

BAILMENT AGREEMENT

This Bailment Agreement (“**Agreement**”) is entered into by and between **Kloeckner Metals Corporation**, a Delaware corporation, with a principal place of business at 500 Colonial Center Parkway, Suite 500, Roswell, GA 30076, for the benefit of itself and for the benefit of its subsidiaries and affiliates (“**Company**”), and the processor identified below (“**Processor**”):

Processor Name: _____

Doing Business as (if applicable): _____

State of Incorporation or Organization: _____

Processor Address: _____

Date of this Agreement: _____

WHEREAS, Company is engaged in the business of processing (including cutting, slitting, leveling and/or burning) and distributing steel and other metal products;

WHEREAS, Processor is engaged in the business of (i) cutting, slitting, leveling, finishing and/or otherwise processing steel and other metal products, and/or (ii) painting and/or coating steel and other metal products, and/or (iii) the warehousing/storage of steel and other metal products (collectively, to the extent provided by Processor to Company, the “**Services**”); and

WHEREAS, to induce Company to engage or continue to engage Processor to render the Services, Processor has agreed to enter into this Agreement for the benefit and protection of Company and other persons described below;

NOW, THEREFORE, Processor hereby agrees and acknowledges as follows:

1. **Delivery and Bailment of Company Inventory**. Company may from time to time ship, or otherwise cause to be delivered, to Processor, on bailment, coils or rolls of steel, and/or other metal products, for the purpose of Processor rendering the Services and subsequently shipping such products to Company or to such other persons as Company may designate. The term “**Company Inventory**” shall mean all such products of Company delivered to and in the possession of Processor, whether before, during or after the rendering of the Services. The terms and condition upon which Processor has agreed or will agree to render the Services and Company has agreed or will agree to pay for the Services are and/or will be subject

to such purchase orders or other agreements as may be agreed to from time to time by Company and Processor (the “**Services Agreements**”); but in the event of any conflict or inconsistency between the terms of this Agreement and the terms of any of the Services Agreements, the terms of this Agreement shall control.

2. **Location of Company Inventory.**

(a) Processor agrees that the Company Inventory will be kept and held by Processor solely at the address set forth above and/or at such other addresses as are specified on Exhibit A attached hereto (the “**Premises**”), and shall not be removed from the Premises except as expressly provided in this Agreement.

(b) With respect to each Premises which is not owned by Processor, Processor has provided on Exhibit A the correct and complete name, address and individual contact name for the third party who owns or controls such Premises and with whom Processor has entered into any agreement regarding the warehousing of goods at such Premises, and Processor hereby covenants to promptly update the Company upon any change to such information. Further, Processor shall (i) provide written notification to each such third party identifying the Company as the owner of the Company Inventory or portion thereof which may be stored at such third party’s Premises from time to time (which notice may be in the form of a photocopy of this Agreement), and (ii) require that each agreement Processor enters into with such third parties permits the Company to have access to the respective Premises as set forth in Section 4 below. This subsection (b) shall only apply in the event that any of the Premises are owned by a party other than Processor.

3. **Title to Company Inventory.** Processor acknowledges and agrees that title to all of the Company Inventory is and shall at all times remain with and be held solely by Company, and Processor neither has nor shall make any claim with respect thereto. Processor neither has nor claims any ownership interest, security interest, lien or other rights in or to any of the Company Inventory or any of the proceeds thereof (other than such liens thereon as may be provided by operation of law to the extent Processor has rendered Services with respect to the Company Inventory), and Processor will not (i) make any express or implied representations to any person to the contrary, (ii) grant or purport to grant any security interest or lien in or on any of the Company Inventory to any other person, or (iii) permit or suffer to exist any lien on any of the Company Inventory in favor of any person (other than liens imposed thereon by Company’s acts or omissions). Processor agrees to discharge at its expense any lien asserted against the Company Inventory (other than liens imposed thereon by Company’s acts or omissions) and to take such steps as may be necessary, from time to time, to preserve all rights of Company in the Company Inventory against third parties.

4. **Identification of the Company Inventory.** Processor agrees to affix to all Company Inventory tags identifying such materials as owned by Company, to store all Company Inventory that has been processed by Processor on pallets that are similarly identified, and to otherwise store and maintain all of the Company Inventory at all times in such a manner as to clearly identify it as owned by Company. Processor agrees not to commingle any of the Company Inventory with inventory or other goods that are not owned by Company. Upon

request of Company made from time to time, Processor shall permit employees or agents of Company access to the Premises (or such other locations where Processor may maintain records regarding Company Inventory) during normal business hours for purpose of Company's inspection of the Company Inventory and any records maintained by Processor with respect to the Company Inventory or the Services.

5. **Control and Removal of Company Inventory.** Processor agrees that Company shall at all times have the right to remove any or all of the Company Inventory, and Processor agrees to ship the Company Inventory at Company's direction to such persons as Company may designate, from time to time, on the condition that Company pay to Processor any accrued and unpaid costs incurred for any Services rendered by Processor for Company in accordance with the terms set forth in the Services Agreements. At no time, however, shall Company be deemed to have sold or otherwise transferred title to any Company Inventory to Processor (unless and until such a transaction is reflected by customary documents reflecting a sale by Company and purchase by Processor of such products), nor shall Processor have any right to sell any Company Inventory to any other person.

6. **Insurance and Risk of Loss.** Processor agrees to keep all of the Company Inventory insured against theft, destruction and other perils customarily covered by inventory insurance with insurance companies and at levels of coverage satisfactory to Company, and to bear all risks of loss with respect to the loss of or damage to the Company Inventory while in Processors possession. The Company shall be named as loss payee and additional insured by endorsement on all such insurance policies maintained by Processor. No such policy shall be terminated (for whatever reason), expire or be materially modified without at least 30 days prior written notice to Company (the "**30 Day Notice**"). Immediately following execution of this Agreement by Processor and on an annual basis thereafter, it shall furnish an up to date certificate(s) of insurance to Company specifically evidencing that the Processor has inventory insurance in place as required by this Section 6 and is otherwise in compliance with its obligations under this Section 6. Without limiting the above, the certificate(s) shall be specifically endorsed to state that: (i) the insurance covers special causes of loss (including theft) to personal property of others at its replacement cost; (ii) the Company is named as loss payee and additional insured; and (iii) the 30 Day Notice applies.

7. **Persons Bound by and Entitled to the Benefit of this Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including any successor to Company's interest in or to any of the Company Inventory. In addition, Processor acknowledges that it is entering into this Agreement for the benefit of the banks and/or other financial institutions that are now, or may hereafter be, lenders to Company or to any company that has, directly or indirectly, an ownership interest in Company ("**Parent**"), and to such lenders' respective successors and assigns (individually, a "**Lender**" and collectively, the "**Lenders**"). Processor acknowledges that the Lenders are express third party beneficiaries of this Agreement and are entitled to enforce Company's and their rights hereunder as if parties hereto. As of the date of this Agreement, the Lenders consist of Wells Fargo Bank, National Association ("**Wells Fargo Bank**"), as agent for

itself and certain other banks. Company may at any time and without notice to Processor cause other Lenders to be added to or substituted for Wells Fargo Bank.

8. **Certain Rights of the Lenders.** Processor shall release any or all of the Company Inventory to Company or as directed by Company (as provided in Section 5 above) until such time (if any) as Company receives a written notice from Wells Fargo Bank (or any other Lender identified by Company to Processor after the date hereof) to the contrary; and in the event of such notice from such a Lender, Processor agrees to release Company Inventory only as directed by such Lender in writing. Company agrees that Processor shall have no liability to Company as a result of Processor acting in accordance with such instructions by any such Lender. The Lenders shall be entitled to possession of any or all of the Company Inventory, on the condition that Company pay to Processor any accrued and unpaid costs incurred for any Services rendered by Processor for Company on the terms set forth in the Services Agreements.

9. **Miscellaneous.** This Agreement shall be governed, with respect to any Company Inventory, by the law of the State of Georgia. This Agreement may be executed in counterparts, and shall take effect when a copy executed by Processor is executed and delivered or telecopied to Company and the first to occur of (i) if at the time of such delivery or telecopy to Company, Processor is in possession of any Company Inventory, upon receipt thereof by Company, or (ii) Company's subsequent delivery of any Company Inventory to processor, or (iii) upon Company's execution and delivery to Processor of a counterpart of this Agreement. This Agreement shall constitute a continuing agreement and shall be deemed to be in effect during such time as there is any Company Inventory. Neither this Agreement, nor any term hereof may be charged, discharged, modified, amended, waived or consensually terminated, except only by an instrument in writing signed by a representative of each of the parties duly authorized for that purpose.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Kloeckner Metals Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

Other addresses of Processor where Company Inventory will be kept.

(None - unless specifically stated in this Exhibit A.)