior to the first anniversary of the Closing Date, the Seller shall pay the Administrative Agent, for the account of the Purchaser, the First Year Early Termination Fee and (ii) on or after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date, the Seller shall pay the Administrative Agent, for the account of the Purchaser, an amount equal to the Second Year Early Termination Fee.

(d) Each written notice required to be delivered pursuant to Sections 2.02(a) and (b) shall be irrevocable, shall be promptly delivered by the Administrative Agent to the Purchaser and shall be effective (i) on the day of receipt if received by the Administrative Agent not later than 1:00 p.m. (New York time) on any Business Day and (ii) on the immediately succeeding Business Day if received by the Administrative Agent after such time on such Business Day or if any such notice is received on a day other than a Business Day (regardless of the time of day such notice is received). Each such notice of termination or reduction shall specify, respectively, the amount of, or the amount of the proposed reduction in, the Maximum Purchase Limit.

Section 2.03. Investment Base Certificates; Notices Relating to Purchases.

(a) Investment Base Certificates.

(i) Not later than 11:00 a.m. (New York time) on Wednesday of each week, the Master Servicer, on behalf of itself and each other Servicer, shall deliver to the Administrative Agent for distribution to the Purchaser an Officer's Certificate for the period of the immediately preceding week in the form of Exhibit 2.03(a)(i) hereto (each, an "Investment Base Certificate"); provided that if (i) an Incipient Termination Event or a Termination Event shall have occurred and be continuing or (ii) the Administrative Agent, in good faith, believes that an Incipient Termination Event or a Termination Event is imminent or deems the Purchaser's rights or interests in the Transferred Receivables,

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the Related Security or the Seller Collateral insecure, the Parent shall deliver an Investment Base Certificate to the Administrative Agent for distribution to the Purchaser at such more frequent intervals as the Administrative Agent may request from time to time.

(ii) Not later than the 15th day of each month, commencing with January 15, 2003 (or if any such day is not a Business Day, the next succeeding Business Day thereafter), the Parent shall deliver to the Administrative Agent for distribution to the Purchaser a Monthly Report in the form of Exhibit 2.03(a)(ii) hereto.

(iii) Capital Investment Available shall be determined by the Administrative Agent based on information related to the Seller Collateral available to it, including (A) any information obtained in connection with any audit or reflected in the most recent Investment Base Certificate or any other Investment Report delivered to the Administrative Agent for distribution to the Purchaser or (B) any other information that may be available to the Purchaser and the Administrative Agent.

(b) Notices Relating to Purchases. Each Purchase resulting in an increase in Capital Investment shall be made upon the provision of notice by the Seller to the Administrative Agent in the manner provided herein. Any such notice must be given in writing so that it is received no later than 1:00 p.m. (New York time) (i) one (1) Business Day immediately preceding the proposed Purchase Date set forth therein if a Purchase at the Index Rate is being requested, or (ii) at least two (2) LIBOR Business Days immediately preceding the proposed Purchase Date set forth therein if a Purchase at the LIBOR Rate is being requested. Each such notice (a "Capital Purchase Request") shall (i) be substantially in the form of Exhibit 2.03(b) hereto, (ii) be irrevocable and (iii) specify the amount of the requested increase in Capital Investment (which shall be in an amount not less than \$500,000) and the proposed Purchase Date (which shall be a Business Day), and shall include such other information as may be required by the Administrative Agent.

(c) Repayment Notice. The Seller may at any time reduce the Capital Investment; provided that (i) the Seller shall give one Business Day's prior written notice of any such reduction to the Administrative Agent substantially in the form of Exhibit 2.03(c) hereto (each such notice, a "Repayment Notice"), (ii) each such notice shall be irrevocable, (iii) each such notice shall specify the amount of the requested reduction in the Capital Investment and the proposed date of such reduction (which shall be a Business Day) and (iv) any such reduction must be accompanied by payment of (A) all Daily Yield accrued and unpaid on the Capital Investment being reduced through but excluding the date of such reduction and (B) the Breakage Costs, if any, required by Section 2.10. Any such notice of reduction must be received by the Administrative Agent no later than 4:00 p.m. (New York time) on the Business Day immediately preceding the date of the proposed reduction in Capital Investment.

Section 2.04. Conveyance of Receivables and Related Security.

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(a) Purchase Assignment. On or prior to the Closing Date, the Seller shall complete, execute and deliver to the Administrative Agent for the benefit of the Purchaser an assignment substantially in the form of Exhibit 2.04(a) (the "Purchase Assignment") in order to evidence the Purchases.

(b) Funding of Collection Account; Increases in Capital Investment.

(i) Funding of Collection Account by Purchaser. Following receipt of any Capital Purchase Request, and subject to satisfaction of the conditions set forth in Section 3.02, the Purchaser shall make available to or on behalf of the Seller on the Purchase Date specified therein the lesser of the requested increase in Capital Investment specified in such Capital Purchase Request and Capital Investment Available by depositing such amount in same day funds into the Collection Account.

(ii) Payment of Purchase Price. The Purchaser shall, or shall cause the Administrative Agent to, deposit into the Seller Account on each Business Day during the Revolving Period, in same day funds, all amounts on deposit in the Collection Account that are to be disbursed to or on behalf of the Seller pursuant to Section 6.03(d) as payment for the Purchaser Interests.

(c) Vesting of Ownership.

(i) Effective on and as of each Purchase Date, the Administrative Agent on behalf of the Purchaser shall own the Purchaser Interests sold by the Seller hereunder on such Purchase Date. The Seller shall not take any action inconsistent with such ownership and shall not claim any ownership interest in the Purchaser Interests.

(ii) The Seller shall indicate in its Records that interests in the Transferred Receivables and the Related Security have been sold hereunder and that ownership of such interests is vested in the Administrative Agent on behalf of the Purchaser. In addition, the Seller shall respond to any inquiries with respect to the ownership of any Transferred Receivable or the Related Security by stating that interests therein have been sold hereunder and that ownership of such interests is vested in the Administrative Agent for the benefit of the Purchaser. The Seller and the Master Servicer shall hold all Contracts and other documents and incidents relating to such Transferred Receivables and the Related Security in trust for the benefit of the Administrative Agent on behalf of the Purchaser, as the owner thereof, and for the sole purpose of facilitating the servicing of such Transferred Receivables. The Seller and the Master Servicer hereby acknowledge that their retention and possession of such Contracts and documents shall at all times be at the sole discretion of the Administrative Agent and in a custodial capacity for the Administrative Agent's (on behalf of the Purchaser) benefit only.

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(d) Repurchases of Transferred Receivables and Related Security. If any Originator is required to repurchase Transferred Receivables and the Related Security from the Seller pursuant to Section 4.05 of the Sale Agreement, the Purchaser shall sell and reconvey the Purchaser Interests in such Transferred Receivables and the Related Security to the Seller for cash in an amount equal to the Outstanding Balance of the Receivables being repurchased.

Section 2.05. Facility Termination Date. Notwithstanding anything to the contrary set forth herein, the Purchaser shall not have any obligation to purchase any additional Purchaser Interests from and after the Facility Termination Date.

Section 2.06. Daily Yield.

(a) The Seller shall pay Daily Yield to the Administrative Agent, for the account of the Purchaser, for each day on which any Capital Investment is outstanding, in the manner and at the times specified in Sections 6.03 and 6.05.

(b) Notwithstanding the foregoing, the Seller shall pay interest at the applicable Daily Yield Rate on unpaid Daily Yield and on any other amount payable by the Seller hereunder (to the extent permitted by law) that shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise) for the period commencing on the due date thereof to (but excluding) the date the same is indefeasibly paid in full.

(c) Solely for purposes of calculating Daily Yield, funds will be deemed to be credited to the outstanding Capital Investment one day after receipt thereof.

Section 2.07. Fees.

(a) The Seller shall pay to the Administrative Agent, for the account of itself and/or the Purchaser, such fees as set forth in the Fee Letter, in the amounts, at the times and in the manner specified therein.

(b) On each Settlement Date, the Seller shall pay to the Master Servicer or to its Successor Servicer, as applicable, the Servicing Fee or the Successor Servicing Fees and Expenses, respectively, in each case to the extent of available funds therefor as provided in Section 6.03(b). On each Settlement Date, the Master Servicer or its Successor Servicer shall pay to each other Servicer or Successor Servicer the Applicable Servicing Fee.

Section 2.08. Time and Method of Payments.

(a) Subject to the provisions of Sections 6.02, 6.03, and 6.05, all payments in reduction of Capital Investment and all payments of Daily Yield, fees and other amounts payable by the Seller hereunder shall be made in Dollars, in immediately available funds, to the Administrative Agent (for its account or the account of the Purchaser, the Affected Parties or Indemnified Persons) not later than 11:00 a.m. (New York time) on the due date therefor. Any

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such payment made on such date but after such time shall be deemed to have been made on, and Daily Yield shall continue to accrue and be payable thereon until, the next succeeding Business Day. If any such payment becomes due on a day other than a Business Day, the maturity thereof will be extended to the next succeeding Business Day and Daily Yield thereon shall be payable during such extension. The Administrative Agent is hereby authorized to add the amount of any Daily Yield, fees and other amounts payable by the Seller hereunder which are not paid when due to the Capital Investment.

(b) Any and all payments by the Seller hereunder shall be made in accordance with this Section 2.08 without setoff or counterclaim and free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, excluding taxes on or measured by the net income of any Affected Party imposed by the United States, the Affected Party's jurisdiction of organization (or, in the case of an individual, the jurisdiction in which such individual's primary residence is located) or any other jurisdiction in which such Affected Party has established a taxable nexus, other than in connection with the transactions contemplated hereby, and by the Sale Agreement on or measured by the overall net income of such Affected Party to the extent that the computation of such taxes is consistent with the Intended Characterization (such non-excluded taxes, levies, imposts, deductions, charges and withholdings being "Indemnified Taxes"). If the Seller shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable hereunder, (i) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.08) the Affected Party entitled to receive any such payment receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Seller shall make such deductions, and (iii) the Seller shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. The Seller may contest in good faith, by appropriate proceedings, the validity or amount of any charges or claims to a taxing authority as long as (A) adequate reserves with respect to such contest are maintained on the books of the Seller, in accordance with GAAP, (B) such contest is maintained and prosecuted continuously and with diligence, (C) none of the Seller Collateral becomes subject to forfeiture or loss as a result of such contest, (D) no Lien shall be imposed to secure payment of such charges or claims other than inchoate tax liens and (E) none of the Purchaser or the Administrative Agent has advised the Seller in writing that such Affected Party reasonably believes that failure to pay or to discharge such claims or charges could have or result in a Material Adverse Effect. Within 30 days after the date of any payment of Indemnified Taxes, the Seller shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof. The Seller shall indemnify any Affected Party from and against, and, within ten days of demand therefor, pay any Affected Party for, the full amount of Indemnified Taxes (together with any taxes imposed by any jurisdiction on amounts payable under this Section 2.08) paid by such Affected Party and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally asserted.

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Section 2.09. Capital Requirements; Additional Costs; Illegality.

(a) If the Administrative Agent on behalf of any Affected Party shall have determined that the adoption after the date hereof of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by such Affected Party with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law) from any central bank or other Governmental Authority increases or would have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Affected Party against commitments made by it under this Agreement or any other Related Document and thereby reducing the rate of return on such Affected Party's capital as a consequence of its commitments hereunder or thereunder, then the Seller shall from time to time upon demand by the Administrative Agent pay to the Administrative Agent on behalf of such Affected Party additional amounts sufficient to compensate such Affected Party for such reduction together with interest thereon from the date of any such demand until payment in full at the applicable Daily Yield Rate. A certificate as to the amount of that reduction and showing the basis of the computation thereof submitted by the Administrative Agent to the Seller shall be final, binding and conclusive on the parties hereto (absent manifest error) for all purposes.

(b) If, due to any Regulatory Change, there shall be any increase in the cost to any Affected Party of agreeing to make or making, funding or maintaining any commitment hereunder, under any other Related Document, including with respect to any Purchases or Capital Investment, or any reduction in any amount receivable by such Affected Party hereunder or thereunder, including with respect to the Purchases or Capital Investment (any such increase in cost or reduction in amounts receivable are hereinafter referred to as "Additional Costs"), then the Seller shall, from time to time upon demand by the Administrative Agent, pay to the Administrative Agent on behalf of such Affected Party additional amounts sufficient to compensate such Affected Party for such Additional Costs together with interest thereon from the date demanded until payment in full thereof at the applicable Daily Yield Rate. Such Affected Party agrees that, as promptly as practicable after it becomes aware of any circumstance referred to above that would result in any such Additional Costs, it shall, to the extent not inconsistent with its internal policies of general application, use reasonable commercial efforts to minimize costs and expenses incurred by it and payable to it by the Seller pursuant to this Section 2.09(b).

(c) Notwithstanding anything to the contrary contained herein, if the introduction of or any change in any law or regulation (or any change in the interpretation thereof) shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for the Purchaser to agree to make or to make or to continue to fund or maintain any Purchase at the LIBOR Rate, then, unless the Purchaser is able to make or to continue to fund or to maintain such Purchase at the LIBOR Rate at another branch or office of the Purchaser without, in Purchaser's opinion, adversely affecting it or its Purchases or the income obtained therefrom, on notice thereof and demand therefor by the Purchaser to Seller, Seller shall forthwith

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(i) repurchase all outstanding Purchases at the LIBOR Rate; or (ii) convert all Purchases at the LIBOR Rate into the Purchases at the Index Rate.

(d) Determinations by any Affected Party for purposes of this Section 2.09 of the effect of any Regulatory Change on its costs of making, funding or maintaining any commitments hereunder, under any other Related Document or on amounts receivable by it hereunder or thereunder or of the additional amounts required to compensate such Affected Party in respect of any Additional Costs shall be set forth in a written notice to the Seller in reasonable detail and shall be final, binding and conclusive on the Seller (absent manifest error) for all purposes.

Section 2.10. Breakage Costs. The Seller shall pay to the Administrative Agent for the account of the Purchaser, upon request of the Purchaser, such amount as shall compensate the Purchaser for any loss, cost or expense incurred by the Purchaser (as determined by the Purchaser) as a result of any reduction by the Seller in Capital Investment at the LIBOR Rate (and accompanying loss of Daily Yield thereon) other than on the maturity date of the financing used to fund such Capital Investment, which compensation shall include an amount equal to any loss or expense incurred by the Purchaser during the period from the date of such reduction to (but excluding) such maturity date if the rate of interest obtainable by the Purchaser upon the redeployment of funds in an amount equal to such reduction is less than the interest rate applicable to such financing source (any such loss, cost or expense, "Breakage Costs"). The determination by the Purchaser of the amount of any such loss or expense shall be set forth in a written notice to the Seller in reasonable detail and shall be final, binding and conclusive on the Seller (absent manifest error) for all purposes.

Section 2.11. Purchase Excess. On each Business Day during the Revolving Period and after completion of the disbursements specified in Section 6.03, the Administrative Agent shall notify the Seller and the Master Servicer of any Purchase Excess on such day, and the Seller shall deposit the amount of such Purchase Excess in the Collection Account by 11:00 a.m. (New York time) on the immediately succeeding Business Day.

ARTICLE III.

CONDITIONS PRECEDENT

Section 3.01. Conditions to Effectiveness of Agreement. The Purchaser shall not be obligated to purchase Purchaser Interests hereunder on the occasion of the initial Purchase, nor shall the Purchaser or the Administrative Agent be obligated to take, fulfill or perform any other action hereunder, until the following conditions have been satisfied, in the sole discretion of, or waived in writing by, the Purchaser and the Administrative Agent:

(a) Purchase Agreement; Other Related Documents. This Agreement shall have been duly executed by, and delivered to, the parties hereto and the Purchaser and the

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Administrative Agent shall have received such other documents, instruments, agreements and legal opinions as the Purchaser and the Administrative Agent shall request in connection with the transactions contemplated by this Agreement, including all those listed in the Schedule of Documents, each in form and substance satisfactory to the Purchaser and the Administrative Agent.

(b) Governmental Approvals. Each of the Seller Parties shall have obtained all required consents and approvals of all Persons, including all requisite Governmental Authorities, to the execution, delivery and performance of this Agreement and the other Related Documents to which such Seller Party is a party and the consummation of the transactions contemplated hereby or thereby and the Administrative Agent shall have received an Officer's Certificate from each of the Seller and the Master Servicer, in form and substance satisfactory to the Administrative Agent, affirming that all such consents and approvals have been obtained or that no such consents or approvals are required, as the case may be.

(c) Compliance with Laws. Each of the Seller Parties shall be in compliance with all applicable foreign, federal, state and local laws and regulations, including those specifically referenced in Section 5.01(a), where failure to so comply could not reasonably be expected to have or result in a Material Adverse Effect.

(d) Payment of Fees. The Seller shall have paid all fees required to be paid by it on the Closing Date, including all fees required hereunder and the Fee Letter, and shall have reimbursed the Purchaser for all fees, costs and expenses of closing the transactions contemplated hereunder and under the other Related Documents, including the Purchaser's legal and audit expenses, and other document preparation costs.

(e) Representations and Warranties. Each representation and warranty by any of the Seller Parties contained herein and in each other Related Document to which such Seller Party is a party shall be true and correct as of the Closing Date, except to the extent that such representation or warranty expressly relates solely to an earlier date.

(f) No Termination Event. No Incipient Termination Event or Termination Event hereunder or any "Event of Default" under (and as defined in) the Permitted Outstanding Debt Documents shall have occurred and be continuing or would result after giving effect to any of the transactions contemplated on the Closing Date.

(g) [Reserved]

(h) Consents. The Administrative Agent shall have received, in form and substance satisfactory to Administrative Agent, fully executed copies of all consents required from the holders of the Permitted Outstanding Debt necessary to permit the transactions contemplated by the Sale Agreement and hereby and an Officer's Certificate, in form and substance reasonably satisfactory to the Administrative Agent, affirming that no additional

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consents or approvals are required or that no such consents or approvals are required, as the case may be, and that the execution, delivery and performance of the Sale Agreement and this Agreement do not violate any term or provision of any Permitted Outstanding Debt Document.

(i) [Reserved].

(j) Landlord Waivers. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, fully executed landlord waivers for each leased location of Originators, Servicers and Seller where such Person maintains (i) books, records, Contracts, Servicing Software or other information regarding the Transferred Receivables or the Related Security or (ii) chattel paper or instruments that are Transferred Receivables or the Related Security.

(k) Consummation of Related Transactions. The Administrative Agent shall have received fully executed copies of all agreements and documents pursuant to which the Parent has issued its preferred Equity Interest and evidence that Parent received no less than \$10,000,000 of the capital contribution in cash therefor.

(l) Opening Available Accounts Receivables. The Capital Investment Available (calculated without giving effect to the establishment of the Availability Reserve) on the Closing Date shall be at least \$12,000,000.

(m) Opening Reports. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (i) a Monthly Report for the month ending on or most recently ending prior to the Closing Date and (ii) the Investment Base Certificates for the two-week period ended on or most recently ended prior to the Closing Date.

(n) Credit and Collection Policies. The Credit and Collection Policy of each Originator shall be in form and substance reasonably satisfactory to the Administrative Agent.

(o) Termination of Existing Securitization. The Administrative Agent shall have received duly executed payoff, transfer, reassignment and termination agreements, each in form and substance reasonably satisfactory to the Administrative Agent, by and between parties to the PNC Bank National Association receivables purchase documents, evidencing repayment in full of all obligations thereunder, together with (i) UCC-3 or other appropriate termination statements, in form and substance satisfactory to the Administrative Agent, releasing all liens of PNC Bank National Association and others upon any of the personal property of each Originator, and (i) termination of all blocked account agreements, bank agency agreements or other similar agreements or arrangements or arrangements in favor of PNC Bank National Association or relating to the obligations to PNC Bank National Association.

Section 3.02. Conditions Precedent to All Purchases. The Purchaser shall not be obligated to purchase Purchaser Interests hereunder on any Purchase Date if, as of the date thereof:

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(a) any representation or warranty of the Seller, any Servicer or the Independent Member contained herein or in any of the other Related Documents shall be untrue or incorrect as of such date, either before or after giving effect to the Purchase of Purchaser Interests on such date and to the application of the proceeds therefrom, except to the extent that such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted by this Agreement;

(b) any event shall have occurred, or would result from the Purchase of Purchaser Interests on such Purchase Date or from the application of the proceeds therefrom, that constitutes (i) a Termination Event or an Event of Servicer Termination, or (ii) except in the case of Reinvestment Purchases, an Incipient Servicer Termination Event or an Incipient Termination Event;

(c) the Seller or any Servicer is not in compliance with any of its covenants or other agreements set forth herein;

(d) the Facility Termination Date shall have occurred;

(e) either before or after giving effect to such Purchase and to the application of the proceeds therefrom, a Purchase Excess would exist;

(f) the Purchaser Interests sold hereunder would, after giving effect to such purchase, exceed 100%;

(g) any of the Seller Parties shall fail to have taken such other action, including delivery of approvals, consents, opinions, documents and instruments to the Administrative Agent (on behalf of the Purchaser), as the Purchaser or the Administrative Agent may reasonably request;

(h) the Administrative Agent has not received any of the Monthly Reports and Investment Base Certificates in accordance with Section 2.03 or any of the Financial Statements, notices or other information in accordance with Section 5.02;

(i) the aggregate Outstanding Balance of Transferred Receivables exceeds \$85,000,000; or

(j) the Administrative Agent shall have determined that any event or condition has occurred that has had, or could reasonably be expected to have or result in, a Material Adverse Effect.

The delivery by the Seller of a Capital Purchase Request and the acceptance by the Seller of the funds from such Capital Purchase on any Purchase Date shall be deemed to constitute, as of any such Purchase Date, a representation and warranty by the Seller that the conditions in this Section 3.02 have been satisfied.

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ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the Seller. To induce the Purchaser to purchase the Purchaser Interests and the Administrative Agent to take any action hereunder, the Seller makes the following representations and warranties to the Purchaser and the Administrative Agent as of the Closing Date and, except to the extent provided otherwise below, as of each Purchase Date, each and all of which shall survive the execution and delivery of this Agreement.

(a) Legal Existence; Compliance with Law. The Seller (i) is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware (which is Seller's only state of organization); (ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification; (iii) has the requisite limited liability company power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease, and to conduct its business, in each case, as now, heretofore and proposed to be conducted; (iv) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct; (v) is in compliance with its certificate of formation and limited liability company agreement; and (vi) subject to specific representations set forth herein regarding ERISA, tax and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have or result in a Material Adverse Effect.

(b) Executive Offices; Collateral Locations; Legal or Other Names; Organizational Identification Number; FEIN. As of the Closing Date, the current location of the Seller's chief executive office, principal place of business, other offices, the warehouses and premises within which any Seller Collateral is stored or located, and the locations of its records concerning the Seller Collateral (including originals of the Seller Assigned Agreements) are set forth in Schedule 4.01(b) and none of such locations has changed within the past 12 months (or such shorter time as the Seller has been in existence). During the prior five years (or such shorter time as the Seller has been in existence), except as set forth in Schedule 4.01(b), the Seller has not been known as or used any legal, fictitious or trade name. In addition, Schedule 4.01(b) lists the organizational identification number issued by Seller's state of organization or states that no such number has been issued and lists the federal employer identification number of the Seller.

(c) Power, Authorization, Enforceable Obligations. The execution, delivery and performance by the Seller of this Agreement and the other Related Documents to which it is a party, the creation and perfection of all Liens and ownership interests provided for therein: (i) are

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within the Seller's limited liability company powers; (ii) have been duly authorized by all necessary or proper limited liability company and Equity Holder action; (iii) do not contravene any provision of the Seller's certificate of formation or limited liability company agreement; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) except as set forth on Schedule 4.01(c)(v), do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Seller or any Originator is a party or by which the Seller or any Originator or any of the property of the Seller or any Originator is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon any of the property of the Seller or any Originator; and (vii) do not require the consent or approval of any Governmental Authority or any other Person, except those which have been duly obtained, made or complied with prior to the Closing Date as provided in Section 3.01(b). The exercise by the Purchaser, the Seller or the Administrative Agent of any of its rights and remedies under any Related Document to which it is a party, do not require the consent or approval of any Governmental Authority or any other Person (other than consents or approvals solely relating to or required to be obtained by the Purchaser or the Administrative Agent, and subject to the Bankruptcy Code), except those which will have been duly obtained, made or complied with prior to the Closing Date as provided in Section 3.01(b). On or prior to the Closing Date, each of the Related Documents to which the Seller is a party shall have been duly executed and delivered by the Seller and each such Related Document shall then constitute a legal, valid and binding obligation of the Seller enforceable against it in accordance with its terms.

(d) No Litigation. No Litigation is now pending or, to the knowledge of the Seller, threatened against the Seller that (i) challenges the Seller's right or power to enter into or perform any of its obligations under the Related Documents to which it is a party, or the validity or enforceability of any Related Document or any action taken thereunder, (ii) seeks to prevent the transfer, sale, pledge or contribution of any Receivable or the Related Security or the consummation of any of the transactions contemplated under this Agreement or the other Related Documents, or (iii) could reasonably be expected to have or result in, either individually or in the aggregate, a Material Adverse Effect. As of the Closing Date there is no Litigation pending or threatened that seeks damages or injunctive relief against, or alleges criminal misconduct by, the Seller.

(e) Solvency. Both before and after giving effect to (i) the transactions contemplated by this Agreement and the other Related Documents and (ii) the payment and accrual of all transaction costs in connection with the foregoing, the Seller is and will be Solvent.

(f) Material Adverse Effect. Since the date of the Seller's organization, (i) the Seller has not incurred any obligations, contingent or non-contingent liabilities, liabilities for charges, long-term leases or unusual forward or long-term commitments that, alone or in the aggregate, could reasonably be expected to have or result in a Material Adverse Effect, (ii) no contract, lease or other agreement or instrument has been entered into by the Seller or has

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become binding upon the Seller's assets and no law or regulation applicable to the Seller has been adopted that has had or could reasonably be expected to have or result in a Material Adverse Effect and (iii) the Seller is not in default and no third party is in default under any material contract, lease or other agreement or instrument to which the Seller is a party that alone or in the aggregate could reasonably be expected to have or result in a Material Adverse Effect. Since the date of the Seller's organization, no event has occurred that alone or together with other events could reasonably be expected to have or result in a Material Adverse Effect.

(g) Ownership of Property; Liens. No Transferred Receivable or the Related Security is subject to any Adverse Claim, none of the other properties and assets of the Seller are subject to any Adverse Claims other than Permitted Seller Encumbrances, and there are no facts, circumstances or conditions known to the Seller that may result in (i) with respect to the Transferred Receivables and the Related Security, any Adverse Claims (including Adverse Claims arising under Environmental Laws) and (ii) with respect to its other properties and assets, any Adverse Claims (including Adverse Claims arising under Environmental Laws) other than Permitted Seller Encumbrances. The Seller has received all assignments, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect the Seller's right, title and interest in and to the Transferred Receivables and the Related Security and its other properties and assets. The Seller has rights in and the power to transfer the Transferred Receivables and the Related Security. The Seller has rights in and the power to transfer each item of the Seller Collateral upon which it purports to grant a Lien hereunder free and clear of any and all Liens other than Permitted Seller Encumbrances. The Liens granted to the Administrative Agent for the benefit of the Purchaser pursuant to Section 8.01 will at all times be fully perfected first priority Liens in and to the Seller Collateral.

(h) Ventures, Subsidiaries and Affiliates; Outstanding Equity Interests and Debt. The Seller has no Subsidiaries, is not engaged in any joint venture or partnership with any other Person, and is not an Affiliate of any Person other than the Originators and the Independent Member. All of the issued and outstanding Equity Interests of the Seller are owned by the Originators and the Independent Member. There are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which the Seller may be required to issue, sell, repurchase or redeem any of its Equity Interests or other equity securities. All outstanding Debt of the Seller as of the Closing Date is described in Section 5.03(i).

(i) Taxes. All tax returns, reports and statements, including information returns, required by any Governmental Authority to be filed by the Seller and each of its Affiliates included in the Parent Group have been filed with the appropriate Governmental Authority and all charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof (or any such fine, penalty, interest, late charge or loss has been paid), excluding charges or other amounts being contested in accordance with Section 5.01(e). Proper and accurate amounts have been withheld by the Seller or such Affiliate from its respective employees for all periods in full and complete compliance with all applicable federal, state, local and foreign laws and such withholdings have been timely paid to the

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respective Governmental Authorities. Schedule 4.01(i) sets forth as of the Closing Date (i) those taxable years for which the Seller's or such Affiliates' tax returns are currently being audited by the IRS or any other applicable Governmental Authority and (ii) any assessments or threatened assessments in connection with any such audit or otherwise currently outstanding. As of the Closing Date, except as described on Schedule 4.01(i), neither the Seller nor any such Affiliate has executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any charges. The Seller is not liable for any charges: (A) under any agreement (including any tax sharing agreements) or (B) to the best of the Seller's knowledge, as a transferee. As of the Closing Date, neither the Seller nor any of its Affiliates included in the Parent Group has agreed or been requested to make any adjustment under IRC Section 481(a), by reason of a change in accounting method or otherwise, that would have a Material Adverse Effect.

(j) Full Disclosure. All information contained in this Agreement, any Investment Base Certificate or any of the other Related Documents, or any written statement furnished by Seller or by the Servicers or any other Seller Party on behalf of the Seller to the Administrative Agent for the benefit of the Purchaser pursuant to the terms of this Agreement or any of the other Related Documents is true and accurate in every material respect, and none of this Agreement, any Investment Base Certificate or any of the other Related Documents, or any written statement furnished by Seller or by the Servicers or any other Seller Party on behalf of the Seller to the Administrative Agent for distribution to the Purchaser pursuant to the terms of this Agreement or any of the other Related Documents is misleading as a result of the failure to include therein a material fact. The parties understand that the Projections, which shall be prepared in accordance with Section 4.01(f) of the Sale Agreement, are not a guaranty of future performance, and actual results may materially differ from the Projections.

(k) ERISA. The Seller is in compliance with ERISA and has not incurred and does not expect to incur any liabilities (except for premium payments arising in the ordinary course of business) payable to the PBGC under ERISA.

(l) Brokers. No broker or finder acting on behalf of the Seller other than William Blair & Company was employed or utilized in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby and the Seller has no obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

(m) Margin Regulations. The Seller is not engaged in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin security," as such terms are defined in Regulation U of the Federal Reserve Board as now and from time to time hereafter in effect (such securities being referred to herein as "Margin Stock"). The Seller owns no Margin Stock, and no portion of the proceeds of the purchase price for Transferred Receivables and the Related Security sold hereunder will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Debt that was originally incurred to purchase or carry any Margin Stock or for any other purpose that might

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cause any portion of such proceeds to be considered a "purpose credit" within the meaning of Regulations T, U or X of the Federal Reserve Board. The Seller will not take or permit to be taken any action that might cause any Related Document to violate any regulation of the Federal Reserve Board.

(n) Nonapplicability of Bulk Sales Laws. No transaction contemplated by this Agreement or any of the Related Documents requires compliance with any bulk sales act or similar law.

(o) Securities Act and Investment Company Act Exemptions. Each Purchase of Purchaser Interests under this Agreement will constitute (i) a "current transaction" within the meaning of Section 3(a)(3) of the Securities Act and (ii) a purchase or other acquisition of notes, drafts, acceptances, open accounts receivable or other obligations representing part or all of the sales price of merchandise, insurance or services within the meaning of Section 3(c)(5) of the Investment Company Act.

(p) Government Regulation. The Seller is not an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act. The Purchase of Purchaser Interests by the Purchaser hereunder, the application of the proceeds thereof and the consummation of the transactions contemplated by this Agreement and the other Related Documents will not violate any provision of any such statute or any rule, regulation or order issued by the Securities and Exchange Commission.

(q) Nonconsolidation. The Seller is operated in such a manner that the separate legal existence of the Seller, on the one hand, and any member of the Parent Group, on the other hand, would not be disregarded in the event of the bankruptcy or insolvency of any member of the Parent Group and, without limiting the generality of the foregoing:

(i) the Seller is a limited purpose limited liability company whose activities are restricted in its limited liability company agreement to those activities expressly permitted hereunder and under the other Related Documents and the Seller has not engaged, and does not presently engage, in any activity other than those activities expressly permitted hereunder and under the other Related Documents, nor has the Seller entered into any agreement other than this Agreement, the other Related Documents to which it is a party and, with the prior written consent of the Purchaser and the Administrative Agent, any other agreement necessary to carry out more effectively the provisions and purposes hereof or thereof;

(ii) no member of the Parent Group or any individual at the time he or she is acting as an officer of any such member is or has been involved in the day-to-day management of the Seller; provided that nothing herein shall prohibit any individual from

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being at the same time an officer of the Seller and any member of the Parent Group or any Originator;

(iii) other than the purchase and acceptance through capital contribution of Transferred Receivables and the Related Security, the payment of dividends and the return of capital to the Originators, the payment of Servicing Fees to the Master Servicer, the payment of Applicable Servicing Fee to each other Servicer under this Agreement and the transactions evidenced by the Ancillary Services and Lease Agreement, the Seller engages and has engaged in no inter-entity transactions with any member of the Parent Group;

(iv) the Seller maintains limited liability company records and books of account separate from that of each member of the Parent Group, holds regular limited liability company meetings and otherwise observes limited liability company formalities and has a business office separate from that of each member of the Parent Group;

(v) the financial statements and books and records of the Seller and the Originators reflect the separate legal existence of the Seller;

(vi) (A) the Seller maintains its assets separately from the assets of each member of the Parent Group (including through the maintenance of separate bank accounts and except for any Records to the extent necessary to assist the Servicers in connection with the servicing of the Transferred Receivables), (B) the Seller's funds (including all money, checks and other cash proceeds) and assets, and records relating thereto, have not been and are not commingled with those of any member of the Parent Group and (C) the separate creditors of the Seller will be entitled to be satisfied out of the Seller's assets prior to any value in the Seller becoming available to the Seller's Equity Holders or any of the creditors of the Seller's Equity Holders;

(vii) except as otherwise expressly permitted hereunder, under the other Related Documents and under the Seller's organizational documents, no member of the Parent Group (A) pays the Seller's expenses, (B) guarantees the Seller's obligations, or (C) advances funds to the Seller for the payment of expenses or otherwise;

(viii) all business correspondence and other communications of the Seller are conducted in the Seller's own name, on its own stationery and through a separately-listed telephone number;

(ix) the Seller does not act as agent for any member of the Parent Group, but instead presents itself to the public as a limited liability company separate from each such member and independently engaged in the business of purchasing and financing Receivables; A.M. Castle & Co.et al. and Castle SPFD, LLC, Receivables Purchase and servicing Agreement

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(x) the Seller maintains at least (A) one Independent Member (as defined in Seller's limited liability company agreement as in effect on the date hereof) that has two Independent Directors (as defined in Seller's limited liability company agreement as in effect on the date hereof) and (B) two Independent Managers (as defined in Seller's limited liability company agreement as in effect on the date hereof);

(xi) the Seller's limited liability company agreement requires (A) the affirmative vote of each manager, including the Independent Managers, and each member (including the Independent Member, pursuant to the authorization of its board of directors including the affirmative votes of its Independent Directors) before a voluntary petition under Section 301 of the Bankruptcy Code may be filed by the Seller, and (B) the Seller to maintain (1) correct and complete books and records of account and (2) minutes of the meetings and other proceedings of its Equity Holders and managers.

(r) Deposit and Disbursement Accounts. Schedule 4.01(r) lists all banks and other financial institutions at which the Seller maintains deposit or other bank accounts as of the Closing Date, including any Lockbox Accounts, and such schedule correctly identifies the name, address and telephone number of each depository, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

(s) Transferred Receivables and Related Security.

(i) Transfers. Each Transferred Receivable and the Related Security was purchased by or contributed to the Seller on the relevant Transfer Date pursuant to the Sale Agreement.

(ii) Eligibility. Each Transferred Receivable designated as an Eligible Receivable in each Investment Base Certificate constitutes an Eligible Receivable as of the date specified in such Investment Base Certificate.

(iii) No Material Adverse Effect. The Seller has no knowledge of any fact (including any defaults by the Obligor thereunder on any other Receivable or the Related Security) that would cause it or should have caused it to expect that any payments on each Transferred Receivable designated as an Eligible Receivable in any Investment Base Certificate will not be paid in full when due or to expect any other Material Adverse Effect.

(iv) Nonavoidability of Transfers. The Seller shall (A) have received each Contributed Receivable and the Related Security as a contribution to the capital of the Seller by the applicable Originator and (B) (1) have purchased each Sold Receivable and the Related Security from the applicable Originator for cash consideration and (2) have accepted assignment of any Eligible Receivables and the Related Security transferred pursuant to Section 2.01 of the Sale Agreement, in each case in an amount

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that constitutes fair consideration and reasonably equivalent value therefor. Each Sale of a Sold Receivable and the Related Security effected pursuant to the terms of the Sale Agreement shall not have been made for or on account of an antecedent debt owed by any Originator to the Seller and no such Sale is or may be avoidable or subject to avoidance under any bankruptcy laws, rules or regulations.

(t) Representations and Warranties in Other Related Documents. Each of the representations and warranties of the Seller contained in the Related Documents (other than this Agreement) is true and correct in all respects and the Seller hereby makes each such representation and warranty to, and for the benefit of, the Purchaser and the Administrative Agent as if the same were set forth in full herein.

(u) Servicing Software. The Seller has all necessary licenses and rights to use the Servicing Software and such Servicing Software is commercially available.

Section 4.02. Representations and Warranties of the Servicers. To induce the Purchaser to purchase the Purchaser Interests and the Administrative Agent to take any action required to be performed by it hereunder, each Servicer represents and warrants to the Purchaser and the Administrative Agent, which representation and warranty shall survive the execution and delivery of this Agreement, that each of the representations and warranties of such Servicer made in its capacity as a Servicer contained in any Related Document is true and correct.

Section 4.03. Representations and Warranties of the Independent Member. To induce the Purchaser to purchase the Purchaser Interests and the Administrative Agent to take any action hereunder, the Independent Member makes the following representations and warranties to the Purchaser and the Administrative Agent as of the Closing Date and, except to the extent provided otherwise below, as of each Purchase Date, each and all of which shall survive the execution and delivery of this Agreement.

(a) Legal Existence; Compliance with Law. The Independent Member (i) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation; (ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification; (iii) has the requisite corporate power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease, and to conduct its business, in each case, as now, heretofore and proposed to be conducted; (iv) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct; (v) is in compliance with its certification of incorporation; and (vi) subject to specific representations set forth herein regarding ERISA, tax and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

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(b) Power, Authorization, Enforceable Obligations. The execution, delivery and performance by the Independent Member of this Agreement and the other Related Documents to which it is a party: (i) are within the Independent Member's corporate powers; (ii) have been duly authorized by all necessary or proper corporate and shareholder action; (iii) do not contravene any provision of the Independent Member's certificate of incorporation; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Independent Member is a party or by which the Independent Member or any of the property of the Independent Member is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon any of the property of the Independent Member; and (vii) do not require the consent or approval of any Governmental Authority or any other Person, except those which have been duly obtained, made or complied with prior to the Closing Date as provided in Section 3.01(b). The exercise by the Purchaser or the Administrative Agent of any of its rights and remedies under any Related Document to which it is a party, do not require the consent or approval of any Governmental Authority or any other Person (other than consents or approvals solely relating to or required to be obtained by the Purchaser or the Administrative Agent, and subject to the Bankruptcy Code), except those which will have been duly obtained, made or complied with prior to the Closing Date as provided in Section 3.01(b). On or prior to the Closing Date, each of the Related Documents to which the Independent Member is a party shall have been duly executed and delivered by the Independent Member and each such Related Document shall then constitute a legal, valid and binding obligation of the Independent Member enforceable against it in accordance with its terms.

(c) No Litigation. No Litigation is now pending or, to the knowledge of the Independent Member, threatened against the Independent Member that (i) challenges the Independent Member's right or power to enter into or perform any of its obligations under the Related Documents to which it is a party, or the validity or enforceability of any Related Document or any action taken thereunder, or (ii) has a reasonable risk of being determined adversely to the Independent Member and that, if so determined, could have a Material Adverse Effect. As of the Closing Date there is no Litigation pending or threatened that seeks damages or injunctive relief against, or alleges criminal misconduct by, the Independent Member.

(d) Solvency. Both before and after giving effect to the transactions contemplated by this Agreement and the other Related Documents, the Independent Member is and will be Solvent.

(e) Material Adverse Effect. Since the date of the Independent Member's organization, (i) the Independent Member has not incurred any obligations, contingent or non-contingent liabilities, liabilities for charges, long-term leases or unusual forward or long-term commitments that, alone or in the aggregate, could reasonably be expected to have or result in a Material Adverse Effect, (ii) no contract, lease or other agreement or instrument has been entered

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into by the Independent Member or has become binding upon the Independent Member's assets and no law or regulation applicable to the Independent Member has been adopted that has had or could reasonably be expected to have or result in a Material Adverse Effect and (iii) the Independent Member is not in default and no third party is in default under any material contract, lease or other agreement or instrument to which the Independent Member is a party that alone or in the aggregate could reasonably be expected to have or result in a Material Adverse Effect. Since the date of the Independent Member's incorporation, no event has occurred that alone or together with other events could reasonably be expected to have a Material Adverse Effect.

(f) Ownership of Property; Liens. No asset of the Independent Member is subject to any Adverse Claim other than Permitted Independent Member Encumbrances, and there are no facts, circumstances or conditions known to the Independent Member that may result in any Adverse Claims (including Adverse Claims arising under Environmental Laws) other than Permitted Independent Member Encumbrances.

(g) Ventures, Subsidiaries and Affiliates; Outstanding Equity Interests and Debt. The Independent Member has no Subsidiaries and is not engaged in any joint venture or partnership with any other Person. All of the issued and outstanding Equity Interests of the Independent Member are owned by the Parent. There are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which the Independent Member may be required to issue, sell, repurchase or redeem any of its Equity Interests or other equity securities or any Equity Interest or other securities of the Seller. As of the Closing Date, the Independent Member has no outstanding Debt other than as described in Section 5.05(f).

(h) Taxes. All tax returns, reports and statements, including information returns, required by any Governmental Authority to be filed by the Independent Member have been filed with the appropriate Governmental Authority on or before the applicable due date (including any extensions thereof) and all charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof (or any such fine, penalty, interest, late charge or loss has been paid), excluding charges or other amounts being contested in accordance with Section 5.04(c). Proper and accurate amounts have been withheld by the Independent Member from its employees for all periods in full and complete compliance with all applicable federal, state, local and foreign laws and such withholdings have been timely paid to the respective Governmental Authorities. The Independent Member has not executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any charges.

(i) Full Disclosure. All information contained in this Agreement or any of the other Related Documents, or any written statement furnished by or on behalf of the Independent Member to either the Administrative Agent or the Purchaser pursuant to the terms of this Agreement or any of the other Related Documents is true and accurate in every material respect, and none of this Agreement or any of the other Related Documents, or any written statement furnished by or on behalf of the Independent Member to either the Administrative Agent or the

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Purchaser pursuant to the terms of this Agreement or any of the other Related Documents is misleading as a result of the failure to include therein a material fact.

(j) ERISA. The Independent Member is in compliance with ERISA and has not incurred and does not expect to incur any liabilities (except for premium payments arising in the ordinary course of business) payable to the PBGC under ERISA.

(k) Nonconsolidation. The Independent Member is operated in such a manner that the separate legal existence of the Independent Member, on the one hand, and any other member of the Parent Group or Seller, on the other hand, would not be disregarded in the event of the bankruptcy or insolvency of any such other member of the Parent Group or Seller and, without limiting the generality of the foregoing:

(i) the Independent Member is a limited purpose corporation whose activities are restricted in its certificate of incorporation to those activities expressly permitted hereunder and under the other Related Documents, and the Independent Member has not engaged, and does not presently engage, in any activity other than those activities expressly permitted hereunder and under the other Related Documents, nor has the Independent Member entered into any agreement other than this Agreement, the other Related Documents to which it is a party and, with the prior written consent of the Purchaser and the Administrative Agent, any other agreement necessary to carry out more effectively the provisions and purposes hereof or thereof;

(ii) none of the Seller, any member of the Parent Group nor any individual at the time he or she is acting as an officer of the Seller or any such member is or has been involved in the day-to-day management of the Independent Member; provided that nothing herein shall prohibit any individual from being at the same time an officer of the Independent Member and any member of the Parent Group or the Seller;

(iii) other than with respect to the acquisition of membership interests of the Seller, the Independent Member engages and has engaged in no inter-entity transactions with any member of the Parent Group or the Seller;

(iv) the Independent Member maintains corporate records and books of account separate from that of each member of the Parent Group and the Seller, holds regular corporate meetings and otherwise observes corporate formalities and has a business office separate from that of each member of the Parent Group and the Seller;

(v) the financial statements and books and records of the Independent Member, each member of the Parent Group and the Seller reflect the separate legal existence of the Independent Member;

(vi) (A) the Independent Member maintains its assets separately from the assets of each member of the Parent Group and the Seller, (B) the Independent

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Member's funds (including all money, checks and other cash proceeds) and assets, and records relating thereto, have not been and are not commingled with those of any member of the Parent Group or the Seller and (C) the separate creditors of the Independent Member will be entitled to be satisfied out of the Independent Member 's assets prior to any value in the Independent Member becoming available to the Independent Member's Equity Holders;

(vii) except as otherwise expressly permitted hereunder, under the other Related Documents and under the Independent Member's Organic Documents, none of the Seller or any member of the Parent Group (A) pays the Independent Member's expenses, (B) guarantees the Independent Member's obligations, or (C) advances funds to the Independent Member for the payment of expenses or otherwise;

(viii) all business correspondence and other communications of the Independent Member are conducted in the Independent Member's own name, on its own stationery and through a separately-listed telephone number;

(ix) the Independent Member does not act as agent for any member of the Parent Group or the Seller, but instead presents itself to the public as a corporation separate from the Seller and from each such member;

(x) the Independent Member maintains at least two Independent Directors (as defined in Independent Member's certificate of incorporation);

(xi) the Organic Documents of the Independent Member require (A) the affirmative vote of each independent director before a voluntary petition under Section 301 of the Bankruptcy Code may be filed by the Independent Member, and (B) the Independent Member to maintain (1) correct and complete books and records of account and (2) minutes of the meetings and other proceedings of its Equity Holders and board of directors.

ARTICLE V.

GENERAL COVENANTS OF THE SELLER AND THE INDEPENDENT MEMBER

Section 5.01. Affirmative Covenants of the Seller. The Seller covenants and agrees that from and after the Closing Date and until the Termination Date:

(a) Compliance with Agreements and Applicable Laws. The Seller shall perform each of its obligations under this Agreement and the other Related Documents and comply with all federal, state and local laws and regulations applicable to it, the Transferred Receivables and the Related Security, including those relating to truth in lending, retail installment sales, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices, privacy, licensing, taxation, ERISA and labor matters and Environmental Laws and

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Environmental Permits, except to the extent that the failure to so comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Seller shall comply in all respects with the Credit and Collection Policies with respect to each Transferred Receivable and the Related Security, except to the extent that such noncompliance could not reasonably be expected to have a Material Adverse Effect.

(b) Maintenance of Existence and Conduct of Business. The Seller shall: (i) do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and its rights and franchises; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder and in accordance with (1) the terms of its certificate of formation and limited liability company agreement, (2) Section 4.01(q) and Section 4.01(r) (as Schedule 4.01(r) referred to therein will be amended to reflect closing of certain accounts (and establishment of replacement accounts) in accordance with Section 5.01(g) and Section 5.01(h)), and (3) the assumptions set forth in each legal opinion of Sidley Austin Brown & Wood or other counsel to the Seller from time to time delivered pursuant to Section 3.02(d) of the Sale Agreement with respect to issues of substantive consolidation and true sale and absolute transfer; (iii) at all times maintain, preserve and protect all of its assets and properties used or useful in the conduct of its business, including all licenses, permits, charters and registrations, and keep the same in good repair, working order and condition in all material respects (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices; and (iv) transact business only in its legal name as reflected in the records of the Secretary of State of the State of Delaware. The Seller shall keep adequate books and records with respect to its business activities in which proper entries, reflecting all financial transactions, are made in accordance with GAAP and on a basis consistent with the financial statements delivered pursuant to Section 5.02(a).

(c) Deposit of Collections. The Seller shall request in writing and otherwise take such reasonable steps to ensure that all Obligors forward payment directly to a Lockbox Account and shall deposit or cause to be deposited promptly into a Lockbox Account, and in any event no later than the first Business Day after receipt thereof, all Collections Seller may receive with respect to any Transferred Receivable.

(d) Use of Proceeds. The Seller shall utilize the proceeds of the Purchases made hereunder solely for (i) the purchase of Receivables and the Related Security from the Originators pursuant to the Sale Agreement, (ii) the payment of lawful distributions to its economic Equity Holders, and (iii) the payment of administrative fees or Servicing Fees or Applicable Servicing Fees or expenses to the Servicers or routine administrative or operating expenses, in each case only as expressly permitted by and in accordance with the terms of this Agreement and the other Related Documents.

(e) Payment, Performance and Discharge of Obligations.

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(i) Subject to Section 5.01(e)(ii), the Seller shall pay, perform and discharge or cause to be paid, performed and discharged promptly all charges payable by it, including (A) charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all charges with respect to tax, social security and unemployment withholding with respect to its employees, and (B) lawful claims for labor, materials, supplies and services or otherwise before any thereof shall become past due.

(ii) The Seller may in good faith contest, by appropriate proceedings, the validity or amount of any charges or claims described in Section 5.01(e)(i); provided that (A) adequate reserves with respect to such contest are maintained on the books of the Seller, in accordance with GAAP, (B) such contest is maintained and prosecuted continuously and with diligence, (C) none of the Seller Collateral becomes subject to forfeiture or loss as a result of such contest, (D) no Lien shall be imposed to secure payment of such charges or claims other than inchoate tax liens and (E) none of the Purchaser or the Administrative Agent has advised the Seller in writing that such Affected Party reasonably believes that failure to pay or to discharge such claims or charges could have or result in a Material Adverse Effect.

(f) ERISA. The Seller shall give the Administrative Agent prompt written notice of any event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA.

(g) Concentration Account. Not later than January 23, 2003, the Seller shall establish the Concentration Account with a depository institution satisfactory to the Administrative Agent pursuant to an agreement covering the Concentration Account that is satisfactory to the Administrative Agent in all respects.

(h) Certain Lockbox Accounts. Not later than January 26, 2003, the Seller shall close all Lockbox Accounts with Bank of America, N.A. and The Northern Trust Company and establish replacement Lockbox Accounts with a depository institution satisfactory to the Administrative Agent pursuant to an agreement covering the Lockbox Accounts that is satisfactory to the Administrative Agent in all respects.

Section 5.02. Reporting Requirements of the Seller; Bringdown Certificates. The Seller hereby agrees that, from and after the Closing Date and until the Termination Date, it shall deliver or cause to be delivered to the Administrative Agent for distribution to the Purchaser, the financial statements, notices and other information at the times, to the Persons and in the manner set forth in Annex 5.02 hereto. With each delivery of the annual audited Financial Statements pursuant to and in accordance with paragraph (a) of Annex 5.02 hereto, each of the Seller, each Servicer and Independent Member shall deliver to the Administrative Agent an Officer's Certificate in the form of Exhibit 5.02 hereto ("Bringdown Certificate").

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Section 5.03. Negative Covenants of the Seller. The Seller covenants and agrees that, without the prior written consent of the Purchaser and the Administrative Agent, from and after the Closing Date until the Termination Date:

(a) Sale of Equity Interests and Assets. The Seller shall not sell, transfer, convey, assign or otherwise dispose of, or assign any right to receive income in respect of, any of its properties or other assets, including its Equity Interests (whether in a public or a private offering or otherwise), any Transferred Receivable or Related Security or any of its rights with respect to any Lockbox or any Lockbox Account, the Collection Account or any other deposit account in which any Collections of any Transferred Receivable are deposited except as otherwise expressly permitted by this Agreement or any of the other Related Documents or, in the case of a pledge to the Permitted Outstanding Debt holders of the Equity Interest of the Seller held by the Originators, on terms and conditions which are satisfactory to the Administrative Agent in all respects and in its sole discretion and only as long as such terms and conditions are set forth in an intercreditor agreement with such Permitted Outstanding Debt holders that is in form and substance satisfactory to the Administrative Agent.

(b) Liens. The Seller shall not create, incur, assume or permit to exist (i) any Adverse Claim on or with respect to its Transferred Receivables or the Related Security or (ii) any Adverse Claim on or with respect to its other properties or assets (whether now owned or hereafter acquired) except for Permitted Seller Encumbrances. In addition, the Seller shall not become a party to any agreement, note, indenture or instrument or take any other action that would prohibit the creation of a Lien on any of its properties or other assets in favor of the Administrative Agent for the benefit of the Purchaser as additional collateral for the Seller Secured Obligations, except as otherwise expressly permitted by this Agreement or any of the other Related Documents.

(c) Modifications of Receivables, Related Security, Contracts or Credit and Collection Policies. The Seller shall not, without the prior written consent of the Administrative Agent (i) extend, amend, rescind, forgive, discharge, compromise, waive, cancel or otherwise modify the terms of any Transferred Receivable or the Related Security or amend, modify or waive any term or condition of any Contract related thereto, provided that the Seller may authorize the Master Servicer to take such actions as are expressly permitted by the terms of any Related Document or the Credit and Collection Policies, or (ii) amend, modify or waive any term or provision of the Credit and Collection Policies to the extent such action would be a material change to its Credit and Collection Policies or would negatively affect the timing or amount collected of Receivables or the Related Security in any material respect.

(d) Changes in Instructions to Obligors. The Seller shall not make any change in its instructions to Obligors regarding the deposit of Collections with respect to the Transferred Receivables without the prior written consent of the Administrative Agent.

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(e) Capital Structure and Business. The Seller shall not (i) make any changes in any of its business objectives, purposes or operations that could have or result in a Material Adverse Effect, (ii) make any change in its capital structure as described on Schedule 4.01(h), including the issuance of any Equity Interests or other securities convertible into Equity Interests or any revision of the terms of its outstanding Equity Interests, (iii) reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is organized as of the date hereof without the prior written consent of Administrative Agent, or (iv) permit the Independent Member to amend its certificate of incorporation or by-laws. The Seller shall not engage in any business other than as provided in its organizational documents and the Related Documents.

(f) Mergers, Subsidiaries, Etc. The Seller shall not directly or indirectly, by operation of law or otherwise, (i) form or acquire any Subsidiary, or (ii) merge with, consolidate with, acquire all or substantially all of the assets or Equity Interests of, or otherwise combine with or acquire, any Person.

(g) Sale Characterization; Sale Agreement. The Seller shall not make statements or disclosures, prepare any financial statements or in any other respect account for or treat the transactions contemplated by the Sale Agreement (including for accounting, tax and reporting purposes) in any manner other than (i) with respect to each Sale of each Sold Receivable and the Related Security effected pursuant to the Sale Agreement, as a true sale and absolute assignment of the title to and sole record and beneficial ownership interest of the Transferred Receivables and the Related Security by the Originators to the Seller and (ii) with respect to each contribution of Contributed Receivables and the Related Security thereunder, as an increase in the stated capital of the Seller.

(h) Restricted Payments. The Seller shall not enter into any lending transaction with any other Person. The Seller shall not at any time (i) advance credit to any Person or (ii) declare any dividends, repurchase any Equity Interest, return any capital, or make any other payment or distribution of cash or other property or assets in respect of the Seller's Equity Interests if, after giving effect to any such advance or distribution, a Purchase Excess, Incipient Termination Event or Termination Event would exist or otherwise result therefrom.

(i) Debt. The Seller shall not create, incur, assume or permit to exist any Debt, except (i) Debt of the Seller to any Affected Party, Indemnified Person, the Servicers or any other Person expressly permitted by this Agreement or any other Related Document, (ii) deferred taxes, (iii) unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law, and (iv) indorser liability in connection with the indorsement of negotiable instruments for deposit or collection in the ordinary course of business.

(j) Prohibited Transactions. The Seller shall not enter into, or be a party to, any transaction with any Person except as expressly permitted hereunder or under any other Related Document.

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(k) Investments. Except as otherwise expressly permitted hereunder or under the other Related Documents, the Seller shall not make any investment in, or make or accrue loans or advances of money to, any Person, including any Equity Holder, director, manager, officer or employee of the Seller or any member of the Parent Group, through the direct or indirect lending of money, holding of securities or otherwise, except with respect to the Transferred Receivables, Related Security and Permitted Investments.

(l) Commingling. The Seller shall not deposit or permit the deposit of any funds that do not constitute Collections of Transferred Receivables into any Lockbox Account. If such funds are nonetheless deposited into a Lockbox Account and the Seller so notifies the Administrative Agent, the Administrative Agent shall promptly remit any such amounts to the applicable Originator.

(m) ERISA. The Seller shall not, and shall not cause or permit any of its ERISA Affiliates to, cause or permit to occur an event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA.

(n) Related Documents. The Seller shall not amend, modify or waive any term or provision of any Related Document without the prior written consent of the Administrative Agent.

(o) Board Policies. The Seller shall not modify the terms of any policy or resolutions of its board of managers if such modification could have or result in a Material Adverse Effect.

Section 5.04. Affirmative Covenants of Independent Member.
Independent Member covenants and agrees that from and after the Closing Date and until the Termination Date:

(a) Compliance with Agreements and Applicable Laws. Independent Member shall perform each of its obligations under this Agreement and the other Related Documents and comply with all federal, state and local laws and regulations applicable to it, including those relating to truth in lending, retail installment sales, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices, privacy, licensing, taxation, ERISA and labor matters and Environmental Laws and Environmental Permits, except to the extent that the failure to so comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Maintenance of Existence and Conduct of Business. Independent Member shall: (i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and its rights and franchises; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder and in accordance with (A) the terms of its Organic Documents, (B) Sections 4.03(k) and (C) the assumptions set forth

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in each legal opinion of Sidley Austin Brown & Wood or other counsel to Independent Member from time to time delivered pursuant to Section 3.02(d) of the Sale Agreement with respect to issues of substantive consolidation; (iii) at all times maintain, preserve and protect all of its assets and properties used or useful in the conduct of its business, including all licenses, permits, charters and registrations, and keep the same in good repair, working order and condition in all material respects (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices; and (iv) transact business only in its legal name as reflected in the records of the Secretary of State of the State of Delaware.

(c) Payment, Performance and Discharge of Obligations.

(i) Subject to Section 5.04(c)(ii), Independent Member shall pay, perform and discharge or cause to be paid, performed and discharged promptly all charges payable by it, including (A) charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all charges with respect to tax, social security and unemployment withholding with respect to its employees, and (B) lawful claims for labor, materials, supplies and services or otherwise before any thereof shall become past due.

(ii) Independent Member may in good faith contest, by appropriate proceedings, the validity or amount of any charges or claims described in Section 5.04(c)(i); provided that (A) adequate reserves with respect to such contest are maintained on the books of Independent Member, in accordance with GAAP, (B) such contest is maintained and prosecuted continuously and with diligence, (C) no Lien shall be imposed to secure payment of such charges or claims other than inchoate tax liens and (D) none of the Purchaser or the Administrative Agent has advised Independent Member in writing that such Affected Party reasonably believes that failure to pay or to discharge such claims or charges could have or result in a Material Adverse Effect.

(d) ERISA. Independent Member shall give the Administrative Agent prompt written notice of any event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA.

Section 5.05. Negative Covenants of Independent Member. Independent Member covenants and agrees that, without the prior written consent of the Purchaser and the Administrative Agent, from and after the Closing Date until the Termination Date:

(a) Sale of Equity Interests and Assets. Independent Member shall not sell, transfer, convey, assign or otherwise dispose of, or assign any right to receive income in respect of, any of its properties or other assets, including its Equity Interests (whether in a public or a private offering or otherwise), except as otherwise expressly permitted by this Agreement or any of the other Related Documents.

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(b) Liens. Independent Member shall not create, incur, assume or permit to exist any Adverse Claim on or with respect to its other properties or assets (whether now owned or hereafter acquired) except for the Permitted Independent Member Encumbrances.

(c) Capital Structure and Business. Independent Member shall not (i) make any changes in any of its business objectives, purposes or operations that could have or result in a Material Adverse Effect, (ii) make any change in its capital structure as described on Schedule 4.01(h), including the issuance of any Equity Interest or any securities convertible into Equity Interests or any revision of the terms of its outstanding Equity Interests, or (iii) amend its Organic Documents. Independent Member shall not change its jurisdiction of incorporation, legal name, identity or organizational structure. Independent Member shall not change its organization identification number, if any, issued by its state of incorporation. Independent Member shall not engage in any business other than as provided in its Organic Documents and the applicable Related Documents.

(d) Mergers, Subsidiaries, Etc. Independent Member shall not directly or indirectly, by operation of law or otherwise, (i) form or acquire any Subsidiary, or (ii) merge with, consolidate with, acquire all or substantially all of the assets or Equity Interests of, or otherwise combine with or acquire, any Person.

(e) Restricted Payments. Independent Member shall not enter into any lending transaction with any other Person. Independent Member shall not at any time (i) advance credit to any Person or (ii) declare any dividends, repurchase any Equity Interest, return any capital, or make any other payment or distribution of cash or other property or assets in respect of Independent Member's Equity Interests if, after giving effect to any such advance or distribution, an Incipient Termination Event or Termination Event would exist or otherwise result therefrom.

(f) Debt. Independent Member shall not create, incur, assume or permit to exist any Debt, except (i) Debt of Independent Member expressly permitted by this Agreement or any other Related Document, (ii) deferred taxes, (iii) unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law, and (iv) indorser liability in connection with the indorsement of negotiable instruments for deposit or collection in the ordinary course of business.

(g) Prohibited Transactions. Independent Member shall not enter into, or be a party to, any transaction with any Person except as expressly permitted hereunder or under any other Related Document.

(h) Investments. Except as otherwise expressly permitted hereunder or under the other Related Documents, Independent Member shall not make any investment in, or make or accrue loans or advances of money to, any Person, including any Equity Holder, director, officer or employee of Independent Member, the Parent or any of the Parent's other Subsidiaries,

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through the direct or indirect lending of money, holding of securities or otherwise, except with respect to its membership interest in the Seller and Permitted Investments.

(i) ERISA. Independent Member shall not, and shall not cause or permit any of its ERISA Affiliates to, cause or permit to occur an event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA.

(j) Related Documents. Independent Member shall not amend, modify or waive any term or provision of any Related Document without the prior written consent of the Administrative Agent.

(k) Board Policies. Independent Member shall not modify the terms of any policy or resolutions of its board of managers if such modification could have or result in a Material Adverse Effect.

ARTICLE VI.

COLLECTIONS AND DISBURSEMENTS

Section 6.01. Establishment of Accounts.

(a) The Lockbox Accounts.

(i) The Seller has established with each Lockbox Account Bank one or more Lockbox Accounts. The Seller shall establish the Concentration Account with the Concentration Account Bank in accordance with Section 5.01(g). The Seller agrees that the Administrative Agent shall have exclusive dominion and control of each Lockbox Account and the Concentration Account and all monies, instruments and other property from time to time on deposit therein. The Seller shall not make or cause to be made, or have any ability to make or cause to be made, any withdrawals from any Lockbox Account except as provided in Section 6.01(b)(ii).

(ii) The Seller and the Master Servicer have instructed all existing Obligors of Transferred Receivables, and shall instruct all future Obligors of such Transferred Receivables, to make payments in respect thereof only (A) by check or money order mailed to one or more lockboxes or post office boxes under the control of the Administrative Agent (each, a "Lockbox" and, collectively, the "Lockboxes") or (B) by wire transfer or moneygram directly to a Lockbox Account. Schedule 4.01(r) lists all Lockboxes and all Lockbox Account Banks at which the Seller maintains Lockbox Accounts as of the Closing Date, and such schedule correctly identifies (1) with respect to each such Lockbox Account Bank, the name, address and telephone number thereof, (2) with respect to each Lockbox Account, the name in which such account is held and the complete account number therefor, and (3) with respect to each Lockbox, the lockbox number and address thereof. The Seller and the applicable Servicer shall endorse, to the

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extent necessary, all checks or other instruments received in any Lockbox so that the same can be deposited in the Lockbox Account, in the form so received (with all necessary endorsements), on the first Business Day after the date of receipt thereof. In addition, each of the Seller and the applicable Servicer shall deposit or cause to be deposited into a Lockbox Account all cash, checks, money orders or other proceeds of Transferred Receivables, Related Security or Seller Collateral received by it other than in a Lockbox or a Lockbox Account, in the form so received (with all necessary endorsements), not later than the close of business on the first Business Day following the date of receipt thereof, and until so deposited all such items or other proceeds shall be held in trust for the benefit of the Administrative Agent. Neither the Seller nor the applicable Servicer shall make any deposits into a Lockbox or any Lockbox Account except in accordance with the terms of this Agreement or any other Related Document.

(iii) If, for any reason, a Lockbox Agreement terminates or any Lockbox Account Bank fails to comply with its obligations under the Lockbox Agreement to which it is a party, then the Seller shall promptly notify all Obligors of Transferred Receivables who had previously been instructed to make wire payments to a Lockbox Account maintained at any such Lockbox Account Bank to make all future payments to a new Lockbox Account in accordance with this Section 6.01(a)(iii). The Seller shall not close any such Lockbox Account unless it shall have (A) received the prior written consent of the Administrative Agent, (B) established a new account with the same Lockbox Account Bank or with a new depository institution satisfactory to the Administrative Agent, (C) entered into an agreement covering such new account with such Lockbox Account Bank or with such new depository institution substantially in the form of such Lockbox Agreement or that is satisfactory in all respects to the Administrative Agent (whereupon, for all purposes of this Agreement and the other Related Documents, such new account shall become a Lockbox Account, such new agreement shall become a Lockbox Agreement and any new depository institution shall become a Lockbox Account Bank), and (D) taken all such action as the Administrative Agent shall require to grant and perfect a first priority Lien in such new Lockbox Account to the Administrative Agent for the benefit of the Purchaser under Section 8.01 of this Agreement. Except as permitted by this Section 6.01(a), neither the Seller nor any of the Servicers shall open any new Lockbox or Lockbox Account without the prior written consent of the Administrative Agent.

(iv) Schedule 4.01(r) shall be amended to correctly identify the Concentration Account, the name, address and telephone number of the Concentration Account Bank, and the name in which the Concentration Account is held and the complete account number therefor. If, for any reason, the Lockbox Account Agreement applicable to the Concentration Account terminates or the Concentration Account Bank fails to comply with its obligations under such Lockbox Account Agreement, then the Administrative Agent may direct the Lockbox Account Banks to forward all Collections received in the Lockbox Accounts to the Collection Account; it being understood and

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agreed that, as long as the Concentration Account has not been established, all Lockbox Account Banks shall be directed on the Closing Date to forward all Collections to the Collection Account. The Seller shall not close the Concentration Account unless it shall have (A) received the prior written consent of the Administrative Agent, (B) established a new account with the same Concentration Account Bank or with a new depository institution satisfactory to the Administrative Agent, (C) entered into an agreement covering such new account with such Concentration Account Bank or with such new depository institution substantially in the form of a Lockbox Account Agreement or that is satisfactory in all respects to the Administrative Agent (whereupon, for all purposes of this Agreement and the other Related Documents, such new account shall become a Concentration Account, such new agreement shall become a Lockbox Account Agreement and any new depository institution shall become a Concentration Account Bank), and (D) taken all such action as the Administrative Agent shall require to grant and perfect a first priority Lien in such new Concentration Account to the Purchaser under Section 8.01 of this Agreement. Except as permitted by this Section 6.01(a), neither the Seller nor the Servicer shall open any Concentration Account without the prior written consent of the Administrative Agent.

(b) Collection Account.

(i) The Administrative Agent has established and shall maintain the Collection Account with the Depository. The Collection Account shall be registered in the name of the Administrative Agent and the Administrative Agent shall, subject to the terms of this Agreement, have exclusive dominion and control thereof and of all monies, instruments and other property from time to time on deposit therein.

(ii) Pursuant to Section 6.02, the Seller shall instruct the Concentration Account Bank to transfer, and the Seller hereby grants the Administrative Agent the authority to instruct the Concentration Account Bank to transfer, on each Business Day in same day funds, all available funds in the Concentration Account to the Collection Account. The Purchaser and the Administrative Agent may deposit into the Collection Account from time to time all monies, instruments and other property received by any of them as proceeds of the Transferred Receivables or the Related Security. On each Business Day the Administrative Agent shall instruct and cause the Depository (which instruction may be in writing or by telephone confirmed promptly thereafter in writing) to release funds on deposit in the Collection Account in the order of priority set forth in Section 6.03 or Section 6.05, as applicable.

(iii) If, for any reason, the Depository wishes to resign as depository of the Collection Account or fails to carry out the instructions of the Administrative Agent, then the Administrative Agent shall promptly notify the Purchaser. Neither the Purchaser nor the Administrative Agent shall close the Collection Account unless (A) a new deposit account has been established with the Depository, (B) the Purchaser and the

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Administrative Agent have entered into an agreement covering such new account with such new depository institution satisfactory in all respects to the Administrative Agent (whereupon such new account shall become the Collection Account for all purposes of this Agreement and the other Related Documents), and (C) all action has been taken for the Administrative Agent to obtain a perfected first priority Lien in such new Collection Account.

Section 6.02. Funding of Collection Account. As soon as practicable, and in any event no later than 12:00 noon (New York time) on each Business Day:

(a) the Administrative Agent shall transfer or cause to be transferred, to the extent then available, all Collections deposited in any Lockbox Account prior to such Business Day to the Concentration Account and all accounts subsequently on deposit in the Concentration Account to the Collection Account;

(b) the Purchaser or the Administrative Agent shall deposit in the Collection Account the amount, if any, required pursuant to Section 2.04(b)(i);

(c) if, on the immediately preceding Business Day, the Administrative Agent shall have notified the Seller of any Purchase Excess, then the Seller shall deposit cash in the amount of such Purchase Excess in the Collection Account;

(d) if on such Business Day the Seller is required to make other payments under this Agreement not previously paid out of Collections (including Additional Amounts and Indemnified Amounts not previously paid), then the Seller shall deposit an amount equal to such payments in the Collection Account;

(e) if, on the immediately preceding Business Day, an Originator made a capital contribution or repurchased a Transferred Receivable or Related Security pursuant to Section 4.05 of the Sale Agreement or made a payment as a result of any Dilution Factors pursuant to Section 4.02(p) of the Sale Agreement, then the Seller shall deposit in the Collection Account cash in the amount so received from such Originator for such contribution or for such repurchase or payment;

(f) each Servicer shall deposit in the Collection Account the Outstanding Balance of any Transferred Receivable such Servicer elects to pay pursuant to Section 7.04; and

(g) the Seller shall deposit in the Collection Account the Outstanding Balance of any Transferred Receivable the Seller elects to pay pursuant to Section 8.06(d).

Section 6.03. Daily Disbursements From the Collection Account; Revolving Period. On each Business Day no later than 1:00 p.m. (New York time) during the Revolving Period, and following the transfers made pursuant to Section 6.02, the Administrative Agent shall disburse all Collections then on deposit in the Collection Account in the following priority:

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(a) to the Administrative Agent on behalf of the Purchaser:

(i) an amount equal to the sum of:

- (A) if such Business Day is a first Business Day of a Settlement Period, the unpaid Daily Yield accrued during the Settlement Period then most recently ended;
- (B) if such Business Day is a first Business Day of a Settlement Period, the unpaid Unused Facility Fee accrued during the Settlement Period then most recently ended; and
- (C) any Additional Amounts or Indemnified Amounts then due and not paid;

(b) if such Business Day is a Settlement Date, to the Master Servicer, the accrued and unpaid Servicing Fee (calculated assuming that the Servicing Fee Rate is the applicable rate);

(c) to the Purchaser:

(i) an amount equal to any Purchase Excess to be applied in reduction of Capital Investment; and

(ii) if, pursuant to a Repayment Notice, the Seller has requested a reduction of the Capital Investment, then to the Purchaser the lesser of (A) the amount of such requested reduction of Capital Investment and (B) such balance;

(d) to the Seller Account, the balance of any amounts remaining after making the foregoing disbursements.

Section 6.04. [Reserved]

Section 6.05. Liquidation Settlement Procedures. On each Business Day from and after the Facility Termination Date until the Termination Date, the Administrative Agent shall, as soon as practicable, transfer all amounts in the Collection Account in the following priority:

(a) if a Successor Servicer has assumed the responsibilities and obligations of any Servicer in accordance with Section 11.02, then to the Successor Servicer an amount equal to its accrued and unpaid Successor Servicing Fees and Expenses;

(b) to the Purchaser, an amount equal to accrued and unpaid Daily Yield;

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(c) to the Purchaser, an amount equal to the unpaid Capital Investment;

(d) to the Administrative Agent, an amount equal to accrued and unpaid portion of the Unused Facility Fees;

(e) to the Administrative Agent, an amount equal to accrued and unpaid portion of the fees under the Fee Letter;

(f) all Additional Amounts and Indemnified Amounts incurred and payable to any Indemnified Person;

(g) if an Event of Servicer Termination shall not have occurred, to the Master Servicer, an amount equal to the accrued and unpaid Servicing Fee;

(h) to the Administrative Agent, an amount equal to any unpaid portion of the Early Termination Fee; and

(i) to the Seller Account, the balance of any funds remaining after payment in full of all amounts set forth in this Section 6.05.

Section 6.06. Termination Procedures.

(a) On the earlier of (i) the first Business Day after the Facility Termination Date on which the Capital Investment has been reduced to zero or (ii) the Final Purchase Date, if the Seller Secured Obligations have not been paid in full, the Seller shall immediately deposit in the Collection Account an amount sufficient to make such payments in full.

(b) On the Termination Date, all amounts on deposit in the Collection Account shall be disbursed to the Seller and all ownership interests or Liens of the Administrative Agent for the benefit of the Purchaser in and to all Transferred Receivables and the Related Security and all Liens of the Administrative Agent for the benefit of the Purchaser in and to the Seller Collateral shall be released by the Administrative Agent. Such disbursement shall constitute the final payment to which the Seller is entitled pursuant to the terms of this Agreement.

(c) Seller acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the written consent of the Administrative Agent and agrees that it will not do so without the prior written consent of the Administrative Agent, subject to Seller's rights under Section 9-509(d)(2) of the UCC.

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ARTICLE VII.
SERVICER PROVISIONS

Section 7.01. Appointment of the Servicers. The Purchaser hereby appoints the Master Servicer as its agent, and the Seller hereby acknowledges such appointment, to service the Transferred Receivables (whether originated by the Master Servicer or the other Originators) and enforce its (and the other applicable Originator's) rights and interests in and under each Transferred Receivable and the Related Security and to serve in such capacity until the termination of its responsibilities pursuant to Sections 9.02 or 11.01. The Purchaser hereby further appoints each other Servicer as its agent, and the Seller hereby acknowledges such appointment, to service the Transferred Receivables originated by such Servicer and enforce its rights and interests in and under each Transferred Receivable and the Related Security and to serve in such capacity until the termination of its responsibilities pursuant to Section 9.02 or 11.01. In connection therewith, each of the Master Servicer and each other Servicer hereby accepts such appointment and agrees to perform the duties and obligations set forth herein. Each Servicer may, with the prior written consent of the Purchaser and the Administrative Agent, subcontract with a Sub-Servicer for the collection, servicing or administration of the Transferred Receivables and the Related Security; provided that (a) the Master Servicer and such assigning Servicer shall remain liable for the performance of the duties and obligations of such Sub-Servicer pursuant to the terms hereof and (b) any Sub-Servicing Agreement that may be entered into and any other transactions or services relating to the Transferred Receivables and the Related Security involving a Sub-Servicer shall be deemed to be between the Sub-Servicer and such Servicer alone, and the Purchaser and the Administrative Agent shall not be deemed parties thereto and shall have no obligations, duties or liabilities with respect to the Sub-Servicer.

Section 7.02. Duties and Responsibilities of the Servicers. Subject to the provisions of this Agreement, the Master Servicer shall prepare and deliver the Investment Reports in the manner set forth in Annex 7.02 when and as required under Section 2.03 and shall conduct the servicing, administration and collection of the Transferred Receivables and the Related Security and shall take, or cause to be taken, all actions that (i) may be necessary or advisable to service, administer and collect each Transferred Receivable and the Related Security from time to time, (ii) the Master Servicer would take if the Transferred Receivables and the Related Security were owned by the Master Servicer, and (iii) are consistent with industry practice for the servicing of such Transferred Receivables and the Related Security. Each Servicer shall conduct the servicing, administration and collection of the Transferred Receivables and the Related Security and shall take, or cause to be taken, all actions that (i) may be necessary or advisable to service, administer and collect each Transferred Receivable and the Related Security from time to time, (ii) such Servicer would take if the Transferred Receivables and the Related Security were owned by such Servicer, and (iii) are consistent with industry practice for the servicing of such Transferred Receivables.

Section 7.03. Collections on Receivables and the Related Security.

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(a) In the event that any Servicer is unable to determine the specific Transferred Receivables on which Collections have been received from the Obligor thereunder, the parties agree for purposes of this Agreement only that such Collections shall be deemed to have been received on such Receivables in the order in which they were originated with respect to such Obligor. In the event that any Servicer is unable to determine the specific Transferred Receivables on which discounts, offsets or other non-cash reductions have been granted or made with respect to the Obligor thereunder, the parties agree for purposes of this Agreement only that such reductions shall be deemed to have been granted or made (i) prior to a Termination Event, on such Receivables as determined by such Servicer, and (ii) from and after the occurrence of a Termination Event, in the reverse order in which they were originated with respect to such Obligor.

(b) If any Servicer determines that amounts unrelated to the Transferred Receivables (the "Unrelated Amounts") have been deposited in the Collection Account, then such Servicer shall provide written evidence thereof to the Administrative Agent no later than the first Business Day following the day on which such Servicer had actual knowledge thereof, which evidence shall be provided in writing and shall be otherwise satisfactory to each such Affected Party. Upon receipt of any such notice and if, after a reasonable period for the review of the written evidence, such written evidence is reasonably satisfactory to the Administrative Agent, the Administrative Agent shall segregate the Unrelated Amounts and deliver such Unrelated Amounts to the applicable Originator, as directed by the related Servicer, and the same shall not be deemed to constitute Collections on Transferred Receivables and shall not be subject to the provisions of Article VI.

Section 7.04. Authorization of the Servicers. The Purchaser hereby authorizes each Servicer, and the Seller acknowledges such authorization, to take any and all reasonable steps in its name and on its behalf necessary or desirable and not inconsistent with the ownership of the Purchaser Interests purchased by the Purchaser hereunder, in the determination of such Servicer, to (a) collect all amounts due under any Transferred Receivable or the Related Security (or, with respect to each Servicer other than the Master Servicer, any Transferred Receivable originated by it), including endorsing its name on checks and other instruments representing Collections on such Transferred Receivable, and execute and deliver any and all instruments of satisfaction or cancellation or of partial or full release or discharge and all other comparable instruments with respect to any such Transferred Receivable or the Related Security and (b) after any Transferred Receivable (or, with respect to each Servicer other than the Master Servicer, any Transferred Receivable originated by it) becomes a Defaulted Receivable and to the extent permitted under and in compliance with applicable law and regulations, commence proceedings with respect to the enforcement of payment of any such Transferred Receivable and the Related Security and adjust, settle or compromise any payments due thereunder, in each case to the same extent as the applicable Originator could have done if it had continued to own such Transferred Receivable and the Related Security. Each Originator, the Seller, the Administrative Agent and the Purchaser shall furnish each Servicer with any powers of attorney and other documents necessary or appropriate to enable such Servicer to carry out its servicing and administrative

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duties hereunder. Notwithstanding anything to the contrary contained herein, the Administrative Agent shall have the absolute and unlimited right to direct the Servicers (whether the Servicer is the Parent or otherwise) (i) to commence or settle any legal action to enforce collection of any Transferred Receivable and the Related Security or (ii) to foreclose upon, repossess or take any other action that the Administrative Agent deems necessary or advisable with respect thereto; provided that in lieu of commencing any such action or taking other enforcement action, such Servicer may, at its option, elect to pay to the Purchaser the Capital Investment with respect to the Purchaser Interest in such Transferred Receivable. In the event any Servicer elects to pay the Purchaser the Capital Investment with respect to the Purchaser Interest in such Transferred Receivable as provided above, the Administrative Agent, on behalf of the Purchaser, shall transfer to such Servicer the Purchaser Interest in such Transferred Receivable and the Related Security. In no event shall any Servicer be entitled to make any Affected Party a party to any Litigation without such Affected Party's express prior written consent, or to make the Seller a party to any Litigation without the Administrative Agent's consent.

Section 7.05. Servicing Fees

(a) As compensation for their servicing activities and as reimbursement for their reasonable expenses in connection therewith, the Master Servicer shall be entitled to receive the Servicing Fees in accordance with Sections 6.03 and 6.05, and each Servicer shall be entitled to receive the Applicable Servicing Fees in accordance with Section 2.07(b). Each Servicer shall be required to pay for all expenses incurred by it in connection with its activities hereunder (including any payments to accountants, counsel or any other Person) and shall not be entitled to any payment therefor other than the Servicing Fees or the Applicable Servicing Fees.

(b) For any period that the Parent or any Affiliate of the Parent is the Master Servicer, the Seller agrees that it shall pay to the Master Servicer on each Settlement Date the Servicing Fees, as applicable, to the extent of funds available to the Seller on such Settlement Date. The Seller agrees that it will pay the Servicing Fee to the Master Servicer prior to using any funds available to it on such Settlement Date for any other purpose, including, without limitation, the purchase of additional Receivables and the Related Security. If the Seller does not have sufficient funds available to so pay the Servicing Fee in full on any Settlement Date, the shortfall shall be paid on the next Business Day on which the Seller does have available funds but only to the extent that funds are then available to the Seller in accordance to the provisions of Article VI. Each Servicer waives any right it has or may at any time have to demand payment and/or take any action to or in furtherance of payment of any shortfall in the payment of the Servicing Fee and agrees that it shall not have a "claim" under Section 101(5) of the Bankruptcy Code for the payment of any such shortfall, except for, and only to the extent of, any excess available funds, as described above.

(c) On each Settlement Date, an Authorized Officer of the Seller shall deliver to the Administrative Agent a certificate certifying that the Servicing Fee payable for the preceding Settlement Period has been paid in accordance with this Section 7.05.

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Section 7.06. Representations and Warranties of the Servicers. To induce the Purchaser to purchase the Purchaser Interests and the Administrative Agent to take any action required to be performed by it hereunder, each Servicer represents and warrants to the Purchaser and the Administrative Agent, which representation and warranty shall survive the execution and delivery of this Agreement:

(a) Existence; Compliance with Law. Such Servicer (i) is a limited liability company or corporation, as the case may be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect; (iii) has the requisite power and authority and the legal right to own and operate its properties, to lease the property it operates under lease, and to conduct its business as now, heretofore and proposed to be conducted; (iv) has all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct, except where the failure to do so would not have a Material Adverse Effect; (v) is in compliance with its Organic Documentss; and (vi) subject to specific representations set forth herein regarding ERISA, tax and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Power, Authorization, Enforceable Obligations. The execution, delivery and performance by such Servicer of this Agreement and the other Related Documents to which it is a party and, solely with respect to clause (vii) below, the exercise by the Purchaser, the Seller or the Administrative Agent of any of its rights and remedies under any Related Document to which it is a party: (i) are within such Servicer's power; (ii) have been duly authorized by all necessary or proper corporate, limited liability company or shareholder action; (iii) do not contravene any provision of the Servicer's Organic Documentss; (iv) do not violate any law or regulation, or any order or decree of any court or Governmental Authority; (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Servicer is a party or by which such Servicer or any of the property of such Servicer is bound; (vi) do not result in the creation or imposition of any Adverse Claim upon any of the property of such Servicer; and (vii) do not require the consent or approval of any Governmental Authority or any other Person, except those referred to in Section 3.01(b), all of which will have been duly obtained, made or complied with prior to the Closing Date. On or prior to the Closing Date, each of the Related Documents to which such Servicer is a party shall have been duly executed and delivered by such Servicer and each such Related Document shall then constitute a legal, valid and binding obligation of such Servicer enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights and by general principles of equity.

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(c) No Litigation. No Litigation is now pending or, to the knowledge of such Servicer, threatened against such Servicer that (i) challenges such Servicer's right or power to enter into or perform any of its obligations under the Related Documents to which it is a party, or the validity or enforceability of any Related Document or any action taken thereunder, (ii) seeks to prevent the transfer, sale, pledge or contribution of any Receivable or the Related Security or the consummation of any of the transactions contemplated under this Agreement or the other Related Documents, or (iii) has a reasonable risk of being determined adversely to such Servicer and that, if so determined, could have a Material Adverse Effect.

(d) Full Disclosure. No information contained in this Agreement, any Investment Report or any of the other Related Documents, or any written statement furnished by or on behalf of such Servicer to the Purchaser or the Administrative Agent pursuant to the terms of this Agreement or any of the other Related Documents contains any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

(e) Other Representations and Warranties. Each of the representations and warranties of such Servicer made in its capacity as a Servicer contained in any Related Document is true and correct.

Section 7.07. Covenants of the Servicers. Each Servicer covenants and agrees that from and after the Closing Date and until the Termination Date:

(a) Ownership of Transferred Receivables and the Related Security. Such Servicer shall identify the Transferred Receivables and the Related Security clearly and unambiguously in its Servicing Records to reflect that such Transferred Receivables and the Related Security have been sold or contributed to the Seller and, following the Purchase of Purchaser Interests in such Transferred Receivables and the Related Security under this Agreement, are owned by the Administrative Agent for the benefit of the Purchaser.

(b) Compliance with Credit and Collection Policies. Such Servicer shall comply in all respects with the Credit and Collection Policies with respect to each Transferred Receivable and the Related Security and the Contract therefor, except to the extent that such noncompliance could not reasonably be expected to have a Material Adverse Effect. Such Servicer shall not amend, waive or modify any term or provision of the Credit and Collection Policies without the prior written consent of the Administrative Agent.

Section 7.08. Reporting Requirements of the Servicers. Each Servicer hereby agrees that, from and after the Closing Date and until the Termination Date, it shall deliver or cause to be delivered to the Purchaser and the Administrative Agent the financial statements, notices, and other information at the times, to the Persons and in the manner set forth in Annex 5.02 hereto.

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ARTICLE VIII.

GRANT OF SECURITY INTERESTS

Section 8.01. Seller's Grant of Security Interest. The parties hereto intend that each Purchase of Purchaser Interests to be made hereunder shall constitute a purchase and sale of undivided percentage ownership interests in the Transferred Receivables and the Related Security and not a loan. Notwithstanding the foregoing, in addition to and not in derogation of any rights now or hereafter acquired by the Purchaser or the Administrative Agent hereunder, the parties hereto intend that this Agreement shall constitute a security agreement under applicable law. In such regard and, in any event, to secure the prompt and complete payment, performance and observance of all Seller Secured Obligations, and to induce the Purchaser to enter into this Agreement and perform the obligations required to be performed by it hereunder in accordance with the terms and conditions thereof, the Seller hereby grants, assigns, conveys, pledges, hypothecates and transfers to the Administrative Agent, for the benefit of itself and the Purchaser, a Lien upon and security interest in all of its right, title and interest in, to and under, but none of its obligations arising from, the following property, whether now owned by or owing to, or hereafter acquired by or arising in favor of, the Seller (including under any trade names, styles or derivations of the Seller), and regardless of where located (all of which being hereinafter collectively referred to as the "Seller Collateral"):

(a) all Receivables and the Related Security;

(b) the Sale Agreement, all Lockbox Agreements and all other Related Documents now or hereafter in effect relating to the purchase, servicing or processing of Receivables or the Related Security (collectively, the "Seller Assigned Agreements"), including (i) all rights of the Seller to receive moneys due and to become due thereunder or pursuant thereto, (ii) all rights of the Seller to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (iii) all claims of the Seller for damages or breach with respect thereto or for default thereunder and (iv) the right of the Seller to amend, waive or terminate the same and to perform and to compel performance and otherwise exercise all remedies thereunder;

(c) all other property that may from time to time hereafter be granted and pledged by the Seller or by any Person on its behalf under this Agreement, including any deposit with the Purchaser or the Administrative Agent of additional funds by the Seller; and

(d) to the extent not otherwise included, all proceeds and products of the foregoing and all accessions to, substitutions and replacements for, and profits of, each of the foregoing Seller Collateral (including proceeds that constitute property of the types described in Sections 8.01(a) through (c).

Section 8.02. Seller's Certification. The Seller hereby certifies that (a) the benefits of the representations, warranties and covenants of each Originator and member of the

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Parent Group to the Seller under the Sale Agreement shall have been assigned by the Seller to the Administrative Agent on behalf of the Purchaser hereunder; (b) the rights of the Seller to receive a capital contribution from the Originators or to require payment of a Rejected Amount from an Originator under the Sale Agreement may be enforced by the Administrative Agent on behalf of the Purchaser; and (c) the Sale Agreement provides that the representations, warranties and covenants described in Sections 4.01, 4.02 and 4.04 thereof, the indemnification and payment provisions of Article V thereof and the provisions of Sections 4.04(j), 9.03 and 9.14 thereof shall survive the sale of the Transferred Receivables and the Related Security (and undivided percentage ownership interests therein) and the termination of the Sale Agreement and this Agreement.

Section 8.03. [Reserved].

Section 8.04. Delivery of Collateral. All certificates or instruments representing or evidencing the Seller Collateral shall be delivered to and held by or on behalf of the Administrative Agent and shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent. The Administrative Agent shall have the right (a) at any time to exchange certificates or instruments representing or evidencing Seller Collateral for certificates or instruments of smaller or larger denominations and (b) at any time in its discretion following the occurrence and during the continuation of a Termination Event and without notice to the Seller, to transfer to or to register in the name of the Administrative Agent or its nominee any or all of the Seller Collateral. The Seller will, (A) at all times from and after the date hereof, clearly and conspicuously mark its computer and master data processing books and records with a legend describing the Administrative Agent's interest (on behalf of the Purchaser) in the Receivables and the Related Security, (B) segregate (from all other receivables then owned or being serviced by the Seller, including any Excluded Receivables) all the Related Security relating to each Receivable, and (C) execute or cause to be executed an endorsement for each Extended Term Promissory Note and any other instrument representing a Receivable or the Related Security and deliver the original Extended Term Promissory Note and such endorsement and other instruments and appropriate endorsements to the Administrative Agent.

Section 8.05. Seller Remains Liable. It is expressly agreed by the Seller that, anything herein to the contrary notwithstanding, the Seller shall remain liable under any and all of the Transferred Receivables and the Related Security, the Seller Assigned Agreements and any other agreements constituting the Seller Collateral to which it is a party to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Neither the Purchaser nor the Administrative Agent shall have any obligation or liability under any such Receivables, the Related Security or agreements by reason of or arising out of this Agreement or the granting herein of a Lien thereon or the receipt by the Administrative Agent or the Purchaser of any payment relating thereto pursuant hereto. The exercise by the Purchaser or the Administrative Agent of any of its respective rights under this Agreement shall not release any Originator, the Seller or any Servicer from any of their respective duties or obligations under

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any such Receivables, the Related Security or other agreements. Neither the Purchaser nor the Administrative Agent shall be required or obligated in any manner to perform or fulfill any of the obligations of any Originator, the Seller or any Servicer under or pursuant to any such Receivable, the Related Security, or other agreement, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such Receivable, the Related Security, or other agreement, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

Section 8.06. Covenants of the Seller and the Servicers Regarding the Seller Collateral.

(a) Offices and Records. The Seller shall maintain its principal place of business and chief executive office and the office at which it stores its Records at the respective locations specified in Schedule 4.01(b) or, upon 30 days' prior written notice to the Administrative Agent, at such other location in a jurisdiction where all action requested by the Administrative Agent pursuant to Section 14.14 shall have been taken with respect to the Seller Collateral. Each of the Seller and each Servicer shall, at its own cost and expense, maintain adequate and complete records of the Transferred Receivables, the Related Security and the Seller Collateral, including records of any and all payments received, credits granted and merchandise returned with respect thereto and all other dealings therewith. Each of the Seller and each Servicer shall mark conspicuously with a legend, in form and substance satisfactory to the Administrative Agent, its books and records, computer tapes, computer disks and credit files pertaining to the Seller Collateral, and its file cabinets or other storage facilities where it maintains information pertaining thereto, to evidence this Agreement and the assignment and Liens granted pursuant to this Article VIII. Upon the occurrence and during the continuance of a Termination Event, the Seller and each Servicer shall deliver and turn over such books and records to the Administrative Agent or its representatives at any time on demand of the Administrative Agent. Prior to the occurrence of a Termination Event and upon notice from the Administrative Agent, the Seller and each Servicer shall permit any representative of the Administrative Agent to inspect such books and records and shall provide photocopies thereof to the Administrative Agent that are reasonably related to the general purpose of such inspection and as more specifically set forth in Section 8.06(b).

(b) Access. Each of the Seller and each Servicer shall, at its own expense, during normal business hours, from time to time upon one Business Day's prior notice as frequently as the Administrative Agent determines to be appropriate: (i) provide the Purchaser, the Administrative Agent and any of their respective officers, employees and agents access to its properties (including properties utilized in connection with the collection, processing or servicing of the Transferred Receivables and the Related Security), facilities, advisors and employees (including officers) and to the Seller Collateral, (ii) permit the Purchaser, the Administrative Agent and any of their respective officers, employees and agents to inspect, audit and make

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extracts from its books and records, including all Records, reasonably related to the general purposes of such inspection and audit, (iii) permit the Purchaser or the Administrative Agent and their respective officers, employees and agents to inspect, review and evaluate the Transferred Receivables, the Related Security, and the Seller Collateral and (iv) permit the Purchaser or the Administrative Agent and their respective officers, employees and agents to discuss matters relating to the Transferred Receivables or their performance under this Agreement or the other Related Documents or its affairs, finances and accounts with any of its officers, directors, employees, representatives or agents (in each case, with those persons having knowledge of such matters) and with its independent certified public accountants. If (A) an Incipient Termination Event or a Termination Event shall have occurred and be continuing or (B) the Administrative Agent, in good faith, believes that an Incipient Termination Event or a Termination Event is imminent or deems the Purchaser's rights or interests in the Transferred Receivables, the Related Security, the Seller Assigned Agreements or any other Seller Collateral insecure, then each of the Seller and each Servicer shall, at its own expense, provide such access at reasonably extended business hours and without advance notice and provide the Purchaser or the Administrative Agent with access to its suppliers and customers. Each of the Seller and each Servicer shall make available to the Administrative Agent and its counsel, as quickly as is possible under the circumstances, originals or copies of all books and records, including Records, that the Administrative Agent may request. Each of the Seller and each Servicer shall deliver any document or instrument necessary for the Administrative Agent, as the Administrative Agent may from time to time request, to obtain records from any service bureau or other Person that maintains records for the Seller or such Servicer, and shall maintain duplicate records or supporting documentation on media, including computer tapes and disks owned by the Seller or such Servicer.

(c) Communication with Accountants. Each of the Seller and each Servicer authorizes the Purchaser and the Administrative Agent to communicate directly with its independent certified public accountants and authorizes and shall instruct those accountants and advisors to disclose and make available to the Purchaser and the Administrative Agent any and all financial statements and other completed supporting financial documents, schedules and information relating to the Seller or such Servicer (including copies of any issued management letters) with respect to its business, results of operations and financial condition.

(d) Collection of Transferred Receivables and the Related Security. Except as otherwise provided in this Section 8.06(d), each Servicer shall continue to collect or cause to be collected, at its sole cost and expense, all amounts due or to become due to the Seller under the Transferred Receivables and the Related Security, the Seller Assigned Agreements and any other Seller Collateral. In connection therewith, the Seller and each Servicer shall take such action as it, and from and after the occurrence and during the continuance of a Termination Event, the Administrative Agent, may deem necessary or desirable to enforce collection of the Transferred Receivables, the Related Security, the Seller Assigned Agreements and the other Seller Collateral; provided that the Seller or such Servicer may, rather than commencing any such action or taking any other enforcement action, at its option, elect to pay to the Administrative

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Agent, for the account of the Purchaser (in accordance with its Purchaser Interests), the Outstanding Balance of any such Transferred Receivable; provided further, that if (i) an Incipient Termination Event or a Termination Event shall have occurred and be continuing or (ii) the Administrative Agent, in good faith believes in its reasonable judgment that an Incipient Termination Event or a Termination Event is imminent or deems in its reasonable judgment the Purchaser's rights or interests in the Transferred Receivables, the Related Security, the Seller Assigned Agreements or any other Seller Collateral insecure, then the Administrative Agent may, without prior notice to the Seller or any Servicer, notify or cause the applicable Servicer to notify any Obligor under any Transferred Receivable or obligors under the Seller Assigned Agreements of the assignment of such Transferred Receivables, Related Security, or Seller Assigned Agreements, as the case may be, to the Administrative Agent on behalf of the Purchaser hereunder and direct that payments of all amounts due or to become due to the Seller thereunder be made directly to the Administrative Agent or any servicer, collection agent or lockbox or other account designated by the Administrative Agent and, upon such notification and at the sole cost and expense of the Seller and the Servicers, the Administrative Agent may enforce collection of any such Transferred Receivable, the Related Security, or the Seller Assigned Agreements and adjust, settle or compromise the amount or payment thereof.

(e) Performance of Seller Assigned Agreements. Each of the Seller and each Servicer shall (i) perform and observe all the terms and provisions of the Seller Assigned Agreements to be performed or observed by it, maintain the Seller Assigned Agreements in full force and effect, enforce the Seller Assigned Agreements in accordance with their terms and take all action as may from time to time be requested by the Administrative Agent in order to accomplish the foregoing, and (ii) upon the request of and as directed by the Administrative Agent, make such demands and requests to any other party to the Seller Assigned Agreements as are permitted to be made by the Seller or the Servicers thereunder.

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ARTICLE IX.
TERMINATION EVENTS

Section 9.01. Termination Events. If any of the following events (each, a "Termination Event") shall occur (regardless of the reason therefor):

(a) (i) the Seller shall fail to make any payment of any Seller Secured Obligation when due and payable and the same shall remain unremedied for one Business Day or more, or (ii) the Seller or Independent Member shall fail or neglect to perform, keep or observe any other provision of this Agreement or the other Related Documents to which it is a party (other than any provision embodied in or covered by any other clause of this Section 9.01) and the same shall remain unremedied for two Business Days or more after written notice thereof shall have been given by the Administrative Agent to the Seller; or

(b) a default or breach shall occur under any other agreement, document or instrument to which Independent Member, any member of the Parent Group or the Seller is a party or by which any such Person or its property is bound, and such default or breach (i) involves the failure to make any payment when due in respect of any Debt (other than the Seller Secured Obligations) that is in excess of a principal amount of \$1,000,000 to any Person or \$2,500,000 in the aggregate (the "Material Debt") which is not cured within any applicable grace period therefor, (ii) which, except for the technical defaults under the LaPorte Bonds documents and Mecklenburg Bonds documents defined and described on Schedule 4.01(c)(v) hereto, would permit any holder of a Material Debt or a portion thereof or a trustee or agent to cause such Material Debt or a portion thereof, except with respect to the Seller, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment or (iii) causes a Material Debt or a portion thereof, except with respect to the Seller, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment; in each case, regardless of whether such default is waived or whether such default is disclosed to the Administrative Agent (including the disclosure of the technical defaults referenced in Schedule 4.01(c)(v)), or such right is exercised, by such holder, trustee or agent (including by any of the trustees under the the LaPorte Bonds documents and Mecklenburg Bonds documents referenced in Schedule 4.01(c)(v)); it being understood that Material Debt shall not include trade payables incurred in the ordinary course of business that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP; or

(c) a case or proceeding shall have been commenced against Independent Member, any member of the Parent Group or the Seller seeking a decree or order in respect of any such Person (i) under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for any such Person or for any substantial part of such Person's assets, or (iii) ordering the winding-up or liquidation of the affairs of any such Person; or

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(d) Independent Member, any member of the Parent Group or the Seller shall (i) file a petition seeking relief under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) consent or fail to object in a timely and appropriate manner to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for any such Person or for any substantial part of such Person's assets, (iii) make an assignment for the benefit of creditors, or (iv) take any action in furtherance of any of the foregoing; or

(e) (i) Independent Member, any member of the Parent Group or the Seller generally does not pay its debts as such debts become due or admits in writing its inability to, or is generally unable to, pay its Debt as such Debt becomes due or (ii) the fair market value of any Originator's or the Seller's liabilities exceeds the fair market value of its assets; or

(f) a final judgment or judgments for the payment of money in excess of \$1,000,000 in the aggregate at any time outstanding shall be rendered against any member of the Parent Group or any Affiliate thereof and the same shall not have been discharged or execution thereof stayed or bonded pending appeal, or shall not have been discharged prior to the expiration of any such stay within the earlier of 60 days after the entry thereof or 30 days after any officer of such Person has actual knowledge of the entry thereof; or

(g) a judgment or order for the payment of money shall be rendered against the Seller or Independent Member; or

(h) (i) any information contained in any Investment Base Certificate is untrue or incorrect in any respect other than (x) inadvertent, immaterial errors not exceeding \$50,000 in the aggregate in any Investment Base or (y) errors understating the Investment Base or (ii) any representation or warranty of any member of the Parent Group, Independent Member, or the Seller herein or in any other Related Document or in any written statement, report, financial statement or certificate (other than an Investment Base Certificate) made or delivered by or on behalf of any member of the Parent Group or the Seller hereto or thereto is untrue or incorrect in any material respect as of the date when made or deemed made; provided, however, that the materiality standard in the foregoing clause (ii) shall not apply to any representation or warranty that itself contains a materiality qualifier; or

(i) any Governmental Authority (including the IRS or the PBGC) shall file notice of a Lien with regard to any assets of any member of the Parent Group (other than a Lien (i) limited by its terms to assets other than Transferred Receivables and the Related Security and (ii) not materially adversely affecting the financial condition of such member of the Parent Group or the Parent Group considered as a whole or the ability of the applicable member of the Parent Group to perform as a Servicer hereunder); or

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(j) any Governmental Authority (including the IRS or the PBGC) shall file notice of a Lien with regard to any of the assets of the Seller or Independent Member; or

(k) there shall have occurred any event which materially adversely impairs, in the credit judgment of the Administrative Agent exercised in good faith, the ability of any Originator to originate Receivables of a credit quality which are at least of the credit quality of the Receivables in the initial Purchase, or the Administrative Agent shall have determined (and so notified the Seller) that any event or condition that has had or could reasonably be expected to have or result in a Material Adverse Effect has occurred; or

(l) a Concentration Account or a replacement Lockbox Account shall not have been established within the time period and in accordance with Section 5.01(g) and Section 5.01(h), respectively; or

(m) (i) a violation, default or breach shall occur under any provision of Sections 4.02(p), 4.05, 5.01, 9.14 or Annex 4.04(l) of the Sale Agreement that is not cured within any applicable grace period therefor, (ii) a violation, default or breach shall occur under any other provision of the Sale Agreement that is not cured within any applicable grace period therefor or (iii) the Sale Agreement shall for any reason cease to evidence the transfer to the Seller of the legal and equitable title to, and ownership of, the Transferred Receivables or the Related Security; or

(n) except as otherwise expressly provided herein, any Lockbox Agreement or the Sale Agreement shall have been modified, amended or terminated without the prior written consent of the Purchaser and the Administrative Agent; or

(o) an Event of Servicer Termination shall have occurred; or

(p) with respect to the Transferred Receivables and the Related Security, (i) prior to the Purchase of Purchaser Interests therein hereunder, the Seller shall cease to hold valid and properly perfected title to and sole record and beneficial ownership in such Transferred Receivables or the Related Security or (ii) after the Purchase of Purchaser Interests hereunder, the Administrative Agent (on behalf of the Purchaser) shall cease to hold either valid and properly perfected title to and sole record and beneficial ownership in the related Transferred Receivables or the Related Security or a first priority, perfected Lien in the related Transferred Receivables or the Related Security or any of the Seller Collateral; or

(q) a Change of Control shall occur with respect to the Parent, any Originator, the Seller or the Independent Member; or

(r) the Seller or Independent Member shall amend its Organic Documents without the express prior written consent of the Purchaser and the Administrative Agent; or

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(s) the Seller shall have received an Election Notice pursuant to Section 2.01(d) of the Sale Agreement; or

(t) (i) the Default Ratio shall exceed 5.5%; or (ii) the Delinquency Ratio shall exceed 7.5% or (iii) the Dilution Ratio shall exceed 3.5% or (iv) the Seller's Net Worth Percentage shall be less than 5%; or

(u) the Receivables Collection Turnover shall be greater than 50 days for three (3) consecutive Settlement Periods; or

(v) any material provision of any Related Document shall for any reason cease to be valid, binding and enforceable in accordance with its terms (or any Originator, Independent Member, or the Seller shall challenge the enforceability of any Related Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Related Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms); or

(w) the Parent shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Sale Agreement, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Parent, or Parent shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability; or

(x) the Permitted Outstanding Debt Documents in effect as of the date hereof shall (i) terminate or be repaid other than by reason of regularly scheduled principal payments, prepayment, redemption or purchase or similar payment permitted under Section 4.04(n) of the Sale Agreement or (ii) fail to be refinanced at least ninety (90) days prior to the maturity dates thereunder, which refinancing does not have the effect of increasing the principal amount thereof or changing the amortization thereof (other than to extend the same) and is otherwise on terms and conditions no less favorable to any Seller Party or the Administrative Agent, as determined by the Administrative Agent, than the terms of the Debt being refinanced, and in conjunction with which the refinancier thereof shall have entered into an intercreditor agreement on terms and conditions no less favorable to the Administrative Agent and the Purchaser than the Intercreditor Agreement; or

(y) the Purchaser Interests exceed 100%; or

(z) a Person other than the Originators and the Independent Member owns the economic or the voting rights associated with the Equity Interest of the Seller; or

(aa) the aggregate Outstanding Balance of all Transferred Receivables at any one time exceeds \$85,000,000; or

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(bb) any member of the Parent Group shall fail or neglect to perform, keep or observe provisions in Sections 4.04(n) and 4.04(o) of the Sale Agreement;

then, and in any such event, the Administrative Agent shall, at the request of, or may, with the consent of, the Purchaser or the Administrative Agent, by notice to the Seller, declare the Facility Termination Date to have occurred without demand, protest or further notice of any kind, all of which are hereby expressly waived by the Seller; provided that the Facility Termination Date shall automatically occur upon the occurrence of any of the Termination Events described in Sections 9.01(a)(i), (c), (d), (e) or (s), in each case without demand, protest or any notice of any kind, all of which are hereby expressly waived by the Seller.

Section 9.02. Events of Servicer Termination. If any of the following events (each, an "Event of Servicer Termination") shall occur (regardless of the reason therefor):

(a) any Servicer shall (i) fail to make any payment or deposit required to be made by it under this Agreement or any other Related Document, (ii) fail to deliver any reports required to be delivered by it under this Agreement or any other Related Document and such failure shall remain unremedied for two (2) Business Days or more, or (iii) fail or neglect to perform, keep or observe any other provision of this Agreement or the other Related Documents (whether in its capacity as an Originator or as a Servicer) and the same shall remain unremedied for two (2) Business Days or more after written notice thereof shall have been given by the Administrative Agent to such Servicer; or

(b) a default or breach shall occur under any other agreement, document or instrument to which a Servicer is a party or by which a Servicer or its property is bound, and such default or breach (i) involves the failure to make any payment when due in respect of any Material Debt which is not cured within any applicable grace period therefor, (ii) permits any holder of Material Debt or a trustee or agent to cause such Debt or a portion thereof, except with respect to the Seller, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment or (iii) causes any Material Debt or a portion thereof, except with respect to the Seller, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment; in each case, regardless of whether such default is waived, or such right is exercised, by such holder, trustee or agent; it being understood that Material Debt shall not include trade payables incurred in the ordinary course of business that are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP; or

(c) a case or proceeding shall have been commenced against any Servicer or any Affiliate thereof which acts as a Sub-Servicer seeking a decree or order in respect of any such Person (i) under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for any such Person or for any substantial part of such Person's assets, or (iii) ordering the winding-up or liquidation of the affairs of any such Person; or

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(d) any Servicer or any Affiliate thereof which acts as a Sub-Servicer shall (i) file a petition seeking relief under the Bankruptcy Code or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) consent or fail to object in a timely and appropriate manner to the institution of proceedings thereunder or to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for any such Person or for any substantial part of such Person's assets, (iii) make an assignment for the benefit of creditors, or (iv) take any action in furtherance of any of the foregoing; or

(e) (i) any Servicer or any Affiliate thereof which acts as a Sub-Servicer generally does not pay its debts as such debts become due or admits in writing its inability to, or is generally unable to, pay its Debt as such Debt becomes due or (ii) the fair market value of the liabilities of any Servicer exceeds the fair market value of its assets; or

(f) a final judgment or judgments for the payment of money in excess of \$1,000,000 in the aggregate at any time outstanding shall be rendered against any member of the Parent Group or any Affiliate thereof and the same shall not have been discharged or execution thereof stayed or bonded pending appeal, or shall not have been discharged prior to the expiration of any such stay within the earlier of 60 days after the entry thereof or 30 days after any officer of such Person has actual knowledge of the entry thereof; or

(g) (i) any information contained in any Investment Base Certificate is untrue or incorrect in any respect other than (x) inadvertent, immaterial errors not exceeding \$50,000 in the aggregate in any Investment Base or (y) errors understating the Investment Base, or (ii) any representation or warranty of any Servicer herein or in any other Related Document or in any written statement, report, financial statement or certificate (other than an Investment Base Certificate) made or delivered by a Servicer to any Affected Party hereto or thereto is untrue or incorrect in any material respect as of the date when made or deemed made; provided, however, that the materiality standard in the foregoing clause (ii) shall not apply to any representation or warranty that itself contains a materiality qualifier; or

(h) the Administrative Agent shall have determined in its reasonable judgment that any event or condition that materially adversely affects the ability of any Servicer to collect the Transferred Receivables or to otherwise perform hereunder has occurred; or

(i) a Termination Event shall have occurred or this Agreement shall have been terminated; or

(j) a deterioration has taken place in the quality of servicing of Transferred Receivables or other Receivables serviced by any Servicer that the Administrative Agent, in its sole discretion, determines to be material, and such material deterioration has not been eliminated within 30 days after written notice thereof shall have been given by the Administrative Agent to such Servicer; or

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(k) any Originator shall, or any Servicer shall, assign or purport to assign any of their respective obligations hereunder or under the Sale Agreement without the prior written consent of the Administrative Agent; or

(l) a Change of Control shall occur; or

(m) the Seller's board of managers/Equity Holders shall have determined that it is in the best interests of the Seller to terminate the duties of any Servicer hereunder and shall have given such Servicer, the Purchaser and the Administrative Agent at least 30 days' written notice thereof;

then, and in any such event, the Administrative Agent shall, at the request of, or may, with the consent of, the Purchaser, by delivery of a Servicer Termination Notice to the Seller terminate the servicing responsibilities of all of the Servicers hereunder (or, in its discretion, any of them), without demand, protest or further notice of any kind, all of which are hereby waived by each Servicer. Upon the delivery of any such notice, all authority and power of the Servicers, or any of them, as the case may be, under this Agreement and the Sale Agreement shall pass to and be vested in the Successor Servicer acting pursuant to Section 11.02; provided that notwithstanding anything to the contrary herein, each Servicer agrees to continue to follow the procedures set forth in Section 7.02 with respect to Collections on the Transferred Receivables until a Successor Servicer has assumed the responsibilities and obligations of the Servicers in accordance with Section 11.02.

ARTICLE X.

REMEDIES

Section 10.01. Actions Upon Termination Event. If any Termination Event shall have occurred and be continuing and the Administrative Agent shall have declared the Facility Termination Date to have occurred or the Facility Termination Date shall be deemed to have occurred pursuant to Section 9.01, then the Administrative Agent may exercise in respect of the Seller Collateral, in addition to any and all other rights and remedies granted to it hereunder, under any other Related Document or under any other instrument or agreement securing, evidencing or relating to the Seller Secured Obligations or otherwise available to it, all of the rights and remedies of a secured party upon default under the UCC (such rights and remedies to be cumulative and nonexclusive), and, in addition, may take the following actions:

(a) The Administrative Agent may, without notice to the Seller except as required by law and at any time or from time to time, charge, offset or otherwise apply amounts payable to the Seller from the Collection Account, any Lockbox Account or any part of such accounts in accordance with the priorities set forth in Section 6.03 and 6.05 against all or any part of the Seller Secured Obligations.

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(b) The Administrative Agent may, without notice except as specified below, solicit and accept bids for and sell the Seller Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or any of the Purchaser's or the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable. The Administrative Agent shall have the right to conduct such sales on the Seller's premises or elsewhere and shall have the right to use any of the Seller's premises without charge for such sales at such time or times as the Administrative Agent deems necessary or advisable. The Seller agrees that, to the extent notice of sale shall be required by law, at least ten Business Days' notice to the Seller of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Seller Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed for such sale, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Every such sale shall operate to divest all right, title, interest, claim and demand whatsoever of the Seller in and to the Seller Collateral so sold, and shall be a perpetual bar, both at law and in equity, against each Originator, the Seller, any Person claiming the Seller Collateral sold through any Originator or the Seller, and their respective successors or assigns. The Administrative Agent shall deposit the net proceeds of any such sale in the Collection Account and such proceeds shall be disbursed in accordance with Section 6.03 and 6.05.

(c) Upon the completion of any sale under Section 10.01(b), the Seller or the Servicers, or any of them, shall deliver or cause to be delivered to the purchaser or purchasers at such sale on the date thereof, or within a reasonable time thereafter if it shall be impracticable to make immediate delivery, all of the Seller Collateral sold on such date, but in any event full title and right of possession to such property shall vest in such purchaser or purchasers upon the completion of such sale. Nevertheless, if so requested by the Administrative Agent or by any such purchaser, the Seller shall confirm any such sale or transfer by executing and delivering to such purchaser all proper instruments of conveyance and transfer and releases as may be designated in any such request.

(d) At any sale under Section 10.01(b), the Purchaser or the Administrative Agent may bid for and purchase the property offered for sale and, upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

(e) The Administrative Agent may exercise, at the sole cost and expense of the Seller, any and all rights and remedies of the Seller under or in connection with the Seller Assigned Agreements or the other Seller Collateral, including any and all rights of the Seller to demand or otherwise require payment of any amount under, or performance of any provisions of, the Seller Assigned Agreements.

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Section 10.02. Exercise of Remedies. No failure or delay on the part of the Administrative Agent in exercising any right, power or privilege under this Agreement and no course of dealing between any member of the Parent Group or the Seller, on the one hand, and the Administrative Agent, on the other hand, shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies under this Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies that the Administrative Agent would otherwise have at law or in equity. No notice to or demand on any party hereto shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the party providing such notice or making such demand to any other or further action in any circumstances without notice or demand.

Section 10.03. Power of Attorney. On the Closing Date, each of the Seller and each Servicer shall execute and deliver a power of attorney substantially in the form attached hereto as Exhibit 10.03 (each, a "Power of Attorney"). The power of attorney granted pursuant to each Power of Attorney is a power coupled with an interest and shall be irrevocable until all of the Seller Secured Obligations are indefeasibly paid or otherwise satisfied in full. The powers conferred on the Administrative Agent under each Power of Attorney are solely to protect the Administrative Agent's Liens upon and interests in the Seller Collateral and shall not impose any duty upon the Administrative Agent to exercise any such powers. The Administrative Agent shall not be accountable for any amount other than amounts that it actually receives as a result of the exercise of such powers and none of the Administrative Agent's officers, directors, employees, agents or representatives shall be responsible to the Seller or any Servicer for any act or failure to act, except in respect of damages attributable solely to their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

Section 10.04. Continuing Security Interest. This Agreement shall create a continuing Lien in the Seller Collateral until the release of the Liens of the Administrative Agent thereon in accordance with Section 6.06(b).

ARTICLE XI.

SUCCESSOR SERVICER PROVISIONS

Section 11.01. Servicers Not to Resign. No Servicer shall resign from the obligations and duties hereby imposed on it except upon a determination that (a) the performance of its duties hereunder has become impermissible under applicable law or regulation and (b) there is no reasonable action that such Servicer could take to make the performance of its duties hereunder become permissible under applicable law. Any such determination shall (i) with respect to clause (a) above, be evidenced by an opinion of counsel to such effect and (ii) with respect to clause (b) above, be evidenced by an Officer's Certificate to such effect, in each

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case delivered to the Administrative Agent for distribution to the Purchaser. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of the applicable Servicer in accordance with Section 11.02.

Section 11.02. Appointment of the Successor Servicer. In connection with the termination of a Servicer's responsibilities or the resignation by a Servicer under this Agreement pursuant to Sections 9.02 or 11.01, the Administrative Agent shall (a) succeed to and assume all of the applicable Servicer's responsibilities, rights, duties and obligations as a Servicer (but not in any other capacity, it being specifically understood that the Administrative Agent shall not assume any of the obligations of any Servicer set forth in Section 12.02) under this Agreement (and except that the Administrative Agent makes no representations and warranties pursuant to Section 4.02) and (b) may at any time appoint a successor servicer to the applicable Servicer that shall be acceptable to the Administrative Agent and shall succeed to all rights and assume all of the responsibilities, duties and liabilities of the applicable Servicer under this Agreement (the Administrative Agent, in such capacity, or such successor servicer being referred to as the "Successor Servicer"); provided that the Successor Servicer shall have no responsibility for any actions of the applicable Servicer prior to the date of its appointment or assumption of duties as Successor Servicer. In selecting a Successor Servicer, the Administrative Agent may obtain bids from any potential Successor Servicer and may agree to any bid it deems appropriate. The Successor Servicer shall accept its appointment by executing, acknowledging and delivering to the Administrative Agent an instrument in form and substance acceptable to the Administrative Agent.

Section 11.03. Duties of the Servicer. Each Servicer covenants and agrees that, following the appointment of, or assumption of duties by, a Successor Servicer:

(a) Such Servicer shall terminate its activities as Servicer hereunder in a manner that facilitates the transfer of servicing duties to the Successor Servicer and is otherwise acceptable to the Purchaser and the Administrative Agent and, without limiting the generality of the foregoing, shall timely deliver (i) any funds to the Administrative Agent that were required to be remitted to the Administrative Agent for deposit in the Collection Account and (ii) all Servicing Records and other information with respect to the Transferred Receivables and the Related Security to the Successor Servicer at a place selected by the Successor Servicer. Such Servicer shall account for all funds and shall execute and deliver such instruments and do such other things as may be required to vest and confirm in the Successor Servicer all rights, powers, duties, responsibilities, obligations and liabilities of such Servicer.

(b) Such Servicer shall terminate each existing Sub-Servicing Agreement and the Successor Servicer shall not be deemed to have assumed any of such Servicer's interests therein or to have replaced such Servicer as a party thereto.

Section 11.04. Effect of Termination or Resignation. Any termination of or resignation by a Servicer hereunder shall not affect any claims that the Seller, the Purchaser or

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the Administrative Agent may have against such Servicer for events or actions taken or not taken by such Servicer arising prior to any such termination or resignation.

ARTICLE XII.

INDEMNIFICATION

Section 12.01. Indemnities by the Seller.

(a) Without limiting any other rights that the Purchaser, the Administrative Agent or any of their respective officers, directors, employees, attorneys, agents or representatives (each, an "Indemnified Person") may have hereunder or under applicable law, the Seller hereby agrees to indemnify and hold harmless each Indemnified Person from and against any and all Indemnified Amounts that may be claimed or asserted against or incurred by any such Indemnified Person in connection with or arising out of the transactions contemplated under this Agreement or under any other Related Document or any actions or failures to act in connection therewith, including any and all legal costs and expenses arising out of or incurred in connection with disputes between or among any parties to any of the Related Documents; provided that the Seller shall not be liable for any indemnification to an Indemnified Person to the extent that any such Indemnified Amount (x) results from (i) such Indemnified Person's gross negligence or (ii) such Indemnified Person's willful misconduct, in each case as finally determined by a court of competent jurisdiction or (y) constitutes recourse for uncollectible or uncollected Transferred Receivables and the Related Security. Without limiting the generality of the foregoing, the Seller shall pay on demand to each Indemnified Person any and all Indemnified Amounts relating to or resulting from:

(i) reliance on any representation or warranty made or deemed made by the Seller (or any of its officers) under or in connection with this Agreement or any other Related Document or on any other information delivered by the Seller pursuant hereto or thereto that shall have been incorrect in any material respect when made or deemed made or delivered;

(ii) the failure by the Seller to comply with any term, provision or covenant contained in this Agreement, any other Related Document or any agreement executed in connection herewith or therewith, any applicable law, rule or regulation with respect to any Transferred Receivable or the Related Security, or the nonconformity of any Transferred Receivable or the Related Security with any such applicable law, rule or regulation; or

(iii) (1) the failure to vest and maintain vested in the Seller or the Administrative Agent valid and properly perfected title to and sole record and beneficial ownership of the Receivables and the Related Security that constitute Transferred Receivables and the Related Security, together with all Collections in respect thereof, free

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and clear of any Adverse Claim and (2) the failure to maintain or transfer to the Administrative Agent for the benefit of the Purchaser a first, priority, perfected Lien in the Seller Collateral;

(iv) any dispute, claim, offset or defense of any Obligor (other than its discharge in bankruptcy) to the payment of any Transferred Receivable or the Related Security that is the subject of a Purchase hereunder (including a defense based on such Receivable or the Related Security not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services giving rise to such Receivable or the furnishing of or failure to furnish such merchandise or services or relating to collection activities with respect to such Receivable or the Related Security (if such collection activities were performed by any of its Affiliates acting as Servicer), except to the extent that such dispute, claim, offset or defense results solely from any action or inaction on the part of any Indemnified Person or is otherwise based on the inability of the Obligor to pay;

(v) any products liability claim or other claim arising out of or in connection with merchandise, insurance or services that is the subject of any Contract with respect to any Transferred Receivable;

(vi) the commingling of Collections with respect to Transferred Receivables by the Seller at any time with its other funds or the funds of any other Person;

(vii) any failure by the Seller to cause the filing of, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or any other applicable laws with respect to any Transferred Receivable or the Related Security that is the subject of a Purchase hereunder, whether at the time of any such Purchase or at any subsequent time; or

(viii) any failure of a Lockbox Account Bank or a Concentration Account Bank to comply with the terms of the applicable Lockbox Agreement.

(b) Any Indemnified Amounts subject to the indemnification provisions of this Section 12.01 not paid in accordance with Article VI shall be paid by the Seller to the Indemnified Person entitled thereto within five Business Days following demand therefor.

Section 12.02. Indemnities by the Servicers.

(a) Without limiting any other rights that an Indemnified Person may have hereunder or under applicable law, each Servicer hereby agrees to indemnify and hold harmless each Indemnified Person from and against any and all Indemnified Amounts that may be claimed or asserted against or incurred by any such Indemnified Person in connection with or arising out

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of any breach by such Servicer of its obligations hereunder or under any other Related Document; provided that such Servicer shall not be liable for any indemnification to an Indemnified Person to the extent that any such Indemnified Amount (x) results solely from with respect to any Indemnified Person, (i) such Indemnified Person's gross negligence or (ii) such Indemnified Person's willful misconduct, in each case as finally determined by a court of competent jurisdiction, or (y) constitutes recourse for uncollectible or uncollected Transferred Receivables or the Related Security. Without limiting the generality of the foregoing, such Servicer shall pay on demand to each Indemnified Person any and all Indemnified Amounts relating to or resulting from:

(i) reliance on any representation or warranty made or deemed made by such Servicer (or any of its officers) in its capacity as a Servicer under or in connection with this Agreement or any other Related Document or on any other information delivered by such Servicer pursuant hereto or thereto that shall have been incorrect in any material respect when made or deemed made or delivered;

(ii) the failure by such Servicer in its capacity as a Servicer to comply with any term, provision or covenant contained in this Agreement, any other Related Document or any agreement executed in connection herewith or therewith, any applicable law, rule or regulation with respect to any Transferred Receivable or the Related Security, or the nonconformity of any Transferred Receivable or the Related Security with any such applicable law, rule or regulation;

(iii) the imposition of any Adverse Claim with respect to any Transferred Receivable, the Related Security or the Seller Collateral as a result of any action taken by such Servicer; or

(iv) the commingling of Collections with respect to Transferred Receivables by such Servicer at any time with its other funds or the funds of any other Person.

(b) Any Indemnified Amounts subject to the indemnification provisions of this Section 12.02 not paid in accordance with Article VI shall be paid by the applicable Servicer to the Indemnified Person entitled thereto within five Business Days following demand therefor.

Section 12.03. Limitation of Damages; Indemnified Persons. NO INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES THAT MAY BE ALLEGED AS A RESULT OF ANY TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

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ARTICLE XIII.

AGENT

Section 13.01. Authorization and Action. The Administrative Agent may take such action and carry out such functions under this Agreement as are authorized to be performed by it pursuant to the terms of this Agreement, any other Related Document or otherwise contemplated hereby or thereby or are reasonably incidental thereto; provided that the duties of the Administrative Agent hereunder shall be determined solely by the express provisions of this Agreement, and, other than the duties set forth in Section 13.02, any permissive right of the Administrative Agent hereunder shall not be construed as a duty.

Section 13.02. Reliance. None of the Administrative Agent, any of its Affiliates or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or the other Related Documents, except for damages solely caused by its or their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. Without limiting the generality of the foregoing, and notwithstanding any term or provision hereof to the contrary, each of the Seller, each Servicer, and the Purchaser hereby acknowledges and agrees that the Administrative Agent (a) acts as agent hereunder for the Purchaser and has no duties or obligations to, shall incur no liabilities or obligations to, and does not act as an agent in any capacity for, the Seller (other than, with respect to the Administrative Agent, under the Power of Attorney with respect to remedial actions) or the Originators, (b) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts, (c) makes no representation or warranty hereunder to any Affected Party and shall not be responsible to any such Person for any statements, representations or warranties made in or in connection with this Agreement or the other Related Documents, (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, or the other Related Documents on the part of the Seller, any Servicer or the Purchaser or to inspect the property (including the books and records) of the Seller, any Servicer or the Purchaser, (e) shall not be responsible to the Seller, any Servicer or the Purchaser for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Related Documents or any other instrument or document furnished pursuant hereto or thereto, (f) shall incur no liability under or in respect of this Agreement or the other Related Documents by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed, sent or communicated by the proper party or parties and (g) shall not be bound to make any investigation into the facts or matters stated in any notice or other communication hereunder and may rely on the accuracy of such facts or matters. Notwithstanding the foregoing, the Administrative Agent acknowledges that it has a duty to transfer funds between and among the Accounts and the Collection Account, in accordance with Article VI and the instructions of the applicable Servicer.

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Section 13.03. GE Capital and Affiliates. GE Capital and its Affiliates may generally engage in any kind of business with any Obligor, the Originators, the Seller, any Servicer or the Purchaser, any of their respective Affiliates and any Person who may do business with or own securities of such Persons or any of their respective Affiliates, all as if GE Capital were not the Administrative Agent and without the duty to account therefor to any Obligor, any Originator, the Seller, any Servicer, the Purchaser or any other Person.

ARTICLE XIV.

MISCELLANEOUS

Section 14.01. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by facsimile (with such facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 14.01), (c) one Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number set forth under its name on the signature page hereof or to such other address (or facsimile number) as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than the Purchaser and the Administrative Agent) designated in any written notice provided hereunder to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. Notwithstanding the foregoing, whenever it is provided herein that a notice is to be given to any other party hereto by a specific time, such notice shall only be effective if actually received by such party prior to such time, and if such notice is received after such time or on a day other than a Business Day, such notice shall only be effective on the immediately succeeding Business Day.

Section 14.02. Binding Effect; Assignability by Seller and the Servicers; Assignment and Participations by the Purchaser.

(a) This Agreement shall be binding upon and inure to the benefit of the Seller, each Servicer, the Purchaser, and the Administrative Agent and their respective successors and permitted assigns.

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(b) Neither the Seller nor any Servicer may assign, transfer, hypothecate or otherwise convey any of their respective rights or obligations hereunder or interests herein without the express prior written consent of the Purchaser and the Administrative Agent. Any such purported assignment, transfer, hypothecation or other conveyance by the Seller or any Servicer without the prior express written consent of the Purchaser and the Administrative Agent shall be void ab initio.

(c) Subject to the terms of this Section 14.02, the Purchaser may make an assignment to a Person (x) that is an Affiliate of any Purchaser, or (y) has a rating of BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Purchaser, or (z) that is organized under the laws of the United States, or any state thereof, and has a combined capital and surplus of at least \$100,000,000 (any such Person being referred to herein as a "Qualified Assignee") of, or sale of participations in, at any time or times, the Related Documents, the Purchaser Interests and its Commitment or any portion thereof or interest therein, including the Purchaser's rights, title, interests, remedies, powers or duties thereunder. Any assignment by the Purchaser shall: (i) require the consent of Administrative Agent (which consent shall not be unreasonably withheld or delayed with respect to a Qualified Assignee and the execution of an assignment agreement in form and substance reasonably satisfactory to, and acknowledged by, the Administrative Agent (an "Assignment Agreement")); (ii) be conditioned on such assignee Purchaser representing to the assigning Purchaser and the Administrative Agent that it is purchasing the Purchaser Interest to be assigned to it for its own account, for investment purposes and not with a view to the distribution thereof; (iii) after giving effect to any such partial assignment, the assignee Purchaser shall have Commitments in an amount at least equal to \$5,000,000 and the assigning Purchaser shall have retained Commitments in an amount at least equal to \$5,000,000; and (iv) include a payment to Administrative Agent of an assignment fee of \$3,500. In the case of an assignment by the Purchaser under this Section 14.02(a), the assignee shall have, to the extent of such assignment, the same rights, benefits and obligations as all other Purchaser hereunder. The assigning Purchaser shall be relieved of its obligations hereunder with respect to its Commitments or assigned portion thereof from and after the date of such assignment. Seller hereby acknowledges and agrees that any assignment shall give rise to a direct obligation of Seller to the assignee and that the assignee shall be considered to be a "Purchaser". In all instances, each Purchaser's liability to invest in the Purchaser Interests hereunder shall be several and not joint and shall be limited to such Purchaser's Commitment. In the event Administrative Agent or the Purchaser assigns or otherwise transfers all or any part of the Seller Secured Obligations, Administrative Agent or any the Purchaser shall so notify Seller. Notwithstanding the foregoing provisions of this Section 14.02(c), the Purchaser may at any time pledge the Seller Secured Obligations held by it and the Purchaser's rights under this Agreement and the other Related Documents to a Federal Reserve Bank, and the Purchaser that is an investment fund may assign the Seller Secured Obligations held by it and the Purchaser's rights under this Agreement and the other Related Documents to another investment fund managed by the same investment advisor; provided, that no such pledge to a Federal Reserve Bank shall release the Purchaser from the Purchaser's obligations hereunder or under any other Relevant Document.

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(d) Any participation by the Purchaser of all or any part of its Commitment shall be made with the understanding that all amounts payable by Seller hereunder shall be determined as if the Purchaser had not sold such participation, and that the holder of any such participation shall not be entitled to require the Purchaser to take or omit to take any action hereunder except actions directly affecting (i) any reduction in the principal amount of, or interest rate or Fees payable with respect to, any Seller Secured Obligations in which such holder participates, (ii) any extension of the scheduled amortization of the principal amount of the Purchaser Interest in which such holder participates or the final maturity date thereof, and (iii) any release of all or substantially all of the Seller Collateral (other than in accordance with the terms of this Agreement or the other Related Documents). Solely for purposes of Sections 2.09 and 2.10, Seller acknowledges and agrees that a participation shall give rise to a direct obligation of Seller to the participant and the participant shall be considered to be a "Purchaser". Except as set forth in the preceding sentence none of Seller, the Originators or the Servicers shall have any obligation or duty to any participant. Neither Administrative Agent nor the Purchaser (other than the Purchaser selling a participation) shall have any duty to any participant and may continue to deal solely with the Purchaser selling a participation as if no such sale had occurred.

(e) Except as expressly provided in this Section 14.02, no Purchaser shall, as between Seller and that Purchaser, or Administrative Agent and that Purchaser, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of participation in, all or any part of the Purchaser Interests or Seller Secured Obligations owed to such Purchaser.

(f) Each of Seller and each Servicer shall assist the Purchaser permitted to sell assignments or participations under this Section 14.02 as reasonably required to enable the assigning or selling Purchaser to effect any such assignment or participation, including the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the preparation of informational materials for, and the participation of management in meetings with, potential assignees or participants. Each of Seller and each Servicer shall certify the correctness, completeness and accuracy of all descriptions of Seller, such Servicer and their respective affairs contained in any selling materials provided by it and all other information provided by it and included in such materials.

(g) The Purchaser may furnish any information concerning Seller or any Servicer in the possession of the Purchaser from time to time to assignees and participants (including prospective assignees and participants); provided that the Purchaser shall obtain from assignees or participants confidentiality covenants substantially equivalent to those contained in Section 14.05.

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Section 14.03. Termination; Survival of Seller Secured Obligations
Upon Facility Termination Date.

(a) This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Termination Date.

(b) Except as otherwise expressly provided herein or in any other Related Document, no termination or cancellation (regardless of cause or procedure) of any commitment made by any Affected Party under this Agreement shall in any way affect or impair the obligations, duties and liabilities of the Seller or the rights of any Affected Party relating to any unpaid portion of the Seller Secured Obligations, due or not due, liquidated, contingent or unliquidated or any transaction or event occurring prior to such termination, or any transaction or event, the performance of which is required after the Facility Termination Date. Except as otherwise expressly provided herein or in any other Related Document, all undertakings, agreements, covenants, warranties and representations of or binding upon the Seller or any Servicer, and all rights of any Affected Party hereunder, all as contained in the Related Documents, shall not terminate or expire, but rather shall survive any such termination or cancellation and shall continue in full force and effect until the Termination Date; provided that the rights and remedies provided for herein with respect to any breach of any representation or warranty made by the Seller or any Servicer pursuant to Article IV, the indemnification and payment provisions of Article XII and Sections 14.04, 14.05 and 14.06 shall be continuing and shall survive the Termination Date.

Section 14.04. Costs, Expenses and Taxes. (a) The Seller shall reimburse the Administrative Agent for all out-of-pocket expenses incurred in connection with the negotiation and preparation of this Agreement and the other Related Documents (including the reasonable fees and expenses of all of its special counsel, advisors, consultants and auditors retained in connection with the transactions contemplated thereby and advice in connection therewith). The Seller shall reimburse the Purchaser and the Administrative Agent for all fees, costs and expenses, including the fees, costs and expenses of counsel or other advisors (including environmental and management consultants and appraisers) for advice, assistance, or other representation in connection with:

(i) the forwarding to the Seller or any other Person on behalf of the Seller by the Purchaser of any payments for Purchases made by it hereunder;

(ii) any amendment, modification or waiver of, consent with respect to, or termination of this Agreement or any of the other Related Documents or advice in connection with the administration thereof or their respective rights hereunder or thereunder;

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(iii) any Litigation, contest or dispute (whether instituted by the Seller, the Purchaser, the Administrative Agent or any other Person as a party, witness, or otherwise in any way relating to the Seller Collateral, any of the Related Documents or any other agreement to be executed or delivered in connection herewith or therewith, including any Litigation, contest, dispute, suit, case, proceeding or action, and any appeal or review thereof, in connection with a case commenced by or against the Seller or any other Person that may be obligated to the Purchaser or the Administrative Agent by virtue of the Related Documents, including any such Litigation, contest, dispute, suit, proceeding or action arising in connection with any work-out or restructuring of the transactions contemplated hereby during the pendency of one or more Termination Events, provided, that, notwithstanding anything in this Agreement to the contrary, in any cause of action brought by the Administrative Agent, the Seller shall not be liable for such fees, costs and expenses in the event the Seller is the prevailing party in such action;

(iv) any attempt to enforce any remedies of the Purchaser or the Administrative Agent against the Seller or any other Person that may be obligated to them by virtue of any of the Related Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the transactions contemplated hereby during the pendency of one or more Termination Events;

(v) any work-out or restructuring of the transactions contemplated hereby during the pendency of one or more Termination Events; and

(vi) efforts to (A) monitor the Purchases or any of the Seller Secured Obligations, (B) evaluate, observe or assess the Originators, the Seller or the Servicers or their respective affairs, and (C) verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Seller Collateral;

including all attorneys' and other professional and service providers' fees arising from such services, including those in connection with any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel and others in connection with or relating to any of the events or actions described in this Section 14.04, all of which shall be payable, on demand, by the Seller to the Purchaser or the Administrative Agent, as applicable. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: fees, costs and expenses of accountants, environmental advisors, appraisers, investment bankers, management and other consultants and paralegals; court costs and expenses; photocopying and duplication expenses; court reporter fees, costs and expenses; long distance telephone charges; air express charges; telegram or facsimile charges; secretarial overtime charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal or other advisory services.

(b) In addition, the Seller shall pay on demand any and all stamp, sales, excise and other taxes (excluding income taxes that are excluded from Indemnified Taxes in accordance

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with Section 2.08(b)) and fees payable or determined to be payable in connection with the execution, delivery, filing or recording of this Agreement or any other Related Document, and the Seller agrees to indemnify and save each Indemnified Person harmless from and against any and all liabilities with respect to or resulting from any delay or failure to pay such taxes and fees.

Section 14.05. Confidentiality.

(a) Except to the extent otherwise required by applicable law, as required to be filed publicly with the Securities and Exchange Commission, or unless the Administrative Agent shall otherwise consent in writing, the Seller and each Servicer each agrees to maintain the confidentiality of this Agreement (and all drafts hereof and documents ancillary hereto) in its communications with third parties other than any Affected Party or any Indemnified Person and otherwise and not to disclose, deliver or otherwise make available to any third party (other than its directors, officers, employees, accountants or counsel) the original or any copy of all or any part of this Agreement (or any draft hereof and documents ancillary hereto) except to an Affected Party or an Indemnified Person or a current or future holder of the Permitted Outstanding Debt.

(b) The Seller and each Servicer each agrees that it shall not (and shall not permit any of its Subsidiaries to) issue any news release or make any public announcement pertaining to the transactions contemplated by this Agreement and the other Related Documents without the prior written consent of the Purchaser and the Administrative Agent (which consent shall not be unreasonably withheld) unless such news release or public announcement is required by law, in which case the Seller or such Servicer, as applicable, shall consult with the Purchaser and the Administrative Agent prior to the issuance of such news release or public announcement. The Seller may, however, disclose the general terms of the transactions contemplated by this Agreement and the other Related Documents to trade creditors, suppliers and other similarly-situated Persons so long as such disclosure is not in the form of a news release or public announcement.

(c) The Administrative Agent and Purchaser agree to exercise their best efforts to keep confidential any non-public information delivered pursuant to this Agreement and the Related Documents and identified as such by Seller (or provided to the Administrative Agent or the Purchaser by the Seller's independent public accountants or attorneys) and not to disclose such information to Persons other than to potential assignees or participants or to Persons employed by or engaged by the Administrative Agent, Purchaser or the Purchaser's assignees or participants including attorneys, auditors, professional consultants, rating agencies, insurance industry associations and portfolio management services. The confidentiality provisions contained in this Section 14.05(c) shall not apply to disclosures (i) required to be made by the Administrative Agent or the Purchaser to any regulatory or governmental agency or pursuant to legal process or (ii) consisting of general portfolio information that does not identify any Seller Party. The obligations of the Administrative Agent and the Purchaser under this Section 14.05(c) shall supersede and replace the obligations of the Administrative Agent and the

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Purchaser under any confidentiality agreement executed and delivered by the Administrative Agent or the Purchaser prior to the date hereof.

Section 14.06. Complete Agreement; Modification of Agreement. This Agreement and the other Related Documents constitute the complete agreement among the parties hereto with respect to the subject matter here of and thereof, supersede all prior agreements and understandings relating to the subject matter hereof and thereof, and may not be modified, altered or amended except as set forth in Section 14.07.

Section 14.07. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Agreement or any of the other Related Documents, or any consent to any departure by the Seller or any Servicer therefrom, shall in any event be effective unless the same shall be in writing and signed by each of the parties hereto or thereto.

Section 14.08. No Waiver; Remedies. The failure by the Purchaser or the Administrative Agent, at any time or times, to require strict performance by the Seller or any Servicer of any provision of this Agreement or any Purchase Assignment shall not waive, affect or diminish any right of the Purchaser or the Administrative Agent thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of any breach or default hereunder shall not suspend, waive or affect any other breach or default whether the same is prior or subsequent thereto and whether the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of the Seller or any Servicer contained in this Agreement or any Purchase Assignment, and no breach or default by the Seller or any Servicer hereunder or thereunder, shall be deemed to have been suspended or waived by the Purchaser or the Administrative Agent unless such waiver or suspension is by an instrument in writing signed by an officer of or other duly authorized signatory of the Purchaser and the Administrative Agent and directed to the Seller or the applicable Servicer, as applicable, specifying such suspension or waiver. The rights and remedies of the Purchaser and the Administrative Agent under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that the Purchaser and the Administrative Agent may have under any other agreement, including the other Related Documents, by operation of law or otherwise. Recourse to the Seller Collateral shall not be required.

Section 14.09. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT AND EACH OTHER RELATED DOCUMENT (EXCEPT TO THE EXTENT THAT ANY RELATED DOCUMENT EXPRESSLY PROVIDES TO THE CONTRARY) AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL

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OBLIGATIONS LAWS BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES) EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF THE ADMINISTRATIVE AGENT IN THE RECEIVABLES AND THE RELATED SECURITY OR REMEDIES HEREUNDER OR THEREUNDER, IN RESPECT THEREOF, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(b) EACH PARTY HERETO HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THEM PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT; PROVIDED THAT EACH PARTY HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF THE BOROUGH OF MANHATTAN IN NEW YORK CITY; PROVIDED FURTHER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE PURCHASER OR THE ADMINISTRATIVE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE SELLER COLLATERAL OR ANY OTHER SECURITY FOR THE SELLER SECURED OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE PURCHASER OR THE ADMINISTRATIVE AGENT. EACH PARTY HERETO SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH PARTY HERETO HEREBY WAIVES ANY OBJECTION THAT SUCH PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH PARTY HERETO HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH PARTY AT THE ADDRESS SET FORTH BENEATH ITS NAME ON THE SIGNATURE PAGES HEREOF AND SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON SUCH PARTY'S ACTUAL RECEIPT THEREOF. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

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(c) BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 14.10. Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

Section 14.11. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 14.12. Section Titles. The section titles and table of contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 14.13. Further Assurances.

(a) Each of the Seller and each Servicer shall, at its sole cost and expense, upon request of the Purchaser or the Administrative Agent, promptly and duly execute and deliver any and all further instruments and documents and take such further action that may be necessary or desirable or that the Purchaser or the Administrative Agent may request to (i) perfect, protect, preserve, continue and maintain fully the Purchases made and the right, title and interests (including Liens) granted to the Administrative Agent under this Agreement, (ii) enable the Purchaser or the Administrative Agent to exercise and enforce its rights under this Agreement or any of the other Related Documents or (iii) otherwise carry out more effectively the provisions and purposes of this Agreement or any other Related Document. Without limiting the generality of the foregoing, the Seller shall, upon request of the Purchaser or the Administrative Agent, (A) execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices that may be necessary or desirable or

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that the Purchaser or the Administrative Agent may request to perfect, protect and preserve the Purchases made and the Liens granted pursuant to this Agreement, free and clear of all Adverse Claims, (B) mark, or cause each Servicer to mark, each Contract evidencing each Transferred Receivable and the Related Security with a legend, acceptable to the Purchaser and the Administrative Agent evidencing that the Administrative Agent on behalf of the Purchaser has purchased an undivided percentage ownership interest in all right and title thereto and interest therein as provided herein (for example, "This writing and the obligations evidenced or secured hereby have been sold to General Electric Capital Corporation for itself and as Administrative Agent"), (C) mark, or cause each Servicer to mark, its master data processing records evidencing such Transferred Receivables and the Related Security with such a legend and (D) notify or cause each Servicer to notify Obligors of the sale of undivided percentage ownership interests in the Transferred Receivables and the Related Security effected hereunder.

(b) Without limiting the generality of the foregoing, the Seller hereby authorizes the Purchaser and the Administrative Agent, and the Purchaser hereby authorizes the Administrative Agent, to file one or more financing or continuation statements, or amendments thereto or assignments thereof, relating to all or any part of the Transferred Receivables and the Related Security, including Collections with respect thereto, or the Seller Collateral without the signature of the Seller or, as applicable, the Administrative Agent or the Purchaser to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Agreement or of any notice or financing statement covering the Transferred Receivables, the Related Security, the Seller Collateral or any part thereof shall be sufficient as a notice or financing statement where permitted by law.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the parties have caused this Receivables Purchase and Servicing Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CASTLE SPFD, LLC, as the Seller

By /s/ Edward F. Culliton

Print Name: Edward F. Culliton
Title: President

Address:
3400 N. Wolf Road
Franklin Park, IL 60131
Attention: Jerry M. Aufox
Telephone: 847/455-7111
Facsimile: 847/455-7136

A. M. CASTLE & co., as the Master
Servicer and a Servicer

By /s/ Edward F. Culliton

Print Name: Edward F. Culliton
Title: Vice President

Address:
3400 N. Wolf Road
Franklin Park, IL 60131
Attention: Jerry M. Aufox, Corporate Counsel
Telephone: 847/455-7111
Facsimile: 847/455-7136

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OLIVER STEEL PLATE CO., as a Servicer

By /s/ Edward F. Culliton

Print Name: Edward F. Culliton
Title: Vice President

Address:
7851 Bavaria Road
Twinsburg, OH 44087
Attention: President
Telephone: 330/425-7000
Facsimile: 330/425-7300

TOTAL PLASTICS, INC., as a Servicer

By /s/ Edward F. Culliton

Print Name: Edward F. Culliton
Title: Vice President

Address:
2810 N. Burdick Street
Kalamazoo, MI 49004
Attention: President
Telephone: 616/344-0009
Facsimile: 616/344-0711

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CASTLE IND MGR, INC., as the Independent Member

By /s/ Edward F. Culliton

Print Name: Edward F. Culliton
Title: President

Address:
3400 N. Wolf Road
Franklin Park, IL 60131
Attention: Jerry M. Aufox
Telephone: 847/455-7111
Facsimile: 847/455-7136

GENERAL ELECTRIC CAPITAL CORPORATION,
as the Purchaser

By /s/ John L. Dale

Print Name: John L. Dale
Duly Authorized Signatory

Address:
500 West Monroe Street, Suite 1200
Chicago, Illinois 60661
Attention: A.M. Castle Account Manager
Telephone: (312) 463-2347
Facsimile: (312) 463-3840

GENERAL ELECTRIC CAPITAL CORPORATION,
as the Administrative Agent

By /s/ John L. Dale

Print Name: John L. Dale
Duly Authorized Signatory

Address:
500 West Monroe Street, Suite 1200
Chicago, Illinois 60661
Attention: A.M. Castle Account Manager
Telephone: (312) 463-2347
Facsimile: (312) 463-3840

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DEFINITIONS



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EXECUTION COPY

ANNEX X
to
RECEIVABLES SALE AND CONTRIBUTION AGREEMENT
and
RECEIVABLES PURCHASE AND SERVICING AGREEMENT,
each dated as of December 26, 2002,
Definitions and Interpretation

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SECTION 1. Definitions and Conventions. Capitalized terms used in the Sale Agreement and the Purchase Agreement shall have (unless otherwise provided elsewhere therein) the following respective meanings:

"ACCOUNTING CHANGES" shall mean, with respect to any Person, (a) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion of the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or any successor thereto or any agency with similar functions); (b) changes in accounting principles concurred in by such Person's certified public accountants; (c) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves; and (d) the reversal of any reserves established as a result of purchase accounting adjustments.

"ACCOUNTS" shall mean the Collection Account, the Concentration Account and the Lockbox Accounts, collectively.

"ACCOUNT COLLATERAL" shall have the meaning assigned to it in clause (f) of the definition of the term "Related Security".

"ACCRUED SERVICING FEE" shall mean, as of any date of determination within a Settlement Period, the sum of the Servicing Fees calculated for each day from and including the first day of the Settlement Period through and including such date.

"ACCRUED UNUSED FACILITY FEE" shall mean, as of any date of determination within a Settlement Period, the sum of the Unused Facility Fees calculated for each day from and including the first day of the Settlement Period through and including such date.

"ACCUMULATED FUNDING DEFICIENCY" shall mean an "accumulated funding deficiency" as defined in Section 412 of the IRC and Section 302 of ERISA, whether or not waived.

"ADDITIONAL AMOUNTS" shall mean any amounts payable to any Affected Party under Sections 2.09 or 2.10 of the Purchase Agreement.

"ADDITIONAL COSTS" shall have the meaning assigned to it in Section 2.09(b) of the Purchase Agreement.

"ADMINISTRATIVE AGENT" shall have the meaning set forth in the Preamble of the Purchase Agreement.

"ADVERSE CLAIM" shall mean any claim of ownership or any Lien, other than any ownership interest or Lien created under the Sale Agreement or the Purchase Agreement.

"AFFECTED PARTY" shall mean each of the following Persons: the Purchaser, the Administrative Agent, the Depository and each Affiliate of the foregoing Persons.

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"AFFILIATE" shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the Equity Interests having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, or (c) each of such Person's officers, directors, joint venturers and partners. For the purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"AFFILIATED PARTY" shall have the meaning assigned to it in Recital G of the Sale Agreement.

"ANCILLARY SERVICES AND LEASE AGREEMENT" shall mean that certain Ancillary Services and Lease Agreement dated as of December 26, 2002 between the Parent and the Seller.

"APPENDICES" shall mean, with respect to any Related Document, all exhibits, schedules, annexes and other attachments thereto, or expressly identified thereto.

"APPLICABLE SERVICING FEE" shall mean, as of any Settlement Date, with respect to each Servicer other than the Master Servicer, an amount equal to (a) the Servicing Fee received by the Master Servicer or its Successor Servicer on such Settlement Date pursuant to Section 2.07(b) of the Purchase Agreement less the Master Servicer's portion of such Servicing Fee, multiplied by (b) a percentage equal to (i) the Outstanding Balance of Transferred Receivables, as of the last day of the related Settlement Period, sold by such Servicer in its capacity as an Originator under the Sale Agreement divided by (ii) the Outstanding Balance of all Transferred Receivables as of the last day of the related Settlement Period.

"ASSIGNMENT AGREEMENT" shall have the meaning assigned to it in Section 14.02(c) of the Purchase Agreement.

"AUTHORIZED OFFICER" shall mean, with respect to any corporation or limited liability company, as the case may be, the Chief Executive Officer, Chief Financial Officer, Treasurer, Chairman or Vice-Chairman of the Board, the President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, any Assistant Treasurer and each other officer of such corporation or limited liability company specifically authorized in resolutions of the Board of Directors or Board of Managers of such corporation or limited liability company, as the case may be, to sign agreements, instruments or other documents on behalf of such corporation in connection with the transactions contemplated by the Sale Agreement, the Purchase Agreement and the other Related Documents.

"AVAILABILITY" shall mean, as of any date of determination, the amount equal to the lesser of: (a) the Available Accounts Receivables minus (ii) the Discount Reserve and minus (iii) the Availability Reserve and (b) the Maximum Purchase Limit.

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"AVAILABILITY RESERVE" shall mean, as of any date of determination, (i) \$10,000,000, if the Fixed Charge Coverage Ratio for the Parent and its Subsidiaries on a consolidated basis at the end of a Settlement Period for the 12-month period then ended is less than 1.1 to 1.0, or (ii) zero, if the Fixed Charge Coverage Ratio for the Parent and its Subsidiaries on a consolidated basis at the end of any Settlement Period in the 12-month period then most recently ended is equal to or greater than 1.1 to 1.0.

"AVAILABLE ACCOUNTS RECEIVABLES" shall mean the Investment Base multiplied by the Dynamic Purchase Discount Rate.

"BANKRUPTCY CODE" shall mean the provisions of title 11 of the United States Code, 11 U.S.C. Sections 101 et seq.

"BILLED AMOUNT" shall mean, with respect to any Receivable, the amount billed on the Billing Date to the Obligor thereunder.

"BILLING DATE" shall mean, with respect to any Receivable, the date on which the invoice with respect thereto was generated and billed to the Obligor.

"BREAKAGE COSTS" shall have the meaning assigned to it in Section 2.10 of the Purchase Agreement.

"BRINGDOWN CERTIFICATE" shall have the meaning assigned to it in Section 5.02 of the Purchase Agreement.

"BUSINESS DAY" shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in any of the States of Illinois or New York.

"BUYER" shall mean the Seller in its capacity as the purchaser under the Sale Agreement.

"BUYER INDEMNIFIED PERSON" shall have the meaning assigned to it in Section 5.01 of the Sale Agreement.

"CAPITAL EXPENDITURES" shall mean, with respect to any Person, all expenditures (by the expenditure of cash or the incurrence of Debt) by such Person during any measuring period for any fixed assets or improvements or for replacements, substitutions or additions thereto, that have a useful life of more than one year and that are required to be capitalized under GAAP.

"CAPITAL INVESTMENT" shall mean, as of any date of determination, the amount equal to (a) the aggregate deposits made by the Purchaser to the Collection Account pursuant to Section 2.04(b)(i) of the Purchase Agreement on or before such date, minus (b) the aggregate amounts disbursed to the Purchaser in reduction of Capital Investment pursuant to the Purchase Agreement on or before such date.

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"CAPITAL INVESTMENT AVAILABLE" shall mean, as of any date of determination, the amount, if any, by which Availability exceeds Capital Investment, in each case as of the end of the immediately preceding day.

"CAPITAL LEASE" shall mean, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, would be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

"CAPITAL LEASE OBLIGATION" shall mean, with respect to any Capital Lease of any Person, the amount of the obligation of the lessee thereunder that, in accordance with GAAP, would appear on a balance sheet of such lessee in respect of such Capital Lease.

"CAPITAL PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"CAPITAL PURCHASE REQUEST" shall have the meaning assigned to it in Section 2.03 (b) of the Purchase Agreement.

"CHANGE OF CONTROL" shall mean any event, transaction or occurrence as a result of which (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) (other than any Person or group of Persons that owns of record or beneficially, in the aggregate, on the Closing Date, 15% or more of the issued and outstanding shares of capital stock of the Parent) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities Exchange Commission under the Securities Exchange Act of 1934, as amended) of 20% or more of the issued and outstanding shares of capital stock of the Parent having the right to vote for the election of directors of the respective entity under ordinary circumstances; (b) during any twelve (12) consecutive calendar months ending after the Closing Date, individuals who at the beginning of such twelve-month period constituted the board of directors of the Parent (together with any new directors whose election by such board or whose nomination for election by the shareholders of the Parent was approved by a vote of a majority of the directors still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of the Parent then in office; (c) the Parent shall cease to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding Equity Interests of the other Originators, of the Independent Member or of the Seller; or (d) the Parent has sold, transferred, conveyed, assigned or otherwise disposed of all or substantially all of the assets of the Parent.

"CLOSING DATE" shall mean December 26, 2002.

"COLLECTIONS" shall mean, with respect to any Receivable, all cash collections and other proceeds of such Receivable, including, without limitation, all late charges, fees and interest arising thereon, all recoveries with respect to any such Receivable that has been written off as uncollectible, and any payments (whether by a scrap mill, an Originator or any other

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Person) with respect to Returned Goods or Scrapped Goods, BUT EXCLUDING, HOWEVER, any purchase price paid to the Originators by the Buyer with respect to and as consideration for the sale of the Transferred Receivables by any of the Originators to the Buyer.

"COLLECTION ACCOUNT" shall mean Deutsche Bank Trust Company Americas, New York, New York, ABA No. 021 001 033, Account No. 502 328 54, Account Name: GE Capital/CAF Depository, Reference: A. M. Castle CFN 4963, established by the Administrative Agent pursuant to the requirements set forth in Section 6.01(b) of the Purchase Agreement.

"COMMITMENT" shall mean, with respect to the Purchaser, its commitment to purchase the Purchaser Interest under the Purchase Agreement in the amount set forth opposite its name on the signature pages of the Purchase Agreement or any Assignment Agreement executed pursuant thereto.

"COMMITMENT REDUCTION NOTICE" shall have the meaning assigned to it in Section 2.02(a) of the Purchase Agreement.

"COMMITMENT TERMINATION NOTICE" shall have the meaning assigned to it in Section 2.02(b) of the Purchase Agreement.

"COMPLIANCE CERTIFICATE" means a certificate in the form of Schedule CC to this Annex X delivered to the Administrative Agent and the Purchaser by the Parent pursuant to the provisions of the Sale Agreement and covering, among other things, its compliance with the financial covenants contained in Annex 4.04(1) to the Sale Agreement.

"CONCENTRATION ACCOUNT" shall mean that certain concentration account listed on Schedule 4.01(r) to the Purchase Agreement established in the name of the Seller and held at the Concentration Account Bank.

"CONCENTRATION ACCOUNT BANK" shall mean any bank or other financial institution at which the Concentration Account is maintained.

"CONCENTRATION DISCOUNT AMOUNT" shall mean, with respect to any Obligor, and as of any date of determination after giving effect to all Eligible Receivables to be transferred on such date, the amount by which the Outstanding Balance of Eligible Receivables owing by such Obligor exceeds the product of (a) the percentage set forth in the table below based upon the short-term unsecured debt rating assigned to such Obligor's short-term debt at such time by S&P and Moody's (and, if such Obligor is rated by both agencies and has a split rating (except for an A-1+/P-1 rating), the applicable rating will be the lower of the two) and (b) the Outstanding Balance of all Eligible Receivables on such date.

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S&P RATING	MOODY'S RATING	ALLOWABLE % OF ELIGIBLE RECEIVABLES
<S>	<C>	<C>
A-1+	P-1	5%
A-1	P-1	5%
A-2	P-2	5%
A-3	P-3	3%
Below A-3 or Not Rated by either S&P or Moody's	Below P-3 or Not Rated by either S&P or Moody's	3%

"CONSOLIDATED EBITDA" shall mean, for any period, on a consolidated basis for the Parent and its Subsidiaries, the sum of the amounts for such period, without duplication of

(a) consolidated net income of the Parent and Subsidiaries for such period, minus

(b) the sum, without duplication, of (i) income tax credits, (ii) interest income, (iii) gain from extraordinary items for such period, (iv) any aggregate net gain (but not any aggregate net loss) during such period arising from the sale, exchange or other disposition of capital assets (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) by the Parent or its Subsidiaries, and (v) any other non-cash gains which have been added in determining consolidated net income, in each case to the extent included in the calculation of consolidated net income of the Servicers for such period in accordance with GAAP, plus

(c) the sum, without duplication, of (i) any provision for income taxes, (ii) Interest Expense, (iii) loss from extraordinary items for such period, (iv) any aggregate net loss during such period arising from the sale, exchange or other disposition of capital assets (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) by the Parent or its Subsidiaries, (v) the amount of non-cash charges (including depreciation and amortization) for such period, (vi) amortized debt discount for such period and (vii) any cash income or losses occurred in respect to any joint venture or business partnership, in each case to the extent included in the calculation of consolidated net income of the Servicers for such period in accordance with GAAP.

"CONTAMINANT" shall mean any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste,

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asbestos, polychlorinated biphenyls ("PCBs"), or any constituent of any such substance or waste, and includes but is not limited to these terms as defined in Environmental Laws.

"CONTRACT" shall mean any agreement (including any invoice, draft or promissory note) pursuant to, or under which, an Obligor shall be obligated to make payments with respect to any Receivable.

"CONTRIBUTED RECEIVABLES" shall have the meaning assigned to it in Section 2.01(d) of the Sale Agreement.

"CREDIT AND COLLECTION POLICIES" shall mean the credit, collection, customer relations and service policies of the Originators in effect on the Closing Date and as set forth on Exhibit A to the Purchase Agreement, as the same may from time to time be amended, restated, supplemented or otherwise modified with the written consent of the Administrative Agent.

"CREDIT MEMO LAG" shall mean the weighted average number of days, as determined by the Administrative Agent pursuant to the results of the most recent field examination, between the date a credit is applied to the aged trial balance and the applicable original invoice date.

"CREDIT MEMO RESERVE" shall mean, the product of (i) the aggregate Dilution Factors during the twelve (12) Settlement Periods most recently ended on or prior to the date of determination, divided by (ii) three hundred and sixty (360) days, multiplied by (iii) the Credit Memo Lag less thirty (30) days. For the purposes of Availability on the Closing Date, the Credit Memo Reserve shall equal the amount calculated as set forth in the Monthly Report.

"DAILY DEFAULT MARGIN" shall mean, for any day on which a Termination Event has occurred and is continuing, two percent (2.0%) divided by 360.

"DAILY MARGIN" shall mean, for any day, the Per Annum Daily Margin on such day divided by 360.

"DAILY YIELD" shall mean, for any day, the aggregate of the following for each portion of the Capital Investment: the product of (a) the portion of the Capital Investment outstanding on such day at a given Daily Yield Rate, multiplied by (b) the sum of (i) such Daily Yield Rate, plus (ii) the applicable Daily Margin on such day for such Daily Yield Rate, plus (iii) if a Termination Event has occurred and is continuing, the Daily Default Margin.

"DAILY YIELD RATE" shall mean, for any day during a Settlement Period, (a) the LIBOR Rate or Index Rate, as applicable, on such day, divided by (b) 360.

"DEBT" of any Person shall mean, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services payment for which is deferred 90 days or more, but excluding obligations to trade creditors incurred in the ordinary course of business that are not overdue by more than 90 days unless being contested in

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good faith, (b) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, whether or not matured, (c) all obligations evidenced by notes, bonds, debentures or similar instruments (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations (f) all obligations of such Person under commodity purchase or option agreements or other commodity price hedging arrangements, in each case whether contingent or matured (g) all obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates, in each case whether contingent or matured, (h) all liabilities of such Person under Title IV of ERISA, (i) all Guaranteed Indebtedness of such Person, (j) all indebtedness referred to in clauses (a) through (i) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or other assets (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness, (k) all obligations, indebtedness and liabilities constituting the Permitted Outstanding Debt or arising pursuant thereto, and (k) the Seller Secured Obligations.

"DEFAULTED RECEIVABLE" shall mean (a) with respect to any Receivable that is not an Extended Term Receivable, a Receivable: (i) with respect to which any payment, or part thereof, remains unpaid for more than 60 days from its Maturity Date, (ii) with respect to which the Obligor thereunder has taken any action, or suffered any event to occur, of the type described in Sections 9.01(c) or 9.01(d) of the Purchase Agreement or (iii) that otherwise is or should be determined to be uncollectible and is or should be written off in accordance with the Credit and Collection Policies and (b) with respect to any Receivable that is an Extended Term Receivable, a Receivable that (i) remains unpaid for more than four (4) Business Days after its Extended Maturity Date, (ii) with respect to which the Obligor thereunder has taken any action, or suffered any event to occur, of the type described in Sections 9.01(c) or 9.01(d) of the Purchase Agreement or (iii) that otherwise is or should be determined to be uncollectible and is or should be written off in accordance with the Credit and Collection Policies.

"DEFAULT RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) (i) the average of the respective Outstanding Balances of all Transferred Receivables which constituted Defaulted Receivables as of the last day of the three Settlement Periods immediately preceding such date, plus (ii) the average Outstanding Balance of Transferred Receivables that were written off as uncollectible during such three Settlement Periods.

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(b) the average of the respective Outstanding Balances of all Transferred Receivables as of the last day of the three Settlement Periods immediately preceding such date.

"DELINQUENCY RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) the average of the respective Outstanding Balances of all Transferred Receivables which remain unpaid for more than 30 days but less than 61 days from their respective Maturity Date as of the last day of the three Settlement Periods immediately preceding such date

to

(b) the average of the Outstanding Balances of all Transferred Receivables as of the last day of the three Settlement Periods immediately preceding such date.

"DEPOSIT INVESTMENTS" shall mean, with respect to any Account Collateral, the certificates, instruments, investment property or other investments in which amounts constituting such collateral are invested from time to time.

"DEPOSITARY" shall mean Deutsche Bank Trust Company Americas, in its capacity as the depositary for GE Capital.

"DILUTION FACTORS" shall mean, with respect to any Receivable, any credits, rebates, freight charges, cash discounts, volume discounts, cooperative advertising expenses, royalty payments, warranties, cost of parts required to be maintained by agreement (whether express or implied), warehouse and other allowances, disputes, setoffs, chargebacks, credits issued on account of returned defective goods or other returned or repossessed goods or scrapped goods, inventory transfers, allowances for early payments and other similar allowances that are reflected on the books of each Originator and made or coordinated with the usual practices of the Originator thereof; PROVIDED THAT any allowances or adjustments in accordance with the Credit and Collection Policies made on account of the insolvency of the Obligor thereunder or such Obligor's inability to pay shall not constitute a Dilution Factor.

"DILUTION RATIO" shall mean, as of any date of determination, the ratio (expressed as a percentage) of:

(a) the sum of (i) the aggregate Dilution Factors during the three (3) consecutive Settlement Periods most recently ended on or prior to the date of determination, plus, without duplication (ii) gross write-offs in connection with Credit and Collection Policies (without deduction of any debit memos or recoveries) during such three (3) consecutive Settlement Periods,

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(b) the aggregate gross Billed Amount of all Transferred Receivables originated during the third, fourth and fifth Settlement Periods preceding the Settlement Period then most recently ended.

"DILUTION RESERVE RATIO" shall mean, as of any date of determination, the sum of (a) the product of (i) two multiplied by (ii) the Dilution Ratio for the Settlement Period most recently ended plus (b) 5%. Notwithstanding the foregoing, the Dilution Reserve Ratio may be changed at any time at the sole discretion of the Administrative Agent, exercised in good faith.

"DOL" shall mean the United States Department of Labor and any Person succeeding to the functions thereof.

"DISCOUNT RESERVE" shall mean, at any time, the product of (a) 1.5, (b) the Index Rate, (c) Capital Investment and (d) a fraction, the numerator of which is the higher of (i) 30 and (ii) the most recently reported Receivables Collection Turnover, and the denominator of which is 360; PROVIDED THAT, the Discount Reserve may be changed at any time at the sole discretion of the Administrative Agent, exercised in good faith.

"DISTRICT" shall mean the geographic location of the office of the Originator which generates the Contract with respect to any Receivable.

"DOLLARS" or "\$" shall mean lawful currency of the United States of America.

"DOMESTIC SUBSIDIARY" shall mean a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"DYNAMIC PURCHASE DISCOUNT RATE" shall mean, as of any date of determination, the rate equal to the lesser of (i) Purchase Discount Rate Cap and (ii) 100% minus the Dilution Reserve Ratio.

"EARLY TERMINATION FEE" shall mean the First Year Early Termination Fee and the Second Year Early Termination Fee.

"ELECTION NOTICE" shall have the meaning assigned to it in Section 2.01(d) of the Sale Agreement.

"ELIGIBLE EXTENDED TERM RECEIVABLE" shall mean, as of any date of determination, an Extended Term Receivable (i) that is evidenced by an Extended Term Instrument, the original of which, together with all requisite endorsements, is delivered to the Administrative Agent pursuant to Section 8.04 of the Purchase Agreement, (ii) that is not a Defaulted Receivable or an Unapproved Receivable, (iii) that satisfies all criteria of eligibility of a Transferred Receivable other than clause (n) of the definition of "Eligible Receivable" and (iv) that is a liability of an Extended Term Receivable Obligor; PROVIDED THAT the aggregate Outstanding Balance of the Extended Term Receivables that exceeds 5% of the aggregate Outstanding Balance of all Eligible Receivables shall be ineligible; and PROVIDED, FURTHER, THAT if

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any of the Extended Term Receivables of an Obligor is a Defaulted Receivable (i) all Eligible Extended Term Receivables, if any, of such Obligor shall be ineligible and (ii) such Obligor shall no longer be an Extended Term Receivable Obligor and Schedule 3 to this Annex X shall be deemed amended by deleting such Obligor therefrom without any further action of the parties; it being understood that no Extended Term Receivable of such Obligor shall be eligible.

"ELIGIBLE RECEIVABLE" shall mean, as of any date of determination, (i) an Eligible Extended Term Receivable and (ii) a Transferred Receivable:

(a) that is not a liability of an Obligor (i) organized under the laws of any jurisdiction outside of the United States of America (including the District of Columbia but otherwise excluding its territories and possessions), (ii) having its principal place of business outside of the United States of America (including the District of Columbia but otherwise excluding its territories and possessions), (iii) that is an Affiliate of the Seller or the applicable Originator, (iv) that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof unless the applicable Originator, if necessary or desirable, has complied with respect to that obligation with the Federal Assignment of Claims Act of 1940, or any applicable state, county or municipal law restricting the assignment or enforcement thereof, or (v) that is a natural person; PROVIDED THAT, Transferred Receivables owing from an Obligor organized under the laws of Canada or any province thereof which has its principal place of business in Canada may be eligible as long as the other criteria of eligibility hereunder with respect to such Transferred Receivables are satisfied, and PROVIDED FURTHER that the aggregate Outstanding Balance of such Transferred Receivables that are eligible shall not exceed five percent (5%) of the aggregate Outstanding Balance of all Eligible Receivables;

(b) that is only denominated and payable in Dollars in the United States of America;

(c) that is not and will not be subject to any deposit or right of rescission, set-off, recoupment, counterclaim, dispute or defense, whether arising out of transactions concerning the Contract therefor or otherwise or is subject to a claim by the Obligor thereunder for consequential damages;

(d) that is not a Defaulted Receivable or an Unapproved Receivable;

(e) which is not the liability of an Obligor as to which more than 25% of the aggregate Outstanding Balance of all Receivables owing from such Obligor are Defaulted Receivables;

(f) that, does not represent "billed but not yet shipped," "bill and hold" or "progress-billed" goods or merchandise, unperformed services, consigned goods or "sale or return" goods and does not arise from a transaction for which any additional performance by the Originator thereof, or acceptance by or other act of the Obligor thereunder, remains to be performed as a condition to any payments on such Receivable;

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(g) as to which the representations and warranties of Sections 4.01(x)(ii)-(iv) of the Sale Agreement are true and correct in all respects as of the Transfer Date therefor and has been transferred to the Seller pursuant to the Sale Agreement in a transaction constituting a true sale or other outright conveyance and contribution;

(h) that is not the liability of an Obligor that has any claim of a material nature against or affecting any Originator or the property of any Originator;

(i) that is a true and correct statement of a bona fide indebtedness incurred in the amount of the Billed Amount of such Receivable for merchandise or goods sold to or services rendered and accepted by the Obligor thereunder;

(j) that was originated by an Originator in accordance with and satisfies all applicable requirements of the Credit and Collection Policies, except to the extent that the failure to satisfy such requirements could not reasonably be expected to have a material adverse effect on the collectibility or enforceability of such Receivable;

(k) that represents the genuine, legal, valid and binding obligation of the Obligor thereunder enforceable by the holder thereof in accordance with its terms;

(l) that is entitled to be paid pursuant to the terms of the Contract therefor, has not been paid in full or been compromised, adjusted, extended, satisfied, subordinated, rescinded or modified, and is not subject to compromise, adjustment, extension, satisfaction, subordination, rescission, or modification by the Originator thereof (except for adjustments to the Outstanding Balance thereof to reflect Dilution Factors made in accordance with the Credit and Collection Policy);

(m) with respect to which the Originator thereof has submitted all necessary documentation for payment to the Obligor thereunder and such Originator has fulfilled all of its other obligations in respect thereof;

(n) the stated term of which, if any, is not greater than 30 days after its Billing Date (other than with respect to Extended Term Receivables);

(o) that was created in compliance with and otherwise does not contravene any laws, rules or regulations applicable thereto (including laws, rules and regulations relating to usury, consumer protection, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no party to the Contract therefor is in violation of any such law, rule or regulation, in each case except to the extent that such noncompliance or contravention could not reasonably be expected to have a material adverse effect on the collectibility, enforceability, value or payment terms of such Receivable;

(p) with respect to which no proceedings or investigations are pending or threatened before any Governmental Authority (i) asserting the invalidity of such Receivable or

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the Contract therefor, (ii) asserting the bankruptcy or insolvency of the Obligor thereunder, (iii) seeking payment of such Receivable or payment and performance of such Contract or (iv) seeking any determination or ruling that might materially and adversely affect the validity or enforceability of such Receivable or such Contract;

(q) with respect to which the Obligor thereunder is not: (i) bankrupt or insolvent, (ii) unable to make payment of its obligations when due, (iii) a debtor in a voluntary or involuntary bankruptcy proceeding, or (iv) the subject of a comparable receivership or insolvency proceeding;

(r) that (other than in the case of Eligible Extended Term Receivables) is an "account" (and is not evidenced by a draft, promissory note or other instrument and does not constitute chattel paper) within the meaning of the UCC of the jurisdictions in which each of the Originators, the Parent and the Seller are organized;

(s) that is payable solely and directly to an Originator and not to any other Person (including any shipper of the merchandise or goods that gave rise to such Receivable), except to the extent that payment thereof may be made to the Collection Account or otherwise as directed pursuant to Article VI of the Purchase Agreement;

(t) with respect to which all material consents, licenses, approvals or authorizations of, or registrations with, any Governmental Authority required to be obtained, effected or given in connection with the creation of such Receivable or the Contract therefor have been duly obtained, effected or given and are in full force and effect;

(u) that is created through the provision of merchandise, goods or services by the Originator thereof in the ordinary course of its business in a current transaction;

(v) that complies with such other criteria and requirements as the Administrative Agent may from time to time, in its reasonable credit judgment, specify to the Seller or the Originator thereof upon not less than three (3) Business Days' prior written notice;

(w) that is not the liability of an Obligor that is receiving or, under the terms of the Credit and Collection Policies, should receive merchandise, goods or services on a "cash on delivery" basis;

(x) that does not constitute a rebilled amount arising from a deduction taken by an Obligor with respect to a previously arising Receivable or the balance owed on a Receivable with respect to which one or more partial payments have been made;

(y) with respect to which no check, draft or other item of payment has previously been received which was returned unpaid or otherwise dishonored;

(z) no portion of which constitutes sales tax, excise tax or commission, late fees, service charges or similar charges;

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(aa) that is not subject to any Lien, right, claim, security interest or other interest of any other Person, other than Liens in favor of the Administrative Agent and the Purchaser; and

(bb) which is not an indebtedness or a liability of a scrap mill (whether or not a supplier) or any other Person with respect to Scrapped Goods.

"ENVIRONMENTAL LAWS" shall mean all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.); the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. Sections 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Sections 136 et seq.); the Solid Waste Disposal Act (42 U.S.C. Sections 6901 et seq.); the Toxic Substance Control Act (15 U.S.C. Sections 2601 et seq.); the Clean Air Act (42 U.S.C. Sections 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. Sections 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. Sections 651 et seq.); the Safe Drinking Water Act (42 U.S.C. Sections 300(f) et seq.); and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., each as from time to time amended, and any and all regulations promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

"ENVIRONMENTAL LIEN" shall mean a lien in favor of any Governmental Authority for (a) any liability under Environmental Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to a release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater (a "RELEASE") or threatened Release of a Contaminant into the environment.

"ENVIRONMENTAL PERMITS" shall mean all permits, licenses, authorizations, certificates, approvals, registrations or other written documents required by any Governmental Authority under any Environmental Laws.

"EQUITY INTEREST" shall mean all shares, options, warrants, member interests, general or limited partnership interests or other equivalents (regardless of how designated) of or in a corporation, limited liability company, partnership or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act).

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"EQUITY HOLDERS" shall mean, with respect to any Person, each holder of Equity Interests of such Person.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 and any regulations promulgated thereunder.

"ERISA AFFILIATE" shall mean, with respect to any Originator, any trade or business (whether or not incorporated) that, together with such Originator, are treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the IRC.

"ERISA EVENT" shall mean, with respect to any Originator or any ERISA Affiliate, (a) any event described in Section 4043(c) of ERISA with respect to a Title IV Plan; (b) the withdrawal of any Originator or ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer," as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any Originator or any ERISA Affiliate from any Multiemployer Plan; (d) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA; (e) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC; (f) the failure by any Originator or ERISA Affiliate to make when due required contributions to a Multiemployer Plan or Title IV Plan unless such failure is cured within 30 days; (g) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of liability under Section 4069 or 4212(c) of ERISA; (h) the termination of a Multiemployer Plan under Section 4041A of ERISA or the reorganization or insolvency of a Multiemployer Plan under Section 4241 of ERISA; (i) the loss of a Qualified Plan's qualification or tax exempt status; or (j) the termination of a Plan described in Section 4064 of ERISA.

"ESOP" shall mean a Plan that is intended to satisfy the requirements of Section 4975(e)(7) of the IRC.

"EVENT OF SERVICER TERMINATION" shall have the meaning assigned to it in Section 9.02 of the Purchase Agreement.

"EXCLUDED RECEIVABLE" shall mean any indebtedness of Obligors (whether constituting an account, general intangible, instrument or otherwise) arising from the sale of merchandise, goods or services by any District of any Originator to its Obligors (including the right to payment of any interest or finance charges and other obligations of such Obligors with respect thereto) designated in writing by the Administrative Agent to the Originators at any time that the aggregate principal amount of Transferred Receivables at any one time outstanding exceeds \$75,000,000 and arising after the date of such written designation.

"EXTENDED MATURITY DATE" shall mean, with respect to any Receivable, the due date for payment thereof which is extended by an agreement between an Originator and an

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Obligor beyond the original Maturity Date, which is not, in any event, later than 124 days after its original Billing Date.

"EXTENDED TERM INSTRUMENT" shall mean a draft executed by an Obligor in favor of an Originator evidencing the Extended Term Receivable substantially in the form attached as Exhibit B to the Purchase Agreement.

"EXTENDED TERM INSTRUMENT REPORT" shall have the meaning set forth in Annex 5.02(a) to the Purchase Agreement.

"EXTENDED TERM RECEIVABLE" shall mean a Receivable that has an Extended Maturity Date and is a liability of those Obligor that are listed on Schedule 3 attached to this Annex X (each, an "EXTENDED TERM RECEIVABLE OBLIGOR" and collectively, the "EXTENDED TERM RECEIVABLE OBLIGORS"), as Schedule 3 may be amended from time to time by deletion of such Obligor pursuant to the definition of "Eligible Extended Term Receivables".

"FACILITY TERMINATION DATE" shall mean the earliest of (a) the date so designated pursuant to Section 9.01 of the Purchase Agreement, (b) the Final Purchase Date, and (c) the date of termination of the Maximum Purchase Limit specified in a notice from Seller to the Purchaser delivered pursuant to and in accordance with Section 2.02(b) of the Purchase Agreement.

"FAIR LABOR STANDARDS ACT" shall mean the provisions of the Fair Labor Standards Act, 29 U.S.C. Sections 201 et seq.

"FEDERAL FUNDS RATE" shall mean, for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by the Administrative Agent.

"FEDERAL RESERVE BOARD" shall mean the Board of Governors of the Federal Reserve System.

"FEE LETTER" shall mean that certain letter agreement dated December 26, 2002, between the Seller and the Administrative Agent.

"FINAL PURCHASE DATE" shall mean December 26, 2005.

"FINANCIAL STATEMENTS" shall mean, consolidated and consolidating income statements, statements of cash flows and balance sheets of the Parent delivered in accordance with Section 4.01(f) of the Sale Agreement, Annex 4.03(a) and Annex 4.03(b) to the Sale Agreement and separate income statements, statements of cash flows and balance sheets of the Seller delivered in accordance with Section 5.02 of the Purchase Agreement.

"FIRST YEAR EARLY TERMINATION FEE" shall have the meaning assigned to it in the Fee Letter.

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"FIXED CHARGES" shall mean, with respect to the Parent and its Subsidiaries, on a consolidated basis, for any fiscal period, (a) the aggregate of all Interest Expense payable in cash during such period, plus (b) scheduled payments of principal payable in cash with respect to Debt during such period.

"FIXED CHARGE COVERAGE RATIO" shall mean, with respect to the Parent and its Subsidiaries, on a consolidated basis, for any fiscal period, the ratio of (a) the Consolidated EBITDA, minus Capital Expenditures (other than that portion of such Capital Expenditures that are financed) during such period and minus, to the extent not already deducted in the calculation of the Consolidated EBITDA, income taxes payable in cash with respect to such period (without adding back any tax credit received) and minus the aggregate of all redemptions, purchases, retirements, defeasances, or similar payments or acquisitions for value with respect to Debt (other than refinancing of any Permitted Outstanding Debt expressly permitted under the Purchase Agreement) and minus dividends paid in cash to (b) Fixed Charges.

"FOREIGN SUBSIDIARY" shall mean a Subsidiary which is not a Domestic Subsidiary.

"GAAP" shall mean (i) generally accepted accounting principles in the United States of America as in effect on the Closing Date for the purpose of calculating the Fixed Charge Coverage Ratio and (ii) generally accepted accounting principles in the United States of America as in effect from time to time for all other purposes.

"GE CAPITAL" shall mean General Electric Capital Corporation, a Delaware corporation, and its successors and assigns.

"GENERAL TRIAL BALANCE" shall mean, with respect to any Originator and as of any date of determination, such Originator's accounts receivable trial balance (whether in the form of a computer printout, magnetic tape or diskette) as of such date, listing Obligors and the Receivables owing by such Obligors as of such date together with the aged Outstanding Balances of such Receivables, in form and substance satisfactory to the Seller and the Purchaser.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTEED INDEBTEDNESS" shall mean, as to any Person, any obligation of such Person guaranteeing any indebtedness, lease, dividend, or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner, including any obligation or arrangement of such Person to (a) purchase or repurchase any such primary obligation, (b) advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) purchase property, securities or services primarily for the purpose of assuring the owner of any such

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primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) indemnify the owner of such primary obligation against loss in respect thereof. The amount of any Guaranteed Indebtedness at any time shall be deemed to be the amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranteed Indebtedness is incurred and (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guaranteed Indebtedness; or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"GUARANTEED OBLIGATIONS" shall mean, collectively: (a) all covenants, agreements, terms, conditions and indemnities to be performed and observed by each of the Affiliated Party under and pursuant to the Sale Agreement and each other document executed and delivered by each of the Affiliated Party pursuant to the Sale Agreement, including, without limitation, the due and punctual payment of all sums which are or may become due and owing by any of the Affiliated Parties under the Sale Agreement, whether for fees, expenses (including counsel fees), indemnified amounts or otherwise, whether upon any termination or for any other reason and (b) all obligations of Affiliated Parties under the Purchase Agreement, or which arise pursuant to the Purchase Agreement as a result of their termination as Servicers.

"INCIPIENT SERVICER TERMINATION EVENT" shall mean any event that, with the passage of time or notice or both, would, unless cured or waived, become an Event of Servicer Termination.

"INCIPIENT TERMINATION EVENT" shall mean any event that, with the passage of time or notice or both, would, unless cured or waived, become a Termination Event.

"INDEMNIFIED AMOUNTS" shall mean, with respect to any Person, any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal).

"INDEMNIFIED PERSON" shall have the meaning assigned to it in Section 12.01(a) of the Purchase Agreement.

"INDEMNIFIED TAXES" shall have the meaning assigned to it in Section 2.08(b) of the Purchase Agreement.

"INDEPENDENT MEMBER" shall mean Castle IND MGR, Inc., a Delaware corporation.

"INDEX RATE" shall mean, for any day, a floating rate equal to the higher of (i) the rate publicly quoted from time to time by The Wall Street Journal as the "base rate on corporate loans at large U.S. money center commercial banks" (or, if The Wall Street Journal ceases quoting a base rate of the type described, the highest per annum rate of interest published by the Federal Reserve Board in Federal Reserve statistical release H.15 (519) entitled "Selected

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Interest Rates" as the Bank prime loan rate or its equivalent), and (ii) the Federal Funds Rate plus fifty (50) basis points per annum. Each change in any interest rate provided for in the Purchase Agreement based upon the Index Rate shall take effect at the time of such change in the Index Rate.

"INTENDED CHARACTERIZATION" shall mean, for income tax purposes, the characterization of the acquisition by the Purchaser of Purchaser Interests under the Purchase Agreement as a loan or loans by the Purchaser to the Seller secured by the Receivables and the Related Security.

"INTEREST EXPENSE" shall mean, with respect to the Parent and its Subsidiaries and any period, the interest expense of such Person, determined on a consolidated basis for such period, including in any event the interest portion or payments under Capital Lease Obligations and interest expense for the relevant period that has been capitalized on the balance sheet of such Person and yield or other amounts due and payable (other than upfront fees) under any accounts receivable securitization facility to which any such Person is a party as seller or issuer.

"INVESTMENT BASE" shall mean, as of any date of determination, the amount equal to the aggregate Outstanding Balance of all Eligible Receivables minus the Reserves with respect thereto, in each case as disclosed in the most recently submitted Investment Base Certificate or as otherwise determined by the Purchaser or the Administrative Agent based on Seller Collateral information available to any of them, including any information obtained from any audit or from any other reports with respect to the Seller Collateral, which determination shall be final, binding and conclusive on all parties to the Purchase Agreement (absent manifest error).

"INVESTMENT BASE CERTIFICATE" shall have the meaning assigned to it in Section 2.03(a)(i) of the Purchase Agreement.

"INVESTMENT COMPANY ACT" shall mean the provisions of the Investment Company Act of 1940, 15 U.S.C. Sections 80a et seq., and any regulations promulgated thereunder.

"INVESTMENT REPORTS" shall mean, collectively, the Investment Base Certificates, the Monthly Reports and each of the reports with respect to the Transferred Receivables, the Related Security and the Seller Collateral referred to in Annex 7.02 of the Purchase Agreement.

"IRC" shall mean the Internal Revenue Code of 1986 and any regulations promulgated thereunder.

"IRS" shall mean the Internal Revenue Service.

"LENDERS" shall mean the lenders from time to time party to Permitted Outstanding Debt Documents.

"LIBOR BUSINESS DAY" shall mean a Business Day on which banks in the City of London are generally open for interbank or foreign exchange transactions.

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"LIBOR PERIOD" shall mean, with respect to any LIBOR Tranche, each period commencing on a LIBOR Business Day selected by Seller pursuant to the Purchase Agreement and ending one, two or three months thereafter, as selected by Seller's irrevocable notice to Administrative Agent as set forth in the Purchase Agreement; PROVIDED THAT the foregoing provision relating to LIBOR Periods is subject to the following:

(a) if any LIBOR Period would otherwise end on a day that is not a LIBOR Business Day, such LIBOR Period shall be extended to the next succeeding LIBOR Business Day unless the result of such extension would be to carry such LIBOR Period into another calendar month in which event such LIBOR Period shall end on the immediately preceding LIBOR Business Day;

(b) any LIBOR Period that would otherwise extend beyond the Facility Termination Date shall end 2 LIBOR Business Days prior to such date;

(c) any LIBOR Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Period) shall end on the last LIBOR Business Day of a calendar month;

(d) Seller shall select LIBOR Periods so as not to require a payment or prepayment of any LIBOR Tranche during a LIBOR Period for such LIBOR Tranche; and

(e) Seller shall select LIBOR Periods so that there shall be no more than 5 separate LIBOR Tranches in existence at any one time.

"LIBOR RATE" shall mean for each LIBOR Period, a rate of interest determined by the Administrative Agent equal to:

(a) the offered rate for deposits in United States Dollars for the applicable LIBOR Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time), on the second full LIBOR Business Day next preceding the first day of such LIBOR Period (unless such date is not a Business Day, in which event the next succeeding Business Day will be used); divided by

(b) a number equal to 1.0 minus the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day that is 2 LIBOR Business Days prior to the beginning of such LIBOR Period (including basic, supplemental, marginal and emergency reserves under any regulations of the Federal Reserve Board or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect) for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board that are required to be maintained by a member bank of the Federal Reserve System.

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If such interest rates shall cease to be available from Telerate News Service, the LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Administrative Agent and Seller.

"LIBOR TRANCHE" shall mean each portion of the Capital Investment (if any) that is accruing Daily Yield at a LIBOR Rate for a LIBOR Period.

"LIEN" shall mean any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable law of any jurisdiction).

"LITIGATION" shall mean, with respect to any Person, any action, claim, lawsuit, demand, investigation or proceeding pending or threatened against such Person before any court, board, commission, agency or instrumentality of any federal, state, local or foreign government or of any agency or subdivision thereof or before any arbitrator or panel of arbitrators.

"LOCKBOX" shall have the meaning assigned to it in Section 6.01(a)(ii) of the Purchase Agreement.

"LOCKBOX ACCOUNT" shall mean each lockbox account or blocked account listed on Schedule 4.01(r) to the Purchase Agreement as amended from time to time established in the name of the Seller and held at a Lockbox Account Bank, together with any other segregated deposit account established by the Seller for the deposit of Collections pursuant to and in accordance with Section 6.01(a) of the Purchase Agreement.

"LOCKBOX ACCOUNT AGREEMENT" shall mean any agreement among any one or more Originators, the Seller, the Administrative Agent, a Lockbox Account Bank and/or Concentration Account Bank with respect to a Lockbox, Lockbox Account and/or Concentration Account that provides, among other things, that (a) all items of payment deposited in such Lockbox, Lockbox Account or Concentration Account are held by such Lockbox Account Bank or such Concentration Account Bank, as the case may be, as custodian for GE Capital, as Administrative Agent, (b) neither the Lockbox Account Bank nor the Concentration Account Bank, as applicable, has any rights of setoff or recoupment or any other claim against such Lockbox Account or Concentration Account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such Account and for returned checks or other items of payment and (c) such Lockbox Account Bank agrees to forward all Collections received in such Lockbox Account to the Concentration Account within one Business Day of receipt of available funds, and such Concentration Account Bank agrees to forward all Collections received in the Concentration Account to the Collection Account within one Business Day of receipt of available funds, and is otherwise in form and substance acceptable to the Administrative Agent.

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"LOCKBOX ACCOUNT BANK" shall mean any bank or other financial institution at which one or more Lockbox Accounts are maintained.

"MARGIN STOCK" shall have the meaning set forth in Regulation U promulgated by the Board of Governors of the Federal Reserve System, as from time to time in effect.

"MASTER SERVICER" shall mean the Parent in its capacity as Master Servicer under the Purchase agreement, or any other Person designated as a Successor Servicer to the Master Servicer.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (a) the business, assets, liabilities, operations, prospects or financial or other condition of (i) any Originator or the Originators considered as a whole, (ii) the Seller or (iii) the Master Servicer and its Subsidiaries considered as a whole, (b) the ability of any Originator, the Seller or any Servicer to perform any of its obligations under the Related Documents in accordance with the terms thereof, (c) the validity or enforceability of any Related Document or the rights and remedies of the Seller, the Purchaser or the Administrative Agent under any Related Document, (d) the federal income tax attributes of the sale, contribution or pledge of the Transferred Receivables and the Related Security pursuant to any Related Document or (e) the Transferred Receivables, the Related Security, the Originator Collateral, the Seller Collateral or the ownership interests or Liens of the Seller or the Purchaser or the Administrative Agent thereon or the priority of such interests or Liens.

"MATERIAL DEBT" shall have the meaning assigned to it in Section 9.01(b) of the Purchase Agreement.

"MATURITY DATE" shall mean, with respect to any Receivable, the due date for payment therefor specified in the Contract therefor, or, if no date is so specified, 30 days from the Billing Date.

"MAXIMUM PURCHASE LIMIT" shall mean \$60,000,000 as such amount may be reduced in accordance with Section 2.02(a) of the Purchase Agreement.

"MONTHLY REPORT" shall mean a report in substantially the form of Exhibit 2.03(a)(iii) to the Purchase Agreement.

"MOODY'S" shall mean Moody's Investors Service, Inc. or any successor thereto.

"MULTIEMPLOYER PLAN" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA with respect to which any Originator or ERISA Affiliate is making, is obligated to make, or has made or been obligated to make, contributions on behalf of participants who are or were employed by any of them.

"NET WORTH PERCENTAGE" shall mean a fraction (expressed as a percentage) (a) the numerator of which equals the excess of assets over liabilities, in each case determined in

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accordance with GAAP consistently applied and (b) the denominator of which equals the Outstanding Balance of Transferred Receivables.

"NOTE AGREEMENTS" shall mean (i) that certain Note Agreement, dated as of May 15, 1997, as amended and in effect on the Closing Date, among the Parent and the holder of the Parent's Reset Rate Senior Secured Notes due 2009, (ii) that certain Note Agreement, dated as of March 1, 1998, as amended and in effect on the Closing Date, among the Parent, the holders of the Parent's Reset Rate Series A Senior Secured Notes due 2008, the holders of the Parent's Reset Rate Series B Senior Secured Notes due 2010, and the holders of the Parent's Reset Rate Series C Senior Secured Notes due 2012, and (iii) that certain Note Agreement, dated as of April 1, 1996, as amended and in effect on the Closing Date, among the Parent and the holders of the Parent's Reset Rate Senior Secured Notes due 2008.

"NOTE DOCUMENTS" shall mean, the Note Agreements, the Senior Notes and all notes, security agreements, guaranties, pledge agreements, mortgages and related collateral documents executed pursuant to any of the foregoing.

"NOTEHOLDER" shall mean each holder of a Senior Note pursuant to a Note Agreement, and its successors and assigns.

"OBLIGOR" shall mean, with respect to any Receivable, the Person primarily obligated to make payments in respect thereof.

"OFFICER'S CERTIFICATE" shall mean, with respect to any Person, a certificate signed by an Authorized Officer of such Person.

"ORGANIC DOCUMENTS" shall mean, relative to any Person, its certificate of incorporation, its by-laws, its partnership agreement, its memorandum and articles of association, its certificate of formation or articles of organization and limited liability company agreement and/or operating agreement, share designations or similar organization documents and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized Equity Interest.

"ORIGINATOR" shall mean each of A. M. Castle & Co., a Maryland corporation, Oliver Steel Plate Co., a Delaware corporation, Keystone Tube Company, llc, a Delaware limited liability company, and Total Plastics, Inc., a Michigan corporation.

"ORIGINATOR COLLATERAL" shall have the meaning assigned to it in Section 7.01 of the Sale Agreement.

"OUTSTANDING BALANCE" shall mean, with respect to any Receivable and as of any date of determination, the amount (which amount shall not be less than zero) equal to (a) the Billed Amount thereof, minus (b) all Collections received from the Obligor thereunder, minus (c) all discounts to or any other modifications that reduce such Billed Amount; PROVIDED THAT if the Administrative Agent or the Master Servicer makes a determination that all payments by such

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Obligor with respect to such Billed Amount have been made, the Outstanding Balance shall be zero.

"PARENT" shall mean A. M. Castle & Co., a Maryland corporation.

"PARENT GROUP" shall mean the Parent and each of its Affiliates (other than the Seller and the Independent Member).

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"PENSION PLAN" shall mean a Plan described in Section 3(2) of ERISA.

"PER ANNUM DAILY MARGIN" shall have the meaning assigned to it in the Fee Letter:

"PERFORMANCE UNDERTAKING" shall mean the provisions of Article VIII of the Sale Agreement.

"PERMITTED INDEPENDENT MEMBER ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) deposits securing statutory obligations of the Independent Member; and (c) presently existing or hereinafter created Liens in favor of the Collateral Administrative Agent on the Independent Member's Equity Interest in the Seller.

"PERMITTED INVESTMENTS" shall mean any of the following:

(a) obligations of, or guaranteed as to the full and timely payment of principal and interest by, the federal government of the United States or obligations of any agency or instrumentality thereof if such obligations are backed by the full faith and credit of the federal government of the United States, in each case with maturities of not more than 90 days from the date acquired;

(b) repurchase agreements on obligations of the type specified in clause (a) of this definition; provided, that the short-term debt obligations of the party agreeing to repurchase are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's;

(c) federal funds, certificates of deposit, time deposits and bankers' acceptances of any depository institution or trust company incorporated under the federal laws of the United States or any state, in each case with original maturities of not more than 90 days or, in the case of bankers' acceptances, original maturities of not more than 365 days; provided, that the short-term obligations of such depository institution or trust company are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's;

(d) commercial paper of any corporation incorporated under the laws of the United States of America or any state thereof with original maturities of not more than 30 days

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that on the date of acquisition are rated at least A-1 or the equivalent by S&P and P-1 or the equivalent by Moody's; and

(e) securities of money market funds rated at least Aam or the equivalent by S&P and P-1 or the equivalent by Moody's.

"PERMITTED ORIGINATOR ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) pledges or deposits securing obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation (excluding Liens under ERISA); (c) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which any Originator, the Seller or any Servicer is a party as lessee made in the ordinary course of business; (d) deposits securing statutory obligations of any Originator, the Seller or any Servicer; (e) inchoate and unperfected workers', mechanics', suppliers' or similar Liens arising in the ordinary course of business; (f) carriers', warehousemen's or other similar possessory Liens arising in the ordinary course of business and securing liabilities in an outstanding aggregate amount not in excess of \$500,000 at any one time; (g) deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which any Originator, the Seller or any Servicer is a party; (h) any attachment or judgment Lien not constituting a Termination Event under Section 9.01(f) of the Purchase Agreement; (i) Liens existing on the Closing Date and listed on Schedule 4.04(b) of the Sale Agreement; (j) [reserved]; (k) [reserved]; (l) Liens securing Debt which is incurred to extend, refinance, renew, replace, defease or refund Debt which has been secured by a Lien permitted under the Sale Agreement and is permitted to be extended, refinanced, renewed, replaced, defeased or refunded under the Sale Agreement but only to the extent that such Lien is limited to the same collateral as that covered by the prior Lien; (m) Liens securing the Permitted Outstanding Debt so long as such Liens (A) do not encumber Originator Collateral or Seller Collateral, (B) are granted to one or more holders of the Permitted Outstanding Debt pursuant to agreements, instruments or documents which have been reviewed by the Administrative Agent and which are reasonably satisfactory to the Administrative Agent, and (C) an intercreditor agreement satisfactory to the Administrative Agent has been entered into between the Administrative Agent and such holders of the Permitted Outstanding Debt or an agent authorized to act on their behalf; and (n) presently existing or hereinafter created Liens in favor of the Buyer, the Seller, the Purchaser or the Administrative Agent.

"PERMITTED OUTSTANDING DEBT" shall mean existing Debt described in Schedule 2 to this Annex X with the holders of such Debt as described in that Schedule (or with any other future holder of such Debt reasonably satisfactory to the Administrative Agent) and refinancings thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof or changing the amortization thereof (other than to extend the same and other than as expressly permitted in the Purchase Agreement) and that are otherwise on terms and conditions no less favorable to any Seller Party or the Administrative Agent, as determined by the Administrative Agent, than the terms of the Debt being refinanced, amended or modified.

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"PERMITTED OUTSTANDING DEBT DOCUMENTS" shall mean the agreements, indentures, and related documents and instruments evidencing the Permitted Outstanding Debt, each in effect as of the Closing Date.

"PERMITTED SELLER ENCUMBRANCES" shall mean the following encumbrances: (a) Liens for taxes or assessments or other governmental charges not yet due and payable (other than with respect to environmental matters); (b) deposits securing statutory obligations of the Seller; and (c) presently existing or hereinafter created Liens in favor of the Purchaser or the Administrative Agent.

"PERSON" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, trust, association, corporation (including a business trust), limited liability company, institution, public benefit corporation, joint stock company, Governmental Authority or any other entity of whatever nature.

"PLAN" shall mean, at any time, an "employee benefit plan," as defined in Section 3(3) of ERISA, that any Originator or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any Originator or ERISA Affiliate.

"PROJECTIONS" shall mean Parent Group's forecasted consolidated and consolidating: (a) balance sheets; (b) income statements; and (c) cash flow statements, all prepared on a Subsidiary-by-Subsidiary or division-by-division basis, if applicable, and otherwise consistent with the historical Financial Statements of Parent, together with appropriate supporting details and a statement of underlying assumptions.

"PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"PURCHASE AGREEMENT" shall mean that certain Receivables Purchase and Servicing Agreement dated as of December 26, 2002, among the Seller, the Independent Member, the Purchaser, the Servicers and the Administrative Agent.

"PURCHASE ASSIGNMENT" shall mean that certain Purchase Assignment, dated as of December 26, 2002, by and between the Seller and the Purchaser in the form attached as Exhibit 2.04(a) to the Purchase Agreement.

"PURCHASE DATE" shall mean each day on which a Purchase is made.

"PURCHASE DISCOUNT RATE CAP" shall mean a rate equal to eighty-five percent (85%); PROVIDED THAT the Purchase Discount Rate Cap may be changed at any time as determined by the Administrative Agent in its reasonable credit judgment exercised in good faith.

"PURCHASE EXCESS" shall mean, as of any date of determination, the extent to which the Capital Investment exceeds the Availability, in each case as disclosed in the most

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recently submitted Investment Base Certificate or as otherwise determined by the Purchaser or the Administrative Agent based on Seller Collateral information available to any of them, including any information obtained from any audit or from any other reports with respect to the Seller Collateral, which determination shall be final, binding and conclusive on all parties to the Purchase Agreement (absent manifest error).

"PURCHASE REQUEST" shall have the meaning assigned to it in Section 2.03(b) of the Purchase Agreement.

"PURCHASER" shall mean GE Capital, its successors and assigns.

"PURCHASER INTEREST" shall mean the undivided percentage ownership interest of the Purchaser in the Transferred Receivables and the Related Security which are purchased under the Purchase Agreement. The Purchaser Interest of the Purchaser shall be expressed as a fraction of the total Transferred Receivables computed as follows:

$$PI = C + DR / IB \times DPR$$

where:

PI = the Purchaser Interest at the time of determination;

C = the aggregate Capital Investment at such time;

DR = the Discount Reserve plus the Availability Reserve;

IB = the Investment Base at such time; and

DPR = the Dynamic Purchase Discount Rate at such time.

The Purchaser Interest shall be calculated (or deemed to be calculated) on each Business Day from the Closing Date through the Facility Termination Date; from and after the Facility Termination Date, the Purchaser Interest of the Purchaser shall be the Purchaser Interest of such Purchaser as calculated on the Business Day immediately preceding the Facility Termination Date until the Termination Date, at which time the Purchaser Interest shall equal zero.

"QUALIFIED PLAN" shall mean a Pension Plan that is intended to be tax-qualified under Section 401(a) of the IRC.

"RATIOS" shall mean, collectively, the Dilution Ratio, the Default Ratio, the Delinquency Ratio, the Receivables Collection Turnover and Net Worth Percentage.

"RECEIVABLE" shall mean, with respect to any Obligor, indebtedness of such Obligor (whether constituting an account, a payment intangible, an instrument or otherwise)

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arising from the sale of merchandise, goods or services by an Originator to such Obligor, including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto; PROVIDED THAT the definition of "Receivable" shall exclude the Excluded Receivables.

"RECEIVABLES COLLECTION TURNOVER" shall mean, as of any date of determination, the amount (expressed in days) equal to:

(a) a fraction, (i) the numerator of which is equal to the average of the Outstanding Balances of Transferred Receivables on the first day of the three (3) Settlement Periods immediately preceding such date and (ii) the denominator of which is equal to aggregate Collections received during such three (3) Settlement Periods with respect to all Transferred Receivables,

multiplied by

(b) the number of days contained in such three (3) Settlement Periods.

"RECORDS" shall mean all Contracts and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained by any Originator, any Servicer, any Sub-Servicer or the Seller with respect to the Receivables and the Obligors thereunder, the Originator Collateral and the Seller Collateral.

"REGULATORY CHANGE" shall mean any change after the Closing Date in any federal, state or foreign law or regulation (including Regulation D of the Federal Reserve Board) or the adoption or making after such date of any interpretation, directive or request under any federal, state or foreign law or regulation (whether or not having the force of law) by any Governmental Authority charged with the interpretation or administration thereof that, in each case, is applicable to any Affected Party.

"REINVESTMENT PURCHASE" shall have the meaning assigned to it in Section 2.01 of the Purchase Agreement.

"REJECTED AMOUNT" shall have the meaning assigned to it in Section 4.05 of the Sale Agreement.

"RELATED DOCUMENTS" shall mean each Lockbox Account Agreement, the Sale Agreement (including, without limitation, the Performance Undertaking contained therein), the Purchase Agreement, the Purchase Assignment, the Fee Letter and all other agreements, instruments, documents and certificates identified in the Schedule of Documents and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Person, or any employee of any Person, and delivered in connection with either Sale Agreement, the Purchase Agreement or the transactions contemplated thereby. Any reference in either Sale

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Agreement, the Purchase Agreement or any other Related Document to a Related Document shall include all Appendices thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to such Related Document as the same may be in effect at any and all times such reference becomes operative.

"RELATED SECURITY" shall mean with respect to any Receivable:

(a) all supporting obligations (as defined in Article 9 of the UCC), security interests or Liens and property subject thereto from time to time securing or purporting to secure the payment of such Receivable by the Person obligated thereon;

(b) all guaranties, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable;

(c) all right, title and interest of the Parent or any Subsidiary in and to any goods (including Returned Goods) the sale of which gave rise to such Receivable and all right, title and interest of the Parent or any Subsidiary in and to payments made on account of Scrapped Goods; provided that Related Security will not include Returned Goods from and after the time, if any, when the Seller shall have received full cash payment required to be made under the Sale Agreement on account of the reduction of the Outstanding Balance of the Receivable related to such Returned Good);

(d) all Collections;

(e) all Records;

(f) all of the following (collectively, the "ACCOUNT COLLATERAL")
(A) in the case of any Originator, all deposit accounts and/or lockboxes established for collection of Receivables and all funds on deposit therein and all certificates and instruments, if any, at any time or evidencing such accounts, lockboxes or such funds and (B) in the case of Seller:

(1) all deposit accounts, including the Lockbox Accounts, the Lockboxes, and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing any deposit account, the Lockbox Accounts, the Lockboxes or such funds,

(2) the Collection Account, the Concentration Account and all funds on deposit therein and all certificates and instruments, if any, from time to time representing or evidencing the Collection Account, the Concentration Account or such funds,

(3) all Deposit Investments from time to time of amounts in the Collection Account, and all certificates, instruments and

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investment property, if any, from time to time representing or evidencing such Deposit Investments,

(4) all notes, certificates of deposit and other instruments in substitution for or relating to any of the then existing Account Collateral, and

(5) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise distributed with respect to or in exchange for any and all of the then existing Account Collateral; and

(g) all proceeds of such Receivable and with respect to any of the foregoing.

"REPAYMENT NOTICE" shall have the meaning assigned to it in Section 2.03(c) of the Purchase Agreement.

"RESERVES" shall mean the aggregate Concentration Discount Amount for all Obligors of Transferred Receivables plus the Credit Memo Reserve and any other reserves as the Administrative Agent may establish from time to time in its credit judgment exercised in good faith.

"RETIREE WELFARE PLAN" shall mean, at any time, a Welfare Plan that provides for continuing coverage or benefits for any participant or any beneficiary of a participant after such participant's termination of employment, other than continuation coverage provided pursuant to Section 4980B of the IRC and at the sole expense of the participant or the beneficiary of the participant.

"RETURNED GOODS" shall mean goods, the sale of which gave rise to a Receivable, that are returned to an Originator by an Obligor for any reason.

"REVOLVING PERIOD" shall mean the period from and including the Closing Date through and including the day immediately preceding the Facility Termination Date.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"SALE" shall mean with respect to a sale of Receivables under the Sale Agreement, a sale of Receivables by an Originator to the Seller in accordance with the terms of the Sale Agreement.

"SALE AGREEMENT" shall mean that certain Receivables Sale and Contribution Agreement dated as of December 26, 2002, among the Originators, as sellers, the Parent, and the Seller, as buyer thereunder.

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"SALE PRICE" shall mean, with respect to any Sale of Sold Receivables, the price calculated by the Seller and approved from time to time by the Administrative Agent equal to:

- (a) the Outstanding Balance of such Sold Receivable, minus
- (b) the expected costs to be incurred by the Seller in financing the purchase of such Sold Receivables until the Outstanding Balance of such Sold Receivables is paid in full, minus
- (c) the portion of such Sold Receivables that are reasonably expected by such Originator to become Defaulted Receivables, minus
- (d) the portion of such Sold Receivables that are reasonably expected by such Originator to be reduced by means other than the receipt of Collections thereon or pursuant to clause (c) above, minus
- (e) amounts expected to be paid to the Servicers with respect to the servicing, administration and collection of such Sold Receivables;

PROVIDED THAT such calculations shall be determined based on the historical experience of (y) such Originator, with respect to the calculations required in each of clauses (c) and (d) above, and (z) the Seller, with respect to the calculations required in clauses (b) and (e) above.

"SCHEDULE OF DOCUMENTS" shall mean the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with the Sale Agreement, the Purchase Agreement and the other Related Documents and the transactions contemplated thereunder, substantially in the form attached as Annex Y to the Purchase Agreement and the Sale Agreement.

"SCRAPPED GOODS" shall mean goods, the sale of which gave rise to a Receivable, which are rejected by the applicable Obligor for any reason but which are scrapped rather than being returned to the applicable Originator or any of its Affiliates.

"SECOND YEAR EARLY TERMINATION FEE" shall have the meaning assigned to it in the Fee Letter.

"SECURITIES ACT" shall mean the provisions of the Securities Act of 1933, 15 U.S.C. Sections 77a et seq., and any regulations promulgated thereunder.

"SECURITIES EXCHANGE ACT" shall mean the provisions of the Securities Exchange Act of 1934, 15 U.S.C. Sections 78a et seq., and any regulations promulgated thereunder.

"SELLER" shall mean Castle SPFD, LLC, a Delaware limited liability company, in its capacity as seller under the Purchase Agreement.

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"SELLER ACCOUNT" shall mean a deposit account maintained in the name of the Seller at a commercial bank in the United States of America, as designated by the Seller from time to time.

"SELLER ASSIGNED AGREEMENTS" shall have the meaning assigned to it in Section 8.01(b) of the Purchase Agreement.

"SELLER COLLATERAL" shall have the meaning assigned to it in Section 8.01 of the Purchase Agreement.

"SELLER PARTIES" shall have the meaning assigned to it in the recitals of the Purchase Agreement.

"SELLER SECURED OBLIGATIONS" shall mean all loans, advances, debts, liabilities, indemnities and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by the Seller to any Affected Party under the Purchase Agreement and any document or instrument delivered pursuant thereto, and all amendments, extensions or renewals thereof, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising thereunder, including Capital Investment, Daily Yield, Unused Facility Fees, amounts in reduction of Purchase Excess, Successor Servicing Fees and Expenses, Additional Amounts and Indemnified Amounts. This term includes all principal, interest (including all interest that accrues after the commencement of any case or proceeding by or against the Seller in bankruptcy, whether or not allowed in such case or proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to the Seller thereunder, whether now existing or hereafter arising, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations that are paid to the extent all or any portion of such payment is avoided or recovered directly or indirectly from any Purchaser or the Administrative Agent or any transferee of the Purchaser or the Administrative Agent as a preference, fraudulent transfer or otherwise.

"SENIOR NOTE" shall mean any of the Parent's Reset Rate Senior Secured Notes, due May 30, 2009, Reset Rate Series A Senior Secured Notes, due March 1, 2008, Reset Rate Series B Senior Secured Notes, due March 1, 2010, Reset Rate Series C Senior Secured Notes, due March 1, 2012, or Reset Rate Senior Secured Notes, due April 15, 2008.

"SERVICER" shall mean each of the Master Servicer, Oliver Steel Plate Co., a Delaware corporation and Total Plastics, Inc., a Michigan corporation, each in its capacity as a Servicer under the Purchase Agreement, or any other Person designated as a Successor Servicer.

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"SERVICER TERMINATION NOTICE" shall mean any notice by the Administrative Agent to any Servicer that (a) an Event of Servicer Termination has occurred and (b) the Servicers' appointment under the Purchase Agreement has been terminated.

"SERVICING FEE" shall mean, for any day within a Settlement Period, the amount equal to (a) (i) the Servicing Fee Rate divided by (ii) 360, multiplied by (b) the Transferred Receivables on such day.

"SERVICING FEE RATE" shall mean 1.00%.

"SERVICING RECORDS" shall mean all documents, books, Records and other information (including computer programs, tapes, disks, data processing software and related property and rights) prepared and maintained by the Master Servicer with respect to the Transferred Receivables and the Related Security and the Obligors thereunder.

"SERVICING SOFTWARE" shall mean the data processing software used by the Originators, Master Servicer and/or Seller for the purpose of servicing, monitoring, and retaining data regarding the Transferred Receivables and the Related Security and the Obligors thereunder.

"SETTLEMENT DATE" shall mean the tenth Business Day following the end of each Settlement Period.

"SETTLEMENT PERIOD" shall mean (a) solely for purposes of determining the Ratios, (i) with respect to all Settlement Periods other than the final Settlement Period, each calendar month, whether occurring before or after the Closing Date, and (ii) with respect to the final Settlement Period, the period ending on the Termination Date and beginning with the first day of the calendar month in which the Termination Date occurs, and (b) for all other purposes, (i) with respect to the initial Settlement Period, the period from and including the Closing Date through and including the last day of the calendar month in which the Closing Date occurs, (ii) with respect to the final Settlement Period, the period ending on the Termination Date and beginning with the first day of the calendar month in which the Termination Date occurs, and (iii) with respect to all other Settlement Periods, each calendar month.

"SOLD RECEIVABLE" shall have the meaning assigned to it in Section 2.01(b) of the Sale Agreement.

"SOLVENT" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person; (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its Indebtedness as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur Indebtedness or liabilities beyond such Person's ability to pay as such Indebtedness and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent

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liabilities (such as Litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SUB-SERVICER" shall mean any Person with whom any Servicer enters into a Sub-Servicing Agreement.

"SUB-SERVICING AGREEMENT" shall mean any written contract entered into between any Servicer and any Sub-Servicer pursuant to and in accordance with Section 7.01 of the Purchase Agreement relating to the servicing, administration or collection of the Transferred Receivables.

"SUBSIDIARY" shall mean, with respect to any Person, any corporation or other entity (a) of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person or (b) that is directly or indirectly controlled by such Person within the meaning of control under Section 15 of the Securities Act.

"SUCCESSOR SERVICER" shall have the meaning assigned to it in Section 11.02 of the Purchase Agreement.

"SUCCESSOR SERVICING FEES AND EXPENSES" shall mean the fees and expenses payable to the Successor Servicer as agreed to by the Seller, the Purchaser and the Administrative Agent.

"TERMINATION DATE" shall mean the date on which (a) Capital Investment has been permanently reduced to zero, (b) all other Seller Secured Obligations under the Purchase Agreement and the other Related Documents have been indefeasibly repaid in full and completely discharged and (c) the Maximum Purchase Limit has been irrevocably terminated in accordance with the provisions of Section 2.02(b) of the Purchase Agreement.

"TERMINATION EVENT" shall have the meaning assigned to it in Section 9.01 of the Purchase Agreement.

"TITLE IV PLAN" shall mean a Pension Plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA and that any Originator or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"TRANSFER" shall mean any Sale or capital contribution of Transferred Receivables and the Related Security to the Seller pursuant to the terms of the Sale Agreement.

"TRANSFER DATE" shall have the meaning assigned to it in Section 2.01(a) of the Sale Agreement.

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"TRANSFERRED RECEIVABLE" shall mean any Sold Receivable or Contributed Receivable; PROVIDED THAT any Receivable repurchased by an Originator thereof pursuant to Section 4.05 of the Sale Agreement shall not be deemed to be a Transferred Receivable from and after the date of such repurchase unless such Receivable has subsequently been repurchased by or contributed to the Seller.

"UCC" shall mean, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

"UNAPPROVED RECEIVABLE" shall mean any Receivable (a) with respect to which the Obligor thereunder is not an Obligor on any Transferred Receivable and whose customer relationship with an Originator arises as a result of the acquisition by such Originator of another Person, (b) that was originated in accordance with standards established by another Person acquired by an Originator, in each case, solely with respect to any such acquisitions that have not been approved in writing by the Administrative Agent and then only for the period prior to any such approval, or (c) with respect to which the Obligor thereunder is not creditworthy, as determined by the Administrative Agent in its reasonable credit judgment.

"UNDERFUNDED PLAN" shall mean any Plan that has an Underfunding.

"UNDERFUNDING" shall mean, with respect to any Plan, the excess, if any, of (a) the present value of all benefits under the Plan (based on the assumptions used to fund the Plan pursuant to Section 412 of the IRC) as of the most recent valuation date over (b) the fair market value of the assets of such Plan as of such valuation date.

"UNFUNDED LIABILITY" shall mean, at any time, the aggregate amount, if any, of the sum of (a) the amount by which the present value of all accrued benefits under each Title IV Plan exceeds the fair market value of all assets of such Title IV Plan allocable to such benefits in accordance with Title IV of ERISA, all determined as of the most recent valuation date for each such Title IV Plan using the actuarial assumptions for funding purposes in effect under such Title IV Plan, and (b) for a period of five years following a transaction that might reasonably be expected to be covered by Section 4069 of ERISA, the liabilities (whether or not accrued) that could be avoided by any Originator or any ERISA Affiliate as a result of such transaction.

"UNITED STATES" shall mean the United States of America (including the District of Columbia but otherwise excluding its territories and possessions).

"UNUSED FACILITY FEE" shall mean, as of any date of determination, a fee equal to the product of (a) the applicable Per Annum Daily Margin for Unused Facility Fees multiplied by (b) the excess (if any) of the Maximum Purchase Limit over the aggregate Capital Investment.

"WELFARE PLAN" shall mean a Plan described in Section 3(1) of ERISA.

SECTION 2. Other Terms and Rules of Construction.

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(a) Accounting Terms. Rules of construction with respect to accounting terms used in any Related Document shall be as set forth in Annex 4.04(1) to the Sale Agreement. Unless otherwise specifically provided therein, any accounting term used in any Related Document shall have the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed in accordance with GAAP consistently applied. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing.

(b) Other Terms. All other undefined terms contained in any of the Related Documents shall, unless the context indicates otherwise, have the meanings provided for by the UCC as in effect in the State of New York from time to time to the extent the same are used or defined therein.

(c) Rules of Construction. Unless otherwise specified, references in any Related Document or any of the Appendices thereto to a Section, subsection or clause refer to such Section, subsection or clause as contained in such Related Document. The words "herein," "hereof" and "hereunder" and other words of similar import used in any Related Document refer to such Related Document as a whole, including all annexes, exhibits and schedules, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in such Related Document or any such annex, exhibit or schedule. Any reference to or definition of any document, instrument or agreement shall, unless expressly noted otherwise, include the same as amended, restated, supplemented or otherwise modified from time to time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; the word "or" is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by the Related Documents) or, in the case of Governmental Authorities, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations.

(d) Rules of Construction for Determination of Ratios. The Ratios as of the last day of the Settlement Period immediately preceding the Closing Date shall be established by the Administrative Agent on or prior to the Closing Date and the underlying calculations for periods immediately preceding the Closing Date to be used in future calculations of the Ratios shall be established by the Administrative Agent on or prior to the Closing Date in accordance with Schedule 1 attached to this Annex X. For purposes of calculating the Ratios, (i) averages shall be computed by rounding to the third decimal place and (ii) the Settlement Period in which the date of determination thereof occurs shall not be included in the computation thereof and the first Settlement Period immediately preceding such date of determination shall be deemed to be the Settlement Period immediately preceding the Settlement Period in which such date of determination occurs.

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SCHEDULE 1
RULES OF CONSTRUCTION FOR RATIOS

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SCHEDULE 2

PERMITTED OUTSTANDING DEBT

(a) Four Letters of Credit issued by Bank of America, N.A. for the account of Parent pursuant to that certain Reimbursement Agreement, dated as of June 1, 1994 by the Parent in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of June 12, 2001, by and among the Parent, Bank One, NA (successor to NBD Bank, N.A.) and the Bank of America, N.A., as further amended from time to time, and Parent's obligations pursuant to such Reimbursement Agreement;

(b) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Village of Rosemont, Illinois and A. M. Castle & Co.;

(c) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Village of Franklin Park, Illinois and A. M. Castle & Co.;

(d) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between Director of Ohio Department of Development and A. M. Castle & Co.;

(e) Obligations of Parent under that certain Loan Agreement, dated June 1, 1994, between The City of Kansas City, Missouri and A. M. Castle & Co.;

(f) A Letter of Credit issued by Bank of America, N.A. for the account of Parent pursuant to that certain Reimbursement Agreement, dated as of November 1, 1994 by the Parent in favor of NBD Bank, N.A., as assigned and amended pursuant to the terms of an Assignment and Amendment of Reimbursement Agreement, dated as of November 1, 2001, by and among the Parent, Bank One, NA (successor to NBD Bank, N.A.) and the Bank of America, N.A., as further amended from time to time, and Parent's obligations pursuant to such Reimbursement Agreement;

(g) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of the Bank of America, N.A., pursuant to which they guarantee certain payments with respect of the Reimbursement Agreements described in items (a) and (f) above;

(h) Obligations of Parent under that certain Loan Agreement, dated November 1, 1994, between City of Hammond, Indiana and A. M. Castle & Co.

(i) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by the Parent in favor of the Bank of America, N.A., pursuant to which the Parent guarantees certain payments in respect of the Economic Development Revenue Bonds, Series 1998 (Keystone Service, Inc. Project) issued by the City of La Porte, Indiana;

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(j) Obligations of Keystone Service, Inc. under that certain Loan Agreement, dated April 1, 1998, between the City of LaPorte, Indiana and Keystone Service, Inc.;

(k) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by the Parent in favor of the Bank of America, N.A., pursuant to which the Parent guarantees certain payments in respect of the Tax-Exempt Industrial Revenue Bonds (A. M. Castle & Co. Project Series 1996) issued by the Mecklenburg County Industrial Facilities and Pollution Control Financing Authority;

(l) Obligations of Parent under that certain Loan Agreement, dated July 1, 1996, between The Mecklenburg County Industrial Facilities and Pollution Control Financing Authority and A. M. Castle & Co.;

(m) Obligations pursuant to that certain Irrevocable Documentary Credit No. 7273987 in the stated amount of \$1,800,000 issued by the Bank of America, N.A. for the account of Parent, as amended from time to time;

(n) Obligations pursuant to that certain Irrevocable Standby Letter of Credit No. 7409195 in the stated amount of \$5,000,000 issued by the Bank of America, N.A. for the account of Parent pursuant to that certain Application and Agreement for Standby Letter of Credit, dated March 15, 2002, as amended from time to time;

(o) Obligations pursuant to that certain Amended and Restated Limited Guaranty, dated as of March 8, 2002, by the Parent in favor of the Bank of America, N.A., as agent on behalf of certain Lenders from time to time party to the Kreher Credit Agreement (as defined below), pursuant to which the Parent guarantees certain Obligations (as defined in the Kreher Credit Agreement) under that certain Amended and Restated Credit Agreement, dated as of March 8, 2002 (as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "Kreher Credit Agreement"), among Bank of America, N.A., Lenders and Kreher Steel Company, LLC;

(p) Senior Notes issued by the Parent pursuant to that certain Note Agreement, dated as of March 1, 1998, among the Parent, Allstate Life Insurance Company, The Northwestern Mutual Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(q) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Allstate Insurance Company, The Northwestern Life Insurance Company, Massachusetts Mutual Life Insurance Company, Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (p) above;

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(r) Senior Notes issued by the Parent pursuant to that certain Note Agreement dated as of April 1, 1996 between the Parent and Nationwide Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(s) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Nationwide Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (r) above;

(t) Senior Notes issued by the Parent pursuant to that certain Note Agreement dated as of May 15, 1997 among the Parent, Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company, as amended by the First Amendment and Waiver to Note Agreement, dated as of December 1, 1998, the Second Amendment to Note Agreement dated November 22, 2002 and the Third Amendment to Note Agreement dated as of December 26, 2002;

(u) Obligations pursuant to that certain Guarantee Agreement, dated as of November 22, 2002, by Parent and certain of its subsidiaries in favor of Massachusetts Mutual Life Insurance Company and United of Omaha Life Insurance Company and any future noteholders pursuant to which they guarantee certain payments in respect of the Note Agreement described in item (t) above;

(v) Obligations pursuant to that certain Trade Acceptance Purchase Agreement dated as of August 13, 2001 between the Parent and The Northern Trust Company, as amended by the First Amendment thereto dated as of April 29, 2002, the Second Amendment thereto dated as of June 30, 2002, the Third Amendment thereto dated as of November 22, 2002 and the Fourth Amendment thereto dated December 26, 2002, in an aggregate amount not in excess of \$8,000,000;

(w) Credit facilities in the aggregate amount not to exceed CDN \$30,000,000 pursuant to that certain Letter Agreement, dated November 20, 2002, between The Bank of Nova Scotia and Parent and the Terms and Conditions attached thereto; and

(x) Obligations of A. M. Castle & Co. (Canada), Inc. to the Manitoba Development Corporation pursuant to that certain commitment letter dated September 15, 1998 and the related Demand Debenture dated January 7, 1999.

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SCHEDULE 3

EXTENDED TERM RECEIVABLE OBLIGORS

B & G Manufacturing Co.
J. Baur Machining Inc.
C E S Machine Products Inc.
Conn Tool Mfg. Co. Inc.
Crown Equipment Corp.
Dri-Honing Corp.
Dynaquip Controls Corp.
E B C Industries
Ferguson Metals Inc.
Forest Engineering Inc.
Hall Industries Inc.
Halvorsen Boiler & Eng. Co.
Hanover Gear Manufacturing Co.
Harbor Steel & Supply Corp.
Harmon's Machine Works Inc.
Holgate Products Inc.
Hyspan Prec. Products Inc.
J P Products Inc.
Lake Engineering Inc.
Loudon Industries Inc.
McWilliams Forge Co. Inc.
Metal Mart LLC
Muncy Machine & Tool Co. Inc.
Niles Machine & Tool Works Inc.
Northland Screw Prdts. Inc.
P B M Incorporated
Pace Engineering Inc.
Paughco Inc.
Saelens Corp.
Senior Aerospace - Jet Products
Southern Manufacturing Tech.
Standard - Hall Group
Stanley Mach. & Tool Corp.
Stedman Machine Co.
Texas Pneumatic Tools Inc.
TOG Machining Co. Inc.
Trinity Forge Inc.
Western Cutterheads Inc.

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Zak Inc.

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SCHEDULE CC
FORM OF COMPLIANCE CERTIFICATE

[To be Attached]

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Exhibit 10.8

EMPLOYMENT/NON-COMPETITION AGREEMENT

THIS AGREEMENT, is made and entered into this 1st day of May, 2000, by and between A. M. CASTLE & CO., a Delaware corporation, with offices located at 3400 North Wolf Road, Franklin Park, Illinois 60131 (the "Company") and G. THOMAS McKANE who resides at Unit 21 AD, 421 West Monroe Street, Chicago, Illinois 60657 ("Executive").

WHEREAS, the Company desires to employ Executive and Executive desires to be employed by the Company, all upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, the parties agree as follows:

1. Employment. The Company hereby employs the Executive, and the Executive hereby accepts such employment with the Company, upon all the terms and conditions set forth below. Executive represents and warrants that he has full power and authority to enter into this Employment Agreement and that he is not restricted in any manner whatsoever from performing his duties hereunder.

2. Employment Term. Unless earlier terminated as hereinafter provided, the term of the Executive's employment under this Agreement shall commence on the date it is fully executed by all parties and shall continue from year to year until terminated as hereinafter provided ("Employment Term").

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE COMPANY AND THE EXECUTIVE ACKNOWLEDGE THAT THE EXECUTIVE'S EMPLOYMENT IS AT WILL AND CAN BE TERMINATED BY EITHER PARTY AT ANY TIME WITH OR WITHOUT CAUSE: If the Executive's employment terminates for any reason, with or without cause, the Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement.

3. Position and Duties.

a. Chief Executive Officer. The Company shall employ the Executive in the position of and with the titles of President and Chief Executive Officer. Executive shall have the responsibilities and duties as are commensurate with the position of president and chief executive officer of an entity comparable to the Company including, but not limited to, the powers and duties set forth in the Bylaws of the Company for such office. Executive shall report to the Company's Board of Directors. The Board of Directors of the Company ("Board") may assign other duties and rights to Executive from time to time. The Board shall have the right to modify the responsibilities of the Executive from time to time as the Board may deem necessary or appropriate. Executive shall be provided with an office, secretarial services, and other services commensurate with the status of his position.

b. Manner of Employment. Executive shall faithfully, diligently and competently perform his responsibilities and duties as President and Chief Executive Officer. The Executive shall devote his exclusive and full efforts and time to the Company. This Section 3, however, shall not preclude the Executive, from, with prior approval from the Board, serving as a member of the board of directors of another company, or outside normal business hours, from engaging in appropriate civic or charitable activities, as long as such activities do not interfere or conflict with his responsibilities to the Company.

c. Board of Directors. Subject to approval by the shareholders of the Company, the Company agrees to take all corporate actions necessary for the appointment or election of the Executive to the Board of Directors within a reasonable period of time from the date of this Agreement. If elected to the Board of Directors of the Company, Executive shall have all the duties and responsibilities as are commensurate with the position of director. However, Executive shall receive no additional compensation as a director of the Company.

4. Compensation.

a. Base Compensation. The Company shall pay the Executive as compensation for his services a base compensation in the amount of Four Hundred Thousand Dollars (\$400,000) per year subject to annual reviews and increases at the sole discretion of the Board ("Base Compensation"). Base, Compensation shall be paid periodically in accordance with normal Company payroll practices.

b. Additional Compensation. The Executive shall participate in the management incentive/bonus plan established by the Company for management and executive employees. The Executive's participation shall provide for a maximum incentive equal to One Hundred percent (100%) of his Base Compensation.

Furthermore, with respect to calendar year 2000, Executive's incentive compensation shall be guaranteed to be not less than Two Hundred Thousand Dollars



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(\$200,000).

c. Stock Options. The Executive shall be granted stock options in the amount of Two Hundred Thousand (200,000) shares for the year 2000. The option price shall be the closing price of the Company's common stock on the date of the granting of the option by the Board of Directors which shall be the business day prior to the public announcement of the Agreement. The Executive shall be given annual stock options thereafter in an amount to be determined by the Human Resources Committee of the Board of Directors.

d. Restricted Stock. The Executive shall be awarded restricted common stock in the amount of One Hundred Thousand (100,000) shares. The restricted stock price shall be the closing stock price on the business day preceding the public announcement of the Agreement. The restricted common stock shall vest Fifty percent (50%) at the end of the first year of employment and Twenty Five percent (25%) at the end of each year of employment thereafter for the next two (2) years.

e. The grants of stock options and restricted stock options shall be made in accordance with the 1996 Restricted Stock and Stock Option Plan approved by the Company's stockholders on April 26, 1996.

5. Employment Benefits. In addition, Executive shall be entitled to the following benefits during the Employment Term.

a. Four (4) weeks paid vacation per calendar year to be taken at such reasonable times as requested by the Executive.

b. Reimbursement for reasonable out-of-pocket business expenses incurred by Executive during the regular performance of his duties for the Company, provided Executive provides the Company with adequate documentation of such expenses in accordance with the Company's policies.

c. Participation in any insurance or other employee benefit plans or programs maintained by the Company for its employees or substantially the same terms and conditions as such benefits are provided or made available to management employees of the Company, such as family health care and 401(k) plans.

d. Use of a Company automobile at a class or level consistent with that provided by the Executive's prior employer immediately before joining the Company.

e. Payment by the Company on behalf of Executive of the dues and assessments of membership at a country club of his choice.

Eligibility and entitlement for all benefits shall be subject, in each case, to the generally applicable terms and conditions contained in plan documents (where applicable) and the Company's policies and practices regarding such benefits.

6. Termination and Severance Benefits.

a. Death. The death of Executive shall automatically terminate the Company's obligations hereunder, provided however, the Company shall pay to Executive's estate Executive's Base Compensation, Management Incentive/Bonus (pro-rata in accordance with and at the payment date provided in the Company's Management Incentive Plan) and accrued vacation pay through the date of termination.

b. Disability. If Executive is unable to render services of substantially the kind and nature, and to substantially the extent, required to be rendered by Executive hereunder due to illness, injury, physical or mental incapacity or other disability, for sixty (60) consecutive days or shorter periods aggregating at least one hundred eighty (180) days within any twelve (12) month period, Executive's employment may be terminated by Company and Executive shall be entitled to Base Compensation, Management Incentive/Bonus (pro-rata in accordance with and at the payment date provided in the Company's Management Incentive Plan) and accrued vacation pay through the date of termination.

c. Resignation. If Executive resigns his employment during the Employment Term, the Company shall have no liability under this Agreement, except as may be specifically provided for in Company plans in cases of resignation, to Executive except to pay Executive Base Compensation and any accrued but unused vacation pay through his last day worked and Executive shall not be entitled to receive severance or other benefits.

d. Termination by Company for Cause. The Company may terminate the Executive for Cause upon giving sixty (60) days written notice to the Executive. Any such written notice must specify the reasons for the termination. If the Executive's employment is terminated

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for Cause, as defined herein, the Company shall have no liability under this Agreement to Executive except to pay Executive Base Compensation and any accrued but unused vacation pay through his last day worked and Executive shall not be entitled to receive severance or other benefits.

e. Termination bpi Company Without Cause. If the Company terminates Executive's employment effective during the Employment Term without Cause (as defined herein), Executive shall be entitled to receive his Base Compensation for the remainder of the Employment Term or the sum of Eight Hundred Thousand Dollars (\$800,000) whichever is greater. Such sum shall, be payable monthly or in one lump sum at the sole election of Executive within thirty (30) days after the Termination Date.

(1) In addition, Executive shall have the right to receive all vested restricted common stock and shall have Ninety (90) days after the Date of Termination in which to exercise all vested Stock Options.

f. Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive (other than by reason of death) shall be effectively communicated to the other party by written notice identifying the effective date of termination and the reason or cause for termination.

g. The following acts by Executive shall constitute "Cause" for termination.

(1) Willful theft or embezzlement, or willful attempted theft or embezzlement, of money or intangible assets or property of Company;

(2) Any willful act knowingly committed that subjects the Company or any officer of the Company to any criminal liability for such act;

(3) Conviction of a felony involving moral turpitude;

(4) Gross and willful misconduct by Executive that results in a material injury to the Company;

(5) A finding of willful dishonesty of Executive that results in a material injury to the Company;

(6) Willful malfeasance by Executive, provided that such malfeasance in fact has an injurious effect on the Company; and

(7) Willful insubordination or willful refusal to perform assigned duties provided that Executive shall have an opportunity of thirty (30) days to cure any such act or failure to act.

(8) Executive's material breach of this Agreement.

h. Change of Control. In the event of a Change of Control (as defined below), Executive shall be entitled to the benefits as described under section 6(e), Termination by Company Without Cause, if any of the following occurs:

(1) Executive is Terminated without Cause within the first twelve (12) months following the Change of Control;

(2) Executive voluntarily resigns after Executive's title, role, duties, compensation or responsibilities within the Company are materially changed or reduced within the first twelve (12) months following the Change of Control, provided Executive must provide the Company notice of his intent to resign under this section 6(h).

Provided further that, during the first twelve (12) months following such Change of Control, or any material change in Executive's title, role, duties, compensation, or responsibilities shall result in a one hundred percent (100%) acceleration of Executive's vesting schedule and Executive shall have the remaining life of the original option term to exercise such options, notwithstanding any provisions of any stock option agreement to the contrary.

"Change of Control" shall mean the acquisition by any individual or business entity ("Person") of beneficial ownership of more than fifty percent (50%) of the equity or voting power of the Company, excluding any acquisition by the Company or any Company employee benefit or trust.

7. Confidential and Proprietary Information.

a. Executive covenants that after the date of this Agreement, he will not use or disclose to any person, entity, association, firm or corporation, without the written authorization of the Board, any of the Company's Confidential Information. The term "Confidential Information" means information and data not generally known outside the Company (unless a result of a breach of any of the obligations imposed by this Agreement or the wrongful conduct of any third party) concerning the Company's business and technical information, and includes, without

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limitation, information relating to: (i) the identities of its customers and their purchasing habits, needs, credit histories, contact personnel and other information; (ii) suppliers' and vendors' costs, products, discounts, margins, contact personnel and other information; and (iii) the Company's trade secrets, price lists, margins, discounts, financial and marketing information, personnel and compensation information, business plans and operating procedures and techniques.

Executive understands that this Section 7 applies to computerized as well as written information and to other information, whether or not in written form. It is expressly understood, however, that the obligations of this Section 7 shall only apply for as long as and to the extent that the Confidential Information has not become generally known to or available for use by the public other than by Executive's wrongful act or omission or the wrongful act of any third party.

b. Executive covenants that at the end of his employment (regardless of the reason for termination) with the Company he will not take with him any Confidential Information that is written, computerized, machine readable, model, sample or other form capable of physical delivery, without the prior written consent of the Company. The Executive also agrees that at the end for any reason of his employment with the Company or at any other time that the Company may request, he will deliver promptly and return to the Company all such documents and materials in his possession or control, along with all other property of the Company and property relating to the Company's suppliers, customers and business.

c. Executive agrees that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information which relates to the Company or any of its Subsidiaries' actual or anticipated business, research and development of existing or future products or services (including new contributions, improvements, ideas and discoveries, whether patentable or not) and which are conceived, developed or made by Executive while employed by the Company ("Work Product") belong to the Company or such Subsidiary. Executive will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board to establish and confirm such ownership. All work shall be deemed work made for hire. For purposes of this Agreement the term "Subsidiary" means any corporation or other entity of which the securities having a majority of the voting power in electing directors or similar persons are, at the time of determination, owned by the Company, directly or through one or more subsidiaries. Notwithstanding the foregoing, this Section 7(c) shall not apply to an invention that Executive developed entirely on his own time without using the Company's equipment, supplies, facilities or trade secret information except for those inventions that either (i) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by Executive for the Company.

8. Non-Compete. The Executive and the Company agree that the Company's business will be national in scope and depends, to a considerable extent, upon the individual efforts of the Executive in sales, marketing and management. . Further, the Company and Executive recognize that in the course of Executive's employment with the Company, Executive has had and will continue to have access to substantial amount of confidential and proprietary information and trade secrets relating to the business of the Company, and that it would be detrimental to the business of the Company, and have a substantial detrimental effect on the value of the Company and Executive's employment if Executive were to compete with the Company upon termination of his employment. Executive therefore agrees, in consideration of the Company entering this Agreement, establishing the base annual compensation and other compensation benefits at the level herein provided for, that during the period of the term of his employment with the Company, whether pursuant to this Agreement or otherwise, and continuing for the lesser of (i) a period of two (2) years thereafter; or (ii) the longest period permitted by applicable law (such period referred to herein as the "Restricted Period"), he shall not, without the prior written consent of the Company, directly or indirectly, either for himself or for any other person or entity:

a. Anywhere in the continental United States of America in which the Company has been conducting, or intends to conduct business, engage or participate in, or assist, advise or be connected with (including as an owner, partner, shareholder, advisor, consultant, agent or (without limitation by the specific enumeration of the foregoing) or otherwise, or permit his name to be used by or render services for, any person or entity engaged in, or making plans to engage in, a business which is competitive with, or substantially similar to, the Company's business (a "Competing Business"); provided, however, that nothing in this Agreement shall

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prevent Executive from acquiring or owning, as a passive investment, up to two percent (2 degrees/D) of the outstanding voting securities of an entity, in the aggregate, engaged in a Competing Business which are publicly traded in any recognized national securities market;

b. Take any action which might divert from the Company any opportunity (each, an "Opportunity") which would be within the scope of the Company's business, and shall offer each Opportunity to the Company which the Company may, in its sole discretion, decide to pursue or not;

c. Solicit, attempt to solicit, aid in the solicitation of, or accept any orders from any person or entity who is or has been a customer of the Company at any time during the period beginning one (1) year prior to the date hereof through the Restrictive Period, to purchase products or services from any person or entity which products or services were previously supplied or performed, as the case may be, by the Company;

d. Solicit, attempt to solicit or aid in the solicitation of, any person or entity who is or was a customer, supplier, licensor, licensee or person or entity having any other business relationship with the Company, at any time during the period beginning one (1) year prior to the date hereof through the Restrictive Period, to cease doing business with or alter its business relationship with the Company; or

e. Solicit or hire any person or entity who is (i) an officer or employee of the Company; or (ii) a director, officer or employee of the Company to perform services for any entity other than the Company or to terminate his or her employment with any of the foregoing entities.

f. The parties believe, in light of the facts known as of the date hereof, and after considering the nature and extent of the Company's business, the amount of compensation -and other benefits provided herein, and the damage that could be done to the Company's business by Executive's competing with the Company, that the foregoing covenant not to compete is reasonable in time, scope and geographical limitation. However, if any court should construe the time, scope or geographical limitation of the covenant not to compete to be too broad or extensive, it is the intention of the parties that the contract be automatically reformed, and as so reformed, enforced, to the maximum limits which may be found to be reasonable by such court.

9. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, successors, legal representatives and assigns.

10. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and either delivered in person or sent by first class, certified or registered mail, postage prepaid, if to the Company at the Company's principal place of business, and if to the Executive, at his home address most recently filed with the Company, or to such other address as either party shall have designated in writing to the other party.

11. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

12. Severability and Construction. If any provisions of this Agreement is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this Agreement and the balance of this Agreement shall remain in full force and effect. If a court of competent jurisdiction determines that any restriction in this Agreement is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court to include the maximum reasonable restriction allowed by law.

13. Remedies. Executive and Company acknowledge and agree that damages would not adequately compensate Company if Executive were to breach any of his covenants contained in this Agreement. Consequently, Executive agrees that in the event of any such breach, Company shall be entitled to enforce this Agreement by means of an injunction or other equitable relief, in addition to any other remedies available including, without limitation, termination of Executive's employment for Cause.

14. Waiver. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition.

15. Entire Agreement Modifications. This Agreement (including all exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreement, oral and written, between the parties hereto with respect to the subject matter hereof. This Agreement may be modified or amended only by an instrument in writing signed by both parties.

16. Employment and Income Taxes. All payments made to Executive pursuant to this Agreement will be subject to withholding of employment taxes and other lawful deductions, as applicable.



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17. Waiver and Release. Payment by the Company to the Executive of severance benefits under Section 6 of this Agreement shall be in lieu of any and all other severance benefits or rights in the case of termination of employment to which Executive might otherwise be entitled under policies or practices of the Company or otherwise. In consideration of this Employment Agreement, Executive, on behalf of himself and his heirs, successors and assigns, forever releases and discharges the Company, its officers, directors, employees, agents, affiliates and insurers from any and all known or unknown claims, obligations or liabilities, whether in contract or tort or based on or through any federal, state or local statute, including but not limited to the Age Discrimination in Employment Act, relating to or arising out of Executive's employment with the Company or the termination of that employment. The foregoing waiver does not apply to any rights or actions under this Agreement.

18. Voluntary Execution of Agreement. Executive represents and agrees that he has carefully read and fully understands all of the provisions of this Agreement and that he is voluntarily entering into this Agreement. Executive further affirms that, prior to the execution of this Agreement, he has been advised to and has had an opportunity to consult independent counsel concerning the terms and conditions hereof.

19. Indemnification. The Company agrees to indemnify Executive to the fullest extent permitted under applicable law as provided in the Company's Bylaws for officers generally.

20. Successors and Assigns. This Agreement shall bind and shall inure to the benefit of the Company and any and all of its successors and assigns. This Agreement is personal to Executive and shall not be assignable by Executive. The Company may assign this Agreement to any entity which (i) purchases all or substantially all of the assets of the Company or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of the Company. Any such assignment shall be valid so long as the entity which succeeds to the Company expressly assumes the Company's obligations hereunder and complies with its terms.

21. Arbitration. Any dispute, controversy or claim between the Company and the Executive arising out of or relating to this Agreement or the breach, termination, or invalidity hereof, shall promptly and expeditiously be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of such arbitration proceeding utilizing a single arbitrator. The arbitration shall apply the substantive laws of Illinois and be held in Chicago, Illinois.

IN WITNESS WHEREOF, the Company and Executive have duly executed and delivered this Agreement as of the day and year first above written.

A. M. CASTLE CO.
By:

Title: _____

G. THOMAS MCKANE

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Exhibit 10.9

AGREEMENT

THIS AGREEMENT, dated April 26, 2001, is entered into by and between A. M. Castle & Co., a Maryland corporation ("Castle") and _____ ("Executive").

WHEREAS, the Executive has rendered valuable service to Castle and Castle desires to be assured that the Executive will continue rendering such service to Castle; and

WHEREAS, the Executive is willing to continue to serve Castle, but desires assurance that he will be protected in the event of any change in control.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

1. Castle agrees that if:
 - a. There is a change in control of Castle; and
 - b. Within 24 months after the date of such change in control, Executive's:
 - ! Duties and/or responsibilities have been
 - (i) substantially changed or
 - (ii) reduced; or
 - ! Has been transferred or relocated; or
 - ! Compensation has been reduced; and Executive terminates the employment within 30 months after the date of the change in control; or
 - c. The Executive has been discharged or his employment has been terminated by the Company for whatever reason (other than discharge for cause, death or disability) within 24 months after the date of such change in control, then
2. Castle shall provide and the Executive shall receive the following:
 - a. A lump sum cash payment in the amount of Executive's total compensation for the last 12 months prior to the date of the change in control date divided by 12 times 35, but in no event more than 2.99 times the average of Total Compensation for the last 5 calendar years prior to the change in control date.

In addition to the foregoing, the Executive shall

 - (i) be allowed to exercise any and all vested stock options awarded to him, which remain unexercised, for an additional 12 months after the termination date notwithstanding any other provisions of the Plan; and
 - (ii) notwithstanding termination prior to the end of a calendar year, be awarded any earned but not paid bonuses as of the termination date to be prorated to the termination date.
 - b. Continued coverage by all of Castle's medical, health and dental plans or, in the event Castle's plans have been terminated, equivalent plan coverages for a period of twenty-four (24) months after such change of control.
 - c. An additional retirement benefit over and above that which the Executive normally would be entitled to under Castle's retirement plan, equal to the actuarial equivalent of the additional amount that that Executive would have earned under such retirement plan or programs had he accumulated three (3) additional continuous years of service. Such amount shall be paid to the Executive in a cash lump sum payment at his normal retirement age. The Executive may also elect to receive such payment at his earlier retirement age as provided for in the retirement plans with the corresponding actuarial reduction and amount of such payments based upon the earlier date of such payments.

3. The amounts paid to the Executive hereunder shall be considered severance pay in consideration of past services he has rendered to the Company and in consideration of his continued service from the date hereof to his entitlement of those payments.

4. The Executive shall have no duty to mitigate his damages by seeking other employment. Should the Executive actually receive other payments from any other employment, the payments called for hereunder shall not be reduced or offset by any such future earnings.

5. In the event that upon a change in control an immediate vesting of stock options, previously granted to Executive, occurs such that the value of the accelerated vesting is, for tax purposes, added to the value of the lump sum cash payment provided herein, the lump sum cash payment shall be increased by an amount necessary to pay any excise tax levied such that the net amount, after payment of



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Exhibit 10.9

any such tax, is equal to what would have been received by Executive but for the inclusion of the accelerated stock option value.

6. As used herein, the following definitions shall control.

a. The term "Change in Control" shall mean either:

i. Ownership, whether direct or indirect, of shares in excess of twenty five percent (25%) of the outstanding shares of common stock of Castle by a person or group of persons other than Simpson Estates; or

ii. The occurrence of any transaction relating to Castle required to be described pursuant to the requirements of Item 5(f) of Schedule 14(a) of Regulation 14(a) of the Securities Exchange Act of 1934 as promulgated by the Security Exchanges Commission.

iii. Any change in the composition of the Board of Directors of Castle over a two (2) year period which results in a majority of the then present directors of Castle not constituting a majority two (2) years later, provided that in making such determination, directors who are elected by or under recommendation of the then present majority shall be excluded.

b. "Total Compensation" shall mean the compensation amount shown on the Executive's W-2 Form plus all pre-tax amounts deducted for payment to Castle's retirement, profit sharing and health plans.

7. The arrangements called for by this Agreement are not intended to have any effect on the Executive's participation in any other benefit available to executive personnel or to preclude other compensation or additional benefits as may be authorized by the Board of Directors from time to time.

8. This Agreement shall be binding and shall inure to the benefit of the respective successors, assigns, legal representatives and heirs to the parties hereto.

9. This Agreement shall terminate, even though prior to the acquisition or any change in control of Castle as defined herein, if the Executive shall voluntarily, resign, retire, become permanently and totally disabled, voluntarily take another position requiring a substantial portion of his time, or die. This Agreement shall also terminate if the Executive's employment as an officer of Castle shall have been terminated for any reason by the Board of Directors of Castle as constituted prior to any announced acquisition or change in control of Castle as defined herein.

ATTEST:

A. M. CASTLE & CO.

By: _____
Secretary

By: _____
Chairman of the Human Resources
Committee of the Board of Directors

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Exhibit 10.10

OBJECTIVES

A.M. Castle & Co. has designed an Executive Incentive Plan to accomplish the following objectives:

- To focus the participant's behavior towards the achievement of the goals set by the Corporation.
- To create a team environment that will reward outstanding performance.

ELIGIBILITY

Executives are eligible to participate in the plan as recommended by the President & Chief Executive Officer and approved by the Board of Directors. An Executive must be employed by the Company for the entire calendar year to be eligible for a payment. No pro-rated payments will be made unless reviewed and approved by the President & Chief Executive Officer.

INCENTIVE OPPORTUNITY

Participants under this plan have the opportunity to earn a percentage of their annual base salary as an incentive. Specific eligibility percentages by position are reviewed on an annual basis. Any changes or deviations must be approved by the President & Chief Executive Officer.

INCENTIVE GOALS

Castle pays incentive to Executive personnel to reward them for meeting and exceeding the Business Plans ("BPlan") as approved and adopted by Castle's Board of Directors. The BPlan is consistent with our Corporate focus, which is to increase the total return to our shareholders. The critical factors necessary for the Company to improve its overall performance continues to be net earnings and the efficient use of working capital.

The net earnings after tax and working capital goals are based on the BPlan that were recommended by the President & Chief Executive Officer and approved by the Board of Directors. The goals provide a realistic view of the products and the markets in which the Company participates.

KEY MEASUREMENT CRITERIA

Net earnings after tax and working capital will be the two measurement components for all Executives with the exception of the Vice Presidents in the Merchandising Group. The Vice presidents in the Merchandising Group will have a profit component specific to their responsibility. Each measurement will be calculated independently which means that participants can receive payment under one component while not attaining cut-in for the other components. The corridor for the plan components establish cut-in at 50% and maximum at 150% of the approved BPlan.



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NET EARNINGS AFTER TAX

The net earnings after tax goal is based on the BPlan for the Corporation. Cut-in and maximum goals will be established based on the Board approved parameters. The Business Plan goal will be the midpoint of the corridor and will represent a 50% attainment of the maximum goal.

WORKING CAPITAL

The working capital component will be measured using two separate independent measurements, DSI and DSO. Each component's attainment is measured separately and is not contingent on the other to receive a payout.

DISCRETIONARY FEATURE

The president & Chief Executive Officer has the authority to grant additional discretionary incentive payments, or deny incentive payments based on special or unique circumstances that arise throughout the plan year.

EMPLOYMENT

Participation in this plan does not guarantee employment. Payments from this plan are dependent on continued eligibility and employment with the Corporation.

The decision to award any incentives under the plan is reserved by the President & Chief Executive Officer. This includes individuals whose employment with the company is voluntarily or involuntarily terminated, or who retire during the calendar year.



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Exhibit 10.11

Description of Director's Deferred Compensation Plan

Under the Director's Deferred Compensation Plan, directors who are not officers of Castle have the option to defer payments of the retainer and meeting fees in either a stock equivalent unit account or an interest account. Fees held in the interest account are credited with interest at the rate of six percent per year compounded annually. Fees deferred in the stock equivalent accounts are divided by Castle's common stock price on the 15th day after the meeting for which payment is made to yield a number of stock equivalent units. The stock equivalent account is credited on the dividend payment date with stock equivalent units equal to the product of the declared dividend per share multiplied by the number of stock equivalent units in the director's account on the record date of the dividend. Disbursement of the interest account and the stock equivalent unit account can be made only upon a director's resignation, retirement or death. If payment from the stock equivalent unit account is made in shares of Castle's common stock, it will be made as of the date of the request or termination event, whichever occurs last.

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Exhibit 21.1

Subsidiaries of Registrant

A. M. Castle & Co.

- A. M. Castle & Co. (Canada) Inc.
- Castle Metals de Mexico, S.A. de C.V.
- Castle Foundation, Inc.
- Castle IND MGR, Inc.
- Castle SPFD, LLC
- Datamet, Inc.
- Hy-Alloy Steels Company
- KSI, LLC
- Keystone Services Inc.
- Keystone Tube Company LLC
- Metal Express, LLC
- Oliver Steel Plate Co.
- Pacific Metals Company
- Total Plastics, Inc.
- Advanced Fabricating Technology, LLC
- Paramont Machine Company, LLC

Joint Venture

Kreher Steel Company, LLC

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 33-30545, 33-37818, 333-118030, and 333-118031 on Form S-8 and Registration Statements Nos. 333-87254 and 333-106709 on Form S-3 of our report dated March 15, 2005, relating to the consolidated financial statements and financial statement schedule of A.M. Castle & Co. and subsidiaries (which report expresses an unqualified opinion and includes an explanatory paragraph related to a change in accounting for goodwill and intangible assets) and our report dated March 15, 2005, relating to management's report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of A.M. Castle & Co. for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Chicago, IL
March 15, 2005
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Exhibit 31.1

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

I, G. Thomas McKane, certify that:

1. I have reviewed this annual report on Form 10-K of A. M. Castle & Co.;
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 registrant'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 officers 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 15, 2005

/s/ G. Thomas McKane

G. Thomas McKane
Chairman and Chief Executive Officer
(Principal Executive Officer)



Exhibit 31.2

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

I, Lawrence A. Boik, certify that:

6. I have reviewed this annual report on Form 10-K of A. M. Castle & Co.;
7. 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;
8. 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;
9. 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 registrant'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
10. The Company's other certifying officers 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 15, 2005

/s/ Lawrence A. Boik

Lawrence A. Boik
Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**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, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, G. Thomas McKane, President and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 respects, the financial condition and results of operations of the Company.

/s/ G. Thomas McKane

G. Thomas McKane
Chairman and Chief Executive Officer
March 15, 2005

Exhibit 32.2

**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 Annual Report of A. M. Castle & Co. (the "Company") on Form 10-K for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence A. Boik, Vice President and Chief Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 respects, the financial condition and results of operations of the Company.

/s/ Lawrence A. Boik

Lawrence A. Boik
Vice President and Chief Financial Officer
March 15, 2005