IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HORSEHEAD HOLDING CORP., et al.,[1]	)	Case No. 16-10287 (CSS)
Debtors.	)	Jointly Administered

DEBTORS' SECOND AMENDED DISCLOSURE STATEMENT FOR THE DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated as of: July 12, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Horsehead Holding Corp. (7377); Horsehead Corporation (7346); Horsehead Metal Products, LLC (6504); The International Metals Reclamation Company, LLC (8892); and Zochem Inc. (4475). The Debtors' principal offices are located at 4955 Steubenville Pike, Suite 405, Pittsburgh, Pennsylvania 15205.

PREAMBLE[2]

THE DEBTORS[3] ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREOF. EACH DEBTOR MUST SATISFY THE CONFIRMATION REQUIREMENTS SUMMARIZED IN ARTICLE VII HEREOF WITH RESPECT TO THE PLAN. ACCORDINGLY, IT IS POSSIBLE THAT THE BANKRUPTCY COURT CONFIRMS THE PLAN WITH RESPECT TO SOME, BUT NOT ALL, OF THE DEBTORS.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING AND IN REVIEWING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE RESTRUCTURING DOCUMENTS, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S OR THE CANADIAN COURT'S APPROVAL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S OR THE CANADIAN COURT'S APPROVAL OF THE PLAN.

THE DEADLINE TO VOTE ON THE PLAN IS **AUGUST 19, 2016, AT 5:00 P.M., PREVAILING EASTERN TIME** (THE "VOTING DEADLINE"). TO BE COUNTED, VOTES TO ACCEPT OR REJECT THE PLAN MUST BE RECEIVED BY THE NOTICE AND CLAIMS AGENT BY THE VOTING DEADLINE.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CANADIAN PROCEEDINGS, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED BY REFERENCE HEREIN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE DEBTORS' MANAGEMENT. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE FINANCIAL PROJECTIONS ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC,

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2 Defined terms used in this Preamble shall have the meaning ascribed to them herein.

3 Underlined, all-capitalized terms indicate that such term is a defined term.

COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE LIKELIHOOD THAT THE DEBTORS WILL ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL, STATE, OR PROVINCIAL SECURITIES LAWS OR OTHER SIMILAR LAWS. THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED TO CREDITORS WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE, PROVINCIAL, OR LOCAL LAW. THE DEBTORS WILL INSTEAD RELY UPON (A) THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE, OR (B) TO THE EXTENT THAT THE EXEMPTION PROVIDED BY SECTION 1145 IS EITHER NOT PERMITTED OR NOT APPLICABLE, THE EXEMPTION SET FORTH IN SECTION 4(A)(2) OF THE SECURITIES ACT OR REGULATION D PROMULGATED THEREUNDER. THIS DISCLOSURE STATEMENT DOES NOT PROVIDE ANY LEGAL OR TAX ADVICE.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR CANADIAN PROVINCIAL SECURITIES ADMINISTRATOR, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR CANADIAN PROVINCIAL SECURITIES ADMINISTRATOR HAS CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR PASSED UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' AND THE REORGANIZED DEBTORS' BUSINESSES AND MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR SIMILAR EXPRESSIONS THAT IDENTIFY THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. **MAKING INVESTMENT DECISIONS BASED ON THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.**

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR EXPECTED FUTURE RESULTS AND OPERATIONS. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THEIR FINANCIAL CONDITION SET FORTH HEREIN AND THAT THE ASSUMPTIONS

REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR MANAGEMENT'S ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR THE REORGANIZED DEBTORS, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE, AND/OR PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS HAVE ANY AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS OTHERWISE REQUIRED BY LAW. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED IN TITLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT SUCH MATERIAL CONDITIONS PRECEDENT WILL BE SATISFIED OR WAIVED. YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING, BUT NOT LIMITED TO, THE PLAN AND ARTICLE VIII OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, SUCH CONFIRMATION IS RECOGNIZED BY THE CANADIAN COURT, AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND/OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

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ARTICLE I.
INTRODUCTION

This disclosure statement (this "Disclosure Statement") provides information regarding the *Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), which the Debtors are seeking to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**. All capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. The rules of interpretation set forth in Article I.B of the Plan shall govern the interpretation of this Disclosure Statement.

The Debtors operate in three distinct, but related, lines of business: (a) the recycling and processing of electric arc furnace ("EAF") dust and other zinc-bearing material to produce and sell zinc and other metals; (b) the production and sale of zinc oxide; and (c) the recycling and processing of a variety of metal-bearing waste material, and the production of nickel-based alloys. Due to events more fully described below, including, but not limited to, stressed commodity pricing environment, operational issues at the Debtors' primary zinc-processing facility, and a deteriorating liquidity situation, the Debtors filed for bankruptcy protection under chapter 11 on February 2, 2016. The Canadian Court recognized the Chapter 11 Cases as foreign main proceedings under Part IV of the CCAA on February 5, 2016. The Debtors entered chapter 11 to protect their assets and to formulate a balance sheet restructuring and deleveraging of the Debtors' current capital structure.

If confirmed and consummated, the Plan will eliminate more than $400.0 million in debt from the Debtors' balance sheet and will provide the Debtors with the capital necessary to fund distributions to the Debtors' creditors pursuant to the Plan and provide the Debtors with working capital necessary to fund ongoing operations. To effectuate the Plan, the Debtors will, among other things, pursuant to the UPA, receive $160.0 million and permit Eligible Holders to commit to purchase up to an additional $100.0 million on a post-Effective Date basis and consequently participate in the Additional Capital Commitment.[4] The proceeds received pursuant to the UPA, together with cash on hand and cash from operations, will be used to pay administrative and priority claims in full. The Plan eliminates substantially all of the Debtors' current debt load, provides full recoveries for creditors of Zochem, and provides meaningful recoveries for non-Zochem unsecured creditors. The Debtors respectfully submit that the Plan maximizes recoveries for the Debtors' stakeholders, right-sizes the Debtors' balance sheet, and preserves the Debtors' ongoing operations, including the jobs for the Debtors' approximately 700 employees.

The Debtors seek Bankruptcy Court approval of the Plan. Before soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of a chapter 11 plan. This Disclosure Statement is being submitted in accordance with such requirements. This Disclosure Statement includes, without limitation, information about:

- the Debtors' corporate history and corporate structure, business operations, and prepetition capital structure and indebtedness (Article IV hereof);
- events leading to the Chapter 11 Cases, including the Debtors' restructuring negotiations (Article IV hereof);
- significant events in the Chapter 11 Cases and the Canadian Proceedings (Article V hereof);
- the classification and treatment of Claims and Interests under the Plan, including who is entitled to vote and how to vote on the Plan (Article VI hereof);
- certain important effects of Confirmation of the Plan (Article VI hereof);
- releases contemplated by the Plan that are integral to the overall settlement of Claims and Interests pursuant to the Plan (Article VI hereof);

[4] The UPA is attached hereto as **Exhibit F**.

- the statutory requirements for confirming the Plan (Article VII hereof);
- certain risk factors Holders of Claims should consider before voting to accept or reject the Plan and information regarding alternatives to Confirmation of the Plan (Article VIII hereof); and
- certain United States federal income tax consequences of the Plan (Article X hereof).

In light of the foregoing, the Debtors believe this Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

The Debtors' boards of directors, board of managers, and managing members (collectively, the "Authorizing Bodies"), as applicable, have approved the Plan and the transactions contemplated therein and believe the Plan is in the best interests of the Debtors, the Debtors' Estates, and the Debtors' creditors. As such, the Authorizing Bodies recommend that all Holders entitled to vote, accept the Plan by returning their ballots, so as to be **actually received** by the Debtors' Notice and Claims Agent no later than **August 19, 2016, at 5:00 p.m. prevailing Eastern Time**. Assuming the requisite acceptances to the Plan are obtained, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing and thereafter recognition of such approval order by the Canadian Court.

The Plan and all documents to be executed, delivered, assured, and/or performed in connection with the Consummation of the Plan, including the documents to be included in the Plan Supplement, are subject to revision and modification from time to time prior to the Effective Date (subject to the terms of the Plan).

ARTICLE II.
TREATMENT OF CLAIMS AND INTERESTS

As set forth in Article III of the Plan, and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims) are classified into Classes for all purposes, including voting, Confirmation, and distributions pursuant hereto. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class. A Claim is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The table below summarizes the treatment of all unclassified Claims under the Plan. The treatment and the projected recoveries of unclassified Claims are described in summary form below for illustrative purposes only. Risk factors addressing the effects of the actual amount of Allowed classified Claims exceeding the Debtors' estimates, and the effect of such variation on creditor recoveries, and other risks related to Confirmation and the Effective Date of the Plan are addressed in Article VIII hereof. To the extent that any inconsistency exists between the summary contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

Estimated Allowed Claims identified in this Article II are based on the Debtors' books and records after reasonable inquiry, and are presented assuming a hypothetical Effective Date of September 30, 2016. Actual amounts of Allowed Claims could differ materially from the estimates set forth herein, and actual recoveries could differ materially from such estimates, on account of, among other things, any rejection damages that may occur as a result of the Debtors' rejection of Executory Contracts, including those deemed rejected pursuant to Article V of the Plan.

Unclassified Claim	Plan Treatment	Estimated Allowed Claims	Estimated Range of % Recovery Under the Plan	Estimated Range of % Recovery Under Chapter 7[5]
Administrative Claims	Unimpaired	$36,692,000	100.0%	0.0% to 100.0%[6]
Professional Fee Claims	Unimpaired	$16,480,000	100.0%	100.0%
DIP Facility Claims	Unimpaired	$92,250,000	100.0%	98.0% to 100.0%
Priority Tax Claims	Unimpaired	$3,002,000	100.0%	0.0% to 100.0%[7]

The tables below summarize the classification and treatment of all classified Claims and Interests against each Debtor (as applicable) under the Plan. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims or Interests shall be treated as set forth in Article III.B of the Plan. For all purposes under the Plan, each Class will apply for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor);[8] provided, that, certain Classes, as outlined in the Debtor-specific Claims classification tables below, shall be vacant with regard to certain Debtors.

The classification, treatment, and the projected recoveries of classified Claims are described in summary form below for illustrative purposes only and are subject to material change. In particular, recoveries available to the Holders of General Unsecured Claims are estimates based on information known to the Debtors as of the date hereof and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceed the estimates provided below. In such an instance, the recoveries available to the Holders of General Unsecured Claims could be materially lower when compared to the estimates provided below.[9] Additionally, Holders of General Unsecured Claims in Class 8B will receive their Pro Rata share of the General Unsecured Creditor Cash Pool, which has been allocated to each of the Debtors other than Zochem as agreed to among by each of the Ad Hoc Group of Noteholders, the Debtors, and the Creditors' Committee, and subject to reallocation, as set forth in Exhibit A attached to the Plan. To the extent that any inconsistency exists between the summaries contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

5 The estimated chapter 7 recovery ranges are set forth in the Debtors' liquidation analysis, attached hereto as **Exhibit C** (the "Liquidation Analysis").

6 As set forth in the Liquidation Analysis, each Debtor other than Zochem is projected to be administratively insolvent in a hypothetical liquidation undertaken pursuant to chapter 7 of the Bankruptcy Code.

7 As set forth in the Liquidation Analysis, each Debtor other than Zochem is projected to be administratively insolvent in a hypothetical liquidation undertaken pursuant to chapter 7 of the Bankruptcy Code.

8 For the avoidance of doubt, though estimated Allowed Claim amounts and recoveries in the tables below are aggregate Claim amounts and recoveries for all obligated Debtors, the recoveries against each Debtor with regard to the Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, Convertible Notes Claims, and Banco Bilbao Credit Agreement Claims are not duplicative.

9 Additionally, estimated recovery percentages for Class 4 and Class 5 are based on the valuation of the New Common Equity set forth in the Debtors' valuation analysis, attached hereto as **Exhibit D** (the "Valuation Analysis"). The estimated value of the New Common Equity is based on and corresponds to the estimated enterprise value of the Reorganized Debtors in the Valuation Analysis, which falls within a range from approximately $255.0 million to $305.0 million, with a midpoint estimate of approximately $280.0 million. Accordingly, actual recoveries available to Holders of Claims in Class 4 and Class 5 could materially differ based on, among other things, the underlying assumptions set forth in the Valuation Analysis.

Horsehead Holding Corp					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Convertible Notes Claims	Impaired	$100,000,000	2.5% to 3.7%	0.0%
Class 7	Banco Bilbao Credit Agreement Claims	Impaired	$17,400,000	17.2%	0.0%
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$92,772	7.0%	0.0%
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Vacant				
Class 12	Existing Interests	Impaired	N/A	0.0%	0.0%

Horsehead Corporation					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$4,999,984[10]	100.0%	0.0% to 100.0%
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				

10 This amount is derived from Schedule D of Horsehead Corporation's Schedules Filed on March 17, 2016 [Docket No. 305], after excluding Horsehead Corporation's funded debt liabilities (i.e., obligations on account of the Secured Notes Claims and the Macquarie Credit Agreement Claims).

Horsehead Corporation					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 7	Banco Bilbao Credit Agreement Claims	Impaired	$17,400,000	17.2%	0.0%
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$30,269,500	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$125,701,900	0.0%	0.0%
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

Horsehead Metal Products, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$6,587,423[11]	100.0%	0.0%
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				
Class 7	Vacant				
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$26,175,102	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$705,994,237	0.0%	0.0%
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%

11 This amount is derived from Schedule D of HMP's Schedules Filed on March 17, 2016 [Docket No. 307], after excluding HMP's secured funded debt liabilities.

Horsehead Metal Products, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 12	Vacant				

The International Metals Reclamation Company, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				
Class 7	Vacant				
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$3,636,691	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

Zochem Inc.					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Vacant				
Class 4	Vacant				

Zochem Inc.					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 5	Vacant				
Class 6	Vacant				
Class 7	Vacant				
Class 8A	General Unsecured Claims	Unimpaired	$7,404,569	100.0%	100.0%
Class 8B	Vacant				
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

ARTICLE III.
SOLICITATION, VOTING, ADDITIONAL CAPITAL COMMITMENT, AND CONFIRMATION DEADLINES

A. *Solicitation Packages.*

On July 11, 2016, the Bankruptcy Court entered the Disclosure Statement Order and on July 12, 2016, the Canadian Court recognized and gave effect to such order in Canada (the "Disclosure Statement Recognition Order"). For purposes of this Article III hereof, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Disclosure Statement Order. Pursuant to the Disclosure Statement Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (collectively, the "Solicitation Package"), including:

- the Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and the exhibits to the Plan, including the Plan Supplement);
- the Disclosure Statement Order (without exhibits thereto);
- the Disclosure Statement Recognition Order (without exhibits thereto);
- the Solicitation Procedures;
- the Confirmation Hearing Notice;
- an appropriate ballot with voting instructions with respect thereto, together with a pre-addressed, postage prepaid return envelope;
- a cover letter from the Debtors (1) describing the contents of the Solicitation Package, and (2) urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan;

- a letter from the Creditors' Committee urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan; and

- any supplemental documents the Debtors may File with the Bankruptcy Court or that the Bankruptcy Court or the Canadian Court orders to be made available.

The Solicitation Package may also be obtained: (a) from the Debtors' Notice and Claims Agent by (i) visiting http://dm.epiq11.com/Horsehead, (ii) writing to Horsehead Holding Corp., c/o Epiq Bankruptcy Solutions, LLC, Attn: Solicitation Group, P.O. Box 4422, Beaverton, Oregon 97076-4422, or (iii) calling (800) 520-4456; or (b) for a fee via PACER (except for ballots) at http://www.deb.uscourts.gov.

There will be no separate voting process for Canadian Holders of Claims or Interests, and Canadian Holders of Claims or Interests will be subject to the voting process set out in the Disclosure Statement Order and recognized in the Disclosure Statement Recognition Order. Canadian Holders of Claims or Interests may consult the Information Officer's website at http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings for additional information regarding the Canadian Proceedings.

B. *Voting Deadline.*

The deadline to vote on the Plan is **August 19, 2016, at 5:00 p.m., prevailing Eastern Time** (the "Voting Deadline"). All votes to accept or reject the Plan must be received by the Notice and Claims Agent by the Voting Deadline.

C. *Voting Procedures.*

The Debtors are distributing this Disclosure Statement, accompanied by a ballot to be used for voting to accept or reject the Plan, to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim in Class 4 (Secured Notes Claims), Class 5 (Unsecured Notes Claims), Class 6 (Convertible Notes Claims), Class 7 (Banco Bilbao Credit Agreement Claims), or Class 8B (Other General Unsecured Claims), you may vote to accept or reject the Plan by completing the ballot and returning it in the envelopes provided.

The Debtors have retained Epiq Bankruptcy Solutions, LLC to serve as the Notice and Claims Agent. The Notice and Claims Agent is available to answer questions concerning the procedures for voting on the Plan, provide additional copies of all materials, oversee the voting process, and process and tabulate ballots for each class entitled to vote to accept or reject the Plan. Canadian Creditors may also contact the Information Officer with questions regarding the Plan.

BALLOTS

Ballots must be actually received by the Notice and Claims Agent by the Voting Deadline, which is **August 19, 2016, at 5:00 p.m., prevailing Eastern Time**, at the following addresses:

If sent by first-class mail:

Horsehead Holding Corp.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4422
Beaverton, Oregon 97076-4422

If sent by personal delivery or overnight courier:

Horsehead Holding Corp.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
10300 SW Allen Blvd.
Beaverton, Oregon 97005

If you have any questions on the procedure for voting on the Plan, please call or email the Notice and Claims Agent at:

(800) 572-0455
tabulation@epiqsystems.com

For the avoidance of doubt, Beneficial Holders[12] of Beneficial Ballots must return their Beneficial Ballots to their Nominee(s) in sufficient time so that their Nominee(s) may verify, tabulate, and include such Beneficial Ballots in a Master Ballot and return the Master Ballots so that they are actually received in accordance with the voting instructions by the Voting Deadline. Any failure to follow the voting instructions included with the Ballot, Master Ballot, or Beneficial Ballot may disqualify your Ballot, Master Ballot or Beneficial Ballot and your vote on the Plan.

Canadian Creditors may also contact Richter Advisor Group Inc. in its capacity as Information Officer appointed in the Canadian Proceedings at:

Pritesh Patel, MBA, CFA, CIRP
(416) 642-9421
ppatel@richter.ca

More detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. All votes to accept or reject the Plan must be cast by using the appropriate ballot. All ballots must be properly executed, completed, and delivered according to their applicable voting instructions by: (a) first class mail, in the return envelope provided with each ballot; (b) overnight delivery; or (c) personal delivery, so that the ballots are **actually received** by the Notice and Claims Agent no later than the Voting Deadline at the return address set forth in the applicable ballot. Any ballot that is properly executed by the Holder of a Claim entitled to vote that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted.

[12] Capitalized terms used but not defined in this paragraph shall have the meaning ascribed such terms in the Disclosure Statement Order.

Each Holder of a Claim entitled to vote to accept or reject the Plan may cast only one ballot for each Claim held by such Holder. By signing and returning a ballot, each Holder of a Claim entitled to vote will certify to the Bankruptcy Court and the Debtors that no other ballots with respect to such Claim has been cast or, if any other ballots have been cast with respect to such Claim, such earlier ballots are superseded and revoked.

All ballots will be accompanied by return envelopes. It is important to follow the specific instructions provided on each ballot, as failing to do so may result in your ballot not being counted.

D. *Additional Capital Commitment.*[13]

The Plan provides that all Plan Sponsors that are Holders of Secured Notes Claims and "accredited investors," as such term is defined by Rule 501 of Regulation D, promulgated under the Securities Act (each, an "Accredited Investor"), with the ability to elect to commit to purchase Additional Capital Commitment Units, in each case, subject to the terms and conditions set forth in the UPA.

E. Plan Objection Deadline.

The Bankruptcy Court has established **August 19, 2016, at 5:00 p.m., prevailing Eastern Time**, as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest, in accordance with the Disclosure Statement Order, so that they are **actually received** on or before the Plan Objection Deadline. The Debtors believe that the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan before the Confirmation Hearing.

F. *Confirmation Hearing.*

Assuming the requisite acceptances are obtained for the Plan, the Debtors intend to seek confirmation of the Plan at the Confirmation Hearing scheduled on **August 30, 2016, 10:00 a.m., prevailing Eastern Time**, before the Honorable Christopher S. Sontchi, United States Bankruptcy Judge, in Courtroom No. 6 of the United States Court for the District of Delaware, 824 North Market Street, 5th Floor, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time in consultation with the Plan Sponsors, without further notice other than an adjournment announced in open court, or a notice of adjournment Filed with the Bankruptcy Court and served on any entities who have Filed objections to the Plan. The Bankruptcy Court, in its discretion and before the Confirmation Hearing, may put in place additional procedures governing such hearing. The Plan may be modified, if necessary, before, during, or as a result of the Confirmation Hearing without further notice to parties in interest, subject to the terms of the Plan and the consent of the Requisite Plan Sponsors.

The Debtors anticipate seeking recognition of the Confirmation Order from the Canadian Court as promptly as practical after entry of the Confirmation Order.

ARTICLE IV.
THE DEBTORS' BACKGROUND

A. *The Debtors' Businesses.*

1. The Debtors' Businesses and Corporate History.

Based in Pittsburgh, Pennsylvania, Horsehead Corporation was incorporated in Delaware in May 2003, and its parent, Horsehead Holding Corp ("Horsehead Holding"), was incorporated in Delaware in December 2003, although the companies from which the Debtors acquired their zinc operations date to the mid–1800s. In 2002, one

[13] The summary of the Additional Capital Commitment set forth herein is qualified in its entirety by reference to the UPA. To the extent of any inconsistency between this summary and the UPA, the UPA shall control in all respects.

of these companies, Horsehead Industries, Inc., and certain of its affiliates, from which the Debtors' acquired most of their zinc producing assets, filed for chapter 11 protection in the Southern District of New York (collectively, the "Previous Chapter 11 Cases")[14] as a result of then-current low zinc prices, production inefficiencies, high operational costs, and legacy environmental costs. In the Previous Chapter 11 Cases, Horsehead Industries, Inc. and certain of its affiliates sold substantially all of their operating assets to a private equity investor, which subsequently exited that investment through two Rule 144A private equity offerings in 2006 and 2007. Currently, Horsehead Holding's equity owners are a diversified group of public investors, without a single entity owning or beneficially controlling more than 11 percent of Horsehead Holding's outstanding equity as of September 30, 2015. The Debtors produce zinc and nickel-based products for sale primarily to customers throughout the United States and Canada. Additionally, the Debtors are the largest recycler of EAF dust and a leading recycler of hazardous and non-hazardous waste for the steel industry in the United States. The Debtors and their non-Debtor affiliates have production and/or recycling operations at seven facilities located in five states and Canada. In addition, the Debtors own the site of a permanently shuttered facility in Bartlesville, OK.

As noted above, the Debtors operate in three distinct, but related, lines of business: (a) the processing of EAF dust and other zinc-bearing material to produce and sell zinc and other metals, undertaken by Horsehead Corporation; (b) the production and sale of zinc oxide, undertaken by Zochem; and (c) the processing of a variety of metal-bearing waste materials, and the production of nickel-bearing alloys, undertaken by INMETCO. These operations are detailed below.

(a) Horsehead Corporation.

(i) EAF Dust Recycling.

Through Horsehead Corporation, the Debtors are North America's largest recycler of EAF dust. Steel mini-mills melt and refine scrap metal in EAFs, and such process produces metal dust—the "EAF dust"—which is designated as a hazardous waste by and subject to disposal restrictions from the Environmental Protection Agency.[15] Mini-mills or third party carriers then transport EAF dust to one of Horsehead Corporation's four EAF dust recycling facilities.[16] There, Horsehead Corporation collects and recycles the zinc-bearing EAF dust by using a proprietary "Waelz Kiln" process, which allows Horsehead Corporation to extract zinc from EAF dust in the form of Waelz oxide ("WOX"),[17] and recycle the remaining components of the dust in the form of an iron-rich co-product that is sold primarily as an aggregate.

Horsehead Corporation's multiple EAF dust recycling facilities are strategically located near major EAF operators, which reduces transportation costs and enhances the Debtors' ability to compete effectively with other means of EAF dust disposal. Additionally, a competitive cost position, an extensive zinc distribution network, and proprietary market knowledge, allow the Debtors to maintain their market-leading position. The Debtors are one of the leading environmental service providers to the U.S. steel industry, having recycled, together with their predecessors, 11.2 million tons of EAF dust since 1990, which is equivalent to approximately 2.2 million tons of zinc, and represents the dust generated in the production of over 650 million tons of steel. Horsehead Corporation's recycling and conversion of EAF dust reduces a steel mini-mill's exposure to environmental liabilities that may arise if EAF dust is sent to a landfill and not recycled.

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14 Case Nos. 02-14024, 02-14025, 02-14026, 02-14027.

15 See, e.g., 40 C.F.R. §§ 261, 268, 271.

16 These facilities are located in: (a) Barnwell, South Carolina; (b) Chicago, Illinois (Calumet); (c) Palmerton, Pennsylvania; and (d) Rockwood, Tennessee. As described more fully below, the Barnwell, South Carolina recycling facility is operated by the Debtors and is located on real property owned by Horsehead Zinc Recycling, LLC, a non-Debtor subsidiary of Debtor Horsehead Corporation.

17 WOX, known also as crude zinc oxide, contains approximately 55–60% zinc.

(ii) Zinc Production.

Horsehead Corporation is a producer of zinc products, including zinc metal, used in the galvanizing[18] of steel, in zinc die castings, and zinc-bearing alloys in the U.S. Horsehead Corporation also produces WOX and zinc calcine for sale to other zinc producers. Horsehead Corporation uses WOX, the primary product of its recycling operations, as a low-cost, raw material feedstock in the production of zinc metal and value-added zinc products, which yields a competitive cost advantage. The Debtors' EAF dust recycling operations provide them with a reliable, cost-effective source of recycled feedstock without relying on third-party sellers.

Prior to the Petition Date, Horsehead Corporation conducted its zinc production (as opposed to recycling) operations from its facility located in Mooresboro, North Carolina (the "Mooresboro Facility"), which the Debtors began constructing in September 2011 to replace their former zinc smelter located in Monaca, Pennsylvania (the "Monaca Facility").[19] The Mooresboro Facility, which began production in May 2014 and is currently in an idled state, was intended to allow the Debtors to produce special high grade zinc, continuous galvanizing grade zinc, and high grade zinc, in addition to the prime western zinc the Debtors produced at the Monaca Facility.

The Mooresboro Facility's design is intended to use sustainable manufacturing practices to produce zinc solely from recycled materials. The Mooresboro Facility is designed to use significantly less fossil fuel, primarily in the form of metallurgical coke, than the Monaca Facility, which allows the Debtors to reduce greenhouse gas emissions and particulates into the atmosphere. The Mooresboro facility is designed to process a wide range of recycled oxidic zinc materials. To illustrate, before WOX can be used to produce zinc metal in a traditional zinc smelting facility, it has to first generally be "calcined" into a product called zinc calcine. The calcining process further refines WOX and involves heating WOX to eliminate impurities, which increases the zinc content of WOX from approximately 55–60% to approximately 65–70%. The Debtors use rotary kiln-based operations at its recycling facilities to calcine WOX to then create zinc calcine.

Once fully operational, the Debtors believe the Mooresboro Facility will eliminate the need to calcine the majority of WOX prior to its use, thereby reducing the Debtors' manufacturing conversion and logistics costs in its recycling facilities In addition, the Debtors expect that the Mooresboro facility, once fully operational, will have lower conversion costs that the Monaca facility, allow Horsehead to realize a higher premium on the sale of Special High Grade and Continuous Galvanizing Grade zinc and recover value from the lead and silver contained in WOX in addition to increasing the total output of zinc metal from the same. However, the Mooresboro Facility was operating at approximately 25% of capacity during the fourth quarter of 2015. On January 22, 2016, due to financial constraints, the Debtors issued notices to their employees at the Mooresboro Facility under the Worker Adjustment and Retraining Notification Act and publicly announced their intention to transition the Mooresboro Facility from fully-operational status to operating on a "care and maintenance level" only by February 8, 2016.[20]

(b) Zochem.

The Debtors acquired Zochem in November 2011, which produces zinc oxide at a dedicated facility in Brampton, Ontario, Canada. Zochem is one of the largest single-site producers of zinc oxide in North America. Zinc oxide is used as an additive in various materials and products, including plastics, ceramics, glass, rubbers, cement, lubricants, pigments, sealants, ointments, fire retardants, and batteries. The Debtors sell zinc oxide to over 250 producers of tire and rubber products, chemicals, paints, plastics, and pharmaceuticals, and have supplied zinc oxide to the majority of their largest customers for over 10 years. Zochem's Brampton, Ontario facility has the capacity to produce approximately 72,000 tons of zinc oxide a year.

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18 Galvanization refers to the process of applying a protective zinc coating to steel or iron to prevent rusting.

19 The Debtors permanently shut down the Monaca Facility in April 2014 and subsequently demolished it, and sold the land in June 2015, although the Debtors retain ownership of a non-hazardous captive landfill located at that site.

20 See Horsehead Holding Corp., Current Report (Form 8-K), at Ex. 99.1 (Jan. 22, 2016).

(c) INMETCO.

The Debtors acquired INMETCO in November 2009. INMETCO is a leading recycler of nickel-bearing waste generated by the stainless and specialty steel producers, and a leading recycler of nickel-cadmium and other types of batteries in North America. INMETCO operates out of a facility located in Ellwood City, Pennsylvania, which produces nickel-bearing products by using 100% recycled materials. Additionally, INMETCO collects and recycles batteries through its own collection programs and Call2Recycle, which was founded in 1994 by five major rechargeable battery makers. INMETCO also provides environmental services to over 200 customers that generate nickel-containing waste products, such as filter cake, spent pickle liquor, grinding swarf, and mill scale.

(d) The Debtors' Non-Debtor Affiliates.

(i) ThirtyOx, LLC.

In December 2013, Horsehead Metal Products, LLC ("HMP") entered into a joint venture known as ThirtyOx, LLC ("ThirtyOx") with Imperial Acquisitions LLC for the acquisition and processing of zinc-bearing secondary materials. ThirtyOx's processing operation is located in North Carolina near the Mooresboro Facility and began operations in 2014. Horsehead Corporation's EAF dust recycling operations supply the majority of feedstock used by ThirtyOx. In turn, ThirtyOx historically supplied a portion of the incremental zinc feed required by the Mooresboro Facility by recovering secondary zinc oxides from the residues generated by galvanizers, die-casters, and other users of zinc metals.

(ii) Horsehead Zinc Recycling, LLC.

Horsehead Corporation owns or controls 99.99% of Horsehead Zinc Recycling, LLC ("HZR").[21] HZR was formed in 2009 as part of the financing arrangement related to the NMTC Loans (as defined below). The NMTC Loans were used to fund the development of an EAF dust-recycling facility located in Barnwell, South Carolina (the "Barnwell Facility"). The real property on which the Barnwell Facility is located is owned by HZR and is encumbered by a mortgage securing the NMTC Loans. Horsehead Corporation operates the Barnwell Facility, which is subject to a lease and non-disturbance agreement in favor of Horsehead Corporation.

(iii) Chestnut Ridge Railroad Corp.

Chestnut Ridge Railroad Corp. ("Chestnut Ridge") was incorporated in 2004 and is a direct, wholly-owned subsidiary of Horsehead Corporation. Chestnut Ridge provides short-line railroad service in Palmerton, Pennsylvania, for the transportation of materials for both intercompany and outside-customer use, and is an obligor on certain prepetition debt of the Debtors. Chestnut Ridge is also an obligor or guarantor of the Debtors' obligations with respect to the Macquarie Credit Facility, the Secured Notes, and the Unsecured Notes, and granted security for its guaranty of the Secured Notes. Pursuant to the Plan's release, discharge, and injunction provisions, Chestnut Ridge's obligations with respect to the Macquarie Credit Facility, the Secured Notes, and the Unsecured Notes, and the security for its guaranty of the Secured Notes, will be released pursuant to the Plan.

2. The Debtors' Organizational Structure.

A diagram presenting the Debtors' organizational structure as of the Petition Date is attached hereto as **Exhibit E**. As set forth on **Exhibit E**, Horsehead Corporation, Zochem, and INMETCO are each wholly owned by Horsehead Holding. In addition, and as noted above, Horsehead Corporation owns HMP,[22] non-Debtor Chestnut, and owns or controls 99.99% of non-Debtor HZR.

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21 The other .01% of HZR is owned by Banc of America CDE III, LLC and CCM Community Development IV LLC.

22 As discussed above, HMP has a 50% interest in non-Debtor ThirtyOx through a joint venture it entered into in 2013.

B. *Summary of Prepetition Capital Structure.*

As of the Petition Date, the Debtors' consolidated long-term debt obligations totaled approximately $427.8 million. The primary components of the Debtors' consolidated funded debt obligations outstanding as of the Petition Date are described below.

Indebtedness	**Principal Outstanding ($ millions)**
Macquarie Credit Facility[23]	$ 32.7
10.50% Secured Notes	205.0
Zochem Secured Credit Facility	18.5
9.00% Unsecured Notes	40.0
3.80% Convertible Notes	100.0
Banco Bilbao Credit Facility	17.4
NMTC Loans	14.2
Total	**$ 427.8**

1. The Macquarie Credit Facility.

On June 30, 2015, each of the Debtors other than Zochem entered into an $80.0 million secured revolving credit facility (the "Macquarie Credit Facility") as borrowers or guarantors with Macquarie Bank Limited ("Macquarie"). The Macquarie Credit Facility became effective on July 6, 2015, and was scheduled to mature on May 15, 2017. This facility replaced the maximum aggregate $80.0 million principal amount of two prior facilities. Obligations arising under the Macquarie Credit Facility are secured by liens on substantially all of the Debtors' assets, other than assets of, and equity issued by, Zochem. Certain of these assets securing the Debtors' obligations under the Macquarie Credit Facility also secure the Debtors' obligations under the Secured Notes (as defined below). On March 31, 2016, Macquarie assigned all of its interests under the Macquarie Credit Facility to a third party, and resigned as administrative and collateral agent under the Macquarie Credit Facility.

In connection with the applicable Debtors' entry into the Macquarie Credit Facility, the collateral agents for the Secured Notes and the Macquarie Credit Facility also entered into an intercreditor agreement dated June 30, 2015 (the "Intercreditor Agreement"), which, among other things, assigns relative priority between Macquarie and holders of the Secured Notes with regard to certain shared collateral. Pursuant to the Intercreditor Agreement, liens granted by the Debtors to secure the Macquarie Credit Facility: (a) are senior to any liens granted by the Debtors to secure the Secured Notes with respect to Facilities Priority Shared Collateral (as defined in the Intercreditor Agreement), including (i) assets of, and equity interests issued by, INMETCO, and (ii) certain personal property of Horsehead Corporation and its subsidiaries, including accounts receivables, inventory, cash, and deposit accounts (excluding any cash or amounts deposited in deposit accounts representing proceeds of Notes Priority Shared Collateral (as defined in the Intercreditor Agreement); and (b) are junior to liens granted by the Debtors to secure the Secured Notes with respect to Notes Priority Shared Collateral (as defined in the Intercreditor Agreement), including (i) any liens granted to secure the Secured Notes with respect to real property, fixtures, and equipment of Horsehead Corporation and its subsidiaries, and (ii) with respect to liens granted on the equity interests of Horsehead Corporation.

On May 27, 2016, the Debtors Filed with the Bankruptcy Court a stipulation (the "Macquarie Stipulation") entered into among the Debtors, the Ad Hoc Group of Noteholders, the Creditors' Committee, and Cetus Capital, LLC on behalf of certain of its funds and affiliates (collectively, "Cetus"), successor in interest to the obligations

[23] As set forth below, the stipulated balance of the Macquarie Credit Agreement Claims is $32,850,000, pursuant to the Macquarie Stipulation (as defined below).

outstanding under the Macquarie Credit Facility [Docket No. 980]. The Macquarie Stipulation provides for, among other things, a liquidated balance for the obligations under the Macquarie Credit Facility of $32,850,000. The Bankruptcy Court approved the Macquarie Stipulation on May 31, 2016 [Docket No. 998].

2. The Secured Notes.

In July 2012, the Debtors completed a private placement of $175.0 million in principal amount of 10.50% senior secured notes due 2017 (the "Secured Notes") at an issue price of 98.188% of par. The Debtors used the proceeds from the Secured Notes primarily for construction costs of the Mooresboro Facility. On June 3, 2013, the Debtors issued $20.0 million of additional Secured Notes at an issue price of 106.50% of par, and completed the sale of an additional $10.0 million of Secured Notes at an issue price of 113.00% of par on July 29, 2014. As of the Petition Date, approximately $205.0 million of Secured Notes were outstanding.

The Secured Notes are guaranteed by each of the Debtors other than Zochem, and obligations arising under the Secured Notes are secured by such Debtors' existing and future property and assets, including a first-priority pledge from Horsehead Holding of 65% of Horsehead Holding's equity interest in Zochem. The relative priority of liens securing the Secured Notes and the liens securing the Macquarie Credit Facility with respect to certain shared collateral is set forth in the Intercreditor Agreement, as described further above.

3. The Zochem Senior Secured Revolver.

On April 29, 2014, Zochem, as borrower, and Horsehead Holding, as guarantor, entered into a $20.0 million secured revolving credit facility (the "Zochem Facility") with PNC Bank, N.A. ("PNC") as agent. The Zochem Facility was secured by a first priority lien (subject to certain permitted liens) on substantially all of Zochem's tangible and intangible personal property, and, pursuant to the Zochem Forbearance, a lien on Zochem's processing facility located in Brampton, Ontario, Canada. Horsehead Holding unconditionally guaranteed Zochem's obligations under the Zochem Facility, and pursuant to that certain Pledge Agreement dated as of April 29, 2014, Horsehead Holding pledged 65% of its equity interests in Zochem as additional collateral in favor of PNC as agent. The Debtors paid an unused line fee of 0.75% per annum, based on average undrawn availability multiplied by the amount that the maximum revolving advance amount exceeds the average daily unpaid balance of the Zochem Facility's loans and undrawn amount of any outstanding letters of credit during any calendar quarter. As of the Petition Date, approximately $18.5 million remained outstanding under the Zochem Facility. The Zochem Facility was paid in full with proceeds from the DIP Facility on February 8, 2016.

4. The Banco Bilbao Credit Facility.

Horsehead Corporation, as borrower, and Horsehead Holding, as guarantor, entered into a credit agreement with Banco Bilbao Vizcaya Argentaria, S.A. on August 28, 2012 (the "Banco Bilbao Credit Facility"), which became effective on November 14, 2012. The Banco Bilbao Credit Facility provides financing up to approximately €18.8 million (approximately $25.8 million) in addition to $968,090.25 for purchases under certain contracts related to the Mooresboro Facility between Horsehead and Técnicas Reunidas, S.A. The obligations under the Banco Bilbao Credit Facility are supported by an unconditional guarantee from Horsehead Holding, but are not otherwise secured by any of the Debtors' property. As of the Petition Date, approximately $17.4 million remained outstanding under the Banco Bilbao Credit Facility.

5. The Unsecured Notes.

The Debtors issued $40.0 million aggregate principal amount of 9.00% senior notes due 2017 (the "Unsecured Notes") on July 29, 2014 at an issue price of 100.00% of par, pursuant to an indenture among certain Debtors and Wilmington Trust, N.A., in its capacity as successor trustee. The Unsecured Notes are guaranteed by each of the Debtors, other than Zochem. The Unsecured Notes and the related guarantees were offered to investors in a private placement, and mature on June 1, 2017. As of the Petition Date, approximately $40.0 million of Unsecured Notes were outstanding.

6. The Convertible Notes.

On July 27, 2011, the Debtors issued $100.0 million of 3.80% convertible senior notes due 2017 (the "Convertible Notes") in a private placement, the proceeds of which were primarily used for the initial construction stages of the Mooresboro Facility. The Convertible Notes mature on July 1, 2017. The Convertible Notes are unsecured obligations of Horsehead Holding and are not guaranteed by any other Debtor. As of the Petition Date, approximately $100.0 million of Convertible Notes were outstanding.

7. The New Markets Tax Credit Program Financing Arrangement.

On May 29, 2009, non-Debtor HZR entered into two construction loan agreements with Banc of America CDE III, LLC and CCM Community Development IV LLC (collectively, the "NMTC Lenders") for approximately $6.9 million and approximately $7.3 million, respectively (collectively, the "NMTC Loans"). A portion of the funding provided in connection with the NMTC Loans included an equity investment in HZR by the NMTC Lenders, pursuant to which the NMTC Lenders own 0.01% of HZR. HZR entered into the NMTC Loans to fund the development and completion of the Barnwell Facility through a tax-advantaged structure that permitted the monetization of certain tax credits through the New Markets Tax Credit program enacted through the Community Renewal Tax Relief Act of 2000.[24]

Horsehead Holding guarantees HZR's obligations under the NMTC Loans. As of the Petition Date, approximately $14.2 million of the NMTC Loans remained outstanding. The NMTC Loans were originally scheduled to mature on June 17, 2016. Additionally, CCML New York Investment Fund III LLC and BOA Investment Fund III, the indirect parents of the NMTC Lenders, are obligated to pay Horsehead Holding approximately $15.3 million in the aggregate, which loans also mature on June 17, 2016 (collectively, the "NMTC Payables").

The Debtors have negotiated and entered into two separate forbearance agreements with the NMTC Lenders (the "NMTC Forbearance Agreements"). Pursuant to the NMTC Forbearance Agreements, the NMTC Lenders agree to forbear from exercising their remedies related to certain specified defaults under the NMTC Loans, in exchange for a $100,000 forbearance fee. On June 1, 2016, the Debtors filed a motion seeking approval from the Bankruptcy Court to enter into the NMTC Forbearance Agreements and cause the related obligations to be repaid at maturity in accordance with their terms [Docket No. 1010]. The Debtors estimate the total payoff balance required at that time to be approximately $16.3 million, and expect their estates to receive approximately $15.3 million on account of the NMTC Payables. On June 15, 2016, the Bankruptcy Court entered an order authorizing the Debtors to enter into the NMTC Forbearance Agreements [Docket No. 1080]. On June 24, 2016, HZR repaid in full the NMTC Loans, which terminated by their terms upon repayment.

8. Horsehead Holding Equity.

On August 15, 2007, Horsehead Holding completed an initial public offering and began trading its common stock on the NASDAQ Stock Market, listed under the ticker symbol ZINC. Following the filing of the Chapter 11 Cases, the common stock was delisted from the NASDAQ Stock Market on February 23, 2016. The common stock currently trades in the over-the-counter markets under the ticker symbol ZINCQ.

9. The Debtors' Other Obligations.

(a) Hedging Obligations.

The Debtors' marketing strategy includes a metal hedging program that allows its customers to secure a firm price for future deliveries under a sales contract. The Debtors enter into hedges based on firm sales contracts to deliver specified quantities of product on a monthly basis for terms generally not exceeding one (1) year. As of the

[24] Generally, the New Markets Tax Credit Program is intended to provide tax credit incentives for qualifying investments in certain low-income communities.

Petition Date, two such agreements remained outstanding in addition to the Debtors' obligations with regard to contracts entered into with Traxys North America, LLC ("Traxys"), described below.

(b) Surety Bonds.

The Debtors maintain three surety bonds to address financial assurance requirements for potential future remediation costs and permit termination under the Resource Conservation and Recovery Act (the "RCRA") for three facilities located in Pennsylvania. The RCRA permit requires financial assurance for the Ellwood City and Palmerton facilities, and financial assurance is required for the eventual closure of the Debtors' residual landfill located at the site of the Monaca Facility. As of the Petition Date, the Debtors had approximately $11.2 million in outstanding surety bonds.

Lexon Insurance Company (the "Surety") asserts that the surety bonds and the general agreements of indemnity between the Surety and the Debtors in place as of the Effective Date may not be assumed by the Debtors pursuant to the Plan unless the Surety consents to such assumption. The Surety asserts that if such consents are required, and the Debtors are unable to obtain such consents or replace such surety bonds, the Debtors may not be able to consummate the Plan.

(c) Other Secured Claims.

In the ordinary course of business, the Debtors routinely transact business with a number of third-party contractors, vendors, and other suppliers who have and may be able to assert liens against the Debtors and their property if the Debtors fail to pay for the goods delivered or services rendered, as well as cash collateralizing certain letters of credit. Specifically, certain parties have asserted mechanic's liens, contractor's liens, and other similar liens under various state laws against the Debtors. Additionally, in the ordinary course of business, the Debtors enter into equipment leases with various parties who hold security interests in such equipment pursuant to those leases. Other asserted secured claims against the Debtors include claims and security interests against goods held by the Debtors on consignment. The Information Officer was also granted a charge, pursuant to an order entered by the Canadian Court in the Canadian Proceedings, over all property of the Debtors in Canada in an amount not to exceed CND$100,000 to secure amounts owing to the Information Officer by the Debtors.

C. *The Debtors' Board Members and Executives.*

As of the date hereof, set forth below are the names, position(s), and biographical information of the current board of directors of Horsehead Holding, as well as current key executive officers for the Debtors. These individuals oversee the businesses and affairs of the Debtors.

Timothy Boates. Mr. Boates was appointed Chief Restructuring Officer for Horsehead Holding on February 18, 2016, which appointment was approved by the Bankruptcy Court on March 16, 2016 [Docket No. 295]. Mr. Boates is the President of RAS Management Advisors, LLC, which he joined in May 2000. During his tenure at RAS, Mr. Boates has acted as the chief restructuring officer, interim chief financial officer and/or the restructuring advisor in many companies across multiple industries. Mr. Boates started his career with Price Waterhouse LLP, where he spent eight years, including three in Germany. He later served as a chief executive officer and chief financial officer of various companies in food distribution and electronics manufacturing services. Mr. Boates graduated from the University of Houston with a Bachelor of Science in Business Administration with an emphasis in Accounting.

James M. Hensler. Mr. Hensler, Chairman of the Board of Directors, President, Chief Executive Officer, and a Director of Horsehead Holding, and President, Chief Executive Officer, and a Director of the other Debtors, joined the Debtors in April 2004. He has over 30 years of experience working in the metals industry. From 2003 to April 2004, Mr. Hensler was a consultant to various companies in the metals industry. From 1999 to 2003, Mr. Hensler was Vice President of Global Operations and Vice President and General Manager of the Huntington Alloys Business Unit for Special Metals Corp., a leading international manufacturer of high performance nickel and cobalt alloys. Prior to that, Mr. Hensler was the Executive Vice President for Austeel Lemont Co., General Manager of Washington Steel Co., and Director of Business Planning for Allegheny Teledyne Inc. He received a Bachelor of

Science in Chemical Engineering from the University of Notre Dame in 1977, a Master of Science in Chemical Engineering from Princeton University in 1978, and a Master of Business Administration from the Katz Graduate School of Business at the University of Pittsburgh in 1987.

T. Grant John. Dr. John joined Horsehead Holding as a Director in May 2007. Since 1966, Dr. John has served in various executive and management roles for companies in the metals industry, including T.G. John & Associates, Inc., Lukens Incorporated, Washington Steel Corporation of Oregon Metallurgical Corp., Special Metals Corporation, and Axel Johnson, Inc. Dr. John received a Bachelor of Applied Science and a Doctor of Philosophy, both in Metallurgical Engineering, from the University of British Columbia.

Robert D. Scherich. Mr. Scherich, Vice President and Chief Financial Officer of the Debtors, and a Director of the subsidiaries of Horsehead Holding, joined the Debtors in July 2004. From 1996 to 2004, Mr. Scherich was the Chief Financial Officer of Valley National Gases, Inc. Prior to that, he was the Controller and General Manager at Wheeling-Pittsburgh Steel Corp. and an accountant at Ernst & Whinney. Mr. Scherich received a Bachelor of Science in Business Administration from The Pennsylvania State University in 1982.

George A. Schreiber, Jr. Mr. Schreiber joined Horsehead Holding as a Director in November 2012. He has been an Executive Vice President of both Arizona Public Service Company and Pinnacle West since February 1997, and served as Chief Executive Officer and President of Continental Energy Systems LLC since 2007. Prior to that, Mr. Schreiber served as Managing Director of PaineWebber Inc. from February 1990 to January 1997, and served as Chairman of Credit Suisse First Boston's Global Energy Group from 1999 to 2004. Mr. Schreiber also sits on the Board of Directors of Pinnacle West, Continental Energy Systems LLC, Energy Conversion Devices, Inc., SEMCO Energy, Inc., and Arizona Public Service Company. Mr. Schreiber received a Bachelor of Science in 1970 and a Master of Business Administration in 1971 from Arizona State University.

Jack Shilling. Dr. Shilling joined Horsehead Holding as a Director in September 2007. From July 2001 through April 2007, Dr. Shilling served as Executive Vice President and Chief technology Officer of Allegheny Technologies Incorporated, a publicly-traded producer of specialty metals. Dr. Shilling also served as the Chairman of the Specialty Steel Industry of North America, a trade association representing the producers of stainless steel and other specialty metals in North America. Dr. Shilling received a Bachelor of Arts in Physics from Franklin & Marshall College in 1965, a Master of Science in Physics from Cornell University in 1967, and a Doctor of Philosophy in Metallurgical Engineering from the University of Pittsburgh in 1975.

Harvey L. Tepner. Mr. Tepner joined Zochem as a Director in February 2016. Mr. Tepner is an independent corporate director and private investor. He is a former senior executive and partner of WL Ross & Co. LLC, an alternative asset manager and private equity firm. At WL Ross, his responsibilities included sourcing, structuring and managing investments and select portfolio companies as well investing in stressed and distressed loans and debt securities. Until recently Mr. Tepner served on the boards of several public and private WL Ross portfolio companies in the United States, India and Brazil, where he had an instrumental role in their turnaround and/or success. Prior to joining WL Ross, Mr. Tepner spent more than 20 years as an investment banker at Rothschild, Dillon, Read & Co. (acquired by UBS), Loeb Partners and Compass Advisors, where he specialized in bankruptcies, corporate restructurings and troubled company M&A. He began his career with PricewaterhouseCoopers. Mr. Tepner earned a Bachelor of Arts from Carleton University, a Master of Business Administration from Cornell University, and holds the dual Canadian designations of Chartered Accountant and Chartered Professional Accountant.

John C. van Roden, Jr. Mr. van Roden joined Horsehead Holding as a Director in April 2007, and has served in numerous executive and management roles and as a Director for various companies, including Glatfelter Inc., Northwestern Corp., Conectiv, LLC, Delmarva Power & Light Co., Atlantic City Electric Company, Cook & Beiler, Lukens Inc., First Pennsylvania Bank, Provident National Bank, Airgas Inc., PVG GP LLC, PVR GP LLC, Guardian Capital Partners, Ascendant Capital Partners, HB Fuller Co., SEMCO Energy, Inc., Airgas Inc., Penn Virginia GP Holdings LP, ACP Continuum Return Fund II, LLC, Berwyn, PA., ACP Funds Trust, and Atlantic City Electric Co. Mr. van Roden received a Bachelor of Arts in Economics from Denison University in 1971 and a Master in Business Administration from Drexel University in 1974, in addition to completing an Advanced Executive Management Program at the Wharton Business School at the University of Pennsylvania.

Gary R. Whitaker. Mr. Whitaker, Vice President, General Counsel, and Secretary of Horsehead Holding, and Vice President, General Counsel, Secretary, and a Director of the subsidiaries of Horsehead Holding other than Zochem, joined the Debtors in December 2011. Mr. Whitaker previously was in a private practice in Atlanta, Georgia from 2009 to 2011. He also served as Vice President, General Counsel, and Secretary for GrafTech International Ltd., a manufacturer of graphite products, including graphite electrodes used in EAFs, from 2006 to 2008, and as Vice President, General Counsel, and Secretary for the United States operations of the SK Group, one of South Korea's largest conglomerates, from 1998 to 2006. Mr. Whitaker also worked as a corporate attorney for Eastman Chemical Company and for the DuPont Company, and was a senior associate for Powell, Goldstein, Frazer and Murphy, in Atlanta, Georgia. Mr. Whitaker received a Bachelor of Arts in History from the University of California in Los Angeles and a Juris Doctor from the University of Houston Law School in 1980.

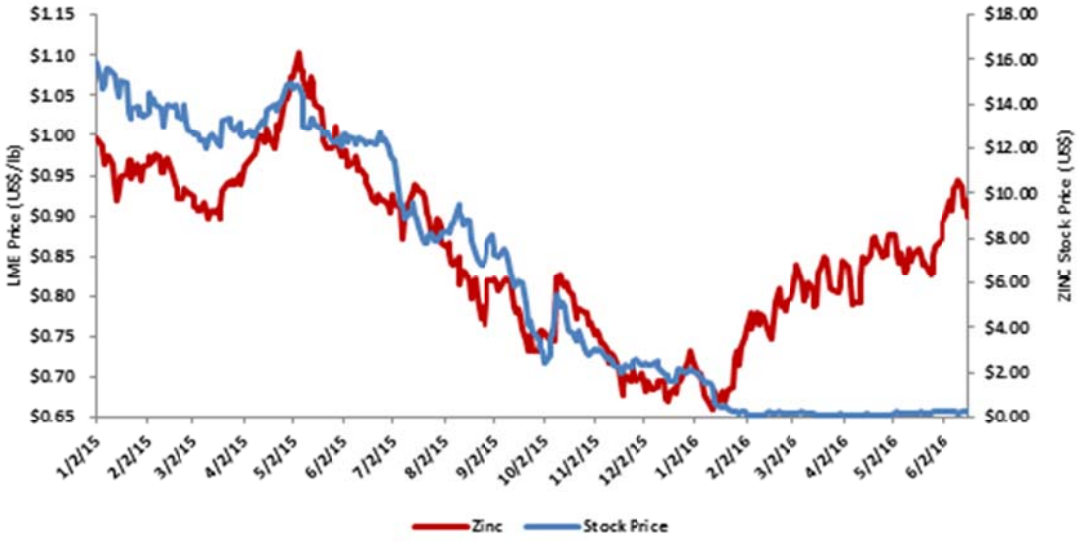
D. *Events Leading to the Chapter 11 Cases and the Canadian Proceedings.*

A number of factors contributed to the Debtors' decision to commence the Chapter 11 Cases and the Canadian Proceedings, including, among other issues, the current economic environment surrounding the zinc industry and operational issues related to the construction and ramp up of the Mooresboro Facility. Each of these issues will be addressed in turn.

1. Economic Environment.

The Debtors' operating performance has been negatively impacted by challenges arising from the delay in the ramp-up of the Mooresboro Facility and the current economic environment, including material fluctuations in zinc prices. Base metals prices, including zinc and nickel prices, have fallen significantly over the past year, as demonstrated in the charts below. The spot London Metals Exchange ("LME") zinc price in December 2015 averaged $0.69/lb, which represents a decrease of approximately 30% since 2014, while nickel prices declined roughly 41% over the same period, and averaged $3.94/lb in December 2015.

Material decreases in commodity prices significantly and directly affect the Debtors' revenue. The Debtors' metals pricing is based primarily on prevailing LME prices, which declined materially in 2015. These declines had a corresponding impact on the price of Horsehead Holding's publicly traded common stock, as illustrated below.



Additionally, increased competition in the Debtors' industry and decreased customer demand further exacerbated the Debtors' prepetition challenges. On a national level, steel industry output has declined due primarily to the increase in imported steel. As a result, demand for the Debtors' EAF dust recycling services has declined, as has the quantity of zinc recovered from those recycling operations. Because the Debtors use WOX—a primary by-product of their EAF dust recycling services—as a low-cost, raw material feedstock in the production of zinc metal and value-added zinc products, the Debtors lose their competitive cost advantage when recycling demand declines, thereby impairing the Debtors' operating margins and increasing their overall sensitivity to market fluctuations in zinc pricing. And, steel industry output declined in 2015 due to, among other things, softening demand in the oil, gas and auto manufacturing sectors. As a result, the Debtors continued to experience significant pressure on operating performance.

Also, while the Debtors' nickel-bearing products are used in the stainless steel industry, demand for such products faces competition from use of stainless steel containing a lower level of nickel, or no nickel. Moreover, the strong U.S. dollar makes it cheaper for companies in the United States to import stainless steel, further driving down demand for nickel-iron remelt alloy, as well as the generation of EAF dust by stainless steel producers. These challenges exacerbated continued declines in nickel pricing experienced during 2015.

2. Mooresboro Facility Challenges.

Since operations began in May 2014, the Debtors have experienced a number of significant operational, production, and equipment issues associated with the ramp-up of the Mooresboro Facility. For example, it was discovered that the bleed treatment section of the facility was undersized causing a bottleneck to production, electrolyte quality deteriorated causing significant corrosion to electrodes in the cell house due, in part, to poor control of solids carryover into the solvent extraction units combined with equipment issues related to faulty organic filters and the HCl regeneration units, and several pumps and lines were improperly designed for the intended application.

While the Debtors ultimately expected to realize substantial operating efficiencies from the Mooresboro Facility once it became fully operational, since operations began in May 2014, the Debtors publicly identified ongoing challenges with respect to the Mooresboro Facility on numerous occasions. On July 8, 2014, for example, the Debtors announced that the Mooresboro Facility would be undergoing a temporary outage due to the need to repair, upgrade and replace some of the mixing components in a series of tanks. Following that outage, operations at the Mooresboro Facility resumed in August 2014. On October 1, 2014, the Debtors reported that while numerous improvements were made to several unit operations at the facility during the second quarter of 2014, production

during the quarter was impeded by operational issues associated with controlling the removal of solids in the clarifier unit downstream of the leaching process.

Additionally, on March 2, 2015, the Debtors reported that they had experienced intermittent equipment reliability issues, particularly with some key pumps, which were further exacerbated by extreme cold weather conditions at the end of year 2014 and beginning of 2015 pursuant to their annual report on Form 10-K for fiscal 2014 filed at that time. That report further disclosed that the Debtors could not predict with any certainty when the Mooresboro Facility would begin operating at full design capacity and disclosed that (a) lower than anticipated production levels at the Mooresboro Facility had negatively impacted the Debtors' results of operations and deferred realization of expected benefits from the facility and (b) that the Debtors' ability to achieve higher production levels depended on the absence of further unplanned equipment issues at the Mooresboro Facility. At the same time, the Debtors stated that they had not identified any insurmountable technical or operational obstacles that materially challenged the "value proposition" of the Mooresboro Facility. The report also set out the Debtors' belief that the Mooresboro Facility would provide substantial benefits once fully operational, including reduced manufacturing conversion costs, reduced maintenance costs, and lower operating costs in the Debtors' EAF dust recycling plants by eliminating the need to calcine the majority of the WOX prior to its use.

On May 8, 2015, the Debtors disclosed in a quarterly report on Form 10-Q for the quarter ended March 31, 2015 that recent production at the Mooresboro Facility was lower than expected primarily due to an extended period of exceptionally heavy rains, which filled the containments and holding ponds, requiring the Debtors to process the excess water rather than produce zinc. In that same report, the Debtors reaffirmed their belief that the Mooresboro Facility would provide substantial benefits once fully operational, reiterating the expected cost savings noted above. On August 7, 2015, the Debtors disclosed that, although certain engineering treatments had added incremental processing capacity at the Mooresboro Facility, the Debtors had not developed a complete solution to address the continuing challenges experienced by the Mooresboro Facility. That report further cautioned that the Debtors could not predict the ultimate impact of any incremental improvements on the rate of go-forward zinc production, and they expected intermittent disruptions to the production rate as they continued to implement solutions. That report further disclosed that the Mooresboro Facility had produced 4,100 tons of zinc in the quarter ended June 30, 2015, versus total nameplate capacity of 155,000 tons of zinc per year. The Debtors' quarterly report on Form 10-Q for the quarter ended September 30, 2015, which was publicly filed on November 11, 2015, disclosed that the Mooresboro Facility had produced 9,700 tons of zinc that quarter and further noted that the completion of ramp-up to full zinc production at the Mooresboro Facility could not be predicted with any degree of certainty.

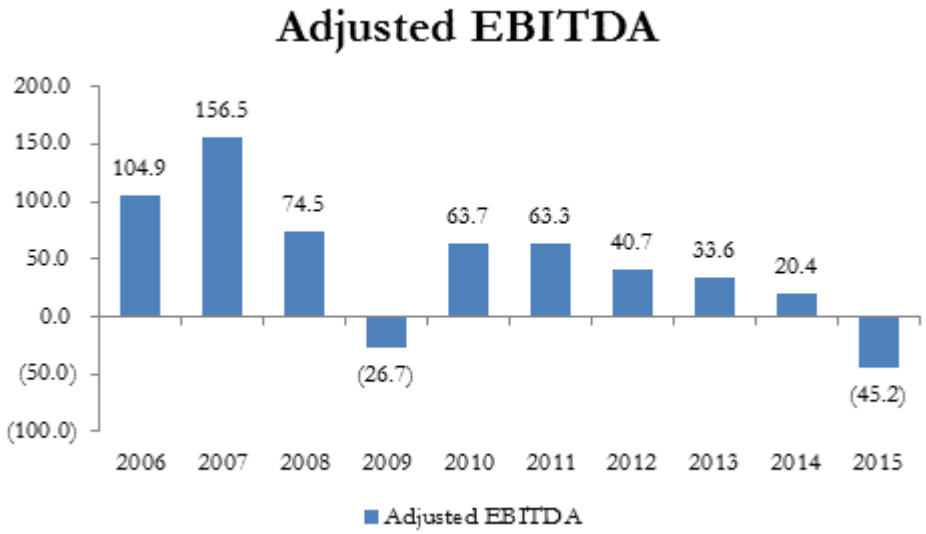
In total, the Debtors had invested approximately $550.0 million in the construction, development, and operation of the Mooresboro Facility as of the Petition Date. The Mooresboro Facility's production failed to even approach nameplate capacity before the Debtors elected to idle the Mooresboro Facility in late January 2016. The Debtors continue to believe that, at full capacity, the Mooresboro Facility will be capable of producing over 155,000 tons of zinc per year, and up to 170,000 tons per year with certain modifications. After further review and analysis, the Debtors presently anticipate that approximately 36 months may be required to implement engineering and operational repairs or modifications necessary to bring the Mooresboro Facility up to full capacity. However, the valuation on which the Plan is based attributes no value to the Mooresboro Facility, assuming instead that it will be idled.

3. Prepetition Indications of Interest.

Prior to the Petition Date, the Debtors received non-binding indications of interest from various parties regarding the potential acquisition of certain assets, including with respect to their Zochem, INMETCO, and EAF dust recycling businesses. The Equity Committee believes these indications of interest, taken together with indications of interest received by the Equity Committee subsequent to the Petition Date, support the Equity Committee's view that the Plan and the Debtors' valuation materially understates the Debtors' enterprise value. The Debtors dispute this assertion.

4. Liquidity Challenges and Prepetition Defaults.

The combination of declining LME zinc and nickel prices, softening customer demand, and continued challenges associated with the Mooresboro Facility had a corresponding impact on the Debtors' cash flow. As set forth below, the Debtors have experienced EBITDA declines each year since 2011.



Prior to the Petition Date, the Debtors' cash flow position was further exacerbated by reductions in the net asset liquidation value component of their borrowing base imposed by Macquarie, in its discretion, first on September 1, 2015 and again on November 19, 2015. These borrowing base component reductions eventually reduced total availability by approximately $20.0 million in the aggregate. Credit agencies also recognized the Debtors' operating performance, challenged liquidity position, and leveraged capital structure, and downgraded the Debtors' rating throughout the months leading to the Petition Date as a result. On December 24, 2015, Standard & Poor's Rating Services downgraded the Debtors' credit rating to "CCC" from "B-."

Further, on January 5, 2016, Macquarie, as administrative agent under the Macquarie Credit Facility, notified the Debtors of an event of default arising from an over-advance position under the Macquarie Credit Facility with respect to a borrowing base certificate submitted by the Debtors on December 31, 2015. Macquarie then froze certain of the Debtors' key bank accounts, including the Debtors' main operating account. As a result, the Debtors were unable to access a material portion of their liquidity. During that time, the Debtors' operations were severely curtailed as they lacked access to a significant portion of their liquidity, as Macquarie collected approximately $17.0 million of cash in that time period while the Debtors' accounts remained frozen.

On January 6, 2016, PNC, as administrative agent under the Zochem Facility, also asserted an event of default arising under that facility on account of, among other things, the Debtors' failure to comply with a fixed charge covenant test as of November 30, 2015. PNC also froze certain of the Debtors' bank accounts associated with their Zochem operations, and demanded payment of all outstanding obligations on January 13, 2016.

Following the defaults declared by Macquarie and PNC, the Debtors, with the assistance of their advisors, undertook negotiations to obtain incremental access to liquidity. The Debtors entered into a forbearance agreement on January 14, 2016 with PNC with respect to the Zochem Facility (the "Zochem Forbearance"), pursuant to which PNC agreed to temporarily forbear from exercising rights and remedies related to certain defaults noted above. In consideration for the Zochem Forbearance, the Debtors agreed to, among other things, pay a forbearance fee to PNC of $1.0 million, due and payable at the termination of the forbearance period, and provide a mortgage on Zochem's unencumbered real property in Ontario, Canada.

Thereafter, the Debtors entered into a separate forbearance agreement with Macquarie (the "Macquarie Forbearance") with respect to the Macquarie Credit Facility on January 15, 2016. Pursuant to the Macquarie Forbearance, Macquarie agreed to temporarily forbear from exercising rights and remedies related to certain events of default related to insufficient availability under the Macquarie Credit Facility. In exchange, the Debtors agreed to, among other things, pay down borrowings under the Macquarie Credit Facility, and pay a restructuring fee of $1.0 million in the event that obligations under the Macquarie Credit Facility are not paid in full by February 1, 2016, with that fee increasing over time. As noted above, the restructuring fee contemplated by the Macquarie Forbearance was resolved pursuant to the Macquarie Stipulation.

Over this time, credit agencies continued to focus on the Debtors' strained operating position. Standard & Poor's Rating Services further lowered the Debtors' corporate credit rating to "SD" from "CCC" on January 21, 2016. On January 25, 2016, Moody's Investors Service, Inc. downgraded the Debtors' corporate credit rating to "Ca" from "Caa2."

ARTICLE V.
EVENTS OF THE CHAPTER 11 CASES AND THE CANADIAN PROCEEDINGS

A. *First Day Pleadings and Administrative Matters.*

1. First and Second Day Pleadings.

To facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, the Debtors Filed certain motions and applications with the Bankruptcy Court on the Petition Date or immediately thereafter seeking certain relief summarized below. The relief sought in the "first day" and "second day" pleadings facilitated the Debtors' seamless transition into chapter 11 and aided in the preservation of the Debtors' going-concern value. The first and second day pleadings included the following:

- DIP and Cash Collateral. On February 4, 2016, the Bankruptcy Court entered an interim order, consensually reached between the Debtors and the DIP Lenders approving the use of cash collateral to fund operations and restructuring costs [Docket No. 81] (the "Interim DIP Order"). The Interim DIP Order, among other things, describes the terms and conditions for the use of Secured Notes holders' and Macquarie's cash collateral and provides adequate protection to such parties for such use of cash collateral. This relief was necessary to ensure that the Debtors could continue to operate in the ordinary course during the Chapter 11 Cases. The Bankruptcy Court entered a final order approving the Debtors' use of cash collateral and access to postpetition financing on March 3, 2016 [Docket No. 252] (the "Final DIP Order"). Proceedings related to the Debtors' use of cash collateral and the Debtors' request for authority to obtain postpetition financing are discussed in greater detail below in Article V.D of this Disclosure Statement.

- Cash Management. On February 4, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to continue using their existing cash management system, existing bank accounts, and existing business forms [Docket No. 78]. The Debtors continue to negotiate with the Creditors' Committee and other parties in interest regarding their cash management system, and expect to reach a consensual resolution on the use of the Debtors' cash management system on a final basis. A final hearing is currently scheduled for August 30, 2016.

- Critical Vendors. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing, but not directing, the Debtors to satisfy the prepetition claims of certain critical vendors and suppliers of goods and services that are essential to the Debtors' day-to-day business operations up to an aggregate limit of $2.0 million [Docket No. 56]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis, and increased the aggregate limit to $4.5 million [Docket No. 236].

- Insurance. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to continue operating under insurance coverage for their business entered into prepetition,

honor prepetition insurance premium financing agreements, and renew their premium financing agreements in the ordinary course of business [Docket No. 52]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 235].

- Section 503(b)(9) Claims and Shippers and Lien Claims. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing but not directing the Debtors to pay certain prepetition claims of shippers, lien claimants, and claims entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code in the ordinary course of business [Docket No. 54]. On March 8, 2016, the Bankruptcy Court entered an amended order granting such relief on a final basis, allowing the Debtors to make payments not to exceed $5.7 million in the aggregate on account of shipping claims, $2.0 million in the aggregate on account of lien claims, and $5.5 million in the aggregate on account of section 503(b)(9) claims [Docket No. 272].

- Taxes. On February 3, 2016, the Bankruptcy Court entered a final order authorizing the Debtors to pay certain prepetition sales, use, franchise, and other taxes in the ordinary course of business [Docket No. 53].

- Utilities. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to establish procedures for, among other things, determining adequate assurance for utility providers, prohibiting utility providers from altering, refusing, or discontinuing services, and determining that the Debtors are not required to provide any additional adequate assurance [Docket No. 55]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 239].

- Wages. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to: (a) pay prepetition wages, salaries, other compensation, reimbursable expenses, and payroll processing fees; (b) on an interim basis, pay prepetition withholding obligations; (c) on an interim basis, continue employee benefits programs, including payment of certain prepetition obligations related thereto; and (d) on a final basis, continue ordinary course incentive programs for non-insiders [Docket No. 59]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 237].

2. Procedural and Administrative Motions.

To facilitate the efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Debtors also Filed and received authorization to implement several procedural and administrative motions:

- authorizing the joint administration of the Chapter 11 Cases [Docket Nos. 2, 49];
- extending the time during which the Debtors may File certain schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs, the filing of which are required under section 521 of the Bankruptcy Code [Docket Nos. 4, 234];
- allowing the Debtors to prepare a list of creditors in lieu of submitting a formatted mailing matrix and to File a consolidated list of the Debtors' 50 largest creditors [Docket Nos. 3, 50];
- allowing the Debtors to retain and compensate certain Professionals utilized in the ordinary course of business [Docket Nos. 132, 326]; and
- approving the procedures for the interim compensation and reimbursement of retained Professionals in the Chapter 11 Cases [Docket Nos. 299, 415].

3. Key Employee Retention Program.

On April 29, 2016, the Debtors Filed a motion seeking authorization and approval of their key employee retention program [Docket No. 849] (the "KERP Motion"), and related motion to File certain information and exhibits thereto under seal [Docket No. 850]. The retention program proposed in the KERP Motion seeks to preserve and maintain the Debtors' operational and workforce stability, and would provide 30 of the Debtors' key, non-insider employees with aggregate award opportunities of up to $927,000. The Bankruptcy Court entered an order approving the KERP Motion, which reflects modifications agreed upon by the Debtors, the U.S. Trustee, and the Creditors' Committee, on June 8, 2016 [Docket No. 1036], and reduced the aggregate award opportunities available to certain of the Debtors' key, non-insider employees to $652,000.

4. Canadian Recognition Proceedings.

As with chapter 15 of the Bankruptcy Code, Part IV of the Companies' Creditors Arrangement Act (the "CCAA") includes provisions for the coordination of international insolvency proceedings. Under these provisions, Canadian courts may, among other things, formally recognize insolvency proceedings commenced in a foreign court. An application to a Canadian court for the recognition of a foreign insolvency proceeding may be brought by a "foreign representative" of the debtor. The application must also be accompanied by an order or other document evidencing the commencement of the foreign proceeding and the authority of the foreign representative to bring the application.

On February 2, 2016, the Canadian Court granted the Debtors an interim stay in Canada, pending the hearing on the Debtors' motion before the Bankruptcy Court for the appointment of a foreign representative.

On February 4, 2016, the Bankruptcy Court entered an order appointing Zochem as the Debtors' representative for purposes of commencing recognition proceedings in Canada [Docket No. 79]. On February 5, 2016 the Canadian Court issued an order recognizing the Debtors' Chapter 11 Cases as foreign main proceedings and also recognized certain of the First Day Orders entered by the Bankruptcy Court.

On March 3, 2016, the Canadian Court entered an order recognizing certain of the orders granted at the Debtors' second day hearing, including the Final DIP Order. The Final DIP Order further requires recognition of the Disclosure Statement Order and Confirmation Order, which the Debtors expect to obtain on a timely basis. See Final DIP Order ¶ 20(b)(iv).

5. Zochem Board of Directors.

As of the Petition Date, the Zochem board of directors (the "Zochem Board") had four directors, three of whom were also officers and directors of other Debtors. Zochem's fourth director, Jeffrey K. Merk, a partner at Aird & Berlis, LLP, was originally appointed to the Zochem Board to satisfy statutory requirements that Canadian residents account for 25% of a corporation organized under the Canada Business Corporations Act.

On February 18, 2016, Jeffrey Merk and one other director, Gary Whitaker, were replaced as directors of the Zochem Board by: (a) Mohit Sharma, a Canadian citizen and Zochem executive, who also satisfies the board's Canadian residency requirement; and (b) Harvey L. Tepner, an independent director with extensive restructuring experience. Pursuant to his appointment, Mr. Tepner was delegated authority to consider and, if appropriate, make recommendations to the Zochem Board with respect to certain material transactions for Zochem, including financing, chapter 11 plan or plans of reorganization, and other activities consistent with Zochem's bylaws. Mr. Tepner has retained independent legal counsel to advise him in this capacity.

6. Retention of Chapter 11 Professionals.

The Debtors also Filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the Chapter 11 Cases. These professionals include: (a) Kirkland & Ellis LLP, as co-counsel to the Debtors [Docket Nos. 184, 373]; (b) Pachulski Stang Ziehl & Jones LLP ("Pachulski"), as local counsel to the Debtors [Docket Nos. 187, 414]; (c) Aird & Berlis

LLP, as Canadian counsel to the Debtors [Docket Nos. 186, 296]; (d) Lazard Middle Market LLC ("Lazard"), as investment banker to the Debtors [Docket Nos. 188, 282]; (e) Epiq Bankruptcy Solutions, LLC, as the Notice and Claims Agent and Administrative Advisor to the Debtors [Docket Nos. 15, 51, 185, 278]; (f) RAS Management Advisors, LLC ("RAS"), as financial advisor to the Debtors [Docket Nos. 189, 295]; (g) Timothy D. Boates of RAS, as Chief Restructuring Officer to the Debtors [Docket Nos. 189, 295]; (h) Klehr Harrison Harvey Branzburg LLP as counsel to the independent director of Zochem [Docket Nos. 315, 797]; (i) BDO USA, LLP, as primary accountant and auditor to the Debtors [Docket Nos. 494, 843]; (j) Global Tax Management, Inc., as tax advisor to the Debtors [Docket Nos. 545, 847]; and (k) Thornton Grout Finnigan LLP, as Canadian counsel for the independent director of Zochem [Docket Nos. 546, 887].

7. Appointment of the Statutory Committee of Unsecured Creditors.

On February 16, 2016, the U.S. Trustee appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the "Creditors' Committee") [Docket No. 129], consisting of: (a) Chemicals Inc.; (b) Dhandho Holdings Corp.; (c) Delaware Trust Company, as indenture trustee for the Convertible Notes; (d) Hudbay Marketing & Sales, Inc.; (e) Powers Coal & Coke; (f) United Steelworkers; and (g) Wilmington Trust, N.A., as indenture trustee for the Unsecured Notes.

The Creditors' Committee Filed applications to retain Lowenstein Sandler LLP as lead counsel [Docket No. 273], Drinker Biddle & Reath LLP as local counsel [Docket No. 298], and FTI Consulting, Inc. as financial advisor [Docket No. 274]. On April 4, 2016, the Bankruptcy Court entered orders approving the retention of the Creditors' Committee's professionals [Docket Nos. 371, 375, 376].

8. Appointment of the Official Committee of Equity Holders.

On February 16, 2016, Aquamarine Capital Management LLC ("Aquamarine") sent a letter to the U.S. Trustee requesting the appointment of an official committee of equity security holders. The Debtors and the Creditors' Committee both opposed Aquamarine's request for appointment of an equity committee, and each submitted objections to the U.S. Trustee based on, among other things, Aquamarine's failure to meet the legal standard for appointment of an equity committee under applicable law. On March 7, 2016, the U.S. Trustee denied Aquamarine's request for appointment of an equity committee.

On March 23, 2016, the manager of Aquamarine Filed a *Pro Se Motion for the Entry of an Order Appointing an Equity Committee* [Docket No. 334], and on March 31, 2016, Phillip Town Filed a *Pro Se Motion for the Entry of an Order Appointing an Equity Committee* [Docket No. 355]. On May 2, 2016, the Bankruptcy Court entered an order appointing an official equity committee (the "Equity Committee") [Docket No. 857]. The U.S. Trustee appointed the following members to the Equity Committee on May 13, 2016: (a) Aquamarine Capital; (b) Mr. Samuel J. Burrow III; (c) Cinco Ventures; (d) Mr. Gense (George) Hu; (e) Mr. Paul L. Lavergne; (f) Legoix Sil/Rolnik Capital Sil; and (g) Rule One Capital [Docket No. 918].

On May 31, 2016, the Equity Committee Filed applications to retain Nastasi Partners and Richards, Layton & Finger, P.A. as co-counsel [Docket Nos. 1004, 1005], and SSG Capital Advisors, LLC as financial advisor [Docket No. 1006]. On June 24, 2016 the Bankruptcy Court entered orders approving the retention of the Equity Committee's professionals, which orders provide for, among other thing, an aggregate fee cap for such professional totaling $1.75 million through August 31, 2016, subject to further adjustment by the Bankruptcy Court [Docket Nos. 1163, 1164, 1165]. On June 13, 2016, the Equity Committee Filed an application to retain Mr. S.F. Burks of Mac Consulting International (Pty) Ltd. as technical consultant, nunc pro tunc to June 10, 2016, to assist the Equity Committee in assessing the current condition of the Mooresboro Facility [Docket No. 1051]. The Bankruptcy Court entered an order approving the retention of Mr. S.F. Burks of Mac Consulting International (Pty) Ltd. on June 29, 2016 [Docket No. 1182].

B. *Statements and Schedules and Claims Bar Date.*

On March 17, 2016, the Debtors Filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code (collectively, the "Schedules").

The Bankruptcy Code allows a bankruptcy court to fix the time within which proofs of claim must be filed in a chapter 11 case. Any creditor whose Claim is not scheduled in the Schedules or whose Claim is scheduled as disputed, contingent, or unliquidated must File a proof of claim.

On March 22, 2016, the Bankruptcy Court entered an order approving: (1) April 25, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all non-governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Claims in the Chapter 11 Cases; (2) August 1, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Claims in the Chapter 11 Cases; (3) April 25, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all non-governmental units (as defined in section 101(27) of the Bankruptcy Code) to File certain Claims pursuant to section 503(b)(9) of the Bankruptcy Code (the "Administrative Claims") in the Chapter 11 Cases; (4) August 1, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Administrative Claims in the Chapter 11 Cases; (5) procedures for filing proofs of Claim; and (6) the form and manner of notice of the applicable bar dates [Docket No. 321] (the "Bar Date Order"). On April 13, 2016, the Canadian Court recognized the Bar Date Order and gave effect to such order in Canada. The Debtors are currently reviewing and analyzing Claims Filed in response to the Bar Date Order, and will File objections to Claims with the Bankruptcy Court as necessary and appropriate in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the terms of the Debtors' proposed Plan.

Because the resolution process for the Claims is currently ongoing, the Claims figures identified in this Disclosure Statement represent estimates only and, in particular, the estimated recoveries set forth in this Disclosure Statement for Holders of General Unsecured Claims could be materially lower if the actual Allowed General Unsecured Claims are higher than the current estimates.

C. *Pending Litigation Proceedings and Claims.*

In the ordinary course of business, the Debtors are party to various lawsuits, legal proceedings, and claims arising out of their businesses, including relating to environmental matters. The Debtors cannot predict with certainty the outcome or disposition of these lawsuits, legal proceedings, and claims, although the Debtors do not believe the outcome of any currently existing proceeding, even if determined adversely, would have a material adverse effect on their businesses, financial condition, or results of operations.

With certain exceptions, the filing of the Chapter 11 Cases and the orders made in the Canadian Proceedings operate as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. The Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases and by the orders made in the Canadian Proceedings is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases. This may reduce the Debtors' exposure to losses in connection with the adverse determination of such litigation.

By letter dated April 28, 2016, the Creditors' Committee provided notice to the carriers of the Debtors' D&O Liability Insurance Policies of potential claims against the Debtors' current and former directors and officers for, *inter alia*, breach of fiduciary duty and/or gross mismanagement relating to the design, construction, and operational failure of the Mooresboro Facility (collectively, the "Creditors' Committee D&O Claims"). Subject to Confirmation and Consummation of the Plan, the Creditors' Committee D&O Claims will be released and extinguished pursuant to the settlement provisions of the Plan, section 1123(b)(3) of the Bankruptcy Code, Bankruptcy Rule 9019, and the Debtor Release provided by Article VIII.D of the Plan.

On April 22, 2016, Javier Soto, an individual investor of Horsehead Holding, filed a complaint (the "Soto Securities Complaint") on behalf of himself and all other purchasers of Horsehead Holding securities between May 21, 2014 and February 2, 2016 in the United States District Court for the District of Delaware, No. 16-00292, (the "Soto Securities Action") against three members of the Debtors' management team (collectively, the "Securities Defendants"). The Soto Securities Complaint alleges, among other things, violations under the Securities Act in

connection with certain allegedly false and misleading statements made by the Soto Securities Defendants between May 21, 2014 and February 2, 2016.

On May 18, 2016, Umesh Jani, another investor of Horsehead Holding, filed a complaint (together with the Soto Securities Complaint, the "Securities Complaints") in the United States District Court for the District of Delaware, No. 16-00369, (together with the Soto Securities Action, the "Securities Actions"), substantively similar to allegations raised by the Soto Securities Complaint with respect to the Securities Defendants.

The Securities Actions remain pending at this time. In each of the Securities Actions, the district court approved stipulations entered into between the Securities Defendants and the respective plaintiffs, whereby, among other things, the Securities Defendants would not be required to respond to the Securities Complaints, each plaintiff would file an amended complaint within 45 days of the district court entering an order appointing a lead plaintiff in their case, and the Securities Defendants would then have 45 days from each amended complaint's filing to respond [No. 16-00292, Docket No. 9; No. 16-00369, Docket No. 9]. The releases provided for in the Plan do not release the Securities Defendants from the claims asserted in the Securities Actions.

D. *The Creditors' Committee's Standing Motion.*

On May 6, 2016, the Creditors' Committee Filed a motion [Docket No. 882] (the "Creditors' Committee Standing Motion") seeking standing to commence, prosecute, and/or settle an adversary proceeding or action on behalf of the Debtors' estates against the Secured Notes Collateral Agent to challenge the extent, validity, priority, and perfection of certain security interests asserted by holders of Secured Notes in certain assets of the Debtors with respect to: (a) the pledge in favor of the Secured Notes Collateral Agent with respect to the 100% equity interest in INMETCO held by Horsehead Holding; (b) the mortgage perfecting the Secured Notes Collateral Agent's security interest with respect to 34.07 acres of land connected with the Debtors' Palmerton, Pennsylvania EAF dust recycling facility, commonly known as "Premises B"; and (c) the Secured Notes Collateral Agent's deeds of trust on the Mooresboro Facility (collectively, the "Creditors' Committee Standing Motion Claims").

In particular, the Creditors' Committee asserted that the mortgage filed and recorded on October 31, 2012 by the Secured Notes Collateral Agent with regard to the Mooresboro Facility was deficient because it allegedly listed the incorrect beneficiary, loan, and loan amount, and that a corrected mortgage filed on January 7, 2016 on the Mooresboro Facility is subject to avoidance. Pursuant to the Creditors' Committee Standing Motion Filed on May 6, 2016, the Creditors' Committee alleged that the invalidation of the deeds of trust in favor of the Secured Notes Collateral Agent on the Mooresboro Facility would result in a significant recovery to unsecured creditors of HMP.

After filing of its Creditors' Committee Standing Motion on May 6, 2016, on May 20, 2016, the Creditors' Committee Filed an application with the Bankruptcy Court seeking authority to retain Suncorp Valuations ("Suncorp"), nunc pro tunc to May 9, 2016, to prepare a valuation report on the Mooresboro Facility [Docket No. 941]. The Bankruptcy Court approved Suncorp's retention on June 7, 2016 [Docket No. 1029].

On June 9, 2016, the Debtors filed a motion to expand the scope of Pachulski's retention, as to allow Pachulski to retain experts in connection with the Creditors' Committee Standing Motion [Docket No. 1046], which was approved on July 7, 2016 [Docket No. 1251]. On June 10, 2016, the Creditors' Committee filed an application with the Bankruptcy Court seeking authority to retain The Law Office of Curtis A. Hehn as Delaware special conflicts counsel in connection with the Creditors' Committee Standing Motion [Docket No. 1047], which was approved on July 6, 2016 [Docket No. 1222]. The Debtors, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, and Holders of the Secured Notes, reserve all rights with regard to the Creditors' Committee Standing Motion, which is scheduled to be heard by the Bankruptcy Court on August 30, 2016.

As set forth in further detail in Article V.I herein, the Creditors' Committee Standing Motion Claims underlying the Creditors' Committee Standing Motion have been settled pursuant to the Plan (the "Creditors' Committee Settlement"). Pursuant to the terms set forth in the Plan, the Creditors' Committee has agreed to hold the Creditors' Committee Standing Motion in abeyance pending Confirmation of the Plan, and upon the Effective Date of the Plan, the Creditors' Committee Standing Motion will be deemed moot and dismissed with prejudice.

E. *The Debtors' DIP Financing and Cash Collateral Motion and the Interim DIP Relief.*

After a significant marketing process and vigorous negotiations, on the Petition Date, the Debtors Filed the *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364, (II) Authorizing the Postpetition Use of Cash Collateral, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b), and (V) Granting Related Relief* [Docket No. 17] (the "DIP Motion"). The Bankruptcy Court entered the Final DIP Order on March 3, 2016, which, among other things: (a) approved the DIP Facility; (b) approved the Debtors' use of cash collateral; (c) approved the adequate protection packages contained therein, with certain modifications; and (d) overruled any objections to the DIP Motion not otherwise resolved [Docket No. 252].

As of the Petition Date, the DIP Facility contemplated that Zochem would be jointly and severally liable with the other Debtors for the full amount of the obligations under the DIP Facility. Following the Bankruptcy Court's statements at the First Day Hearing, the Debtors reached a compromise with the DIP Lenders and other parties in interest to limit Zochem's liability under the Interim DIP Order to $25.0 million pending entry of the Final DIP Order. That modification was reflected in the Interim DIP Order that the Bankruptcy Court entered on February 4, 2016. [Docket No. 81, ¶ 44].

On March 3, 2016, the Bankruptcy Court entered the Final DIP Order, which amended the DIP Facility to, among other things, to provide for a "carve out" of any proceeds with respect to the disposition of Zochem's assets in an amount equal of up to $12.0 million after payment of up to $25.0 million of obligations outstanding under the DIP Facility (the "Zochem Carve-Out"). Such funds would then be held in trust for payment of pre- and postpetition Claims against Zochem. The Debtors believe that the Zochem Carve-Out is appropriately sized to pay, in full, all Claims against Zochem. Additionally, the Plan provides that all Claims against Zochem shall be Unimpaired and Reinstated.

The Debtors subsequently entered into three amendments to the DIP Facility on March 3, 2016 ("DIP Amendment No. 1"), May 16, 2016 ("DIP Amendment No. 2"), and June 23, 2016 ("DIP Amendment No. 3") that, among other things, modified certain financial covenants applicable to the DIP Facility, including modifications related to the NMTC Forbearance Agreements, and milestones related to the Confirmation and Consummation of the Plan. Pursuant to DIP Amendment No. 3, the DIP Facility provides for events of default in the event the Debtors fail to, among other things: (1) obtain approval from the Bankruptcy Court of a disclosure statement by July 7, 2016; (2) obtain entry of an order approving an Acceptable Plan (as defined in the DIP Credit Agreement) by August 31, 2016; and (3) Consummate an Acceptable Plan by September 19, 2016. The DIP Credit Agreement defines "Acceptable Plan" as a chapter 11 plan that "that is in form and substance acceptable to the Required Lenders, the ad hoc committee of Senior Secured Noteholders and the Debtors." See DIP Credit Agreement § 5.15(e).

F. *Traxys Settlement.*

On February 19, 2016, Traxys Filed a motion (the "Traxys Motion") to compel the Debtors to assume or reject approximately 41 executory contracts between Traxys and Zochem (collectively, the "Traxys Contracts") [Docket No. 169]. Under the Traxys Contracts, Traxys sold special high grade zinc to Zochem and, in turn, agreed to repurchase such zinc from Zochem at designated intervals at defined amounts based upon future average prices established by the LME. Horsehead Holding guaranteed Zochem's performance under the Traxys Contracts.

Following negotiations between Traxys and the Debtors, the parties were able to resolve the Traxys Motion, and the Debtors Filed an agreed order reflecting the settlement on March 28, 2016 [Docket No. 344]. Pursuant to the settlement with Traxys, the Debtors agreed to assume the Traxys Contracts and pay, through set off, $13,817.80 to Traxys to cure defaults under the Traxys Contracts and as adequate assurance of future performance with respect to the Traxys Contracts. On March 30, 2016, the Bankruptcy Court entered the agreed order resolving the Traxys Motion. [Docket No. 347]. On April 13, 2016, the Canadian Court granted an order recognizing and enforcing the agreed order resolving the Traxys Motion in Canada.

G. *The Mooresboro Facility Repairs and Upgrades.*

As noted above, the Debtors expect that the Mooresboro Facility, which is currently in an idled state, will require significant time, funding, repairs, and upgrades to bring the facility to fully-operational. The Debtors anticipate that the ramp-up of the Mooresboro Facility will take approximately 36 months in order to bring the Mooresboro Facility up to full operational capacity, and require capital expenditures of approximately $117.0 million for various costs, including debottlenecking, electrodes, electrolyte quality, engineering, reliability, safety, and environmental expenses.

On May 31, 2016, the Debtors filed a motion seeking authority, among other things, to enter into an agreement to engage Hatch Associates Consultants, Inc. ("Hatch"), to prepare a report (the "Mooresboro Report") that will estimate the costs of a select set of projects identified by the Debtors' in-house engineering team as necessary to bring the Mooresboro Facility back online and fully operational [Docket No. 1007]. The Mooresboro Report will also provide: (a) greater scope definition and preliminary engineering of certain projects; (b) an implementation schedule that will assist the Debtors in prioritizing projects needed for the restart of the Mooresboro Facility; and (c) an assessment of the methodology adopted by the Debtors' engineering team in determining the capital costs for projects not otherwise reviewed by Hatch. On June 21, 2016, the Bankruptcy Court entered an order authorizing the Debtors' engagement of Hatch and related relief [Docket No. 1139]. The study being conducted by Hatch commenced on or about May 30, 2016 and is expected to take approximately eight (8) weeks at an estimated cost of $220,000.

H. *Plan Exclusivity.*

On May 27, 2016, the Debtors filed a motion seeking to extend their exclusive right to file a chapter 11 plan through and including October 29, 106, and to solicit votes thereon through and including December 28, 2016 (the "Exclusivity Motion") [Docket No. 994]. The Creditors' Committee and the Equity Committee each filed an objection to the Exclusivity Motion [Docket Nos. 1048, 1056], which the Debtors responded to on June 16, 2016. The Court entered the order granting the Exclusivity Motion on July 11, 2016 [Docket No. 1273].

I. *The Debtors' Plan Process; Resolution with the Creditors' Committee.*

The Debtors filed their initial plan of reorganization on April 13, 2016 [Docket No. 604] (the "April 13 Plan") with the support of the Ad Hoc Group of Noteholders. As reflected in its most recent Bankruptcy Rule 2019 statement filed on April 4, 2016 [Docket No. 464], the Ad Hoc Group of Noteholders beneficially owns or controls: (1) 96.8 percent, or $198.4 million in notional value of the Secured Notes Claims; (2) 80.5 percent, or $32.2 million in notional value of the Unsecured Notes Claims; (3) 16.1 percent, or [$16.1] million in notional value of the Convertible Notes Claims; (4) 6.2 percent, or 3.6 million of the outstanding shares of stock in Horsehead Holding; and (5) 100 percent of the DIP Facility Claims.

Since both before and after the Filing of the April 13 Plan, the Debtors, the Creditors' Committee, and the Ad Hoc Group of Noteholders (collectively, the "Settlement Parties") have engaged in arm's length, good faith negotiations regarding the Debtors' restructuring, including, but not limited to, issues raised by the Creditors' Committee regarding the Debtors' enterprise value, the validity and allowability of certain Intercompany Claims, including those held by Horsehead Holding, and the Creditors' Committee Standing Motion Claims. These negotiations also included efforts to address other concerns raised, and alleged deficiencies asserted, by the Creditors' Committee with respect to the April 13 Plan and the Creditors' Committee Standing Motion Claims. These negotiations were a success and have now been memorialized in and are implemented through the Plan Filed with the Bankruptcy Court and described herein, which amends and restates the April 13 Plan in its entirety. Among other things, these negotiations have resulted in an agreed upon global settlement (the "Global Settlement") reached between the Settlement Parties providing for significant improvements to the treatment of Holders of Unsecured Claims under the Plan, versus the treatment provided to such Holders under the April 13 Plan, including: (1) an increase in total Cash available for recovery to Holders of Other General Unsecured Claims to $11.875 million, versus the $2.5 million cash pool available to such Holders under the April 13 Plan; (2) providing for improved recoveries on account of Unsecured Notes Claims in the form of 6.71 percent of the New Common Equity subject to dilution as provided in the Plan, as well as payment of the Unsecured Notes Indenture Trustee Fees; (3) providing

for improved recoveries on account of Convertible Notes Claims in the form of the Warrants to New Common Equity equal to, as of the Effective Date, 6 percent of 1,170,213 subject to dilution for any New Common Equity to be issued in connection with the Additional Capital Commitment, as well as payment of the Convertible Notes Indenture Trustee Fees, where, previously, Convertible Notes Claims were to receive no recovery under the April 13 Plan; (4) providing that Allowed Zochem General Unsecured Claims will be paid within 45 days of the Effective Date; (5) providing for improved recoveries to Holders of Banco Bilbao Credit Agreement Claims in the form of a $3.0 million unsecured note on the terms set forth in the Plan; (6) providing for a waiver of certain Avoidance Actions held by the Debtors as set forth in the Plan; and (7) providing for the assumption of all collective bargaining agreements by the Reorganized Debtors.

Based on the modifications to the April 13 Plan set forth herein to incorporate the terms of the Global Settlement, the Creditors' Committee supports Confirmation and Consummation of the Plan, subject to the terms and conditions set forth in the Plan. The Plan is also supported by the Ad Hoc Group of Noteholders. The terms of the Global Settlement have been embodied in the Plan and will be approved pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code via entry of the Confirmation Order, which will include findings that, among other things, the compromises and settlements under the Plan, including, but not limited to, the Global Settlement, are in the best interests of the Debtors, their Estates, their creditors, and other parties in interest, and are fair, equitable, and well within the range of reasonableness.

The Debtors believe the Plan, as modified to implement the Global Settlement, represents the best available path for the Debtors to reorganize and maximize value for their stakeholders' benefit. The Debtors therefore seek Confirmation of the value-maximizing Restructuring Transactions encompassed in the Plan and described herein.

ARTICLE VI.
SUMMARY OF THE PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan, and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan controls the actual treatment of Claims against, and Interests in, the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors, the Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. *Administrative Claims and Professional Fee Claims.*

1. Administrative Claims.

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors, as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (a) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, no later than thirty (30) days after the Effective Date or as soon as reasonably practicable thereafter; (b) if the Administrative Claim and/or

Professional Fee Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable thereafter; or (c) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Claims Bar Date Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date.

2. Professional Compensation.

(a) Final Fee Applications.

All final requests for payment of Professional Fee Claims must be Filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

(b) Professional Fee Escrow.

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Creditors' Committee or the Debtors and for no other parties until all Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; provided, that obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, claims, or interests shall encumber the Professional Fee Escrow in any way.

(c) Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

3. DIP Facility Claims.

Except to the extent that a Holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full, in Cash, by the Debtors on the Effective Date.

4. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

5. Reclamation Claims.

Pursuant to section 546(c) of the Bankruptcy Code, a seller of goods that sold good to a debtor in the ordinary course of such seller's business may reclaim such goods if the debtors received the goods while insolvent within 45 days of commencement of a bankruptcy case (each such claim, a "Reclamation Claim"). Section 546(c) of the Bankruptcy Code requires that the seller demand, in writing, reclamation of such goods not later than 45 days after the date of receipt of such goods by the debtor or not later than 20 days after the date of commencement of the case, if the 45-day period expires after the commencement of a case. The Plan does not include any recovery for Reclamation Claims. Rather, pursuant to section 546(c) of the Bankruptcy Code, Reclamation Claims are subject to the prior perfected liens held by other parties on the Debtors' inventory, including claims arising under the Secured Notes and the Macquarie Credit Facility. Accordingly, the Debtors do not believe that any valid Reclamation Claims exist, and any losses on account of such claims would be a General Unsecured Claim.

B. *Classification and Treatment of Claims and Interests.*

1. Classification of Claims and Interests.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in Article III of the Plan. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims are classified in the Classes set forth in Article III of the Plan for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

(a) Class Identification.

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D of the Plan. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor); provided, that: (i) Class 3, Class 4, Class 5, and Class 8B shall be vacant for Zochem; (ii) Class 7 shall be vacant for each Debtor other than Horsehead Holding and Horsehead Corporation; (iii) Class 6 shall be vacant for each Debtor other than Horsehead Holding; and (iv) Class 11 shall be vacant for Horsehead Holding.

Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 1	Each Debtor	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Each Debtor	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Each Debtor other than Zochem	Macquarie Credit Agreement Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Each Debtor other than Zochem	Secured Notes Claims	Impaired	Entitled to Vote
Class 5	Each Debtor other than Zochem	Unsecured Notes Claims	Impaired	Entitled to Vote
Class 6	Horsehead Holding	Convertible Notes Claims	Impaired	Entitled to Vote
Class 7	Horsehead Holding and Horsehead Corporation	Banco Bilbao Credit Agreement Claims	Impaired	Entitled to Vote
Class 8A	Zochem	Zochem General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 8B	Each Debtor other than Zochem	Other General Unsecured Claims	Impaired	Entitled to Vote
Class 9	Each Debtor	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 10	Each Debtor	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 11	Each Debtor other than Horsehead Holding	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 12	Each Debtor	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

(b) Treatment of Claims and Interests.

(i) Class 1 - Other Secured Claims.

(A) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in cash of such Holder's Allowed Other Secured Claim;

(II) Reinstatement of such Holder's Allowed Other Secured Claim;

(III) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(IV) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(C) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(ii) Class 2 - Other Priority Claims.

(A) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in cash of such Holder's Allowed Other Priority Claim; or

(II) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

(C) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iii) Class 3 - Macquarie Credit Agreement Claims.

(A) *Classification*: Class 3 consists of all Allowed Macquarie Credit Agreement Claims for all applicable Debtors. For the avoidance of doubt, all Allowed Macquarie Credit Agreement Claims shall subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Macquarie Credit Agreement Claim agrees to a less favorable treatment of its Allowed Macquarie Credit Agreement Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Macquarie Credit Agreement Claim, each such Holder thereof shall receive payment in full in cash of such Holder's Allowed Macquarie Credit Agreement Claim.

(C) *Voting*: Class 3 is Unimpaired under the Plan. Holders of Allowed Macquarie Credit Agreement Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iv) Class 4 - Secured Notes Claims.

(A) *Classification*: Class 4 consists of all Allowed Secured Notes Claims for all applicable Debtors.

(B) *Allowance*: The Secured Notes Claims are Allowed in the amount of $205,000,000 on account of unpaid principal, plus interest, fees, and other expenses, arising under or in connection with the Secured Notes Claims.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Secured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Secured Notes Claim, each Holder thereof shall receive such Holder's Pro Rata share of (i) 93.29% of the New Common Equity (representing 347,380 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (1) pursuant to the Warrants, (2) pursuant to the MEIP and (3) in connection with the Additional Capital Commitment, without reduction on account of Secured Notes Indenture Trustee Fees so long as such fees are paid in accordance with Article XII.D of the Plan.

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Secured Notes Claim shall be entitled to receive any distribution from or share in the General Unsecured Creditor Cash Pool on account of any deficiency Claim or otherwise.

(D) *Voting*: Class 4 is Impaired under the Plan. Holders of Allowed Secured Notes Claims are entitled to vote to accept or reject the Plan.

(v) Class 5 - Unsecured Notes Claims.

(A) *Classification*: Class 5 consists of all Allowed Unsecured Notes Claims for all applicable Debtors.

(B) *Allowance*: The Unsecured Notes Claims are Allowed in the amount of $40,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Unsecured Notes Claim.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Unsecured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Unsecured Notes Claim, each Holder of Allowed Unsecured Notes Claims shall receive such Holder's Pro Rata portion of 6.71% of New Common Equity (representing 25,000 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (1) pursuant to the Warrants, (2) pursuant to the MEIP and

(3) in connection with the Additional Capital Commitment without reduction on account of Unsecured Notes Indenture Trustee Fees so long as such Unsecured Notes Indenture Trustee Fees are paid in accordance with Article XII.D of the Plan.

(D) *Voting*: Class 5 is Impaired under the Plan. Holders of Allowed Unsecured Notes Claims are entitled to vote to accept or reject the Plan.

(vi) Class 6 - Convertible Notes Claims.

(A) *Classification*: Class 6 consists of all Allowed Convertible Notes Claims.

(B) *Allowance*. The Convertible Notes Claims are Allowed in the amount of $100,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Convertible Notes Claims.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Convertible Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Convertible Notes Claim each Holder thereof shall receive such Holder's Pro Rata share of the Warrants without reduction on account of Convertible Notes Indenture Trustee Fees so long as such Convertible Notes Indenture Trustee Fees are paid in accordance with Article XII.D of the Plan.

(D) *Voting*: Class 6 is Impaired under the Plan. Holders of Convertible Notes Claims are entitled to vote to accept or reject the Plan.

(vii) Class 7 - Banco Bilbao Credit Agreement Claims.

(A) *Classification*: Class 7 consists of all Allowed Banco Bilbao Credit Agreement Claims for all applicable Debtors.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Banco Bilbao Credit Agreement Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Banco Bilbao Credit Agreement Claim, each Holder of an Allowed Banco Bilbao Credit Agreement Claim shall receive such Holders' Pro Rata share of the Banco Bilbao Note.

(C) *Voting*: Class 7 is Impaired under the Plan. Holders of Allowed Banco Bilbao Credit Agreement Claims are entitled to vote to accept or reject the Plan.

(viii) Class 8A - Zochem General Unsecured Claims.

(A) *Classification*: Class 8A consists of all Allowed Zochem General Unsecured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Zochem General Unsecured Claim agrees to a less favorable treatment of its Allowed Zochem General Unsecured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Zochem General Unsecured Claim, each such Allowed Zochem General Unsecured Claim shall be Reinstated; provided, that all Allowed Zochem General Unsecured Claims shall be paid in full in Cash no later than 45 days after the Effective Date.

(C) *Voting*: Class 8A is Unimpaired under the Plan. Holders of Allowed Zochem General Unsecured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(ix) Class 8B - Other General Unsecured Claims.

(A) *Classification*: Class 8B consists of all Allowed Other General Unsecured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other General Unsecured Claim, each such Holder thereof shall receive such Holder's Pro Rata share of Cash in the amount of $11,875,000 as allocated on a Debtor-by-Debtor basis in accordance with **Exhibit A** to the Plan.

(C) *Voting*: Class 8B is Impaired under the Plan. Holders of Allowed Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

(x) Class 9 - Section 510(b) Claims.

(A) *Classification*: Class 9 consists of all Allowed Section 510(b) Claims.

(B) *Treatment*: Section 510(b) Claims will be canceled, released, discharged, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Section 510(b) Claims will not receive any distribution on account of such Section 510(b) Claims.

(C) *Voting*: Class 9 is Impaired under the Plan. Holders of Section 510(b) Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the

Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xi) Class 10 - Intercompany Claims.

(A) *Classification*: Class 10 consists of all Allowed Intercompany Claims.

(B) *Treatment*: Intercompany Claims shall be, at the option of the Reorganized Debtors, either:

(I) Reinstated as of the Effective Date; or

(II) cancelled without any distribution on account of such Claims.

(C) *Voting*: Class 10 is Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xii) Class 11 - Intercompany Interests.

(A) *Classification*: Class 11 consists of all Allowed Intercompany Interests.

(B) *Treatment*: Intercompany Interests shall be, at the option of the Reorganized Debtors, either:

(I) Reinstated as of the Effective Date; or

(II) cancelled without any distribution on account of such Interests.

(C) *Voting*: Class 11 is Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xiii) Class 12 - Existing Interests.

(A) *Classification*: Class 12 consists of all Allowed Existing Interests.

(B) *Treatment*: On the Effective Date, all Existing Interests shall be cancelled without any distribution on account of such Interests.

(C) *Voting*: Class 12 is Impaired under the Plan. Holders of Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(c) Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

(d) Elimination of Vacant Classes.

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline (as such date may be extended in accordance with the solicitation procedures approved pursuant to the Disclosure Statement Order) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(e) Voting Classes; Presumed Acceptance by Non-Voting Classes.

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

(f) Intercompany Interests and Intercompany Claims.

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purposes of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, all Intercompany Interests shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

(g) Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

C. *Means for Implementation of the Plan.*

1. Overview of Settlement in Connection with the Plan.

Pursuant to section 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided under the Plan, the Plan constitutes a request for the Bankruptcy Court to authorize and approve, among other things, the Creditors' Committee Settlement as implemented herein. Distributions to be made to Holders of (a) Unsecured Notes Claims, (b) Convertible Notes Claims, (c) Banco Bilbao Credit Agreement Claims, and (d) Other General Unsecured Claims pursuant to the Plan shall be made on account of and in consideration of, among other things, the Creditors' Committee Settlement, pursuant to which, on the Effective Date of the Plan, the Creditors' Committee shall release the Creditors' Committee Standing Motion Claims. The Creditors' Committee Settlement also includes, among other things, the First American Payment, which payment shall be used to fund, in part, the Cash payment being made to Holders of Other General Unsecured

Claims pursuant to the Plan. Entry of the Confirmation Order shall confirm (i) the Bankruptcy Court's approval, as of the Effective Date, of the Plan and all components of the Creditors' Committee Settlement, and (ii) the Bankruptcy Court's finding that the Creditors' Committee Settlement is (x) in the best interest of the Debtors, their respective Estates, and the Holders of Claims and (y) fair, equitable, and reasonable. The First American Payment shall be made pursuant to the First American Settlement Agreement by and between the Debtors, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Ad Hoc Group of Noteholders, and First American which agreement shall be approved by an order of the Bankruptcy Court. The First American Settlement Agreement, inter alia, provides that: (a) First American shall make the First American Payment; (b) the Secured Notes Collateral Agent's claims for coverage under that certain lender's title policy for the Mooresboro Facility in respect of the Creditors' Committee Standing Motion Claims shall be released; (c) the First American Title Policies shall terminate upon the release of the Escrow Disbursement; and (d) First American shall receive a release in connection with its Title Policies as set forth in First American Settlement Agreement and the Plan upon the release of the Escrow Disbursement.

2. No Substantive Consolidation.

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

3. Restructuring Transactions.

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors, with the consent of the Requisite Plan Sponsors, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan. Such actions shall include:

- All Existing Interests in Horsehead Holding shall be cancelled as of the Effective Date.
- On the Effective Date, Horsehead Holding shall be converted from a Delaware corporation to a Delaware limited liability company that will elect to be taxed as a corporation for U.S. federal income tax purposes. For U.S. federal income tax purposes, the conversion of Horsehead Holding is intended to be treated as a reorganization under Section 368(a)(1)(F) of the Internal Revenue Code.[25]
- Following such conversion of Horsehead Holding to a Delaware limited liability company on the Effective Date, Horsehead Holding shall issue the New Common Equity in accordance with the terms of the Plan directly to those holders of Claims entitled to receive New Common Equity, and Horsehead Holding shall become the Reorganized Horsehead, each other Debtor's ultimate parent company, upon Consummation.
- On the Effective Date, Reorganized Horsehead shall issue New Common Equity to: (a) Holders of Secured Notes Claims and Unsecured Notes Claims; and (b) the applicable Plan Sponsors, pursuant to the Plan and the UPA.
- On the Effective Date, the Additional Capital Commitment Participants and Reorganized Horsehead shall be bound by the purchase obligation and issuance obligations, respectively, with respect to the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.

[25] Horsehead Holding's conversion to a limited liability company is intended to facilitate the allocation of rights and responsibilities among the holders of New Common Equity through a new operating and management agreement, which will be included the Plan Supplement.

- On the Effective Date, the New Limited Liability Company Agreement shall be adopted by Reorganized Horsehead and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects. Each party receiving New Common Equity shall not be required to execute the New Limited Liability Company Agreement before receiving its respective distributions of New Common Equity under the Plan, including any New Common Equity issued pursuant to the UPA. Any such party who does not execute the New Limited Liability Company Agreement shall be automatically deemed to have accepted the terms of the New Limited Liability Company Agreement (in its capacity as a member of Reorganized Horsehead) and to be a party thereto without further action.

The Restructuring Transactions may include one or more additional actions, including one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, assignments, liquidations, or other corporate transactions as may be determined by the Debtors to be necessary. The actions to implement the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (d) all other actions that the applicable Entities, with the consent of the Requisite Plan Sponsors, determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

4. Sources of Consideration.

The Reorganized Debtors shall fund distributions and satisfy applicable Allowed Claims under the Plan with (a) Cash on hand, including Cash from operations, (b) the New Common Equity, (c) Cash proceeds from the purchase of New Common Equity pursuant to the UPA, (d) the Warrants, and (e) the First American Payment.

5. UPA and the Additional Capital Commitment.

Prior to the Effective Date, pursuant to the terms of the UPA, the Eligible Holders shall have the right to elect to commit to purchase Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment. Such Additional Capital Commitment Units, an Eligible Holder's right to elect to purchase such Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment, and Reorganized Horsehead's obligations to elect to exercise such Additional Capital Commitment and issue such Additional Capital Commitment Units are, in each case, subject to the terms and conditions of the UPA.

6. Issuance of New Common Equity.

Upon the Effective Date, all equity interests of Horsehead Holding shall be cancelled and Reorganized Horsehead shall issue the New Common Equity, as set forth under the Plan (including the UPA Units to the Plan Sponsors). Reorganized Horsehead shall ensure it has sufficient available New Common Equity in order to issue the Additional Capital Commitment Units to the Additional Capital Commitment Participants pursuant to the terms of the UPA. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

Each unit of the New Common Equity issued pursuant to the Plan shall be validly issued, fully paid, and non-assessable. The New Limited Liability Company Agreement and any other New Organizational Documents shall be adopted on the Effective Date and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects.

7. Funding of General Unsecured Creditor Cash Account.

The General Unsecured Creditor Cash Pool shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account and, subject to Article VI.H of the Plan, utilized by the Reorganized Debtors solely for distributions to Holders of Allowed Claims in Class 8B in accordance with the Plan. No costs incurred by the Reorganized Debtors shall be paid from the General Unsecured Creditor Cash Account, whether such costs relate to implementation of the Plan or otherwise, and the Reorganized Debtors shall not grant control over, or a security interest in, the General Unsecured Creditor Cash Account to any party.

8. Continued Corporate Existence.

The Reorganized Debtors shall adopt the New Organizational Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

9. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action (unless otherwise released or discharged pursuant to the Plan), and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court or the Canadian Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the CCAA.

10. New Organizational Documents.

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of conversion and certificate of formation for Reorganized Horsehead, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation or formation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state, province, or country of incorporation and their respective New Organizational Documents.

11. Directors, Managers, and Officers of the Reorganized Debtors.

As of the Effective Date, the officers and members of the board of directors and board of managers of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

12. Registration Exemptions.

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of (a) the New Common Equity issued to Holders of Secured Notes Claims and Unsecured Notes Claims, (b) the Warrants issued to Holders of Convertible Notes Claims, (c) the New Common Equity issued upon exercise of the Warrants or any other security obtainable upon exercise of the Warrants pursuant to their terms, and (d) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims (collectively, the "Section 1145 Securities"), as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior

to the offering, issuance, distribution, or sale of securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (i) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (ii) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code. Under Canadian securities laws and regulations, the Section 1145 Securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Section 1145 Securities through the facilities of The Depository Trust Company ("DTC"), the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Common Equity under applicable securities laws. If applicable, the DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, the DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Pursuant to Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA, shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Securities will be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law. Under Canadian securities laws and regulations, these securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

13. General Settlement of Claims.

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies resolved pursuant to the Plan, including the controversies resolved by the global settlement between the Debtors, the Creditors' Committee and the Ad Hoc Group of Noteholders as described in this Disclosure Statement and pursuant to Article IV.A of the Plan. All distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.

14. Intercompany Account Settlement.

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

15. Cancellation of Existing Securities and Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan, and except with respect to the indemnification obligations set forth in Section 9.05 of the DIP Credit Agreement, all notes, instruments, certificates, and other documents evidencing Claims or Interests, and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, shall be deemed cancelled and surrendered without any need for a Holder to take further action with respect to any note(s) or security, the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall have no further obligations or duties thereunder; provided, however, that notwithstanding Confirmation or Consummation, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (a) allowing Holders to receive distributions under the Plan, and (b) allowing Holders of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to the applicable loan documents; provided, further, however, that the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, the Confirmation Recognition Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of the Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; provided, further, that the foregoing shall not affect the issuance of units issued pursuant to the Restructuring Transactions nor any other units held by one Debtor in the capital of another Debtor; provided, further, that each of the Unsecured Notes Indenture and the Convertible Notes Indenture shall continue in effect against the Debtors solely for the purposes of: (i) preserving any rights of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee, as applicable, to indemnification or contribution from, respectively, Holders of Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture or the Convertible Notes Indenture or any direction provided by Holders of the Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture of the Convertible Notes Indenture, as applicable; (ii) permitting the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to maintain or assert any right or Charging Lien each may have against distributions pursuant to the terms of the Unsecured Notes Indenture or the Convertible Notes Indenture, as applicable, to recover unpaid fees and expenses (including the fees and expenses of its counsel, agents, and advisors) of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D of the Plan, unless paid pursuant to Article XII.D of the Plan; (iii) enforcing any rights and remedies as between Holders of Unsecured Notes or Convertible Notes thereunder or as between any Holder of Unsecured Notes and the Unsecured Notes Indenture Trustee or as between any Holder of Convertible Notes and the Convertible Notes Indenture Trustee; and (iv) the payment of reasonable and documented fees and expenses incurred by the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D of the Plan, unless paid pursuant to Article XII.D of the Plan.

16. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (a) adoption or assumption, as applicable, of the agreements with existing management; (b) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (c) selection of the managers and officers for the Debtors; (d) the distribution of the New Common Equity as provided herein; (e) implementation of the Restructuring Transactions; and (f) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments

contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including the New Common Equity, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV.P of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

17. The Bartlesville Facility and Monaca Landfill.

The Debtors do not presently intend to alter current operating agreements with regard to their facility in Bartlesville, Oklahoma or their landfill in Monaca, Pennsylvania. Should that change, such operating agreements will not appear on the Assumed Executory Contract and Unexpired Lease Schedule, included in the Plan Supplement.

18. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, and any securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

19. Section 1146 Exemption.

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

20. MEIP.

The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date.

21. Director and Officer Liability Insurance.

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued. To the extent that the D&O Liability Insurance Policies are deemed to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

ACE American Insurance Company and its affiliates (collectively, "Chubb") believes that the Plan is not confirmable because, among other reasons, the Debtors do not explicitly assume insurance policies that the Debtors have with Chubb.

22. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third Party Release), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

23. Release of Avoidance Actions.

On the Effective Date, the Debtors, on behalf of themselves and their estates, shall release any and all Avoidance Actions that may be assertable against: (a) a trade creditor of any Debtor and/or Reorganized Debtor; (b) Holders of Unsecured Notes; (c) Holders of Convertible Notes; (d) members of the Creditors' Committee; and (e) any one or more of the successors or assigns of the foregoing, and any Entity acting on behalf of the Debtors or the Reorganized Debtors shall be deemed to have waived the right to pursue such Avoidance Actions; provided, that the foregoing waiver shall not limit the rights of the Debtors or the Reorganized Debtors or any Entity acting on behalf of the Debtors or the Reorganized Debtors to assert any defenses based on the Avoidance Actions to Other Secured Claims or Other Priority Claims asserted by the Entities listed in clauses (a) – (e) hereof. No Avoidance Actions shall revert to creditors of the Debtors.

Notwithstanding the foregoing paragraph or anything to the contrary in the Plan (including pursuant to the Debtor Release), the Debtors and the Reorganized Debtors, their Estates, and their successors expressly reserve all Claims and Causes of Action against Técnicas Reunidas, S.A., including with respect to any Claims or Proofs of Claim asserted by Técinas Reunidas, S.A. against any Debtor.

24. Assumption of Collective Bargaining Agreements.

All collective bargaining agreements between the applicable labor union and the Debtors (collectively, the "CBAs") in place as of the Effective Date, shall be assumed by the Reorganized Debtors as of the Effective Date.

D. *Treatment of Executory Contracts and Unexpired Leases.*

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (a) previously

were assumed or rejected by the Debtors; (b) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; (c) are the subject of a motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; or (d) are a CBA. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule at any time through and including forty-five (45) days after the Effective Date.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Notice and Claims Agent no later than 5:00 p.m. prevailing Eastern Time on the date that is the later of (a) twenty-one (21) days after notice of the Effective Date; or (b) twenty-one (21) days after notice of rejection of Executory Contracts or Unexpired Leases to the extent the Reorganized Debtors remove an Executory Contract or Unexpired Lease from the Assumed Executory Contract and Unexpired Lease Schedule on or after the Effective Date pursuant to Article V.A of the Plan.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.F of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Zochem General Unsecured Claims or Other General Unsecured Claims, as applicable, and shall be treated in accordance with Article III.B of the Plan.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (a) the amount of any payments to cure such a default; (b) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (c) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided, that the Reorganized Debtors may settle any dispute regarding the

amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A of the Plan or otherwise.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided, that, the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors and the DIP Lenders no later than thirty (30) days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court or the Canadian Court.**

4. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

5. Indemnification Obligations.

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; provided, however, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

6. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated, or are rejected or repudiated pursuant to the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

7. Chubb Insurance Obligations.

Chubb believes that the Plan and this Disclosure Statement should clarify that, notwithstanding anything to the contrary in this Disclosure Statement, the Plan, the Plan Supplement, the Confirmation Order, any other document related to any of the foregoing or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction or release or confers Bankruptcy Court jurisdiction): (a) on the Effective Date, the Reorganized Debtors jointly and severally shall assume the Insurance Contracts in their entirety pursuant to sections 105 and 365 of the Bankruptcy Code; (b) all Insurance Contracts (and any and all letters of credit and other collateral and security provided pursuant or in relation thereto) and all debts, obligations, and liabilities of Debtors (and, after the Effective Date, of the Reorganized Debtors) thereunder, whether arising before or after the Effective Date, shall survive and shall not be amended, modified, waived, released, discharged or impaired in any respect and the Reorganized Debtors will continue to be bound by the Insurance Contracts as if the Chapter 11 Cases had not occurred; (c) nothing in the Disclosure Statement, the Plan, the Plan Supplement, or the Confirmation Order shall affect, impair or prejudice the rights and defenses of the Insurers or the Reorganized Debtors under the Insurance Contracts in any manner (including, but not limited to, (i) any agreement to arbitrate disputes, (ii) any provisions regarding the provision, maintenance, use, nature and priority of collateral/security, and (iii) any provisions regarding the payment of amounts within any deductible by the Insurers and the obligation of the Debtors to pay or reimburse the applicable Insurer therefor), and such Insurers and Reorganized Debtors shall retain all rights and defenses under the Insurance Contracts, and the Insurance Contracts shall apply to, and be enforceable by and against, the Reorganized Debtors and the applicable Insurer(s) as if the Chapter 11 Cases had not occurred; (d) nothing in the Disclosure Statement, the Plan, or the Confirmation Order (including any other provision that purports to be preemptory or supervening), shall in any way operate to, or have the effect of, impairing any party's legal, equitable or contractual rights and/or obligations under any Insurance Contract, if any, in any respect; any such rights and obligations shall be determined under the Insurance Contracts and applicable non-bankruptcy law; (e) the claims of the Insurers arising (whether before or after the Effective Date) under the Insurance Contracts (i) are actual and necessary expenses of the Debtors' estates (or the Reorganized Debtors, as applicable), (ii) shall be paid in full in the ordinary course of businesses, whether as an Allowed Administrative Claim under section 503(b)(1)(A) of the Bankruptcy Code or otherwise, regardless of when such amounts are or shall become liquidated, due or paid, and (iii) shall not be discharged or released by the Plan or the Confirmation Order or any other order of the Bankruptcy Court; (f) the Insurers shall not need to or be required to file or serve any objection to a proposed cure amount or a request, application, claim, proof or motion for payment or allowance of any Administrative Claim and shall not be subject to the any bar date or similar deadline governing cure amounts or Administrative Claims; and (g) the automatic stay of Bankruptcy Code section 362(a) and the injunctions set forth in Article III of the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Court, solely to permit: (I) claimants with valid workers' compensation claims or direct action claims covered by the Insurance Contracts to proceed with their claims; (II) the Insurers to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) all valid workers' compensation claims arising under the workers' compensation policies issued by any Insurer, (B) all claims where a claimant asserts a direct claim against any Insurer under applicable non-bankruptcy law, or an order has been entered by this Court granting a claimant relief from the automatic stay to proceed with its claim, and (C) all costs in relation to each of the foregoing; (III) the Insurers to draw against any or all of the collateral or security provided by or on behalf of the Debtors (or the Reorganized Debtors, as applicable) at any time and to hold the proceeds thereof as security for the obligations of the Debtors (and the Reorganized Debtors, as applicable) and/or apply such proceeds to the obligations of the Debtors (and the Reorganized Debtors, as applicable) under the applicable Insurance Contracts, in such order as the applicable Insurer may determine; and (IV) the Insurers to cancel any Insurance Contracts, and take other actions relating thereto, to the extent permissible under applicable non-bankruptcy law, and in accordance with the terms of the Insurance Contracts.

8. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was

executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease nunc pro tunc to the Confirmation Date, in each case with the consent of the Requisite Plan Sponsors.

9. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

10. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order or the Confirmation Recognition Order.

E. *Provisions Governing Distributions.*

1. Timing and Calculation of Amounts to Be Distributed.

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date. The New Common Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Common Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors (including Reorganized Horsehead), or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, units, or interests, as applicable.

2. [Reserved].

3. Distributions Generally; Disbursing Agent.

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent that may include the Reorganized Debtors or an entity designated by the Reorganized Debtors. Distribution on account of: (a) Macquarie Credit Agreement Claims shall be made to the Macquarie Credit Agreement Administrative Agent, at which time such distribution shall be deemed completed by the Debtors, and the Macquarie Credit Agreement Agent shall deliver such distribution in accordance with the Plan and the Macquarie Credit Agreement; (b) Banco Bilbao Credit Agreement Claims shall be made to Banco Bilbao Vizcaya Argentaria, S.A., at which time such distribution shall be deemed completed by the Debtors, and Banco Bilbao Vizcaya Argentaria, S.A. shall deliver such distribution in accordance with the Plan and the Banco Bilbao Credit Agreement; (c) Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, shall be made to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee or any respective designee thereof, as applicable, at which time such distributions shall be deemed

completed by the Debtors, and the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall deliver such distributions in accordance with the Plan and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, as applicable, in each case subject to the right of any Prepetition Indenture Trustee to exercise any Charging Lien to the extent such fees or expenses are not paid to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or Convertible Notes Indenture Trustee, as applicable, pursuant to Article XII.D of the Plan. For the avoidance of doubt, distributions made by the Macquarie Credit Agreement Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A., the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall be made, as it relates to the identity of the recipients, in accordance with the applicable indenture or credit agreement and the policies of the Depository Trust Company, as applicable.

4. Rights and Powers of Disbursing Agent.

(a) Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (ii) make all distributions contemplated under the Plan; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

(b) Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

5. Distributions on Account of Claims Allowed After the Effective Date.

(a) Payments and Distributions on Account of Disputed Claims.

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

(b) Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order; provided, that, if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly-situated Holders of Allowed Claims pursuant to the Plan.

6. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

(a) Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims

Register as of the close of business on the Distribution Record Date. Notwithstanding the foregoing, with respect to Holders of Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, distributions shall be made to such Holders that are listed on the register or related document maintained by, as applicable, the Macquarie Credit Agreement Administrative Agent, the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee as of the Distribution Record Date.

(b) Delivery of Distributions in General.

(i) Initial Distribution Date.

Except as otherwise provided herein, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided, that, the manner of such distributions shall be determined at the discretion of the Disbursing Agent; provided, further, that, the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in the Schedules. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(ii) Quarterly Distribution Date.

On each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A of the Plan.

(c) *De Minimis* Distributions; Minimum Distributions.

No fractional units of New Common Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Common Equity that is not a whole number, the actual distribution of units of New Common Equity shall be rounded as follows: (i) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (ii) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Common Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

No Cash payment valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

(d) Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, that, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

7. Manner of Payment.

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

8. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

9. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

10. [Reserved].

11. Claims Paid by Third Parties.

(a) Claims Paid by Third Parties.

The Debtors, after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid. For the avoidance of doubt, the First American Payment shall not reduce or otherwise impact the distribution provided to Holders of Allowed Secured Notes Claims.

(b) Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contract. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

(c) Applicability of Insurance Contracts.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything in the Plan to the contrary (including, without limitation, Article VIII of the Plan), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts; provided, however, that the Title Policies shall be terminated upon the release of the Escrow Disbursement.

12. Allocation.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

F. *Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.*

1. Allowance of Claims.

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

2. Claims Objections, Settlements, Claims Allowance.

The Reorganized Debtors shall have the authority to: (a) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (b) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court; and (c) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (i) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records, or (ii) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

3. Claims Estimation.

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4. Disputed Claims Reserve.

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserve shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold Cash in the Disputed Claims Reserve in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided in the Plan, as such Disputed Claims or Interests are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Disputed Claims as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date.

Notwithstanding anything to the contrary herein, to the extent the Reorganized Debtors or the Disbursing Agent establish one or more Disputed Claims Reserve(s) with respect to the Claims in Class 8B, such reserve(s) must be held and maintained in the General Unsecured Creditor Cash Account in trust solely for the benefit of Holders of Allowed Claims in Class 8B and pursuant to the terms of Article IV.G of the Plan.

5. Adjustment to Claims Without Objection.

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

6. Time to File Objections to Claims.

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

7. Disallowance of Claims.

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT OR THE CANADIAN COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

8. Amendments to Claims.

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court to the maximum extent provided by applicable law.

9. No Distributions Pending Allowance.

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

10. Distributions After Allowance.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

G. *Settlement, Release, Injunction, and Related Provisions.*

1. Discharge of Claims and Termination of Interests.

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

2. Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates and any property of Chestnut Ridge shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns or in the case of property owned by Chestnut Ridge, such property shall revert to Chestnut Ridge free and clear of all mortgages, deeds of trust, Liens, pledges, or other security interests.

3. Debtor Release.

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION, ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, THE DEBTORS AND THEIR ESTATES SHALL RELEASE EACH RELEASED PARTY, AND EACH RELEASED PARTY IS DEEMED RELEASED BY THE DEBTORS, THE ESTATES, AND THE REORGANIZED DEBTORS FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES OR THE REORGANIZED DEBTORS, AS APPLICABLE), WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE ESTATES, OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY), OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE DIP FACILITY, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTORS OR THE REORGANIZED DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE PETITION DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE; PROVIDED, THAT THE FOREGOING DEBTOR RELEASE SHALL NOT OPERATE TO WAIVE OR RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN; PROVIDED, FURTHER, THAT FIRST AMERICAN SHALL ONLY BECOME A RELEASED PARTY PURSUANT TO ARTICLE VII.C OF THE PLAN UPON THE RELEASE OF THE ESCROW DISBURSEMENT. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO ARTICLE VIII.C OF THE PLAN AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THEIR ESTATES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

4. Third-Party Release.

ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE AS TO EACH OF THE RELEASING PARTIES, THE RELEASING PARTIES SHALL RELEASE EACH RELEASED PARTY, AND EACH OF THE DEBTORS, THEIR ESTATES, AND THE RELEASED PARTIES SHALL BE DEEMED RELEASED FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER (INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES, OR THE REORGANIZED DEBTORS, AS APPLICABLE), WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE DIP FACILITY, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE EFFECTIVE DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED, THAT, FIRST AMERICAN SHALL ONLY BECOME A RELEASING PARTY AND A RELEASED PARTY PURSUANT TO ARTICLE VIII.D OF THE PLAN UPON THE RELEASE OF THE ESCROW DISBURSEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE THIRD-PARTY RELEASE SHALL NOT RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA, OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO ARTICLE VIII.D OF THE PLAN AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD-PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD-PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD-PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD-PARTY RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

5. Exculpation.

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the Restructuring Transactions, the DIP Facility, the issuance, distribution, and/or sale of any units of the New Common Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, the Canadian Proceedings, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing Exculpation shall have no effect on (a) the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, fraud, or willful misconduct, or (b) any contractual liability for any breach of the Plan, the UPA, or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

6. Injunction.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR OBLIGATIONS ISSUED OR REQUIRED TO BE PAID PURSUANT TO THE PLAN (INCLUDING THE NEW COMMON EQUITY, AND DOCUMENTS AND INSTRUMENTS RELATED THERETO), CONFIRMATION ORDER OR THE CONFIRMATION RECOGNITION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, OR LIENS THAT HAVE BEEN DISCHARGED PURSUANT TO ARTICLE VIII.A OF THE PLAN, RELEASED PURSUANT TO ARTICLE VIII.B OF THE PLAN, ARTICLE VIII.C OF THE PLAN, OR ARTICLE VIII.D OF THE PLAN, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.E OF THE PLAN ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, OR THE RELEASED PARTIES: (a) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (b) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (c) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (d) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR

AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT PRIOR TO THE EFFECTIVE DATE IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (e) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

7. Additional Provisions.

For the avoidance of doubt, nothing in Article VIII.D or Article VIII.F of the Plan shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by the Greywolf Entities, solely in their capacities as holders or former holders of Existing Interests in Horsehead Holding and in no other capacity, arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date, including but not limited to that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292; provided that the Greywolf Entities may not commence, or be a named plaintiff in, any such litigation or comparable dispute resolution mechanism against the Debtors' officers and directors arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date or otherwise voluntarily participate in any such action, except as required by lawful process, other than taking such actions that are necessary to receive a distribution, if any, on account of such litigation.

8. Environmental Claims.

Nothing in the Plan releases, discharges, precludes, exculpates, or enjoins the enforcement of: (a) any liability to a Governmental Unit under applicable Environmental Law to which any Entity is subject as the owner or operator of property after the Effective Date; (b) any liability to a Governmental Unit to which any Entity is subject under applicable Environmental Law that is not a Claim; (c) any Claim of a Governmental Unit to which any Entity is subject under applicable Environmental Law arising on or after the Effective Date; (d) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtor/s or Reorganized Debtors; or (e) any valid right of setoff under Environmental Law by any Governmental Unit. The Bankruptcy Court retains jurisdiction to determine whether environmental liabilities that have been asserted by a Governmental Unit are discharged or otherwise barred by this Plan or the Bankruptcy Code.

Notwithstanding any provision to the contrary in the Plan, the United States shall retain all of its rights to setoff as provided by law.

9. Protections Against Discriminatory Treatment.

To the maximum extent provided by section 525 of the Bankruptcy Code, the Supremacy Clause of the United States Constitution and the CCAA, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

10. Setoffs.

Except as otherwise expressly provided for in the Plan (including pursuant to Article IV.V of the Plan) or in any court order, each Debtor, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim, other than any: (a) DIP Claims; (b) Secured Notes Claims; (c) Class 8B Other General Unsecured Claims; (d) Convertible Notes Claims; (e) Unsecured Notes Claims; (f) General Unsecured Claims filed by members of the Creditors' Committee; or (g) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, that, neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such Holder. In no event shall any Holder of Claims be entitled to setoff any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff.

11. Recoupment.

In no event shall any Holder of a Claim be entitled to recoup any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court asserting or preserving such right of recoupment on or before the Confirmation Date.

12. Subordination Rights.

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

13. Document Retention.

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

14. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (a) such Claim has been adjudicated as non-contingent; or (b) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

H. *Conditions Precedent to Confirmation and Consummation of the Plan.*

1. Conditions Precedent to Confirmation.

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Disclosure Statement Order and such order shall be a Final Order;

(b) the Canadian Court shall have issued the Disclosure Statement Recognition Order and such order shall be a Final Order;

(c) the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto (in each case in form and substance) shall be acceptable to the Requisite Plan Sponsors and the Debtors;

(d) the UPA shall have been executed; and

(e) the UPA shall have been approved by entry of a Final Order and shall be in full force and effect and not otherwise terminated in accordance with the terms thereof (other than pursuant to section 9.1(a) of the UPA).

2. Conditions Precedent to the Effective Date.

It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors, and, with respect to the Creditors' Committee Settlement, the Creditors' Committee, and such order shall be a Final Order and shall include a finding by the Bankruptcy Court that the New Common Equity to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law;

(b) the Canadian Court shall have issued the Confirmation Recognition Order as a Final Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors.

(c) all actions, documents, Certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable Governmental Units in accordance with applicable laws;

(d) the Professional Fee Escrow shall have been established and funded in accordance with Article II.B of the Plan;

(e) the Information Officer's fees and expenses shall have been paid through the Effective Date;

(f) the transactions contemplated by the UPA shall have been consummated and the Closing (as defined in the UPA) shall have occurred;

(g) the outstanding reasonable and documented Plan Sponsor Fees incurred by the Plan Sponsors, Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals, Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals, Convertible Notes Indenture Trustee Fees of the Convertible Notes Indenture Trustee and its professionals, Unsecured Notes Indenture Trustee Fees of the Unsecured Notes Indenture Trustee and its professionals, and all fees ordered to be paid pursuant to the Final DIP Order shall have been or will be paid contemporaneously with the Effective Date in full, in Cash;

(h) the First American Payment shall have been funded and received by the Debtors; provided, that the General Unsecured Creditor Cash Pool shall not be reduced if the First American Payment is not so funded and received;

(i) all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan shall have been received; and

(j) the General Unsecured Creditor Cash Account shall have been established and funded in the amount of $11,875,000.

3. Waiver of Conditions.

The conditions to Confirmation and Consummation set forth in Article IX of the Plan may be waived only by consent of both the Debtors and the Requisite Plan Sponsors, and may be waived without notice, leave, or order of the Bankruptcy Court or the Canadian Court or any formal action other than proceedings to confirm or consummate the Plan; provided, however, that (a) the condition in IX.B.5 of the Plan may not be waived without consent of the Information Officer, (b) the condition in Article IX.B.7 of the Plan with respect to payment of fees and expenses of any Prepetition Indenture Trustee or its professionals may not be waived without consent of the applicable Prepetition Indenture Trustee, and (c) the condition in Article IX.B.10 of the Plan may not be waived without consent of the Creditors' Committee.

4. Effect of Non-Occurrence of Conditions to the Effective Date.

If the Effective Date does not occur on or prior to [September 19, 2016], which date may be extended by the consent of the Debtors and the Requisite Plan Sponsors, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan or the Disclosure Statement shall (i) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests, (ii) prejudice in any manner the rights of the Debtors or any other Person or Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

I. *Modification, Revocation, or Withdrawal of the Plan.*

1. Modification Amendments.

Except as otherwise specifically provided in the Plan, the Debtors reserve the right, with the consent of the Requisite Plan Sponsors, to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan; provided, that the Debtors shall not be permitted to amend the Plan in a manner that materially and adversely impacts the provisions of the Plan effectuating the Creditors' Committee Settlement without the consent of the Creditors' Committee. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights, in each case with the consent of the Requisite Plan Sponsors, to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Confirmation Order or the Confirmation Recognition Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article X of the Plan.

2. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of Plan.

The Debtors, reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan or Disclosure Statement shall (i) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action, (ii) prejudice in any manner the rights of the Debtors or any other Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

J. *Retention of Jurisdiction.*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, the Assumed Executory Contract and Unexpired Lease Schedule; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with this Disclosure Statement or the Plan including, for the avoidance of doubt, the UPA;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. enter and implement orders as may be necessary to execute, implement, or consummate the First American Settlement Agreement;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.K.1 of the Plan;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or this Disclosure Statement;

17. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

18. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

19. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII of the Plan and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

23. except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;

24. hear and determine all applications for allowance and payment of Professional Fee Claims;

25. enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan;

26. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

27. enforce all orders previously entered by the Bankruptcy Court; and

28. hear any other matter not inconsistent with the Bankruptcy Code.

K. *Miscellaneous Provisions.*

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order, or the Confirmation Recognition Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

2. Additional Documents.

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be in form and substance acceptable to the Requisite Plan Sponsors and the Debtors. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Payment of Statutory Fees.

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

4. Payment of Fees and Expenses of the Plan Sponsors, the DIP Agent, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee, Pursuant to the Creditors' Committee Settlement.

Notwithstanding any provision in the Plan to the contrary, and in connection with the Creditors' Committee Settlement (with respect to the Unsecured Notes Indenture Trustee Fees and the Convertibles Notes Indenture Trustee Fees payable pursuant to subsections (iv) and (v) of Article XII.D of the Plan), the Debtors or Reorganized Debtors (as applicable) shall promptly pay in full in Cash: (a) any outstanding Plan Sponsor Fees incurred by the Plan Sponsors; (b) the Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals; (c) the Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals; (d) the Unsecured Notes Indenture Trustee Fees incurred by the Unsecured Notes Indenture Trustee; (e) the Convertible Notes Indenture Trustee Fees incurred by the Convertible Notes Indenture Trustee, and (f) the

fees incurred by the DIP Agent, all on the Effective Date without the need for such parties to file fee applications with the Bankruptcy Court, to the extent not otherwise paid prior to the Effective Date.

5. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order and the Canadian Court shall issue the Confirmation Recognition Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, the Confirmation Recognition Order or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date. [For the avoidance of doubt, if the First American Settlement Agreement is not consummated or First American does not make the First American Payment, all parties' rights and claims are fully reserved as if the First American Settlement Agreement had not been entered into; provided, however, that to the extent the First American Payment is not made, the General Unsecured Creditor Cash Pool shall not be reduced.]

6. Successors and Assigns.

Unless otherwise provided herein, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity. For the avoidance of doubt, nothing in Article XII.F of the Plan shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by any party, including, for the avoidance of doubt, any Releasing Party, as such claims are alleged in that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292.

7. Notices.

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Horsehead Holdings Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, Pennsylvania 15205
Facsimile: (412) 788-1812
Attention: Timothy D. Boates, Chief Restructuring Officer

with copies to:

Kirkland & Ellis LLP
300 North LaSalle St.
Chicago, Illinois 60654
Facsimile: (312) 862-2200
Attention: Ryan Preston Dahl, Esq. and Angela Snell, Esq.

-and-

counsel to the Plan Sponsors:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036

Facsimile: (212) 872-1002
Attention: Michael Stamer, Esq. and Meredith Lahaie, Esq.

-and-

counsel to the Creditors' Committee
Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: 973.597.2400
Attention: Kenneth A. Rosen, Esq. and Bruce Buechler, Esq.

8. Term of Injunctions or Stays.

Unless otherwise provided in the Plan, in the Confirmation Order or the Confirmation Recognition Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. All stays provided for in the Canadian Proceedings pursuant to the orders of the Canadian Court shall remain in full force and effect until the Effective Date unless otherwise ordered by the Canadian Court.

9. Entire Agreement.

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

10. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

11. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' and the Requisite Plan Sponsors' consent; and (c) nonseverable and mutually dependent.

12. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in

compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

13. Closing of Chapter 11 Cases.

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases. The Confirmation Recognition Order shall provide for the termination of the Canadian Proceedings upon the delivery of an Information officer's certificate on the Effective Date.

14. Waiver or Estoppel.

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

15. Dissolution of the Committees.

On the Effective Date, each of the Creditors' Committee and the Equity Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's and Equity Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee and Equity Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses.

16. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order or the Confirmation Recognition Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

ARTICLE VII.
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Confirmation process of the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

A. *Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan. **The Bankruptcy Court has scheduled the Confirmation Hearing for August 30, 2016, at 10:00 a.m., prevailing Eastern Time.** The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures. Any objection to the Plan must: (1) be in writing; (2) conform to the Bankruptcy Rules and the Local Rules for the United States

Bankruptcy Court for the District of Delaware; (3) state the name, address, phone number, and e-mail address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any; (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (5) be Filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is actually received by the following notice parties set forth below no later than the Plan Objection Deadline. **Unless an objection to the Plan is timely served and Filed, it may not be considered by the Bankruptcy Court**.

Co-Counsel to the Debtors	
James H.M. Sprayregen, P.C. Patrick J. Nash Jr., P.C. (admitted *pro hac vice*) Ryan Preston Dahl (admitted *pro hac vice*) **KIRKLAND & ELLIS LLP** 300 North LaSalle Chicago, Illinois 60654	Laura Davis Jones (DE Bar No. 2436) James E. O'Neill (DE Bar No. 4042) Joseph M. Mulvihill (DE Bar No. 6061) **PACHULSKI STANG ZIEHL & JONES LLP** 919 North Market Street, 17th Floor P.O. Box 8705 Wilmington, Delaware 19899-8705 (Courier 19801)
Counsel to the DIP Lenders	***Counsel to the Creditors' Committee***
Michael Stamer, Esq. (admitted *pro hac vice*) Meredith Lahaie, Esq. (admitted *pro hac vice*) **AKIN GUMP STRAUSS HAUER & FELD LLP** One Bryant Park New York, New York 10036	Kenneth A. Rosen, Esq. Bruce D. Buechler, Esq. (admitted *pro hac vice*) Philip J. Gross, Esq. (admitted *pro hac vice*) **LOWENSTEIN SANDLER LLP** 65 Livingston Avenue Roseland, New Jersey 07068
Co-Counsel to the Equity Committee	***U.S. Trustee***
Ancela R. Nastasi, Esq. (admitted *pro hac vice*) William S. Katchen, Esq. (admitted *pro hac vice*) Moshie Solomon, Esq. (admitted *pro hac vice*) Marshall E. Tracht, Esq. (admitted *pro hac vice*) **NASTASI PARTNERS** 77 Water Street, 8th Floor New York, New York 10005 -and- Mark D. Collins (DE Bar No. 2981) Robert J. Stearn, Jr. (DE Bar No. 2915) Russell C. Silberglied (DE Bar No. 3462) **RICHARDS, LAYTON & FINGER, P.A.** 920 North King Street Wilmington, Delaware 19801	Office Of The United States Trustee The District of Delaware 844 King Street, Suite 2207 Wilmington, Delaware 19801 Attn: Timothy J. Fox, Jr.

The Debtors anticipate seeking recognition of the Confirmation Order from the Canadian Court as promptly as practical after entry of the Confirmation Order.

B. *Confirmation Standards.*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code with respect to each of the Debtors. Because each of the Debtors must satisfy these requirements, it is possible that the Bankruptcy Court will enter a Confirmation Order with respect to certain Debtors and not others.[26] The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Specifically, the Debtors believe that the Plan

[26] For example, the Bankruptcy Court may deny Confirmation for one or more of the Debtors if such Debtor fails to obtain the requisite acceptance of the Plan from its Classes, while still confirming the Plan with respect to the other Debtors.

satisfies or will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.

- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.

- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in sections 507(a)(2) and 507(a)(3) will receive, under different circumstances, Cash equal to the amount of such Claim either on the Effective Date (or as soon as practicable thereafter), no later than thirty (30) days after the Claim becomes Allowed, or pursuant to the terms and conditions of the transaction giving rise to the Claim; (2) Holders of Claims specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive on account of such Claims Cash equal to the Allowed amount of such Claim on the Effective Date of the Plan (or as soon thereafter as is reasonably practicable) or Cash payable over no more than six (6) months after the Petition Date; and (3) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any "insider," as that term is defined by section 101(31) of the Bankruptcy Code, holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.

- The Debtors have paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

1. The Debtor Release, Third-Party Release, Exculpation, and Injunction Provisions.

Article VIII.C of the Plan provides for releases of certain claims and Causes of Action the Debtors may hold against the Released Parties. The Released Parties are, in each case solely in their capacity as such: (a) each Debtor, the Debtors' Estates, and Reorganized Debtor; (b) each of the Debtors' current and former officers, directors, and managers; (c) the DIP Lenders; (d) the DIP Agent; (e) the Convertible Notes Indenture Trustee; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; (m) solely with respect to the Entities identified in subsections (a) and (b) herein, each of such Entities' respective predecessors, successors, and assigns, and respective current and former shareholders, affiliates, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, and consultants; and (n) solely with respect to the Entities identified in subsections (c) through (l) herein, each of such Entities' respective agents, attorneys, representatives, principals, employees, officers, directors, managers, and advisors.

Article VIII.D of the Plan provides for releases of certain claims and Causes of Action against the Released Parties in exchange for the good and valuable consideration and the valuable compromises made by the Released Parties (the "Third-Party Release"). The Holders of Claims and Interests who are releasing certain claims and Causes of Action against non-Debtors under the Third-Party Release include: (a) all Holders of Claims who are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agent; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; and (m) all other Holders of Claims who vote to accept the Plan and who do not opt out of the release provided by the Plan pursuant to a duly completed ballot submitted prior to the Voting Deadline.

Article VIII.E of the Plan provides for the exculpation of each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases. The Exculpated Parties are, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee; (c) the Equity Committee; (d) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (e) the Plan Sponsors; (f) the DIP Lenders; (g) the DIP Agent; (h) the Ad Hoc Group of Noteholders; (i) the Secured Notes Indenture Trustee; (j) the Secured Notes Collateral Agent; and (k) solely with respect to the Entities identified in sections (a) through (j), such Entity and its current and former Affiliates, and such Entities' and its current and former Affiliates' current and former shareholders, affiliates, attorneys, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, financial advisors, accountants, investment bankers, and consultants, each in their capacity as such. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the Plan, this Disclosure Statement, or the Chapter 11 Cases.

Article VIII.F of the Plan permanently enjoins Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan, or are subject to exculpation pursuant to the Plan, from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties.

The Plan provides that all Holders of Claims who are entitled to vote on the Plan who vote to accept the Plan and who do not expressly so indicate on the ballot they execute will be granting a release of any claims or rights they have or may have as against many individuals and Entities. The release that these Holders of Claims will be giving is broad and it includes any and all claims that such Holders may have against the Released Parties, which in any way relate to the Debtors, their operations either before or after the Chapter 11 Cases began, any securities of the Debtors, whether purchased or sold, including sales or purchases which have been rescinded, and any transaction that these Released Parties had with the Debtors. Various Holders of Claims who are entitled to vote on the Plan may have claims against a Released Party and the Debtors express no opinion on whether a Holder has a claim or the value of the claim nor do the Debtors take a position as to whether a Holder should consent to grant this release.

Holders of Claims may vote to accept the Plan and receive a distribution under the Plan without granting a release of any claims against the Released Parties. If a Holder does not want to grant a release, the Holder must execute the section of the Ballot it receives which states: "I do not agree to grant a third party release."

Under applicable law, a debtor's release of certain parties, such as the Debtors' release of the Released Parties, is appropriate where: (a) there is an identity of interest between the debtor and the third party, such that a suit against the released non-debtor party is, at core, a suit against the debtor or will deplete assets of the estate; (b) there is a substantial contribution by the non-debtor of assets to the reorganization; (c) the injunction is essential to the reorganization; (d) there is overwhelming creditor support for the injunction; and (e) the chapter 11 plan will pay all or substantially all of the claims affected by the injunction. See, e.g., In re Indianapolis Downs, LLC, 486 B.R. 286, 303 (Bankr. D. Del. 2013) (citation omitted). Importantly, these factors are "neither exclusive nor are they a list of conjunctive requirements," but "[i]nstead, they are helpful in weighing the equities of the particular case after a fact-specific review." Id. (citations omitted). Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release, where such releases are consensual. Id. at 304–06. In addition, exculpation is appropriate where it applies to estate fiduciaries. Id. at 306. Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. In re W.R. Grace & Co., 475 B.R. 34, 107 (D. Del. 2012) (citing In re Global Indus. Techs., Inc., 645 F.3d 201, 206 (3d Cir. 2011)).

The Debtors believe that the releases, exculpations, and injunctions set forth in the Plan are appropriate because, among other things, the releases are narrowly tailored to the Debtors' restructuring proceedings, and each of the Released Parties has afforded value to the Debtors and aided in the reorganization process, which facilitated the Debtors' ability to propose and pursue confirmation of the Plan. The Debtors believe that each of the Released Parties has played an integral role in formulating the Plan and has expended significant time and resources analyzing and negotiating the issues presented by the Debtors' prepetition capital structure. The Debtors further believe that such releases, exculpations, and injunctions are a necessary part of the Plan. In addition, the Debtors believe the Third-Party Release is entirely consensual under the established case law in the United States Bankruptcy Court for the District of Delaware. See, e.g., Indianapolis Downs, 486 B.R. at 304–06; In re Washington Mut. Inc., 442 B.R. 314, 352 (Bankr. D. Del. 2011). The Debtors will be prepared to meet their burden to establish the basis for the releases, exculpations, and injunctions for each Released Party and Exculpated Party as part of Confirmation of the Plan.

(a) Notice of Proposed Released Claims and Causes of Action.

Claims and Causes of Action alleged by certain Releasing Parties include the Creditors' Committee D&O Claims, the Securities Actions, and the Creditors' Committee Standing Motion Claims; the Plan proposes to release these claims and Causes of Action. With regard to the Creditors' Committee D&O Claims, the Creditors' Committee alleges that it may have potential claims against, and a demand for monetary relief from, the Debtors' current and former directors and officers for, among other things, breach of fiduciary duties, misrepresentations, mismanagement, failure to exercise reasonable care and competence, and failure to act in good faith, regarding actions, decisions, and failure to act in connection with the construction and operation of the Mooresboro Facility. The Creditors' Committee also asserted the Creditors' Committee Standing Motion Claims, which seek to invalidate certain liens and security interests held by U.S. Bank, N.A. against the Mooresboro Facility. The Securities Actions alleged, among other things, violations under the Securities Act in connection with certain allegedly false and misleading statements made by the Securities Defendants.

2. Best Interests of Creditors Test—Liquidation Analysis.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an interest in such class either (a) has accepted the plan, or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code.

3. Creditor Recoveries.

The Plan provides recoveries to, among others, the Holders of Claims in Class 1, Class 2, Class 3, Class 4, Class 5, Class 6, Class 7, Class 8A, and Class 8B. As shown in the Liquidation Analysis attached hereto as **Exhibit C**, and as further discussed in Article II above, the Holders of General Unsecured Claims may not be entitled to any recovery if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The recoveries described in this Disclosure Statement that are available to the Holders of Claims are estimates and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceeds the estimates provided herein. The Debtors reserve, as applicable, the Debtors' or the Reorganized Debtors' right to recalibrate, as applicable, the recoveries based on, as applicable, the Debtors' or Reorganized Debtors' reasonable business judgment to account for, among other things, the Claims asserted against the Debtors' Estates after the occurrence of the Claims Bar Date.

The Debtors believe that the treatment of Claims in Classes 9, 10, 11, and 12 complies with the established case law in the United States Bankruptcy Court for the District of Delaware because the Debtors do not believe the Holders of such Claims would be entitled to a recovery in a liquidation scenario, as shown in the Liquidation Analysis, attached hereto as **Exhibit C**.

4. Valuation.

THE VALUATION INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WITH REGARD TO THE REORGANIZED DEBTORS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN.

The Debtors' advisors have undertaken the Valuation Analysis, attached hereto as **Exhibit D**, to determine the value available for distribution to Holders of Allowed Claims pursuant to the Plan, and to analyze and estimate the recoveries to such Holders thereunder. Additionally, the estimated valuation of the New Common Equity in this Disclosure Statement is based on the Valuation Analysis, and is used to estimate range of recovery percentages under the Plan for Holders of Secured Notes Claims and Unsecured Notes Claims. Accordingly, if the actual enterprise value of the Reorganized Debtors differs from the estimated enterprise value in the Valuation Analysis, the actual value of the New Common Equity and actual distributions to Holders of Secured Notes Claims and Unsecured Notes Claims may be materially different than the estimations set forth herein.

As noted in Article V.I. hereof, the Creditors' Committee raised concerns with respect to the April 13 Plan, including its belief that the enterprise value of the Reorganized Debtors significantly exceeds the estimate set forth in the Debtors' Valuation Analysis. Through good faith discussions with the Debtors and the Ad Hoc Group of Noteholders, the Creditors' Committee has negotiated significantly improved treatment of Holders of Unsecured Claims under the Plan as part of the Global Settlement that is more consistent with the Committee's belief regarding the enterprise value of the Reorganized Debtors.

Prior to the Petition Date, the Debtors received non-binding indications of interest from various parties regarding the potential acquisition of certain assets, including with respect to their Zochem, INMETCO, and EAF dust recycling businesses. The Equity Committee believes these indications of interest, taken together with indications of interest received by the Equity Committee subsequent to the Petition Date, support the Equity Committee's view that the Plan and the Debtors' valuation materially understates the Debtors' enterprise value. The Debtors dispute this assertion.

The Equity Committee believes that the Debtors' Valuation Analysis materially underestimates the Debtors' value. The Equity Committee has raised two primary issues regarding the Valuation Analysis, and reserves its right to raise other objections, asserting that the Debtors have not disclosed key elements of their Valuation Analysis. The Equity Committee's two primary issues are (a) the value ascribed to the Mooresboro Facility, and (b) the zinc prices used in the Debtors' projections.

The Equity Committee notes that the Debtors have presented two sets of projections, one in which the Mooresboro Facility is kept idled (the "Idled Scenario"), and one in which it is brought back into production (the "Ramp-Up Scenario"). The Equity Committee asserts that the Debtors' valuation, however, is premised solely on the Idled Scenario, and does not take into account any of the value that would be created under the Ramp-Up Scenario. The Equity Committee notes that under the Ramp-Up Scenario, the Debtors project that an investment of approximately $117.0 million over 36 months would ultimately increase the Debtors' EBITDA by more than $50.0 million per year, although in their prepetition statements, the Debtors repeatedly estimated that the Mooresboro Facility would generate incremental EBITDA of $90.0 million to $110.0 million over earnings, compared to the now-closed Monaca Facility.

The Equity Committee believes that the Debtors' revenue and earnings projections, and therefore the Debtors' valuation, are materially depressed by the use of low projected zinc prices. The Debtors' projections are based on a price of $0.80 per pound for zinc for the second half of 2016, $0.89 per pound for 2017, and $1.00 pound thereafter. As of June 10, 2016, zinc traded at approximately $0.94 per pound and, while there are no assurances, the Equity Committee believes the price is likely to increase due to the recent closing of several major zinc mines.

For the avoidance of doubt and notwithstanding anything to the contrary contained herein or in the Plan, the Debtors and the Ad Hoc Group of Noteholders reserve all rights as to these assertions.

5. Financial Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation or reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared certain financial projections, which projections and the assumptions upon which they are based are attached hereto as **Exhibit B** (the "Financial Projections"). Based on these Financial Projections, the Debtors believe the deleveraging contemplated by the Plan meets the financial feasibility requirement. Moreover, the Debtors believe that sufficient funds will exist to make all payments required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

C. *Acceptance by Impaired Classes.*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance of the Plan, subject to Article III of the Plan. Section 1126(d) of the Bankruptcy Code similarly defines acceptance of a plan by a class of impaired interests, however, Holders of Interests are not entitled to vote on the Plan on account of such Interests.

Article III.E of the Plan provides in full: "If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed

accepted by the Holders of such Claims in such Class." Such "deemed acceptance" by an impaired class in which no class members submit ballots satisfies section 1129(a)(10) of the Bankruptcy Code. In re Tribune Co., 464 B.R. 126, 183 (Bankr. D. Del. 2011) ("Would 'deemed acceptance' by a non-voting impaired class, in the absence of objection, constitute the necessary 'consent' to a proposed 'per plan' scheme? I conclude that it may." (footnote omitted)); see also In re Adelphia Commc'ns Corp., 368 B.R. 140, 259–63 (Bankr. S.D.N.Y. 2007).

D. *Confirmation without Acceptance by All Impaired Classes.*

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan; provided, however, the plan is accepted by at least one impaired class (without regard to the votes of insiders). Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

1. No Unfair Discrimination.

The test for unfair discrimination applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent but that such treatment be "fair." In general, courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). The Debtors do not believe the Plan discriminates unfairly against any Impaired Class of Claims or Interests, and have set forth the basis for the disparate treatment of certain Classes of Claims in Article VII.B.3 hereof. Accordingly, the Debtors believe that the Plan and the treatment of all Classes of Claims and Interests satisfy the foregoing requirements for non-consensual Confirmation.

2. Fair and Equitable Test.

The fair and equitable test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class receiving more than a 100% recovery and no junior Class is receiving a distribution under the Plan until all senior Classes have received a 100% recovery.

(a) Secured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) (x) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (y) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens; or (ii) the holders of such secured claims realize the indubitable equivalent of such claims. 11 U.S.C. § 1129(b)(2)(A).

(b) Unsecured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property. 11 U.S.C. § 1129(b)(2)(B).

(c) Interests.

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of (x) the allowed amount of any fixed liquidation preference to which such holder is entitled, and (y) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under clause (i) above, no class of interests junior to the non-accepting class may receive a distribution under the plan. 11 U.S.C. § 1129(b)(2)(C).

ARTICLE VIII.
CERTAIN RISK FACTORS TO BE CONSIDERED BEFORE VOTING

Holders of Claims entitled to vote should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement, the Plan, the Plan Supplement, and the documents delivered together with this Disclosure Statement, referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' business or the Plan and its implementation.

A. *Risk Factors that May Affect Recovery Available to Holders of Allowed Claims Under the Plan.*

1. The Debtors May Not Be Able to Secure Plan Confirmation Within the Milestones Currently Required by the DIP Credit Agreement.

The Debtors may not be able to secure confirmation of the Plan within the milestones currently contemplated by the DIP Credit Agreement, which require, among other things, for the Bankruptcy Court to enter an order confirming the Plan by August 31, 2016, unless extended, and for the Canadian Court to issue the Confirmation Recognition Order by September 2, 2016, unless extended. The Debtors cannot guarantee that the DIP Lenders would agree to amend the DIP Credit Agreement to extend the confirmation milestones beyond August 31, 2016 and September 2, 2016, respectively. To the extent that the terms or conditions of the DIP Credit Agreement are not satisfied, or to the extent events giving rise to termination of the DIP Credit Agreement occur, the DIP Credit Agreement may terminate prior to the Confirmation of the Plan, which could result in the loss of financing and/or support for the Plan by important creditor constituents. Any such loss of financing and/or support could adversely affect the Debtors' ability to reorganize and confirm and consummate the Plan.

2. The Debtors May Not Be Able to Satisfy the Conditions Precedent to Consummation of the Plan.

To the extent that the Debtors are unable to satisfy the conditions precedent to consummation of the Plan, the Debtors may be unable to consummate the Plan and the DIP Lenders may terminate their support for the Plan prior to the Confirmation or Consummation of the Plan. This loss would result in the loss of support for the Plan by important creditor constituents. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

3. Actual Amounts of Allowed Claims May Differ from Estimated Amounts of Allowed Claims, Thereby Adversely Affecting the Recovery of Some Holders of Allowed Claims.

The estimate of Allowed Claims and recoveries for Holders of Allowed Claims set forth in this Disclosure Statement are based on various assumptions. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary significantly from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims under the Plan and the Reorganized Debtors' ability to meet their Financial Projections.

4. The Reorganized Debtors May Not Be Able to Meet the Projected Financial Results.

The Reorganized Debtors may not be able to meet their current projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned, may be unable to service their debt obligations, and may not be able to meet their working capital and operational needs. Any one of these failures may preclude the Reorganized Debtors from, among other things: (a) achieving positive EBITDA and ultimately, profitability; (b) restarting the idled Mooresboro Facility; (c) making the necessary capital expenditures to the Debtors' Mooresboro Facility and other facilities and related operations; (d) taking advantage of future business opportunities; and (e) responding to competitive pressures.

B. *Risks Related to the UPA and the Additional Capital Commitment.*

1. The Debtors May Not Be Able to Consummate the Transactions Contemplated by the UPA.

The occurrence of the Effective Date is predicated on, among other things, the approval and consummation of the transactions contemplated by the UPA. The Debtors may not be able to obtain approval of the UPA if, among other things, the Debtors do not reach a definitive agreement as to the terms of the UPA with the Plan Sponsors, including its respective exhibits and schedules, or, once agreed and executed, the Plan Sponsors exercise their contractual right to terminate the UPA if, among other reasons, the deadlines set forth in the UPA or the various conditions precedent therein are not satisfied. Failure to enter into and then subsequently consummate the transactions contemplated by the UPA may result in the inability of the Debtors to effectuate the transactions scheduled for consummation on the Effective Date.

2. Holders Who Are Not Permitted, or Who Do Not Elect to Commit to Purchase Additional Capital Commitment Units May Hold Substantially Diluted New Common Equity.

Under the Plan, prior to the Effective Date, each Holder of a Secured Notes Claim (including each Plan Sponsor) is entitled to receive its Pro Rata share of 93.29% of the New Common Equity. However, under the terms of the Plan, the distribution of New Common Equity to Holders of Secured Notes Claims is expressly subject to dilution on account of the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP, and (c) on account of the Additional Capital Commitment Units, at any time on or after the Effective Date.

Further, with respect to the Additional Capital Commitment, the extent of the dilution is not known at this time, and will vary depending on, among other things, the portion of the Additional Capital Commitment Amount that is called by Reorganized Horsehead and the fair market value of the Additional Capital Commitment Units at the time the Additional Capital Commitment Amount is called by the Reorganized Debtors, in accordance with the procedures set forth in the UPA.

As a result, if the Additional Capital Commitment is consummated and subsequently called by Reorganized Horsehead, each Plan Sponsor that is an Eligible Holder who is unable to or does not elect to commit to purchase its respective Additional Capital Commitment in full, will have diluted equity ownership of Reorganized Horsehead as compared to full participation, the full extent of which dilution is not known and may vary depending on the decisions of the Reorganized Debtors.

3. Holders of Unsecured Notes Claims Receiving New Common Equity May Be Substantially Diluted.

Under the Plan, prior to the Effective Date, each Holder of an Unsecured Notes Claim is entitled to receive its Pro Rata share of 6.71% of the New Common Equity; provided, however, that under the terms of the Plan, the distribution of New Common Equity to Holders of Unsecured Notes Claims is expressly subject to dilution (a) for the UPA Units, (b) pursuant to the Warrants, (c) pursuant to the MEIP, and (d) on account of the Additional Capital Commitment Units, at any time on or after the Effective Date.

4. Holders of Convertible Notes Claims Receiving Warrants May Be Substantially Diluted.

Under the Plan, each Holder of a Convertible Notes Claim is entitled to receive its Pro Rata share of warrants to acquire 70,213 units of the New Common Equity (which will be equal to six percent (6%) of the outstanding and reserved units of New Common Equity as of the Effective Date); provided, however, that under the terms of the Plan, the New Common Equity distributed to Holders of Convertible Notes Claims is expressly subject to dilution by any units of New Common Equity to be issued on account of the Additional Capital Commitment Units at any time on or after the Closing Date.

5. The Additional Capital Commitment is Not Transferrable and There is No Market for the Additional Capital Commitment.

Following the Effective Date, the Additional Capital Commitment Participants may not sell, transfer, or assign their Additional Capital Commitment. The Additional Capital Commitments are only transferable by operation of law. Because the Additional Capital Commitments are non-transferable, there is no market or other means for Holders of Additional Capital Commitments to directly realize any value associated with the Additional Capital Commitments prior to Reorganized Horsehead calling such Additional Capital Commitment. To realize any value that may be embedded in the Additional Capital Commitments, Additional Capital Commitment Participants must actually purchase their Additional Capital Commitment Units in accordance with the terms of the UPA.

6. Once an Eligible Holder has Elected to Commit to Purchase Additional Capital Commitment Units Pursuant to the Additional Capital Commitment, such Election May Not be Revoked.

Once an Eligible Holder has elected to commit to purchase its Additional Capital Commitment Units pursuant to the Additional Capital Commitment, such election may not be revoked in whole or in part for any reason. If an Eligible Holder elects to commit to purchase its portion of Additional Capital Commitment Units pursuant to the Additional Capital Commitment and purchases Additional Capital Commitment Units pursuant thereto, such Eligible Holder may not be able to sell the Additional Capital Commitment Units purchased under the Additional Capital Commitment at a price equal to or greater than the purchase price for the Additional Capital Commitment Units, or at all, and such Eligible Holder may lose all or part of its investment in the Additional Capital Commitment Units.

7. The Purchase Price of the Additional Capital Commitment Units is Not Necessarily an Indication of Value.

Reorganized Horsehead is entering into the Additional Capital Commitment to ensure sufficient capital is readily available to call for purposes, among other things, of funding and operating the Mooresboro Facility, and for general corporate purposes. The terms of the Additional Capital Commitment, including the purchase price of the Additional Capital Commitment Units, are determined based on many factors, including, without limitation, prevailing market conditions and difficulties currently facing the zinc industry business, the Debtors' historical performance, the Reorganized Debtors' ability to raise alternative debt and/or equity financing, estimates of the Reorganized Debtors' business potential and earnings prospects, and an assessment of the fair market value of the Reorganized Debtors. Although the Debtors intended to capture a fair market value of the Additional Capital Commitment Units, there is no public market for the Additional Capital Commitment Units to confirm such value, and as such, the purchase price of the Additional Capital Commitment Units does not necessarily bear any relationship to the fair market value of the Reorganized Debtors or the Reorganized Debtors' net worth, liquidation value, past operations, cash flows, losses, financial condition, or any other established criteria for valuing the Reorganized Debtors. There can be no assurance that any Holder may be able to sell the Additional Capital Commitment Units at a price equal to or greater than the purchase price of the Additional Capital Commitment Units. Furthermore, because the Reorganized Debtors' liquidation value is less than their value as a going concern, a Holder may suffer a loss in the value of the Additional Capital Commitment Units if the Reorganized Debtors are required to sell any assets.

8. The Debtors May Not Call the Additional Capital Commitment.

Subject to the terms and conditions of the UPA, the Debtors may not call the Additional Capital Commitment at any time, and any portion of the Additional Capital Commitment not called will immediately terminate upon the six (6) month anniversary of the Effective Date.

C. *Risk Factors that Could Negatively Affect the Debtors' Businesses.*

The Debtors are subject to a number of risks, including (1) bankruptcy-related risk factors, and (2) general business and financial risk factors. Any or all such factors, which are enumerated below, may have a materially adverse effect on the business, financial condition, or results of operations of the Debtors.

1. Certain Bankruptcy Law Considerations.

The occurrence or non-occurrence of any or all of the following contingencies, and any others, may affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

(a) Parties in Interest May Object to the Plan's Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(b) Failure to Satisfy Vote Requirements.

In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. There can be no assurance that the Debtors will receive the requisite votes from Holders of Claims in the requisite Classes to constitute acceptance of the Plan by such Classes, because Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in such Classes must vote to accept the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

(c) The Debtors May Not Be Able to Secure Confirmation of the Plan.

The Debtors will need to satisfy section 1129 of the Bankruptcy Code, which sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by a bankruptcy court that: (i) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (ii) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (iii) the value of distributions to non-accepting holders of claims and interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the

Solicitation Procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtors could be implemented and what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan and approval by the Requisite Plan Sponsors, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications may result in a less favorable treatment of any Class than the treatment currently provided in the Plan. Such a less favorable treatment may include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

(d) Parties in Interest May Object to the Releases Provided by the Plan.

Certain creditors may assert that the Debtors cannot demonstrate that they meet the standards for approval of releases from third parties established by the United States Court of Appeals for the Third Circuit.

(e) Nonconsensual Confirmation.

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

(f) The Debtors May Object to the Amount or Classification of a Claim.

Except as provided in the Plan, the Debtors reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection, thus, may not receive its expected share of the estimated distributions described in this Disclosure Statement.

(g) Risk of Non-Occurrence of the Effective Date.

Although the Debtors believe that the Effective Date will occur promptly after the Confirmation Date, there can be no assurance as to such timing or as to whether such an Effective Date will, in fact, occur.

(h) Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which may affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

(i) The Debtors May Not Obtain Recognition from the Canadian Court.

As a condition precedent to the Effective Date, the Plan requires that the Canadian Court shall have entered the Confirmation Recognition Order. The Debtors believe that such order will be granted by the Canadian Court, however, there can be no guaranty as to such outcome.

2. General Bankruptcy-Related Risk Factors.

For the duration of the Chapter 11 Cases and the Canadian Proceedings, the Debtors' operations and their ability to execute their business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- The Chapter 11 Cases may adversely affect the Debtors' business prospects and their ability to operate.

- The Chapter 11 Cases and the attendant difficulties of operating the Debtors' businesses while attempting to reorganize the business in bankruptcy may make it more difficult to maintain and promote the Debtors' services and attract customers to their businesses.

- The Chapter 11 Cases will cause the Debtors to incur substantial costs for fees and other expenses associated with the Chapter 11 Cases and the Canadian Proceedings.

- The Chapter 11 Cases may prevent the Debtors from investing in the currently-idled Mooresboro Facility and may restrict their ability to pursue other business strategies. Among other things, the Bankruptcy Code, the Canadian Proceedings, and the DIP Credit Agreement limit the Debtors' ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell, or otherwise dispose of assets or grant liens. These restrictions may place the Debtors at a significant competitive disadvantage.

- Transactions by the Debtors outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court and with respect to property located in Canada, the Canadian Court, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. The Debtors may not be able to obtain Bankruptcy Court approval or such approval may be delayed with respect to actions they seek to undertake during the pendency of the Chapter 11 Cases or Canadian Proceedings.

- The Debtors may be unable to retain and motivate key executives and employees through the process of reorganization, and the Debtors may have difficulty attracting new employees. In addition, so long as the Chapter 11 Cases continue, the Debtors' senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations.

- There can be no assurance as to the Debtors' ability to maintain sufficient financing sources to fund their business and meet future obligations. The Debtors intend to finance their operations during their reorganization using funds from operations and the DIP Facility. There can be no assurance that the Debtors will be able to operate pursuant to the terms of the DIP Facility, including the financial covenants and restrictions contained therein, or to negotiate and obtain necessary approvals, amendments, waivers, or other types of modifications, and to otherwise fund and execute the Debtors' business plans throughout the duration of the Chapter 11 Cases and Canadian Proceedings.

- There can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm, and consummate the Plan with respect to the Chapter 11 Cases that are acceptable to the Bankruptcy Court, the Canadian Court, and the Debtors' creditors, equity holders, and other parties in interest.

- Additionally, third parties may seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm the Plan, to appoint a chapter 11 trustee, or to convert the cases to chapter 7 cases.

- In addition, the uncertainty regarding the eventual outcome of the Debtors' restructuring, and the effect of other unknown adverse factors could threaten the Debtors' existence as a going-concern. Continuing on a going-concern basis of the Debtors' business is dependent upon, among other things, obtaining Bankruptcy Court approval of a chapter 11 plan and Canadian Court recognition of the same, maintaining the support of key vendors and customers, and retaining key personnel, along with financial, business, and other factors, many of which are beyond the Debtors' control. Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise in accordance with the Bankruptcy Code, distributions from the estate for prepetition liabilities and postpetition liabilities must comply with section 1129 of the Bankruptcy Code. The ultimate recovery to Holders of Claims will not be determined until Confirmation of the Plan or an alternative chapter 11 plan. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Cases to each of these constituencies or what types or amounts of distributions, if any, they will receive.

3. General Business and Financial Risk Factors.

(a) Recent Declines in Zinc and Nickel Prices.

Recent declines in the LME base metals pricing, particularly with regard to zinc and nickel, may continue to have a significant impact on the Debtors' liquidity, operating results, and financial condition. The Debtors derive most of their revenue from the sale of zinc and a portion of their revenue from the sale of nickel-containing products. Changes in the market prices of zinc and nickel impact the selling prices of the Debtors' products. Therefore, the Debtors' liquidity and profitability are significantly affected by decreased zinc and nickel prices. Since May 2015, the price of zinc has fallen approximately 34%, reaching a five-year low in September 2015. The price of nickel has fallen approximately 50% from May 2014 to September 2015. If the prices of zinc and nickel continue to decline and the Debtors are unable to restart and improve the production rates and operational capabilities at the Mooresboro Facility, the Debtors' liquidity, financial condition, and operating results will be materially and adversely affected.

Market prices of zinc and nickel are dependent upon a variety of factors over which the Debtors have no control, including:

- the balance between supply and demand;
- availability and relative pricing of metal substitutes;
- labor costs;
- import and export restrictions;
- energy prices;
- economic conditions in the United States, China, and elsewhere in the world;
- environmental laws and regulations;
- weather; and
- the effect of financial commodity speculations.

Declines in the price of zinc have had a negative impact on the Debtors' operations in the past and in the months leading up to the Petition Date, and future declines could further negatively impact the Debtors' future financial conditions and/or operational results. Market conditions beyond the Debtors' control determine the prices for their products, and the price for any one or more of their products may fall below their production costs, requiring the Debtors to either incur short-term losses and/or idle or permanently shut down production capacity.

(b) General Economic Conditions.

The Debtors' business is adversely affected by decreases in the general level of economic activity, including the levels of purchasing and investment in general. Strengthening of the rate of exchange for the U.S. dollar against certain major currencies may adversely affect the Debtors' financial results or domestic customers' ability to export their product. The Debtors are unable to predict the likely duration and severity of disruptions in financial markets and sluggish economic conditions in the United States and other countries, and any resulting effects or changes, including those described above, may have a material and adverse effect on the Debtors' businesses, operational results, and financial condition. In their Financial Projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. The stability of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, the housing market, consumer spending, war, terrorism, natural disasters, and other such factors. Any one of these or other economic factors could have a significant effect on the operating performance of the Debtors.

(c) Implementation of Business Plan.

The Debtors may not achieve their business plan and financial restructuring strategy. For example, the restart and remediation of the issues existing at the Mooresboro Facility may take longer and prove to be substantially more expensive than the Debtors currently estimate. In such event, the Reorganized Debtors may be unable to restructure their funded debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated in this Disclosure Statement, or become subject to further insolvency proceedings.

(d) Ramp Up of the Mooresboro Facility.

The Mooresboro Facility experienced significant operational difficulties prior to its idling that resulted in low production and several interruptions, and prevented it from ever achieving its design capacity. Some of the difficulties the Debtors have faced are a bleed treatment system with insufficient capacity, inadequate removal of solids from the leach clarifier overflow, poor current efficiency caused by occasional excursions in electrolyte chemistry, and intermittent equipment reliability issues related to plugging and failure of process lines, pumps, and filters. Although the Debtors believe that the Reorganized Debtors will ultimately succeed in making the necessary repairs and upgrades to the Mooresboro Facility, which will enable it to operate at or near full capacity, there are significant risks that such efforts will be unsuccessful and that the Reorganized Debtors will continue to suffer a loss of cash flow due to operational issues at the Mooresboro Facility. The Reorganized Debtors cannot foresee the severity of known issues, guarantee that their efforts to remediate known issues will be sufficient, or guarantee that they will be able to remediate such issues in a timely or cost-effective manner. In addition, the Reorganized Debtors cannot guarantee that they will not encounter additional issues that result in further delays and unexpected costs. In that event, the Reorganized Debtors may be unable to restructure their funded debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated in this Disclosure Statement, or become subject to further insolvency proceedings.

(e) Projected Benefits from the Mooresboro Facility.

Even if the Reorganized Debtors are able to restart the Mooresboro Facility and resume operations, the benefits that the Reorganized Debtors are projected to receive from the Mooresboro Facility are based on numerous assumptions that, if incorrect, could negatively impact such projected benefits. Specifically, the technology used at the Mooresboro Facility has only been implemented in a limited number of production environments, and the Debtors' assumptions with regard to this technology have proved incorrect in certain instances in the past. Some aspects of this technology have not been tested in exactly the same manner or on a similar scale as compared to the Mooresboro Facility. In addition, the equipment in the Mooresboro Facility may not be operated in exactly the same manner as in other production environments. For example, when the Mooresboro Facility began operations in May 2014, it had intermittent success with producing more lucrative grades of zinc metal. The Reorganized Debtors may also not be able to realize the reduced recycling costs or the logistical benefits originally anticipated from the

Mooresboro Facility operations, and may also be unable to penetrate the markets for certain grades of zinc metal that the Mooresboro Facility was designed to produce.

(f) Fluctuations in the Metals Industry.

The metals industry is highly cyclical. The length and magnitude of industry cycles have varied over time and by product but generally reflect changes in macroeconomic conditions, levels of industry capacity and availability of usable raw materials. The overall levels of demand for the Debtors' products containing zinc or nickel reflect fluctuations in levels of end-user demand, which depend in large part on general macroeconomic conditions in North America and regional economic conditions in the Debtors' markets. For example, many of the principal end consumers of zinc metal and zinc-related products operate in industries such as transportation, construction, or general manufacturing, which themselves are heavily dependent on general economic conditions, including the availability of affordable energy sources, employment levels, interest rates, consumer confidence, and housing demand. These cyclical shifts in the Debtors' customers' industries tend to result in significant fluctuations in demand and pricing for the Debtors' products and services. As a result, in periods of recession or low economic growth, metals companies, including the Debtors, have generally tended to under-perform compared to other industries. The Debtors generally have high fixed costs, so changes in industry demand that impact their production volume also can significantly impact profit margins and the Debtors' overall financial condition. Economic downturns in the national and international economies and prolonged recessions in the Debtors' principal industry segments have had a negative impact on the Debtors' operations, and a continuation or further deterioration of current economic conditions could have a negative impact on the Reorganized Debtors' future financial condition and/or operational results.

(g) Long Term Demand and Competing Technologies.

The Debtors' zinc and nickel-based products compete with other materials in many of their applications. For example, zinc is used by steel fabricators in the hot dip galvanizing process, in which steel is coated with zinc to protect it from corrosion. Steel fabricators can also use paint, which the Debtors do not sell, for corrosion protection. Demand for the Debtors' zinc as a galvanizing material may shift depending on how customers view the respective merits of hot dip galvanizing and paint. In addition, zinc is also used by continuous galvanizers to produce galvanized flat-rolled sheet steel for the automotive market. Some automotive companies have begun to use lighter weight aluminum to replace galvanized steel to meet fuel efficiency standards by reducing vehicle weight, and to meet recycling standards. Any such shifts in industry uses could affect the Debtors' sales.

The Debtors' nickel-bearing products are used in the stainless steel industry, and demand for their products and services may decline if demand for stainless steel lessens. Nickel-bearing stainless steel faces competition from stainless steels containing a lower level of nickel or no nickel. Domestic production of stainless steel may be negatively impacted by imports.

In addition, in periods of high zinc and nickel prices, consumers of these metals may have additional incentives to invest in the development of technologically viable substitutes for zinc and nickel-based products. Similarly, customers may develop ways to manufacture their products by using less zinc and nickel-bearing material than they do currently. If one or more of the Debtors' customers successfully identifies alternative products that can be substituted for the Debtors' zinc or nickel-based products, or find ways to reduce their zinc or nickel consumption, the Debtors' sales to those and other customers would likely decline.

Demand for the Debtors' EAF dust or nickel-bearing waste recycling operations may decline to the extent that steel mini-mill producers identify less expensive or more convenient alternatives for the disposal of their EAF dust or nickel-bearing waste, or if the EPA were to no longer classify EAF dust as a listed hazardous waste. The Reorganized Debtors may face increased competition from other EAF dust or nickel-bearing waste recyclers, including new entrants into those recycling markets, or from landfills implementing more effective disposal techniques. Furthermore, the Debtors' current recycling customers may seek to capitalize on the value of the EAF dust or nickel-bearing waste produced by their operations, or may seek to recycle their material themselves, or reduce the price they pay to the Debtors for the material they deliver.

In their zinc oxide business, the Debtors face competition from new capacity added to the market by U.S. Zinc and by Zinc Oxide LLC, a new zinc oxide manufacturer located in Tennessee, which started production in 2014. This additional capacity in the market may result in downward pressure on prices as these producers attempt to capture new business. Any of these developments would have an adverse effect on the Debtors' financial results.

(h) Market Share and Industry Competition.

The Debtors face intense competition from regional, national, and global companies in each of the markets they serve, and also face the potential for future entrants and competitors. The Debtors compete on the basis of product quality, on-time delivery performance and price, with price representing a more important factor for the Debtors' larger customers and for sales of standard zinc products than for smaller customers and customers to whom the Debtors sell value-added zinc-based products. The Debtors' competitors include other independent zinc producers as well as metal traders, vertically integrated zinc companies that mine and produce zinc. Some of their competitors have substantially greater resources, including financial resources, than the Debtors, and several of the Debtors' competitors have a greater market share than the Debtors. The Debtors' competitors may also foresee the course of market development more accurately than the Debtors, sell products at a lower price than the Debtors can, and/or adapt more quickly to new technologies or industry and customer requirements. The Debtors operate in a global marketplace, and zinc metal imports have historically represented approximately 75% of zinc metal consumption in the United States.

In the future, foreign zinc metal producers may develop new ways of packaging and transporting zinc metal that could mitigate the freight cost and other shipping limitations that the Debtors believe currently limit their ability to more fully penetrate the United States zinc market. If the Debtors' customers in any of the end-user markets they serve were to shift their production outside the United States and Canada, then those customers would likely source zinc overseas and, as a result, the Debtors' net sales and operational results would be adversely affected. If the Debtors cannot compete other than by reducing prices, they may lose market share and suffer reduced profit margins. If the Debtors' competitors lower their prices, it could inhibit the Debtors' ability to compete for customers with higher value-added sales and could lead to a reduction in sales volumes and profit. If the Debtors' product mix changed as a result of competitive pricing, it could have an adverse impact on their gross margins and profitability.

(i) Supplier Relationships.

The Debtors rely significantly on their suppliers. Adverse changes in any of the relationships with their suppliers, or the inability to enter into new relationships with suppliers, could negatively impact the Debtors' operations and performance. The Debtors' current arrangements with suppliers may not remain in effect on current or similar terms, and the impact of changes to those arrangements may adversely impact the Debtors' revenue.

(j) Equipment and Power Failures, Delivery Delays, and Catastrophic Loss.

An interruption in production or service capabilities at any of the Debtors' production facilities as a result of equipment or power failure, or for other reasons, could limit the Debtors' ability to deliver products to their customers, which would reduce net sales and net income, increase costs, and potentially damage relationships with customers. Any significant delay in deliveries to the Debtors' customers could lead to increased returns or cancellations, damage to the Debtors' reputation, and/or permanent loss of customers. Any such production stoppage or delay could also require the Debtors to make unplanned capital expenditures, which together with reduced sales and increased costs, could adversely affect the Debtors' financial and/or operational results.

Furthermore, because many of the Debtors' customers are, to varying degrees, dependent on deliveries from the Debtors' facilities, customers that have to reschedule their own production due to the Debtors' missed deliveries could pursue financial claims against the Debtors. The Debtors' facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, adverse weather conditions, or other refinery incidents. The Debtors have experienced, and may experience in the future, periods of reduced production as a result of repairs that are necessary to their operations. If any of these events occur in the future, they could have a material adverse effect on the Debtors' businesses, financial condition, or operational results. The Debtors' insurance policies may

not cover all of their losses and the Debtors could incur uninsured losses and liabilities arising from, among other things, loss of life, physical damage, business interruptions, and product liability.

(k) Operational Costs.

Many of the expenses associated with owning, repairing, upgrading, and operating the Mooresboro Facility and the Debtors' other operations, such as debt-service payments, property taxes, insurance, and utilities, are relatively inflexible and do not necessarily decrease in tandem with a reduction in the Debtors' revenue. The Reorganized Debtors' expenses also will be affected by inflationary increases and certain costs may exceed the rate of inflation in any given period. In the event of a significant decrease in demand for zinc and EAF dust processing services, the Reorganized Debtors may be unable to reduce the size of their workforces to decrease wages and benefits or to offset any such increased expenses with higher electricity, or decreases revenues due to decreased zinc prices. As a result, any of the Reorganized Debtors' efforts to reduce operating costs or failure to make scheduled capital expenditures also could adversely affect the future growth of their business and the value of the Reorganized Debtors' assets and it is possible that increased operational costs may decrease the Reorganized Debtors' net revenues.

(l) Current and Future Credit and Financial Market Conditions.

Financial markets in the United States, Europe, and Asia have experienced disruption, including, among other things, volatility in securities prices, diminished liquidity and credit availability, rating downgrades of certain investments, and declining valuations of others. There can be no assurance that there will not be further deterioration in these markets and confidence in economic conditions. These economic developments affect businesses, such as the Debtors', in a number of ways. Tightening credit in financial markets may delay or prevent the Debtors' customers from securing funding adequate to honor their existing contracts with us or to enter into new contracts to purchase the Debtors' products, and could result in a decrease in or cancellation of orders for the Debtors' products. The Debtors' customers may also seek to delay deliveries of the Debtors' products under existing contracts, which may postpone the Debtors' ability to recognize revenue on contracts in their order backlog.

(m) Potential Costs to Comply with Environmental Laws.

The Debtors' activities are subject to complex and stringent environmental, energy, and other governmental laws and regulations that have had and will continue to have an impact on the Reorganized Debtor's operations and investment decisions and which could adversely affect their operations. These laws include the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Superfund Amendment Reauthorization Act ("Superfund"), RCRA, the Clean Air Act, the Clean Water Act, and their state and provincial equivalents, among others. Regulatory compliance for the operation of the Reorganized Debtors' facilities can be a costly and time-consuming process. The operation of the Debtors' facilities requires numerous permits, approvals, and certificates from appropriate federal, state, and local governmental agencies, as well as compliance with environmental and energy laws and regulations. Although the Debtors believe that they have obtained or applied for the requisite approvals and permits for their existing operations and that their business is operated in substantial compliance with applicable laws and regulations, the Debtors remain subject to certain pending environmental enforcement actions and are subject to a varied and complex body of laws and regulations that both governmental authorities and third parties may seek to enforce in the future. In addition, accidental spills, releases, or other events may occur in the course of the Reorganized Debtors' operations, and the Debtors cannot give any assurance that they will not incur substantial costs and liabilities as a result of such spills or releases, instances of noncompliance, or other events, including those relating to claims for damage to property, persons, natural resources, or the environment.

In addition, existing laws and regulations may be revised or reinterpreted, or new laws and regulations that may be more stringent may become applicable to the Reorganized Debtors that may have a negative effect on their business and results of operations. Intricate and changing environmental, energy, and other regulatory requirements may necessitate substantial expenditures to attain compliance, including obtaining and maintaining permits. If operations are unable to function as planned due to changing requirements, loss of required permits or regulatory

status, or local opposition, it may create expensive delays, extended periods of non-operation, or significant loss of value in such operations.

(n) Employee and Labor Relations Issues.

The Reorganized Debtors may be subject to many of the costs and risks generally associated with having a unionized workforce. Of the Reorganized Debtors' approximately 682 total employees, about 277 U.S. employees will be represented by unions (the "U.S. Union Employees"). The Reorganized Debtors will be subject to five different collective bargaining agreements governing the terms and conditions of the U.S. Union Employees in Pennsylvania, Illinois, and Tennessee. Two of these collective bargaining agreements are due to expire in 2016; the collective bargaining agreement with Teamsters Local Union No. 261 will expire on October 31, 2016, and the collective bargaining agreement with the United Transportation Union will expire on December 15, 2016. Because of some of the Reorganized Debtors' employees in the U.S. are represented by unions, from time to time, operations could be disrupted as a result of strikes, lockouts, or other concerted union activity. Further, the collective bargaining agreement applicable to the Zochem employees in Brampton, Ontario, Canada was set to expire on June 30, 2016, but the Debtors secured an extension until July 31, 2016 to renegotiate the terms of the collective bargaining agreement. The Reorganized Debtors may also incur increased legal costs and labor costs as a result of the collective bargaining agreements, contract disputes, negotiations, or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise operating costs. The Reorganized Debtors may not have the ability to affect the outcome of these negotiations.

Additionally, the Reorganized Debtors will be subject to the requirements of the United States Occupational Safety and Health Administration ("OSHA"), and comparable state and provincial statutes that regulate the protection of the health and safety of workers. The OSHA hazard communication standard and the Canadian Workplace Hazardous Materials Information System standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state, provincial, and local government authorities and customers. The Reorganized Debtors will also be subject to federal, state, and provincial laws regarding operational safety. Costs and liabilities related to worker safety may be incurred and any violation of health and safety laws or regulations could impose substantial costs on the Reorganized Debtors. Possible future developments, including stricter safety laws for workers or others, regulations and enforcement policies, and claims for personal injury or property damages resulting from the Reorganized Debtors' operations could result in substantial costs and liabilities that could impose significant costs on the Reorganized Debtors.

Moreover, the Reorganized Debtors' success will depend, in part, on the efforts of their executive officers and other key employees, none of whom are covered by key person insurance policies. These individuals possess sales, marketing, engineering, manufacturing, financial, and administrative skills that are critical to the operation of the Debtors' businesses. If the Reorganized Debtors lose or suffer an extended interruption in the services of one or more of their executive officers or other key employees, the Reorganized Debtors' businesses, operational results, and financial condition may be negatively impacted.

In addition, because of the nature of the Debtors' operations, and in particular, the technology associated with the Mooresboro Facility, they require highly specialized and skilled operators. If unable to attract and retain these individuals, the Reorganized Debtors' businesses may suffer. The market for qualified individuals is highly competitive and the Reorganized Debtors may not be able to attract and retain qualified personnel to succeed members of their management team, or other key employees and operators should the need arise.

(o) Capital Expenditures.

In addition to the substantial capital expenditures anticipated in connection with the restart and continued ramp up of the Mooresboro Facility, the Reorganized Debtors will have an ongoing need to make potentially significant capital expenditures generally to remain competitive in the relevant marketplaces or to comply with applicable laws or regulations. The timing and costs of such capital expenditures may result in reduced operating

performance during construction and may not improve the return on these investments. These capital expenditures may also reduce the availability of cash for other purposes and are subject to cost overruns and delays.

(p) Intellectual Property.

The Debtors rely upon proprietary know-how, continuing technological and operating innovation, and other trade secrets to develop and maintain their competitive position. The Reorganized Debtors' competitors could gain knowledge of this know-how or these trade secrets, either directly or through one or more of the Reorganized Debtors' employees or other third parties. If one or more of the Reorganized Debtors' competitors can use or independently develop such know-how or trade secrets, the Reorganized Debtors' market share, sales volumes, and profit margins could be adversely affected.

(q) Pending and Future Litigation.

There is, or may be in the future, certain litigation that could result in a material judgment against the Debtors or the Reorganized Debtors. Such litigation and any judgment in connection therewith could have a material negative effect on the Debtors or the Reorganized Debtors.

D. *Risks Related to the New Common Equity.*

1. The Estimated Value of the New Common Equity in Connection with the Plan May Differ from the Actual Value of the New Common Equity.

The estimated value of the New Common Equity for purposes of estimating recovery percentages under the Plan is based on the Valuation Analysis, attached hereto as **Exhibit D**, which represents a hypothetical valuation of the Reorganized Debtors and assumes that, among other things, such Reorganized Debtors continue as an operating business. The Valuation Analysis does not purport to constitute an appraisal of the Reorganized Debtors or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors or their assets, which may be materially different than the estimate set forth in the Valuation Analysis. Accordingly, the estimated value of the New Common Equity does not necessarily reflect the actual market value of the New Common Equity that might be realized after Confirmation and Consummation of the Plan, which may be materially lower than the estimated valuation of the New Common Equity as set forth in this Disclosure Statement and the exhibits hereto. Accordingly, such estimated value is not necessarily indicative of the prices at which the New Common Equity may trade after giving effect to the transactions set forth in the Plan.

2. An Active Trading Market May Not Develop for the New Common Equity.

The New Common Equity is a new issue of securities and, accordingly, there is currently no established public trading market for the New Common Equity. The Debtors do not currently intend to apply to list the New Common Equity on any national securities exchange and, as such, there can be no assurance that an active trading market for the New Common Equity will develop. If there is no active trading market in the New Common Equity, the market price and liquidity of the New Common Equity may be adversely affected. If a trading market does not develop or is not maintained, holders of New Common Equity may experience difficulty in reselling such securities at an acceptable price or may be unable to sell them at all. Even if a trading market were to exist, such market could have limited liquidity and the New Common Equity could trade at prices higher or lower than the value attributed to such securities in connection with their distribution under the Plan, depending upon many factors, including, without limitation, markets for similar securities, industry conditions, financial performance, prevailing interest rates, conditions in financial markets, or prospects and investor expectations thereof. As a result, there may be limited liquidity in any trading market that does develop for the New Common Equity. Finally, the New Organizational Documents may also contain restrictions on the transferability of the New Common Equity (such as rights of first refusal/offer, tag-along rights, and/or drag-along rights, among others), which may adversely affect the liquidity in the trading market for the New Common Equity.

3. A Small Number of Holders or Voting Blocks May Control the Reorganized Debtors.

Consummation of the Plan may result in a small number of holders owning a significant percentage of the outstanding the New Common Equity in the Reorganized Debtors. These holders may, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors and have the power to elect directors or managers and approve significant mergers and other material corporate transactions.

4. The Issuance of New Common Equity under the Management Equity Incentive Plan will Dilute the New Common Equity.

On the Effective Date, a percentage of the New Common Equity will be reserved for issuance as grants of options in connection with the MEIP. If the Reorganized Debtors distribute such equity-based awards to management pursuant to the MEIP, it is contemplated that such distributions will dilute the New Common Equity issued on account of Claims under the Plan and the ownership percentage represented by the New Common Equity distributed under the Plan.

5. The New Common Equity is an Equity Interest and Therefore Subordinated to the Indebtedness of the Reorganized Debtors.

In any liquidation, dissolution, or winding up of the Reorganized Debtors, the New Common Equity would rank junior to all debt claims against the Reorganized Debtors. As a result, holders of New Common Equity will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of the Reorganized Debtors until after all of their obligations to their debt holders have been satisfied.

6. Certain Holders of New Common Equity May Be Restricted in Their Ability to Transfer or Sell Their Securities.

To the extent that the New Common Equity is issued under the Plan pursuant to section 1145(a) of the Bankruptcy Code, it may be resold by the holders thereof without registration unless the holder is an "underwriter" with respect to such securities (other than securities issued to holders resident in Canada which shall be subject to statutory restrictions upon resale). Resales by Persons who receive New Common Equity pursuant to the Plan that are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would only be permitted to sell such securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or another applicable exemption.

Pursuant to the UPA, to the extent section 1145 of the Bankruptcy Code is unavailable, such as in the case of New Common Equity issued on the Effective Date pursuant to the UPA and the Additional Capital Commitment Units, if any, issued following the Effective Date when called by Reorganized Horsehead pursuant and subject to the terms and conditions of the UPA, the issuance of such securities shall be exempt from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act, and/or the safe harbor of Regulation D promulgated thereunder, or such other exemption from registration requirements as may be available. Any New Common Equity issued pursuant to Section 4(a)(2) of the Securities Act will be deemed "restricted securities" (as defined by Rule 144 of the Securities Act) that may not be offered, sold, exchanged, assigned, or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available. In addition, such securities may only be resold by holders resident in Canada in accordance with a further statutory exemption or pursuant to a discretionary order obtained from the applicable Canadian securities administrator. Canadian holders are encouraged to consult with their Canadian legal advisors with respect to their ability to resell such securities.

E. *Liquidity Risks.*

1. Continuing Leverage.

The Reorganized Debtors' ability to carry out capital spending that is important to their growth and productivity will depend on a number of factors, including future operating performance and ability to achieve the business plan. These factors will be affected by general economic, financial, competitive, regulatory, business, and other factors that are beyond the Reorganized Debtors' control.

F. *Risks Associated with Forward Looking Statements.*

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to represent or warrant that the financial information contained in this Disclosure Statement and attached hereto is without inaccuracies.

G. *Disclosure Statement Disclaimer.*

1. Information Contained in this Disclosure Statement Is for Soliciting Votes.

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement Has Not Been Approved by the United States Securities and Exchange Commission or any Canadian Provincial Securities Administrator.

This Disclosure Statement has not and will not be filed with the United States Securities and Exchange Commission or any state regulatory authority. Neither the United States Securities and Exchange Commission nor any state regulatory authority has approved or disapproved of the Securities described in this Disclosure Statement or has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained in this Disclosure Statement. This Disclosure Statement was not filed with any Canadian provincial securities administrator, and no such administrator has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or statements contained herein.

3. No Legal, Business, Accounting, or Tax Advice Is Provided to You by this Disclosure Statement.

This Disclosure Statement is not advice to you. The contents of this Disclosure Statement should not be construed as legal, business, accounting, or tax advice. Each Holder of a Claim or an Interest should consult such Holder's own legal counsel, accountant, or other applicable advisor with regard to any legal, business, accounting, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

4. No Admissions Made.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors), nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, the DIP Lenders, Holders of Allowed Claims, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as applicable, may seek to investigate, File, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

6. No Waiver of Right to Object or Right to Recover Transfers and Assets.

The vote by a Holder of a Claim for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors (or any entity, as the case may be) to object to that Holder's Claim, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their respective Estates or the Reorganized Debtors are specifically or generally identified in this Disclosure Statement.

7. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors.

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained in this Disclosure Statement.

8. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update.

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. No Representations Outside this Disclosure Statement Are Authorized.

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the U.S. Trustee.

H. *Liquidation Under Chapter 7.*

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code or similar proceedings under Canadian law, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is set forth in Article VII of this Disclosure Statement, "*Statutory Requirements for Confirmation of the Plan*," and the Liquidation Analysis attached hereto as **Exhibit C**.

ARTICLE IX.
SECURITIES LAW MATTERS

Under the Plan, the Debtors will offer, issue and distribute New Common Equity, Warrants, and Additional Capital Commitment Units, to certain Holders of Allowed Claims. The Debtors believe that the New Common Equity, the Warrants, and the Additional Capital Commitment Units will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities law.

A. *Section 1145 of the Bankruptcy Code.*

The Debtors will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution of the Section 1145 Securities: (1) the New Common Equity to Holders of Secured Notes Claims and Unsecured Notes Claims; (2) the Warrants to Holders of Convertible Notes Claims; (3) the New Common Equity, or any other security obtainable, upon the exercise of Warrants pursuant to their terms to Holders of Convertible Notes Claims; and (4) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when the recipients of the securities hold a claim against the debtor and such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. Similarly, under section 1145(a)(2) of the Bankruptcy Code, the offer of a security through any warrant that was sold in the manner specified in section 1145(a)(1) and the sale of any security upon exercise of a warrant are exempt from registration under section 5 of the Securities Act and state laws. The Warrants and the New Common Equity to be issued upon the exercise of the Warrants will satisfy the requirements of sections 1145(a)(1) and (a)(2) of the Bankruptcy Code.

In general, securities issued under section 1145 may be resold without registration unless the recipient is an "underwriter" with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (A) with a view to distributing those securities, and (B) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or
- is an issuer with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

To the extent that Holders of Claims who receive Section 1145 Securities are deemed to be "underwriters," resales by those Holders would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those Holders would, however, be permitted to sell Section 1145 Securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

You should confer with your own legal advisors to help determine whether or not you are an "underwriter."

Under certain circumstances, holders of Section 1145 Securities deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available, and in compliance with applicable state securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information

with respect to the issuer be available, a limitation as to the amount of securities that may be sold, the requirement that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker," and that notice of resale be filed with the Securities and Exchange Commission.

B. *Section 4(a)(2) of the Securities Act.*

The Debtors will rely on section 4(a)(2) of the Securities Act to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA (collectively, the "Section 4(a)(2) Securities").

Section 4(a)(2) of the Securities Act exempts transactions not involving a public offering, and Rule 506 of Regulation D of the Securities Act provides a safe harbor under section 4(a)(2) for transactions that meet certain requirements, including that the investors participating therein qualify as "accredited investors" as defined in Rule 501 of Regulation D (17 C.F.R. § 230.501). Holders of Claims receiving Section 4(a)(2) Securities, as applicable, are either an "institutional accredited investor" (accredited investors, as defined in Rule 501(a)(1), (2), (3) and (7) under the Securities Act) or a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act).

The Section 4(a)(2) Securities will be deemed "restricted securities" and may not be sold, exchanged, assigned, or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Rule 144 of the Securities Act permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding 90 days may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period; provided, that certain current public information regarding the issuer is available at the time of the sale, and the affiliate also complies with the volume, manner of sale, and notice requirements of Rule 144.

The Debtors express no view as to whether any person may freely resell the Section 4(a)(2) Securities. You should confer with your own legal advisors to help determine your ability to freely trade such securities without registration under the Securities Act and applicable state securities laws.

C. *Management Equity Incentive Plan.*

Ten percent (10%) of the New Common Equity will be set aside for the MEIP, subject to dilution for any New Common Equity to be issued (1) pursuant to the Warrants, and (2) in connection with the Additional Capital Commitment. The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date. The New Common Equity reserved under the MEIP will be issued pursuant to Rule 701 under the Securities Act or pursuant to the exemption provided by section 4(a)(2) of the Securities Act or Regulation D. Such New Common Equity will be deemed "restricted securities."

ARTICLE X.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors and to certain U.S. Holders of Claims. The following discussion does not address the U.S. federal income tax consequences to non-Debtors, to Non-U.S. Holders (other than as specifically discussed below) or to Holders of Claims or Interests not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax

consequences described below. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed in this Disclosure Statement.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to certain Holders in light of their individual circumstances, nor does it address tax issues with respect to Holders that are subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, partnerships, subchapter S corporations, brokers, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, small business investment companies, and regulated investment companies and those holding, or who will hold, Claims or Interests as part of a hedge, straddle, conversion, or constructive sale transaction). No aspect of state, local, estate, gift, non-U.S., or other tax law, other than Canadian income tax law with respect to Zochem, is addressed. Lastly, the following discussion assumes (i) each Holder of a Claim or Interest holds its Claim or Interest as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the IRC, (ii) the debt obligations(s) underlying each Allowed Claim is properly treated as debt (rather than equity) of the Debtor(s) the Holder has the Allowed Claim against, and (iii) the debt obligation(s) underlying each Allowed Claim is recourse debt.

For purposes of this discussion, a "U.S. Holder" is a Holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "non-U.S. Holder" is any Holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, NON-U.S., AND OTHER TAX CONSEQUENCES OF THE PLAN.

A. *Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and Canadian Income Tax Consequences to Zochem.*

For U.S. federal income tax purposes, the Debtors (and their non-Debtor affiliates, other than Zochem) are (1) members of an affiliated group of corporations (or entities disregarded for federal income tax purposes that are wholly owned by members of such group), of which Horsehead Holding is the common parent (collectively, the "HHC Group"), and (2) partnerships. Zochem is a "controlled foreign corporation" (a "CFC") of Horsehead Holding. As a result of Zochem's obligations under the DIP facility with respect to amounts owed by the HHC Group, the HHC Group is currently required to include substantially all of Zochem's "earnings and profits" (calculated for U.S. federal income tax purposes) in its taxable income.

As of December 31, 2015, the HHC Group estimates that it has net operating loss ("NOL") carryforwards of approximately $350 million. The HHC Group is projected to generate additional NOLs before the Effective Date.

In general, absent an exception, a taxpayer will realize and recognize "cancellation of indebtedness income" ("CODI") upon satisfaction or cancellation of its outstanding indebtedness for total consideration less than the amount of such indebtedness. Under section 108 of the IRC, a taxpayer is not required to include CODI in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exclusion"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of CODI that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject (the "Liability Floor Rule"); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Under these Treasury Regulations, the tax attributes of each member of an affiliated group of corporations that is excluding CODI is first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded CODI exceeds its tax attributes, the excess CODI is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

The amount of CODI, in general, is the excess of: (a) the adjusted issue price of the indebtedness satisfied; *over* (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued, and (iii) the fair market value of any other consideration. The ultimate amount of CODI will depend on, among other things, the adjusted issue price of new indebtedness (if any), the final amount of cash, and the fair market value of the new equity distributed to Holders of Claims. Certain of these figures cannot be known with certainty until after the Effective Date. Accordingly, the amount of CODI the Debtors may incur is uncertain, but is expected to be significant.

It is unclear whether the amount of CODI generated by restructuring will exceed the HHC Group's NOL carryforwards. To the extent any NOL carryforwards remain following the restructuring, however, the transactions contemplated by the Plan would result in an "ownership change" under section 382 of the IRC. As a general matter, when an ownership change occurs, a taxpayer's ability to utilize certain tax attributes (including, among other things, NOLs and any "net unrealized built in losses" in the taxpayer's assets) following such ownership change is significantly limited. This annual limitation is based on the equity value of the loss corporation, multiplied by the long-term tax-exempt rate. When an ownership change occurs in a chapter 11 case in connection with a "G" reorganization under section 368 of the IRC or a debt-for-stock exchange, the equity value can be calculated after giving effect to the cancellation of debt in the case.[27] The Debtors anticipate that their ability to utilize any surviving NOL carryforwards will be significantly limited as a result of these rules. If the Plan gives rise to CODI in excess of the HHC Group's NOLs and NOL carryforwards, there may be a reduction in the tax basis of the HHC Group's assets because the tax basis in the Debtors' assets will exceed the Debtors' liabilities for purposes of the Liability Floor Rule.

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20 percent rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in certain years, which can offset 100 percent of a corporation's

[27] Another bankruptcy-specific provision, section 382(l)(5) of the IRC, can eliminate the annual limitation entirely if its requirements are satisfied, but the Debtors do not believe those requirements can be satisfied here (or in any other transaction involving the Debtors).

AMTI, only 90 percent of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. The effect of this rule could cause the Reorganized Debtors to owe some federal income tax on taxable income in future years even if NOL carryforwards are available to offset that taxable income.

The transactions contemplated by the Plan are not expected to have any material Canadian income tax consequences to Zochem.

B. *Certain U.S. Federal Income Tax Consequences to the U.S. Holders of Allowed Claims Entitled to Vote.*

As discussed below, the tax consequences of the Plan to U.S. Holders of Allowed Claims will depend upon a variety of factors. As an initial matter, whether the exchange is fully or partially taxable will depend on whether the debt instruments being surrendered constitute "securities" and whether a particular Holder receives stock or instruments that constitute "securities" the Debtors. Whether a Claim that is surrendered and debt instruments received pursuant to the Plan constitute "securities" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest in the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Pursuant to guidance promulgated in U.S. Treasury Regulations, warrants generally constitute "securities" for these purposes.

The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the U.S. Holder's recovery is treated as being on account of accrued but unpaid interest. Accrued interest and market discount are discussed below.

1. Consequences to U.S. Holders of Secured Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 4 Claims will exchange such Claims for their Pro Rata share of the New Common Equity.

(a) Treatment if Secured Notes Claims are "Securities."

If a Secured Notes Claim is determined to be a "security" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should not recognize gain or loss.

With respect to the New Common Equity received in exchange for a Secured Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim. New Common Equity should include the holding period for the surrendered Claims.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

(b) Treatment if Secured Notes Claims are not "Securities."

If a Secured Notes Claim is determined not to be a "security," then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (i) the sum of the cash, the issue price of any debt instruments, and the fair market value of the New Common Equity received in exchange for the Claim, and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the New Common Equity received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such New Common Equity should begin on the day following the Effective Date.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

2. Consequences to U.S. Holders of Unsecured Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 5 Claims will exchange such Claims for their Pro Rata share of the New Common Equity.

(a) Treatment if Unsecured Notes Claims are "Securities."

If an Unsecured Notes Claim is determined to be a "security" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should not recognize gain or loss.

With respect to New Common Equity received in exchange for an Unsecured Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim, New Common Equity should include the holding period for the surrendered Claims.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

(b) Treatment if Unsecured Notes Claims are not "Securities."

If an Unsecured Notes Claim is determined not to be a "security," then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (i) the fair market value of the New Common Equity received in exchange for the Claim, and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the New Common Equity received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to

such property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such New Common Equity should begin on the day following the Effective Date.

The tax basis of any n New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

3. Consequences to U.S. Holders of Convertible Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 6 Claims will exchange such Claims for their Pro Rata share of the Warrants.

(a) Treatment if Convertible Notes Claims are "Securities."

If a Convertible Notes Claim is determined to be "securities" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should recognize gain or loss.

With respect to the Warrants received in exchange for a Convertible Notes Claim, U.S. Holders should obtain an aggregate tax basis in such Warrants, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim. The holding period for such Warrants should include the holding period for the surrendered Claims.

The tax basis of any Warrants determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Warrants received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Warrants should begin on the day following the Effective Date.

(b) Treatment if Convertible Notes Claims are Not "Securities."

If a Convertible Notes Claim described above is determined not to be "securities" of the Debtors, then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between: (i) the fair market value of the Warrants received in exchange for the Claim; and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the Warrants received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such Warrants are distributed to the U.S. Holder. The holding period for any such Warrants should begin on the day following the Effective Date.

The tax basis of any Warrants determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Warrants received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Warrants should begin on the day following the Effective Date.

(c) Exercise of Warrants.

A U.S. Holder that elects not to exercise the Warrants may be entitled to claim a loss equal to the amount of tax basis in the Warrants, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the Warrants.

A U.S. Holder that elects to exercise the Warrants should be treated as purchasing New Common Equity in exchange for its Warrants and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Warrants. A U.S. Holder's aggregate tax basis in the New Common Equity should equal the sum of: (i) the amount of cash paid by the U.S. Holder to exercise its Warrants; *plus* (ii) such U.S. Holder's tax basis in its Warrants immediately before the option is exercised. A U.S. Holder's holding period for the New Common Equity received pursuant to the exercise of the Warrants should begin on the day following such exercise.

4. Consequences to U.S. Holders of Banco Bilbao Credit Agreement Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 7 Claims will exchange such Claims for their Pro Rata share of the Banco Bilbao Note.

The Debtors understand that none of the Banco Bilbao Credit Agreement Claims are held by U.S. Holders. Accordingly, the treatment of such Claims under the Plan is beyond the scope of this summary. However, to the extent any such Claims were held by U.S. Holders, the Debtors anticipate that U.S. Holders of Banco Bilbao Credit Agreement Claims will be treated as receiving distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the issue price of the Banco Bilbao Note, and (b) such U.S. Holder's adjusted basis, if any, in such Claim.

5. Consequences to U.S. Holders of Other General Unsecured Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 8B Claims will exchange such Claims for their Pro Rata share of the General Unsecured Creditor Cash Pool.

A U.S. Holder of an Other General Unsecured Claim will be treated as receiving their distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash received in exchange for the Claim, and (b) such U.S. Holder's adjusted basis, if any, in such Claim.

6. Accrued Interest.

To the extent that any amount received by a U.S. Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest (or original issue discount) and such amount has not previously been included in the U.S. Holder's gross income, such amount should be taxable to the U.S. Holder as ordinary interest income. Conversely, a U.S. Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or original issue discount) on the debt instruments constituting such Claim was previously included in the U.S. Holder's gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributable to accrued interest (or original issue discount) on the debts constituting the surrendered Allowed Claim is unclear. The Plan provides that distributions in respect of Allowed Claims will first be allocated to the principal amount of such Claims, and then, to the extent the consideration exceeds the principal amount of the Claims, to any

portion of such Claims for accrued but unpaid interest. Holders of Claims with accrued interest (or original issue discount) should consult with their tax advisors regarding the allocation of the consideration.

7. Market Discount.

Under the "market discount" provisions of sections 1276 through 1278 of the Internal Revenue Code, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (b) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such debts but was not recognized by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument. These rules are complex, their application is uncertain, and U.S. Holders of Allowed Claims should consult their own tax advisors regarding their application.

C. *Limitation on Use of Capital Losses.*

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns), and (b) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Holders, capital losses may only be used to offset capital gains. A corporate U.S. holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

D. *Ownership and Disposition of New Common Equity.*

Any distributions made on account of the New Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Horsehead as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by

reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New Common Equity. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New Common Equity for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8% tax on, among other things, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of New Common Equity. U.S. Holders of New Common Equity should consult their tax advisors regarding such taxes.

E. *Certain U.S. Federal Income Tax Consequences to Certain Non-U.S. Holders of Claims.*

1. Consequences to Non-U.S. Holders of Certain Allowed Claims Entitled to Vote.

The following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions to non-U.S. Holders of certain Allowed Claims Entitled to Vote. The discussion does not include (a) any tax consideration for non-U.S. Holders of Banco Bilbao Credit Agreement Claims, or (b) any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to non-U.S. Holders are complex. Each non-U.S. Holders should consult its own tax advisor regarding the U.S. federal, state, local, and the foreign tax consequences of the consummation of the Plan to such non-U.S. Holders and the ownership and disposition of the New Common Equity, as applicable.

Whether a non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is generally determined in the same manner as set forth above in connection with U.S. Holders.

(a) Gain Recognition.

Any gain realized by a non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met, or (ii) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral pursuant to a reorganization under the IRC as described above, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

(b) Accrued Interest.

Payments to a non-U.S. Holder that are attributable to accrued but untaxed interest generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the non-U.S. Holder is not a U.S. person, unless:

- the non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Reorganized Horsehead's stock entitled to vote;
- the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized Horsehead (each, within the meaning of the IRC);
- the non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the IRC; or
- such interest is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States (in which case, provided the non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

2. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of Shares of New Common Equity.

(a) Dividends on New Common Equity.

Any distributions made with respect to New Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized Horsehead's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the holder's basis in its shares. Any such distributions in excess of a non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange. Dividends paid with respect to New Common Equity held by a non-U.S. Holder that are not effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-BEN-E (or a successor form) upon which the non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Common Equity held by a non-U.S. Holder that are effectively connected with a non-U.S. Holder's

conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

(b) Sale, Redemption, or Repurchase of New Common Equity.

A non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New Common Equity unless:

- such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States); or

- the Reorganized Debtors are or have been during a specified testing period a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If the first exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

3. FATCA.

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Common Equity), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include New Common Equity). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S. source interest or dividends that occurs after December 31, 2018.

Each non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such non-U.S. Holder's ownership of New Common Equity.

F. *Information Reporting and Backup Withholding.*

The Debtors and any other withholding party will withhold all amounts required by law to be withheld from payments of interest (or original issue discount). The Debtors and any other responsible party will comply with all applicable reporting requirements of the IRC. In general, information reporting requirements may

apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28%, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of non-U.S. Holder, such non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such non-U.S. Holder's eligibility for an exemption). Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal income tax liability and may entitle such Holder to a refund from the IRS; provided, that the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-U.S., OR OTHER TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XI.
RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Holders of Allowed Claims than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated as of: July 12, 2016

Horsehead Holding Corp. (for itself and all Debtors)

By: ***Timothy D. Boates***
Name: Timothy D. Boates
Title: Chief Restructuring Officer of the Debtors

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EXHIBIT A

Debtors' Second Amended Joint Plan of Reorganization of Pursuant to Chapter 11 of the Bankruptcy Code

Solicitation Version

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HORSEHEAD HOLDING CORP., *et al.*,[1]	)	Case No. 16-10287 (CSS)
Debtors.	)	Jointly Administered

DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS PLAN IS SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS PLAN IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.

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Co-Counsel to the Debtors and Debtors in Possession

Dated as of: July 12, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Horsehead Holding Corp. (7377); Horsehead Corporation (7346); Horsehead Metal Products, LLC (6504); The International Metals Reclamation Company, LLC (8892); and Zochem Inc. (4475). The Debtors' principal offices are located at 4955 Steubenville Pike, Suite 405, Pittsburgh, Pennsylvania 15205.

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INTRODUCTION

Horsehead Holding Corp. and its subsidiaries Horsehead Corporation; Horsehead Metal Products, LLC; The International Metals Reclamation Company, LLC; and Zochem Inc., as debtors and debtors in possession (each, a "Debtor" and, collectively, the "Debtors"), propose this joint plan of reorganization for the resolution of the outstanding claims against and interests in the Debtors pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and accomplishments during the Chapter 11 Cases and the Canadian Proceedings, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*Ad Hoc Group of Noteholders*" means those Holders of Senior Notes and Unsecured Notes as identified in the *Amended Verified Statement Pursuant to Bankruptcy Rule 2019* [Docket No. 433], as the same may be supplemented from time to time.

2. "*Additional Capital Commitment*" means that certain right pursuant to which Eligible Holders may elect to commit to purchase the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.

3. "*Additional Capital Commitment Amount*" means cash in an aggregate amount equal to the lesser of (a) $100,000,000 and (b) the aggregate amount committed by all Additional Capital Commitment Participants.

4. "*Additional Capital Commitment Participants*" means those Eligible Holders who duly commit to purchase Additional Capital Commitment Units in accordance with the terms of the UPA.

5. "*Additional Capital Commitment Units*" means the units of New Common Equity committed to be purchased in the Additional Capital Commitment for a total purchase price equal to the Additional Capital Commitment Amount pursuant to the terms of the UPA.

6. "*Administrative Claim*" means a Claim for the costs and expenses of administration of the Estates pursuant to section 503(b) and 507(a)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors; (b) all fees and charges assessed against the Estates pursuant to chapter 123 of the Judicial Code, including, but not limited to, the U.S. Trustee Fees; (c) Professional Fee Claims; and (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code. For the avoidance of doubt, (x) a Claim asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code is included in the definition of Administrative Claim and (y) in no instance shall an Intercompany Claim be an Administrative Claim.

7. "*Administrative Claims Bar Date*" means the deadline for filing requests for payment of Administrative Claims (other than Professional Fee Claims) as established by the Bankruptcy Court pursuant to the Claims Bar Date Order.

8. "*Administrative Claims Objection Bar Date*" means the deadline for filing objections to requests for payment of Administrative Claims (other than requests for payment of Professional Fee Claims), which shall be the first Business Day that is 180 days following the Effective Date; provided, that, the Administrative Claims Objection Bar Date may be extended by the Bankruptcy Court at the Reorganized Debtors' request after notice and a hearing.

9. "*Affiliate*" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

10. "*Allowed*" means with respect to Claims: (a) any Claim, other than an Administrative Claim, that is evidenced by a Proof of Claim which is or has been timely Filed by the applicable Claims Bar Date or that is not required to be evidenced by a Filed Proof of Claim under the Bankruptcy Code or a Final Order; (b) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; (c) any General Unsecured Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which a Proof of Claim has been timely filed against the applicable Debtor in an amount less than or equal to the amount listed in such Debtor's Schedules, which shall be Allowed in the amount set forth on the Proof of Claim; or (d) any Claim Allowed pursuant to (i) the Plan, (ii) any contract, instrument, indenture, or other agreement entered into or assumed in connection with the Plan, (iii) a Final Order of the Bankruptcy Court, or (iv) an Allowed Claims Notice; provided, that, with respect to any Claim described in clause (a) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed for voting purposes only by a Final Order. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest on such Claim from and after the Petition Date. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any Claim that the Debtors may hold against the Holder thereof, to the extent such Claim may be offset, recouped, or otherwise reduced under applicable law. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed by the applicable Claims Bar Date, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

11. "*Allowed Claims Notice*" means a notice filed with the Bankruptcy Court by the Debtors (prior to the Effective Date) or Reorganized Debtors (on or after the Effective Date) identifying one or more Claims as Allowed.

12. "*Assumed Executory Contract and Unexpired Lease Schedule*" means the schedule (as may be amended in accordance with the terms set forth in Article V hereof) of Executory Contracts and Unexpired Leases (including any amendments or modifications thereto) that will be assumed by the Debtors pursuant to the provisions of Article V hereof, as determined by the Debtors with the consent of the Requisite Plan Sponsors and included in the Plan Supplement.

13. "*Avoidance Actions*" means any and all avoidance, recovery, subordination, or similar remedies that may be brought by or on behalf of the Debtors or the Estates, including causes of action or defenses arising under chapter 5 of the Bankruptcy Code or applicable non-bankruptcy law.

14. "*Banco Bilbao Credit Agreement*" means that certain Credit Agreement, dated as of August 28, 2012, by and among Horsehead Corporation as borrower, Horsehead Holding as guarantor, and Banco Bilbao Vizcaya Argentaria, S.A. as amended, restated, or otherwise modified from time to time in accordance with its terms.

15. "*Banco Bilbao Credit Agreement Claim*" means any Claim arising under or related to the Banco Bilbao Credit Agreement, including but not limited to any deficiency Claim arising under or related to the Banco Bilbao Credit Agreement.

16. "*Banco Bilbao Credit Facility*" means that certain credit facility provided under the Banco Bilbao Agreement.

17. "*Banco Bilbao Note*" means that certain unsecured note to be issued by Reorganized Horsehead Corporation and guaranteed by Reorganized Horsehead in the amount of $3.0 million, maturing on the seventh (7^{th}) anniversary of the Effective Date, bearing an annual interest rate (payable in cash or PIK interest, at the issuer's election) equal to (x) the 3 month LIBOR then in effect on the applicable anniversary of the Effective Date plus (y) 150 bps, and which shall otherwise be on terms acceptable to the Debtors and the Requisite Plan Sponsors after consultation with the Creditors' Committee.

18. *"Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 and/or the General Order of the District Court pursuant to section 151 of title 28 of the United States Code, the United States District Court for the District of Delaware.

19. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

20. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

21. "*Canadian Court*" means the Ontario Superior Court of Justice (Commercial List), or such other Canadian court having jurisdiction over the Canadian Proceedings or any proceeding within, or appeal of an order entered in, the Canadian Proceedings.

22. *"Canadian Proceedings"* means the recognition proceedings currently before the Canadian Court under Part IV of the CCAA recognizing the Chapter 11 Cases as "foreign main proceedings."

23. "*Cash*" means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

24. "*Causes of Action*" means any claim, cause of action (including Avoidance Actions or rights arising under section 506(c) of the Bankruptcy Code), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, Causes of Action include: (a) all rights of setoff, counterclaim, cross-claim, or recoupment, and claims on contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

25. "*CCAA*" means the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended.

26. "*Chapter 11 Cases*" means the jointly administered chapter 11 cases commenced by the Debtors and styled In re Horsehead Holding Corp., et al., Chapter 11 Case No. 16-10287 (CSS), which are currently pending before the Bankruptcy Court.

27. "*Chestnut Ridge*" means Chestnut Ridge Railroad Corp.

28. "*Charging Lien*" means any Lien or other priority in payment to which a Prepetition Indenture Trustee is entitled under the terms of a Prepetition Indenture to assert against distributions to be made to Holders of Claims under such Prepetition Indenture.

29. "*Claim*" means any claim against the Debtors, as defined in section 101(5) of the Bankruptcy Code, including: (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated,

fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

30. "*Claims Bar Date*" means the date established by the Bankruptcy Court by which Proofs of Claim must have been Filed with respect to such Claims, pursuant to: (a) the Claims Bar Date Order; (b) a Final Order of the Bankruptcy Court; or (c) the Plan.

31. "*Claims Bar Date Order*" means the *Order (A) Setting Bar Dates for Filing Proofs of Claim, Including Claims Arising Under Section 503(B)(9) of the Bankruptcy Code, (B) Setting a Bar Date for the Filing of Proofs of Claim by Governmental Units, (C) Setting a Bar Date for the Filing of Requests for Allowance of Administrative Expense Claims, (D) Setting an Amended Schedules Bar Date, (E) Setting a Rejection Damages Bar Date, (F) Approving the Form and Manner for Filing Proofs of Claim, (G) Approving Notice of the Bar Dates, and (H) Granting Related Relief* [Docket No. 321].

32. "*Claims Objection Bar Date*" shall mean the later of: (a) the first Business Day following 180 days after the Effective Date; and (b) such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors Filed before the day that is 180 days after the Effective Date.

33. "*Claims Register*" means the official register of Claims maintained by the Notice and Claims Agent.

34. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III.B hereof pursuant to section 1122(a) of the Bankruptcy Code.

35. "*Closing Date*" shall have the meaning ascribed to such term in the UPA.

36. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

37. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

38. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

39. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time in consultation with the Plan Sponsors.

40. "*Confirmation Objection Deadline*" shall be the date for objecting to Confirmation, as set forth in the Disclosure Statement Order.

41. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

42. "*Confirmation Recognition Order*" means an order of the Canadian Court, recognizing and enforcing the Confirmation Order in Canada.

43. "*Consummation*" shall mean "substantial consummation" as defined in section 1101(2) of the Bankruptcy Code.

44. "*Convertible Notes*" means the 3.80% Convertible Senior Notes due 2017 issued in the aggregate principal amount of $100,000,000 pursuant to the Convertible Notes Indenture.

45. "*Convertible Notes Claim*" means any Claim arising under or related to the Convertible Notes, including fees, costs, expenses, indemnities, and other charges under the Convertible Notes or the Convertible Notes Indenture for purposes of asserting a Charging Lien in favor of the Convertible Notes Indenture Trustee.

46. "*Convertible Notes Indenture*" means that certain Indenture, dated as of July 27, 2011, by and among Horsehead Holding, as issuer, and the Convertible Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

47. "*Convertible Notes Indenture Trustee*" means Delaware Trust Company, solely in its capacity as indenture trustee under the Convertible Notes Indenture, and any successors in such capacity.

48. "*Convertible Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Convertible Notes Indenture Trustee and its professionals pursuant to the Convertible Notes Indenture through and including the Effective Date.

49. "*Covered Persons*" means all current and former directors, officers and managers of the Debtor, whenever serving, but solely to the extent covered by the D&O Liability Insurance Policies.

50. "*Creditors' Committee*" means the Committee of Unsecured Creditors appointed by the U.S. Trustee pursuant to the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 129] on February 16, 2016.

51. "*Creditors' Committee Settlement*" means the agreements among or between the Debtors, the Ad Hoc Group of Noteholders, the Creditors' Committee, and First American to, among other things, settle and release the Creditors' Committee Standing Motion Claims, as set forth herein and in Article V.I of the Disclosure Statement.

52. "*Creditors' Committee Standing Motion*" means the *Motion of the Official Committee of Unsecured Creditors for Entry of an Order Granting the Committee Standing to Commence and Prosecute an Action on Behalf of the Debtors' Estates Against U.S. Bank National Association, as Trustee and Collateral Agent for the Prepetition Senior Secured Noteholders*, dated May 6, 2016 [Docket No. 882].

53. "*Creditors' Committee Standing Motion Claims*" means the claims set forth in the draft complaint attached as **Exhibit B** to the Creditors' Committee Standing Motion, pursuant to which the Creditors' Committee sought to challenge the extent, validity, priority, and perfection of certain security interests asserted by or on behalf of holders of Secured Notes in certain assets of the Debtors.

54. "*D&O Liability Insurance Policies*" means all insurance policies for directors, members, trustees, officers, and managers' liability issued to or maintained by the Debtors' Estates as of the Effective Date including any "tail" coverages to such policies.

55. "*Debtor Release*" means the release given on behalf of the Debtors and their Estates to the Released Parties as set forth in Article VIII.C hereof.

56. "*DIP Agent*" means Cantor Fitzgerald Securities, solely in its capacity as administrative agent under the DIP Credit Agreement.

57. "*DIP Credit Agreement*" means that certain *Senior Secured Superpriority Debtor-in-Possession Credit, Security and Guaranty Agreement*, dated as of February 8, 2016, as amended, supplemented, or otherwise modified from time to time in accordance with its terms, by and among the Debtors party thereto each as borrowers or guarantors, the DIP Agent, and the DIP Lenders.

58. "*DIP Facility*" means that certain debtor-in-possession financing facility of up to $90.0 million provided under the DIP Credit Agreement.

59. "*DIP Facility Claim*" means any Claim arising under or related to the DIP Facility.

60. "*DIP Lenders*" means the lenders from time to time party to the DIP Facility, each solely in their capacities as such.

61. "*Disbursing Agent*" means, on the Effective Date, the Debtors, their agent, or any Entity or Entities designated by the Debtors or the Reorganized Debtors to make or facilitate distributions that are to be made on or after the Initial Distribution Date pursuant to the Plan, including: (a) the Unsecured Notes Indenture Trustee with respect to distributions to the Holders of Unsecured Notes Claims; (b) the Convertible Notes Indenture Trustee with respect to distributions to the Holders of Convertible Notes Claims; (c) the Secured Notes Indenture Trustee with respect to the distributions to Holders of Secured Notes Claims; and (d) the DIP Agent with respect to the distributions to the Holders of the DIP Facility Claims.

62. "*Disclosure Statement*" means the *Debtors' Second Amended Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of July [•], 2016, and attached as **Schedule 1** to the Disclosure Statement Order, as may be further amended, supplemented, or modified from time to time in accordance with its terms, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law and approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

63. "*Disclosure Statement Order*" means the *Order Approving the Debtors' Second Amended Disclosure Statement and Granting Related Relief*, entered on July 11, 2016 [Docket No. 1274], and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

64. *"Disclosure Statement Recognition Order"* means an order of the Canadian Court, recognizing and enforcing the Disclosure Statement Order in Canada.

65. "*Disputed*" means, with regard to any Claim, a Claim that is not an Allowed Claim.

66. "*Disputed Claims Reserve*" means a Cash reserve that may be funded on or after the Effective Date pursuant to Article VII.D hereof.

67. "*Distribution Record Date*" means the date for determining which Holders of Allowed Claims are eligible to receive distributions hereunder, which shall be the Effective Date or such other date as designated in a Bankruptcy Court order.

68. "*Effective Date*" means with respect to the Plan, the date that is a Business Day on which: (a) no stay of the Confirmation Order or the Confirmation Recognition Order is in effect; (b) all conditions precedent specified in Article IX of the Plan have been satisfied or waived (in accordance with Article IX.C of the Plan); (c) the Plan is declared effective by the Debtors; and (d) the Debtors shall have Filed notice of the Effective Date with the Bankruptcy Court.

69. "*Eligible Holder*" means each Plan Sponsor that is a Holder of a Secured Notes Claim, that holds such Claim as of the Voting Record Date and is an "accredited investor" as such term is defined by Rule 501 of Regulation D, promulgated under the Securities Act as determined by the Debtors pursuant to the terms of the UPA.

70. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

71. "*Environmental Law*" means all federal, state and local statutes, regulations, ordinances and similar provisions having the force or effect of law, all judicial and administrative orders, agreements and determinations and all common law concerning pollution or protection of the environment, or environmental impacts on human health and safety, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; and any state or local equivalents.

72. "*Equity Committee*" means the Official Committee of Equity Security Holders appointed by the U.S. Trustee pursuant to the *Notice of Appointment of Committee of Equity Security Holders* [Docket No. 918] on May 13, 2016.

73. "*Escrow Disbursement*" means the release of the First American Payment from the escrow via wire transfer to an account designated by the Debtors as set forth in the First American Settlement Agreement.

74. "*Estate*" means, as to each Debtor, the estate created for the Debtor on the Petition Date in its Chapter 11 Case pursuant to sections 301 and 541 of the Bankruptcy Code.

75. "*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq*, as amended.

76. "*Exculpated Party*" means collectively, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee; (c) the Equity Committee; (d) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (e) the Plan Sponsors; (f) the DIP Lenders; (g) the DIP Agent; (h) the Ad Hoc Group of Noteholders; (i) the Secured Notes Indenture Trustee; (j) the Secured Notes Collateral Agent; and (k) solely with respect to the Entities identified in sections (a) through (j), such Entity and its current and former Affiliates, and such Entities and its current and former Affiliates' current and former shareholders, affiliates, attorneys, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, financial advisors, accountants, investment bankers, and consultants, each in their capacity as such.

77. "*Exculpation*" means the exculpation provision set forth in Article VIII.E hereof.

78. "*Executory Contract*" means a contract or lease to which one or more of the Debtors is a party and that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

79. "*Existing Interests*" means (a) any equity and all equity interests in a Debtor that is not held by another Debtor; and (b) any claim against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

80. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

81. "*File*," "*Filed*," or "*Filing*" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim, the Notice and Claims Agent.

82. "*Final DIP Order*" means the *Order (I) Authorizing the Debtors to Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364, (II) Authorizing the Postpetition Use of Cash Collateral, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B), and (V) Granting Related Relief* [Docket No. 252], entered by the Bankruptcy Court on March 3, 2016.

83. "*Final Order*" means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek leave to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, motion for leave to appeal or petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken, motion for leave to appeal, or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which leave was sought or from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, the Local Bankruptcy Rules of the Bankruptcy Court or any analogous rules under the CCAA or *Ontario Rules of Civil Procedure* may be filed relating to such order shall not prevent such order from being a Final Order.

84. "*First American*" means First American Title Insurance Company.

85. "*First American Payment*" means First American's contribution of Cash in the amount of three million dollars ($3,000,000) to the Debtors in connection with the Creditors' Committee Settlement in full and final satisfaction of First American's obligation under the First American Title Policies, as required by the First American Settlement Agreement.

86. "*First American Settlement Agreement*" means that certain settlement agreement dated as of July 8, 2016, by and between First American, the Debtors, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent and the Ad Hoc Group of Noteholders, pursuant to which, among other things: (a) First American shall make the First American Payment into escrow; (b) the Escrow Disbursement shall be released to an account designated by the Debtors on the Effective Date; (c) the Secured Notes Collateral Agent's claims for coverage under the First American Title Policies in respect of the Creditors' Committee Standing Motion Claims shall be released; and (d) the First American Title Policies shall terminate upon the release of the Escrow Disbursement contemporaneously with the release of the liens and deed of trusts insured under the First American Title Policies as provided in the First American Settlement Agreement, and First American shall have no further obligation under the First American Title Policies upon the release of the Escrow Disbursement; provided that to the extent there is any inconsistency between the foregoing and the executed written agreement documenting the First American Settlement, such executed written agreement will control.

87. "*First American Title Policies*" mean collectively (a) that certain lender's title insurance policy number no. NCS 552989 (L1), with respect to certain tracts of land in Rutherford County, North Carolina, subject to the Deed of Trust and securing the indebtedness owed under the Secured Notes; (b) that certain lender's title insurance policy number NCS 552989-1, with respect to certain tracts of land in Carbon County, Pennsylvania, subject to a mortgage/deed of trust securing the indebtedness owed under the Secured Notes; (c) that certain lender's title insurance policy number NCS 552989-4(L), with respect to certain tracts of land in Lawrence County, Pennsylvania, subject to a mortgage/deed of trust securing the indebtedness owed under the Secured Notes; (d) that certain lender's title insurance policy number NCS 552989-3 (L1), with respect to certain tracts of land in Roane County, Tennessee, subject to a deed of trust/mortgage securing the indebtedness owed under the Secured Notes; and (e) that certain lender's title insurance policy number NCS 552989-2 (L1), with respect to certain tracts of land in Cook County, Illinois, subject to a deed of trust/mortgage securing the indebtedness owed under the Secured Notes, (f) that certain owner's title insurance policy number NCS 552989 issued to Horsehead Metal Products, Inc., with respect to certain tracts of land in Rutherford County, North Carolina; (g) that certain owner's title insurance policy number NCS 552989-1(O) issued to Horsehead Corporation, with respect to certain tracts of land in Carbon County, Pennsylvania; (h) that certain owner's title insurance policy number NCS 552989-4 (O) issued to The International Metals Reclamation Co, with respect to certain tracts of land in Lawrence County, Pennsylvania; (i) that certain owner's title insurance policy number 552989-3 (O) issued to Horsehead Corporation, with respect to certain tracts of land in Roane County, Tennessee; and (j) that certain owner's title insurance policy number NCS 552989-2 (O) issued to Horsehead Corporation, with respect to certain tracts of land in Cook County, Illinois all of the foregoing as set forth in the First American Settlement Agreement.

88. "*General Unsecured Claim*" means any Unsecured Claim other than: (a) Intercompany Claims; (b) Administrative Claims; (c) Professional Fee Claims; (d) Priority Tax Claims; (e) Other Priority Claims; (f) Section 510(b) Claims; (g) Unsecured Notes Claims; (h) Convertible Notes Claims; and (i) Banco Bilbao Credit Agreement Claims.

89. "*General Unsecured Creditor Cash Account*" means a segregated bank account, in an authorized depository in the District of Delaware, established and maintained by the Reorganized Debtors in trust solely for the benefit of Holders of Allowed Claims in Class 8B, which shall be funded by the Reorganized Debtors in the amount of $11,875,000 on or before the Effective Date. No Claims other than Allowed Claims in Class 8B shall be allowed to participate in any distribution from the General Unsecured Creditor Cash Account. For the avoidance of doubt, the General Unsecured Creditor Cash Account and the Cash held therein shall not constitute property of the Reorganized Debtors and the Reorganized Debtors shall not have any reversionary or other interest in or with respect to the Cash held in the General Unsecured Creditor Cash Account.

90. "*General Unsecured Creditor Cash Pool*" means with respect to each Debtor other than Zochem, Cash in the aggregate amount of $11,875,000, which for purposes of distributions to Holders of Allowed Claims in Class 8B, shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account. For the avoidance of doubt, a Holder of an Allowed Claim in Class 8B shall be

entitled to a Pro Rata recovery on account of such Allowed Claim only with respect to the portion of the General Unsecured Creditor Cash Pool allocated to the Debtor subject to such Claim as agreed to by each of the Ad Hoc Group of Noteholders, the Debtors, and the Creditors' Committee and as set forth on **Exhibit A** attached hereto.

91. "*Governmental Unit*" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

92. "*Greywolf Entities*" means the funds and accounts managed by Greywolf Capital Management LP, and each of their respective Affiliates, successors, and assigns.

93. "*HMP*" means Horsehead Metal Products, LLC.

94. "*Holder*" means an Entity holding a Claim or an Interest, as applicable.

95. "*Horsehead Holding*" means Horsehead Holding Corp.

96. "*Impaired*" means, with respect to a Claim, or Class of Claims, "impaired" within the meaning of section 1124 of the Bankruptcy Code.

97. *"Information Officer"* means Richter Advisory Group Inc. in its capacity as Information Officer appointed by the Canadian Court in the Canadian Proceedings.

98. "*Initial Distribution Date*" means the date on which the Disbursing Agent shall make initial distributions to Holders of Claims pursuant to the Plan, which shall be a date no later than the Effective Date for Holders of Claims entitled to distributions of securities under the Plan, or as soon as reasonably practicable thereafter, and no later than forty-five (45) days after the Effective Date for Holders of all other Claims including Other General Unsecured Claims, or as soon as reasonably practicable thereafter but in any event no later than sixty (60) days after the Effective Date.

99. "*INMETCO*" means The International Metals Reclamation Company, LLC.

100. "*Insurance Contract*" means all insurance policies that have been issued at any time to or provide coverage to any of the Debtors and all agreements, documents or instruments relating thereto.

101. "*Insurer*" means any company or other entity that issued an Insurance Contract, any third party administrator, and any respective predecessors and/or affiliates thereof.

102. "*Intercompany Claim*" means any Claim held by a Debtor against any Debtor, including, for the avoidance of doubt, all prepetition and postpetition Claims.

103. "*Intercompany Interest*" means any Interest held by a Debtor in a Debtor.

104. "*Interest*" means any common stock, limited liability company interest, equity security (as defined in section 101(16) of the Bankruptcy Code), equity, ownership, profit interests, unit, or share in the Debtors (including all options, warrants, rights, or other securities or agreements to obtain such an interest or share in such Debtor), whether or not arising under or in connection with any employment agreement and whether or not certificated, transferable, preferred, common, voting, or denominated "stock" or a similar security, including any claims against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

105. "*Interim Compensation Order*" means the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and Reimbursement of Creditors' Committee Member Expenses, and (II) Granting Related Relief* [Docket No. 380], entered by the Bankruptcy Court on April 4, 2016.

106. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

107. "*Lien*" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

108. "*Local Bankruptcy Rules*" means the local rules for the United States Bankruptcy Court for the District of Delaware.

109. "*Macquarie Collateral Agency and Intercreditor Agreement*" means that certain Collateral Agency and Intercreditor Agreement, dated as of June 30, 2015, by and among Macquarie Bank Limited, in its capacity as Macquarie Credit Agreement Administrative Agent and Macquarie Credit Agreement Collateral Agent, as amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

110. "*Macquarie Credit Agreement*" means that certain Credit Agreement, dated as of June 30, 2015, by and among Horsehead Corporation, INMETCO, and HMP as borrowers, Horsehead Holding and Chestnut Ridge as guarantors, the Macquarie Credit Agreement Lenders, and the Macquarie Credit Agreement Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, and including all security and collateral agreements related thereto.

111. "*Macquarie Credit Agreement Administrative Agent*" means Macquarie Bank Limited, in its capacity as administrative agent under the Macquarie Credit Agreement, and any successor thereto.

112. "*Macquarie Credit Agreement Collateral Agent*" shall mean Macquarie Bank Limited, in its capacity as collateral agent for the Macquarie Credit Facility, and any successor thereto.

113. "*Macquarie Credit Agreement Claim*" means any Claim arising under or related to the Macquarie Credit Agreement, including but not limited to any deficiency Claim arising under or related to the Macquarie Credit Agreement, but subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

114. "*Macquarie Credit Facility*" means that certain credit facility entered into pursuant to the Macquarie Credit Agreement.

115. "*Macquarie Credit Agreement Stipulation*" means that certain stipulation entered into by and among the Debtors, the Creditors' Committee, the Ad Hoc Group of Noteholders and Cetus Capital, LLC, on behalf of its funds and affiliates in their capacity as beneficial holders of debt borrowed pursuant to the Macquarie Credit Facility settling, fixing and allowing the Macquarie Credit Agreement Claim in the amount of $32,850,000 plus interest and fees payable pursuant to Paragraph 18(c) of the Final DIP Order through the date on which such claim is paid, as approved by the Court on May 31, 2106 [Docket No. 998].

116. "*MEIP*" means the management equity incentive plan to be determined and implemented by the New Boards after the Effective Date. Ten percent (10%) of the New Common Equity shall be reserved for issuance pursuant to the MEIP, subject to dilution for any New Common Equity to be issued (a) pursuant to the Warrants, and (b) in connection with the Additional Capital Commitment.

117. "*New Boards*" means, collectively, the boards of directors and boards of managers of the Reorganized Debtors, as applicable, on and after the Effective Date to be appointed in accordance with the Plan Supplement.

118. "*New Common Equity*" means the limited liability company interests of Reorganized Horsehead.

119. "*New Limited Liability Company Agreement*" means the limited liability company agreement of Reorganized Horsehead as of the Effective Date, which shall contain a full waiver of any fiduciary duties otherwise applicable to managers of Reorganized Horsehead and which shall be consistent with the terms set forth in the Plan and otherwise in form and substance satisfactory to the Requisite Plan Sponsors.

120. "*New Organizational Documents*" means such certificates or articles of incorporation, certificates of formation, certificates of conversion, by-laws, limited liability company agreements (including the New Limited Liability Company Agreement), stockholders' agreements, registration rights agreements, or such other applicable formation and governance documents of some or all of the Reorganized Debtors, forms of which shall be included in the Plan Supplement and shall be satisfactory to the Requisite Plan Sponsors.

121. "*Notice and Claims Agent*" means Epiq Bankruptcy Solutions, LLC, in its capacity as notice and claims agent and administrative advisor for the Debtors' Estates.

122. "*OCP Order*" means the *Order (I) Authorizing the Debtors to Employ and Pay Professionals Utilized in the Ordinary Course of Business, and (II) Granting Related Relief* [Docket No. 326].

123. "*Other General Unsecured Claim*" means a General Unsecured Claim that is not a Zochem General Unsecured Claim.

124. "*Other Priority Claim*" means a Claim asserting a priority described in section 507(a) of the Bankruptcy Code that is not: (a) an Administrative Claim; (b) a DIP Facility Claim; (c) a Professional Fee Claim; or (d) a Priority Tax Claim.

125. "*Other Secured Claim*" means a Secured Claim that is not: (a) a DIP Facility Claim; (b) a Macquarie Credit Agreement Claim; (c) a Secured Notes Claim; or (d) a Priority Tax Claim (to the extent such Priority Tax Claim is a secured claim).

126. "*Person*" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

127. "*Petition Date*" means February 2, 2016.

128. "*Plan*" means this *Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, as may be further amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, including the Plan Supplement, which is incorporated herein by reference and made part of this Plan as if set forth herein.

129. "*Plan Sponsors*" shall have the meaning set forth in the UPA.

130. "*Plan Sponsor Fees*" means any and all reasonable and documented fees, costs, expenses, disbursements and advances incurred or made by the Plan Sponsors solely in accordance with the terms of the UPA and incurred prior to the Effective Date.

131. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, the form and substance of which is acceptable to the Requisite Plan Sponsors and the Debtors, which the Debtors shall File ten (10) days prior to the earlier of the Confirmation Objection Deadline and the Voting Deadline, or as soon as reasonably practical, and any additional documents, which documents shall also be acceptable to the Requisite Plan Sponsors and the Debtors, filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, as may be amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules, and which is comprised of, among other documents, the following: (a) New Organizational Documents; (b) Assumed Executory Contract and Unexpired Lease Schedule; (c) a schedule of retained Causes of Action; (d) the identity of the New Board for Reorganized Horsehead; (e) the final definitive UPA; (f) the Banco Bilbao Note; and (g) the Warrant Agreement. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (g). The Debtors, with the consent of the Requisite Plan Sponsors, shall have the right to amend the documents contained in the Plan Supplement through and including the Effective Date in accordance with Article IX hereof.

132. "*Prepetition Indentures*" means the Secured Notes Indenture, the Unsecured Notes Indenture and the Convertible Notes Indenture.

133. "*Prepetition Indenture Trustees*" means the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee.

134. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

135. "*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes (or sub-Classes, as the case may be) entitled to share in the same recovery as such Allowed Claim under the Plan; provided, that, solely for purposes of this definition of Pro Rata as used in Article II.C hereof, the term Class shall also include a category for Holders of DIP Facility Claims.

136. "*Professional*" means any Entity: (a) retained in the Chapter 11 Cases pursuant to and in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered and expenses incurred pursuant to sections 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

137. "*Professional Fee Claims*" means all Claims for accrued fees and expenses (including success fees) for services rendered and expenses incurred by a Professional from the Petition Date through and including the Effective Date to the extent such fees and expenses have not been paid pursuant to an order of the Bankruptcy Court.

138. "*Professional Fee Claims Estimate*" means the amount of Professional Fee Claims that are estimated by each Professional retained by the Creditors' Committee or the Debtors, as applicable, in good faith to be accrued but unpaid as of the Effective Date.

139. "*Professional Fee Escrow*" means an interest bearing escrow account to be funded on the Effective Date with Cash on hand in an amount equal to the Professional Fee Claims Estimate.

140. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

141. "*Proof of Interest*" means a proof of Interest Filed against any of the Debtors in the Chapter 11 Cases.

142. "*Purchase Price*" means a price per UPA Unit equal to $160,000,000 divided by the number of UPA Units.

143. "*Quarterly Distribution Date*" means the first Business Day after the end of each quarterly calendar period (i.e., March 31, June 30, September 30, and December 31 of each calendar year) occurring after the Effective Date.

144. "*Reinstated*" or "*Reinstatement*" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim to demand or receive accelerated payment of such Claim after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim (other than a Debtor or an insider (as defined in section 101(31) of the Bankruptcy Code)) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the Holder.

145. "*Released Party*" means, collectively, in each case solely in their capacity as such: (a) each Debtor, the Debtors' Estates, and each Reorganized Debtor; (b) each of the Debtors' current and former officers directors, and managers; (c) the DIP Lenders; (d) the DIP Agent; (e) the Convertible Notes Indenture Trustee (and its predecessors); (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee (and its predecessors); (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; (m) First American; (n) solely with respect to the Entities

identified in subsections (a) and (b) herein, each of such Entities' respective predecessors, successors and assigns, and respective current and former shareholders, Affiliates (including, with respect to the Debtors, Chestnut Ridge), subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, and consultants; and (o) solely with respect to the Entities identified in subsections (c) through (m) herein, each of such Entities' respective agents, attorneys, representatives, principals, employees, officers, directors, managers and advisors; provided, however, that First American shall only become a Released Party upon the release of the Escrow Disbursement.

146. "*Releasing Parties*" means each of the following in its capacity as such: (a) all Holders of Claims who are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agent; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Convertible Notes Indenture Trustee; (k) the Ad Hoc Group of Noteholders; (l) the Creditors' Committee; (m) the Information Officer; (n) First American; and (o) all other Holders of Claims who vote to accept the Plan and who do not opt out of the release provided by the Plan pursuant to a duly completed ballot submitted prior to the Voting Deadline; provided, however, that First American shall only become a Releasing Party upon the release of the Escrow Disbursement.

147. "*Reorganized Debtors*" means each of the Debtors, as reorganized pursuant to and under the Plan or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

148. "*Reorganized Horsehead Corporation*" means reorganized Horsehead Corporation.

149. "*Reorganized Horsehead*" means reorganized Horsehead Holding LLC as converted to a Delaware limited liability company and as further reorganized pursuant to and under the Plan or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

150. "*Requisite Plan Sponsors*" shall have the meaning set forth in the UPA.

151. "*Restructuring Documents*" means the Plan, the Disclosure Statement, the Plan Supplement, and the various agreements and other documentation formalizing the Plan.

152. "*Restructuring Transactions*" means one or more transactions pursuant to section 1123(a)(5)(D) of the Bankruptcy Code to occur on the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, sale, consolidation, equity issuance, certificates of incorporation, certificates of conversion, certificates of formation, operating agreements, bylaws, or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of sale, equity issuance, transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (c) the issuance of the New Common Equity, (d) the execution of the New Organizational Documents, (e) the vesting of the Debtors' assets in the Reorganized Debtors, in each case in accordance with the Plan; (f) the Additional Capital Commitment; and (g) all other actions that either (x) the Debtors and the Requisite Plan Sponsors, or (y) Reorganized Horsehead, as applicable, determine are necessary or appropriate to implement the Plan.

153. "*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts or Unexpired Leases, and statement of financial affairs Filed by the Debtors on March 17, 2016 pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, and the Bankruptcy Rules, as they may be or may have been amended, modified, or supplemented from time to time [Docket Nos. 303–312].

154. "*Section 510(b) Claim*" means any Claim against any Debtor: (a) arising from the rescission of a purchase or sale of a security of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of such a security; (c) or for reimbursement or contribution allowed under section 502 of the Bankruptcy

Code on account of such a claim; provided that a Section 510(b) Claim shall not include any claims subject to subordination under section 510(b) of the Bankruptcy Code arising from or related to Existing Interests.

155. "*Secured*" means when referring to a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed pursuant to the Plan as a Secured Claim.

156. "*Secured Notes*" means the 10.50% Senior Secured Notes due 2017 issued in the aggregate principal amount of $205,000,000 pursuant to the Secured Notes Indenture.

157. "*Secured Notes Claim*" means any Claim arising under or related to the Secured Notes, including but not limited to any deficiency Claim arising under or related to the Secured Notes and, notwithstanding anything herein to the contrary, any adequate protection Claim arising under the Final DIP Order (or any interim order related thereto).

158. "*Secured Notes Collateral Agent*" means U.S. Bank National Association, solely in its capacity as collateral agent for the Secured Notes under the Secured Notes Indenture.

159. "*Secured Notes Collateral Agent Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Secured Notes Collateral Agent and its professionals pursuant to the Secured Notes Indenture, including, without limitation, (a) any reasonable and documented fees, costs, expenses and disbursements of the Secured Notes Collateral Agent and its attorneys, advisors (including, without limitation, financial advisors), agents and other professionals and (b) any reasonable and documented fees, costs, or expenses for services performed by the Secured Notes Collateral Agent in connection with distributions made pursuant to this Plan, in each case, whether prior to, on or after the Petition Date, but prior to the Effective Date.

160. "*Secured Notes Indenture*" means that certain Indenture, dated as of July 26, 2012, by and among Horsehead Holding, as issuer, the subsidiary guarantors party thereto, and the Secured Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

161. "*Secured Notes Indenture Trustee*" shall mean U.S. Bank National Association, solely in its capacity as indenture trustee under the Secured Notes Indenture, and any successors in such capacity.

162. "*Secured Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Secured Notes Indenture Trustee and its professionals pursuant to the Secured Notes Indenture, including, without limitation, (a) any reasonable and documented fees, costs, expenses and disbursements of the Secured Notes Indenture Trustee and its attorneys, advisors (including, without limitation, financial advisors), agents and other professionals and (b) any reasonable and documented fees, costs, or expenses for services performed by the Secured Notes Indenture Trustee in connection with distributions made pursuant to this Plan, in each case, whether prior to, on or after the Petition Date, but prior to the Effective Date.

163. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, together with the rules and regulations promulgated thereunder.

164. "*Security*" means a security as defined in section 2(a)(1) of the Securities Act.

165. "*Third-Party Release*" means the release provision set forth in Article VIII.D hereof.

166. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

167. "*Unimpaired*" means, with respect to a Class of Claims, a Class of Claims that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

168. "*Unsecured Notes*" means the 9.00% Senior Notes due 2017, issued in the aggregate principal amount of $40,000,000 pursuant to the Unsecured Notes Indenture.

169. "*Unsecured Notes Claim*" means any Claim arising under or related to the Unsecured Notes or the Unsecured Notes Indenture, and certain fees, costs, expenses, indemnities, and other charges under the Unsecured Notes or the Unsecured Notes Indenture for purposes of asserting a Charging Lien in favor of the Unsecured Notes Indenture Trustee.

170. "*Unsecured Notes Indenture*" means that certain Indenture, dated as of July 29, 2014, by and among Horsehead Holding, as issuer, the subsidiary guarantors party thereto, and the Unsecured Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

171. "*Unsecured Notes Indenture Trustee*" shall mean Wilmington Trust, National Association, solely in its capacity as indenture trustee under the Unsecured Notes Indenture, and any successors in such capacity.

172. "*Unsecured Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Unsecured Notes Indenture Trustee and its professionals pursuant to the Unsecured Notes Indenture through and including the Effective Date.

173. "*UPA*" means that certain Unit Purchase and Support Agreement, dated [●], by and among the Debtors and the Plan Sponsors.

174. "*UPA Units*" means the New Common Equity to be issued pursuant to the UPA in an aggregate amount equal to 62.762% of the New Common Equity (representing 627,620 units) issued and outstanding on the Effective Date, subject to dilution only for any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) on account of the Additional Capital Commitment at any time on or after the Effective Date.

175. "*Unsecured*" means, with respect to any Claim, any Claim that is not a Secured Claim.

176. "*U.S. Trustee*" means the United States Trustee for the District of Delaware.

177. "*U.S. Trustee Fees*" means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

178. "*Voting Deadline*" means August 19, 2016, at 4:00 p.m. (prevailing Eastern time).

179. "*Voting Record Date*" means July 7, 2016.

180. *"Warrant Agreement"* means that certain warrant agreement setting forth the full terms and conditions of the Warrants, the form of which will be negotiated in good faith between the Debtors, the Plan Sponsors and the Creditors' Committee and included as part of the Plan Supplement.

181. "*Warrants*" means those certain warrants to acquire 70,213 units of the New Common Equity (which will be equal to six percent (6%) of the outstanding and reserved units of New Common Equity as of the Effective Date), which warrants (a) shall be exercisable, as of the Effective Date, at a price per unit equal to $737,500,000.00 divided by 1,170,213, (b) shall expire on the six (6) year anniversary of the Closing Date (as defined in the UPA), (c) shall be evidenced by the Warrant Agreement, and (d) shall be subject to dilution by any units of New Common Equity to be issued on account of the Additional Capital Commitment Units at any time on or after the Closing Date.

182. "*Zochem*" means Zochem Inc.

183. "*Zochem General Unsecured Claim*" means a General Unsecured Claim against Zochem.

B. Rules of Interpretation

For purposes of the Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed, or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented in accordance with its respective terms and the terms hereof; (4) any reference to an Entity as a Holder of a Claim includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (7) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (9) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (11) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (13) references to "Proofs of Claim," "Holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "Holders of Interests," "Disputed Interests," and the like as applicable; and (14) any effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court, the Canadian Court or any other Entity. References in the Plan to the Debtors shall mean the Debtors, prior to and on the Effective Date, and the Reorganized Debtors after the Effective Date.

C. Computation of Time

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, and any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. Administrative Claims and Professional Fee Claims

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors,

as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (1) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, no later than thirty (30) days after the Effective Date or as soon as reasonably practicable thereafter; (2) if the Administrative Claim and/or Professional Fee Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable thereafter; or (3) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C hereof, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Claims Bar Date Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date.

B. Professional Compensation

1. Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

2. Professional Fee Escrow

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Creditors' Committee or the Debtors and for no other parties until all Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; provided, that obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, claims, or interests shall encumber the Professional Fee Escrow in any way.

3. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. Upon the Effective Date, any requirement that Professionals

comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

C. DIP Facility Claims

Except to the extent that a Holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full, in Cash, by the Debtors on the Effective Date.

D. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in this Article III. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims are classified in the Classes set forth in this Article III for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Class Identification

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D hereof. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor); provided, that, (w) Class 3, Class 4, Class 5, and Class 8B shall be vacant for Zochem; (x) Class 7 shall be vacant for each Debtor other than Horsehead Holding and Horsehead Corporation; (y) Class 6 shall be vacant for each Debtor other than Horsehead Holding; and (z) Class 11 shall be vacant for Horsehead Holding.

Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 1	Each Debtor	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Each Debtor	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Each Debtor other than Zochem	Macquarie Credit Agreement Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Each Debtor other than Zochem	Secured Notes Claims	Impaired	Entitled to Vote

Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 5	Each Debtor other than Zochem	Unsecured Notes Claims	Impaired	Entitled to Vote
Class 6	Horsehead Holding	Convertible Notes Claims	Impaired	Entitled to Vote
Class 7	Horsehead Holding and Horsehead Corporation	Banco Bilbao Credit Agreement Claims	Impaired	Entitled to Vote
Class 8A	Zochem	Zochem General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 8B	Each Debtor other than Zochem	Other General Unsecured Claims	Impaired	Entitled to Vote
Class 9	Each Debtor	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 10	Each Debtor	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 11	Each Debtor other than Horsehead Holding	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 12	Each Debtor	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests

1. Class 1 - Other Secured Claims

(a) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in cash of such Holder's Allowed Other Secured Claim;

(ii) Reinstatement of such Holder's Allowed Other Secured Claim;

(iii) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(iv) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(c) *Voting:* Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Priority Claims

(a) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in cash of such Holder's Allowed Other Priority Claim; or

(ii) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 - Macquarie Credit Agreement Claims

(a) *Classification*: Class 3 consists of all Allowed Macquarie Credit Agreement Claims for all applicable Debtors. For the avoidance of doubt, all Allowed Macquarie Credit Agreement Claims shall subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Macquarie Credit Agreement Claim agrees to a less favorable treatment of its Allowed Macquarie Credit Agreement Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Macquarie Credit Agreement Claim, each such Holder thereof shall receive payment in full in cash of such Holder's Allowed Macquarie Credit Agreement Claim.

(c) *Voting*: Class 3 is Unimpaired under the Plan. Holders of Allowed Macquarie Credit Agreement Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4. Class 4 - Secured Notes Claims

(a) *Classification:* Class 4 consists of all Allowed Secured Notes Claims for all applicable Debtors.

(b) *Allowance*: The Secured Notes Claims are Allowed in the amount of $205,000,000 on account of unpaid principal, plus interest, fees and other expenses, arising under or in connection with the Secured Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Secured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Secured Notes Claim, each Holder thereof shall receive such Holder's Pro Rata share of (i) 93.29% of the New Common Equity (representing 347,380 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) in connection with the Additional Capital Commitment, without reduction on account of Secured Notes Indenture Trustee Fees so long as such fees are paid in accordance with Article XII.D hereof.

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Secured Notes Claim shall be entitled to receive any distribution from or share in the General Unsecured Creditor Cash Pool on account of any deficiency Claim or otherwise.

(d) *Voting:* Class 4 is Impaired under the Plan. Holders of Allowed Secured Notes Claims are entitled to vote to accept or reject the Plan.

5. Class 5 - Unsecured Notes Claims

(a) *Classification:* Class 5 consists of all Allowed Unsecured Notes Claims for all applicable Debtors.

(b) *Allowance*: The Unsecured Notes Claims are Allowed in the amount of $40,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Unsecured Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Unsecured Notes Claim, each Holder of Allowed Unsecured Notes Claims shall receive such Holder's Pro Rata portion of 6.71% of New Common Equity (representing 25,000 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) in connection with the Additional Capital Commitment without reduction on account of Unsecured Notes Indenture Trustee Fees so long as such Unsecured Notes Indenture Trustee Fees are paid in accordance with Article XII.D hereof.

(d) *Voting:* Class 5 is Impaired under the Plan. Holders of Allowed Unsecured Notes Claims are entitled to vote to accept or reject the Plan.

6. Class 6 - Convertible Notes Claims

(a) *Classification:* Class 6 consists of all Allowed Convertible Notes Claims.

(b) *Allowance*: The Convertible Notes Claims are Allowed in the amount of $100,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Convertible Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Convertible Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Convertible Notes Claim each Holder thereof shall receive such Holder's Pro Rata share of the Warrants without reduction on account of Convertible Notes Indenture Trustee Fees so long as such Convertible Notes Indenture Trustee Fees are paid in accordance with Article XII.D hereof.

(d) *Voting:* Class 6 is Impaired under the Plan. Holders of Convertible Notes Claims are entitled to vote to accept or reject the Plan.

7. Class 7 - Banco Bilbao Credit Agreement Claims

   (a) *Classification:* Class 7 consists of all Allowed Banco Bilbao Credit Agreement Claims for all applicable Debtors.

   (b) *Treatment:* Except to the extent that a Holder of an Allowed Banco Bilbao Credit Agreement Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Banco Bilbao Credit Agreement Claim, each Holder of an Allowed Banco Bilbao Credit Agreement Claim shall receive such Holders' Pro Rata share of the Banco Bilbao Note.

   (c) *Voting:* Class 7 is Impaired under the Plan. Holders of Allowed Banco Bilbao Credit Agreement Claims are entitled to vote to accept or reject the Plan.

8. Class 8A - Zochem General Unsecured Claims

   (a) *Classification:* Class 8A consists of all Allowed Zochem General Unsecured Claims.

   (b) *Treatment:* Except to the extent that a Holder of an Allowed Zochem General Unsecured Claim agrees to a less favorable treatment of its Allowed Zochem General Unsecured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Zochem General Unsecured Claim, each such Allowed Zochem General Unsecured Claim shall be Reinstated; provided that that all Allowed Zochem General Unsecured Claims shall be paid in full in Cash no later than 45 days after the Effective Date.

   (c) *Voting:* Class 8A is Unimpaired under the Plan. Holders of Allowed Zochem General Unsecured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

9. Class 8B - Other General Unsecured Claims

   (a) *Classification*: Class 8B consists of all Allowed Other General Unsecured Claims.

   (b) *Treatment*: Except to the extent that a Holder of an Allowed Other General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other General Unsecured Claim, each such Holder thereof shall receive such Holder's Pro Rata share of Cash in the amount of $11,875,000 as allocated on a Debtor-by-Debtor basis in accordance with **Exhibit A** to the Plan.

   (c) *Voting*: Class 8B is Impaired under the Plan. Holders of Allowed Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

10. Class 9 - Section 510(b) Claims

   (a) *Classification*: Class 9 consists of all Allowed Section 510(b) Claims.

   (b) *Treatment*: Section 510(b) Claims will be canceled, released, discharged, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Section 510(b) Claims will not receive any distribution on account of such Section 510(b) Claims.

   (c) *Voting*: Class 9 is Impaired under the Plan. Holders of Section 510(b) Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the

Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

11. Class 10 - Intercompany Claims

(a) *Classification*: Class 10 consists of all Allowed Intercompany Claims.

(b) *Treatment*: Intercompany Claims shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Claims.

(c) *Voting*: Class 10 is Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

12. Class 11 - Intercompany Interests

(a) *Classification:* Class 11 consists of all Allowed Intercompany Interests.

(b) *Treatment*: Intercompany Interests shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Interests.

(c) *Voting*: Class 11 is Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

13. Class 12 - Existing Interests

(a) *Classification:* Class 12 consists of all Allowed Existing Interests.

(b) *Treatment*: On the Effective Date, all Existing Interests shall be cancelled without any distribution on account of such Interests.

(c) *Voting:* Class 12 is Impaired under the Plan. Holders of Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Elimination of Vacant Classes

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline (as such date may be extended in accordance with the solicitation procedures approved pursuant to the Disclosure Statement Order) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

E. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

F. Intercompany Interests and Intercompany Claims

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purposes of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, all Intercompany Interests shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Overview of Settlements in Connection with the Plan

Pursuant to section 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided under the Plan, the Plan constitutes a request for the Bankruptcy Court to authorize and approve, among other things, the Creditors' Committee Settlement as implemented herein. Distributions to be made to Holders of (1) Unsecured Notes Claims, (2) Convertible Notes Claims, (3) Banco Bilbao Credit Agreement Claims and (4) Other General Unsecured Claims pursuant to the Plan shall be made on account of and in consideration of, among other things, the Creditors' Committee Settlement, pursuant to which, on the Effective Date of the Plan, the Creditors' Committee shall release the Creditors' Committee Standing Motion Claims. The Creditors' Committee Settlement also includes, among other things, the First American Payment, which payment shall be used to fund, in part, the Cash payment being made to Holders of Other General Unsecured Claims pursuant to this Plan. Entry of the Confirmation order shall confirm (a) the Bankruptcy Court's approval, as of the Effective Date, of the Plan and all components of the Creditors' Committee Settlement and (b) the Bankruptcy Court's finding that the Creditors' Committee Settlement is (x) in the best interest of the Debtors, their respective Estates and the Holders of Claims and (y) fair, equitable and reasonable.

B. No Substantive Consolidation

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

C. Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors, with the consent of the Requisite Plan Sponsors, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan. Such actions shall include:

- All Existing Interests in Horsehead Holding shall be cancelled as of the Effective Date.
- On the Effective Date, Horsehead Holding shall be converted from a Delaware corporation to a Delaware limited liability company that will elect to be taxed as a corporation for U.S. federal income tax purposes. For U.S. federal income tax purposes, the conversion of Horsehead Holding is intended to be treated as a reorganization under Section 368(a)(1)(F) of the Internal Revenue Code.
- Following such conversion of Horsehead Holding to a Delaware limited liability company on the Effective Date, Horsehead Holding shall issue the New Common Equity in accordance with the terms of the Plan directly to those holders of Claims entitled to receive New Common Equity, and Horsehead Holding shall become the Reorganized Horsehead, each other Debtor's ultimate parent company, upon Consummation.
- On the Effective Date, Reorganized Horsehead shall issue New Common Equity (1) Holders of Secured Notes Claims and Unsecured Notes Claims; and (2) to the applicable Plan Sponsors pursuant to the Plan and the UPA.
- On the Effective Date, the Additional Capital Commitment Participants and Reorganized Horsehead shall be bound by the purchase obligation and issuance obligations, respectively, with respect to the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.
- On the Effective Date, the New Limited Liability Company Agreement shall be adopted by Reorganized Horsehead and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects. Each party receiving New Common Equity shall not be required to execute the New Limited Liability Company Agreement before receiving its respective distributions of New Common Equity under the Plan, including any New Common Equity issued pursuant to the UPA. Any such party who does not execute the New Limited Liability Company Agreement shall be automatically deemed to have accepted the terms of the New Limited Liability Company Agreement (in its capacity as a member of Reorganized Horsehead) and to be a party thereto without further action.

The Restructuring Transactions may include one or more additional actions, including one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, assignments, liquidations, or other corporate transactions as may be determined by the Debtors to be necessary. The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities, with the consent of the Requisite Plan Sponsors, determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

D. Sources of Consideration

The Reorganized Debtors shall fund distributions and satisfy applicable Allowed Claims under the Plan with (i) Cash on hand, including Cash from operations, (ii) the New Common Equity, (iii) Cash proceeds from the purchase of New Common Equity pursuant to the UPA, (iv) the Warrants, and (v) the First American Payment.

E. UPA and the Additional Capital Commitment

Prior to the Effective Date, pursuant to the terms of the UPA, the Eligible Holders shall have the right to elect to commit to purchase Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment. Such Additional Capital Commitment Units, an Eligible Holder's right to elect to purchase such Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment, and Reorganized Horsehead's obligations to elect to exercise such Additional Capital Commitment and issue such Additional Capital Commitment Units are, in each case, subject to the terms and conditions of the UPA.

F. Issuance of New Common Equity

Upon the Effective Date, all equity interests of Horsehead Holding shall be cancelled and Reorganized Horsehead shall issue the New Common Equity, as set forth under the Plan (including the UPA Units to the Plan Sponsors). Reorganized Horsehead shall ensure it has sufficient available New Common Equity in order to issue the Additional Capital Commitment Units to the Additional Capital Commitment Participants pursuant to the terms of the UPA. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

Each unit of the New Common Equity issued pursuant to the Plan shall be validly issued, fully paid, and non-assessable. The New Limited Liability Company Agreement and any other New Organizational Documents shall be adopted on the Effective Date and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects.

G. Funding of General Unsecured Creditor Cash Account

The General Unsecured Creditor Cash Pool shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account and, subject to Article VI.H hereof, utilized by the Reorganized Debtors solely for distributions to Holders of Allowed Claims in Class 8B in accordance with the Plan. No costs incurred by the Reorganized Debtors shall be paid from the General Unsecured Creditor Cash Account, whether such costs relate to implementation of the Plan or otherwise, and the Reorganized Debtors shall not grant control over, or a security interest in, the General Unsecured Creditor Cash Account to any party.

H. Continued Corporate Existence.

The Reorganized Debtors shall adopt the New Organizational Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

I. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action (unless otherwise released or discharged pursuant to the Plan), and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court or the Canadian Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the CCAA.

J. New Organizational Documents.

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of conversion and certificate of formation for Reorganized Horsehead, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation or formation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state, province, or country of incorporation and their respective New Organizational Documents.

K. Directors, Managers, and Officers of the Reorganized Debtors.

As of the Effective Date, the officers and members of the board of directors and board of managers of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

L. Registration Exemptions.

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of (1) the New Common Equity issued to Holders of Secured Notes Claims and Unsecured Notes Claims, (2) the Warrants issued to Holders of Convertible Notes Claims, (3) the New Common Equity issued upon exercise of the Warrants or any other security obtainable upon exercise of the Warrants pursuant to their terms, and (4) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims (collectively, the "Section 1145 Securities"), as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (x) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (y) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code. Under Canadian securities laws and regulations, the Section 1145 Securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Section 1145 Securities through the facilities of The Depository Trust Company ("DTC"), the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Common Equity under applicable securities laws. If applicable, the DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, the DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Pursuant to Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA, shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Securities will be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) subject to resale restrictions and may be resold, exchanged, assigned or

otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law. Under Canadian securities laws and regulations, these securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

M. General Settlement of Claims

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies resolved pursuant to the Plan, including the controversies resolved by the global settlement between the Debtors, the Creditors' Committee and the Ad Hoc Group of Noteholders as described in the Disclosure Statement and pursuant to Article IV.A hereof. All distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.

N. Intercompany Account Settlement

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

O. Cancellation of Existing Securities and Agreements

On the Effective Date, except to the extent otherwise provided in the Plan, and except with respect to the indemnification obligations set forth in Section 9.05 of the DIP Credit Agreement, all notes, instruments, certificates, and other documents evidencing Claims or Interests, and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, shall be deemed cancelled and surrendered without any need for a Holder to take further action with respect to any note(s) or security, the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall have no further obligations or duties thereunder; provided, however, that notwithstanding Confirmation or Consummation, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (1) allowing Holders to receive distributions under the Plan and (2) allowing Holders of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to the applicable loan documents; provided, further, however, that the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, the Confirmation Recognition Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of this Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; provided, further, that the foregoing shall not affect the issuance of units issued pursuant to the Restructuring Transactions nor any other units held by one Debtor in the capital of another Debtor; provided, further, that each of the Unsecured Notes Indenture and the Convertible Notes Indenture shall continue in effect against the Debtors solely for the purposes of (a) preserving any rights of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee, as applicable, to indemnification or contribution from, respectively, Holders of Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture or the Convertible Notes Indenture or any direction provided by Holders of the Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture of the Convertible Notes Indenture, as applicable, (b) permitting the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to maintain or assert any right or Charging Lien each may have against distributions pursuant to the terms of the Unsecured Notes Indenture or the Convertible Notes Indenture, as applicable, to recover unpaid fees and expenses (including the fees and expenses of its counsel, agents, and advisors) of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D hereof, unless paid pursuant to Article XII.D hereof; (c) enforcing any rights and remedies as between Holders of Unsecured Notes or Convertible Notes thereunder or as between any Holder of Unsecured Notes and the Unsecured Notes Indenture Trustee or as between any Holder of Convertible Notes and the Convertible Notes Indenture Trustee; and (d) the payment of reasonable and documented fees and expenses incurred by the Unsecured Notes Indenture Trustee and

the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D hereof, unless paid pursuant to Article XII.D hereof.

P. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (1) adoption or assumption, as applicable, of the agreements with existing management; (2) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (3) selection of the managers and officers for the Debtors; (4) the distribution of the New Common Equity as provided herein; (5) implementation of the Restructuring Transactions; and (6) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including the New Common Equity, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.P shall be effective notwithstanding any requirements under non-bankruptcy law.

Q. Effectuating Documents; Further Transactions

On and after the Effective Date, the Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, and any securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

R. Section 1146 Exemption

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

S. MEIP

The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date.

T. Director and Officer Liability Insurance

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued. To the extent that the D&O Liability Insurance Policies are deemed

to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

U. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third Party Release), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

V. Release of Avoidance Actions

On the Effective Date, the Debtors, on behalf of themselves and their estates, shall release any and all Avoidance Actions that may be assertable against (1) a trade creditor of any Debtor and/or Reorganized Debtor; (2) Holders of Unsecured Notes; (3) Holders of Convertible Notes; (4) members of the Creditors' Committee, and (5) any one or more of the successors or assigns of the foregoing, and any Entity acting on behalf of the Debtors or the Reorganized Debtors shall be deemed to have waived the right to pursue such Avoidance Actions; provided, that the foregoing waiver shall not limit the rights of the Debtors or the Reorganized Debtors or any Entity acting on behalf of the Debtors or the Reorganized Debtors to assert any defenses based on Avoidance Actions to Other Secured Claims or Other Priority Claims asserted by the Entities listed in clauses (1) – (5) hereof. No Avoidance Actions shall revert to creditors of the Debtors.

Notwithstanding the foregoing paragraph or anything to the contrary in this Plan (including pursuant to the Debtor Release), the Debtors and the Reorganized Debtors, their Estates, and their successors expressly reserve all Claims and Causes of Action against Técnicas Reunidas, S.A., including with respect to any Claims or Proofs of Claim asserted by Técinas Reunidas, S.A. against any Debtor.

W. Assumption of Collective Bargaining Agreements

All collective bargaining agreements between the applicable labor union and the Debtors (collectively, the "CBAs") in place as of the Effective Date, shall be assumed by the Reorganized Debtors as of the Effective Date.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; (3) are the subject of a motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; or (4) are a CBA. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule at any time through and including forty-five (45) days after the Effective Date.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Unless otherwise provided by a Final Order of the Bankruptcy Court approving rejection of Executory Contracts or Unexpired Leases, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Notice and Claims Agent on the date that is the later of (i) twenty-one (21) days after notice of the Effective Date; or (ii) twenty-one (21) days after notice of rejection of Executory Contracts or Unexpired Leases to the extent the Reorganized Debtors remove an Executory Contract or Unexpired Lease from the Assumed Executory Contract and Unexpired Lease Schedule on or after the Effective Date pursuant to Article V.A hereof.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.F hereof, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Zochem General Unsecured Claims or Other General Unsecured Claims, as applicable, and shall be treated in accordance with Article III.B hereof.

C. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such

Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided, that the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A hereof or otherwise.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided, that, the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors and the DIP Lenders no later than thirty (30) days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court or the Canadian Court.**

D. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

E. Indemnification Obligations

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; provided, however, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

F. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or are rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

G. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease nunc pro tunc to the Confirmation Date, in each case with the consent of the Requisite Plan Sponsors.

H. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

I. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order or the Confirmation Recognition Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII hereof. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date. The New Common Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Common Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors (including Reorganized Horsehead), or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, units, or interests, as applicable.

B. [Reserved]

C. Distributions Generally; Disbursing Agent

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent that may include the Reorganized Debtors or an entity designated by the Reorganized Debtors. Distribution on account of: (1) Macquarie Credit Agreement Claims shall be made to the Macquarie Credit Agreement Administrative Agent, at which time such distribution shall be deemed completed by the Debtors, and the Macquarie Credit Agreement Agent shall deliver such distribution in accordance with the Plan and the Macquarie Credit Agreement; (2) Banco Bilbao Credit Agreement Claims shall be made to Banco Bilbao Vizcaya Argentaria, S.A., at which time such distribution shall be deemed completed by the Debtors, and Banco Bilbao Vizcaya Argentaria, S.A. shall deliver such distribution in accordance with the Plan and the Banco Bilbao Credit Agreement; (3) Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, shall be made to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee or any respective designee thereof, as applicable, at which time such distributions shall be deemed completed by the Debtors, and the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall deliver such distributions in accordance with the Plan and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, as applicable, in each case subject to the right of any Prepetition Indenture Trustee to exercise any Charging Lien to the extent such fees or expenses are not paid to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or Convertible Notes Indenture Trustee, as applicable, pursuant to Article XII.D hereof. For the avoidance of doubt, distributions made by the Macquarie Credit Agreement Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A., the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall be made, as it relates to the identity of the recipients, in accordance with the applicable indenture or credit agreement and the policies of the Depository Trust Company, as applicable.

D. Rights and Powers of Disbursing Agent

1. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

E. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Account of Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

2. Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed

Claim or has otherwise been resolved by settlement or Final Order; provided, that, if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly-situated Holders of Allowed Claims pursuant to the Plan.

F. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date. Notwithstanding the foregoing, with respect to Holders of Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, distributions shall be made to such Holders that are listed on the register or related document maintained by, as applicable, the Macquarie Credit Agreement Administrative Agent, the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee as of the Distribution Record Date.

2. Delivery of Distributions in General

(a) Initial Distribution Date

Except as otherwise provided herein, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided, that, the manner of such distributions shall be determined at the discretion of the Disbursing Agent; provided, further, that, the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in the Schedules. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(b) Quarterly Distribution Date

On each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A hereof.

3. De Minimis Distributions; Minimum Distributions

No fractional units of New Common Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Common Equity that is not a whole number, the actual distribution of units of New Common Equity shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Common Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

No Cash payment valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

4. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, that, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

G. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

H. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

I. No Postpetition Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

J. [Reserved]

K. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Debtors, after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid. For the avoidance of doubt, the First American Payment shall not reduce or otherwise impact the distribution provided to Holders of Allowed Secured Notes Claims.

2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contract. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

3. Applicability of Insurance Contracts

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything herein to the contrary (including, without limitation, Article VIII), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts; provided, however, that the First American Title Policies shall be terminated upon release of the Escrow Disbursement.

L. Allocation

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

B. Claims Objections, Settlements, Claims Allowance

The Reorganized Debtors shall have the authority to: (1) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (2) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (a) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records or (b) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

C. *Claims Estimation*

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to

section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

D. Disputed Claims Reserve

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserve shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold Cash in the Disputed Claims Reserve in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein, as such Disputed Claims or Interests are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Disputed Claims as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date.

Notwithstanding anything to the contrary herein, to the extent the Reorganized Debtors or the Disbursing Agent establish one or more Disputed Claims Reserve(s) with respect to the Claims in Class 8B, such reserve(s) must be held and maintained in the General Unsecured Creditor Cash Account in trust solely for the benefit of Holders of Allowed Claims in Class 8B and pursuant to the terms of Article IV.G hereof.

E. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

F. Time to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

G. Disallowance of Late Claims

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT OR THE CANADIAN COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

H. Amendments to Claims

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court to the maximum extent provided by applicable law.

I. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

J. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims and Termination of Interests

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims

and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

B. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B hereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates and any property of Chestnut Ridge shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns or in the case of property owned by Chestnut Ridge, such property shall revert to Chestnut Ridge free and clear of all mortgages, deeds of trust, Liens, pledges, or other security interests.

C. Debtor Release

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION, ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, THE DEBTORS AND THEIR ESTATES SHALL RELEASE EACH RELEASED PARTY, AND EACH RELEASED PARTY IS DEEMED RELEASED BY THE DEBTORS, THE ESTATES, AND THE REORGANIZED DEBTORS FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES OR THE REORGANIZED DEBTORS, AS APPLICABLE) WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE ESTATES, OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY), OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE DIP FACILITY, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTORS OR THE REORGANIZED DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE PETITION DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE; PROVIDED THAT THE FOREGOING DEBTOR RELEASE SHALL NOT OPERATE TO WAIVE OR RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN; PROVIDED FURTHER THAT FIRST AMERICAN SHALL ONLY BECOME A RELEASED PARTY PURSUANT TO THIS ARTICLE VII.C UPON THE RELEASE OF THE ESCROW DISBURSEMENT. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.C AND CHESTNUT RIDGE SHALL HAVE NO

LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THEIR ESTATES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

D. Third-Party Release

ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE AS TO EACH OF THE RELEASING PARTIES, THE RELEASING PARTIES SHALL RELEASE EACH RELEASED PARTY, AND EACH OF THE DEBTORS, THEIR ESTATES, AND THE RELEASED PARTIES SHALL BE DEEMED RELEASED FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER (INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES, OR THE REORGANIZED DEBTORS, AS APPLICABLE) WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE DIP FACILITY, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE EFFECTIVE DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED THAT FIRST AMERICAN SHALL ONLY BECOME A RELEASING PARTY AND A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.D UPON THE RELEASE OF THE ESCROW DISBURSEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE THIRD-PARTY RELEASE SHALL NOT RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA, OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.D AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD-PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD-PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD-PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD-PARTY RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

E. Exculpation

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the Restructuring Transactions, the DIP Facility, the issuance, distribution, and/or sale of any units of the New Common Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, the Canadian Proceedings, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing Exculpation shall have no effect on (i) the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, fraud, or willful misconduct or (ii) any contractual liability for any breach of the Plan, the UPA, or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

F. Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR OBLIGATIONS ISSUED OR REQUIRED TO BE PAID PURSUANT TO THE PLAN (INCLUDING THE NEW COMMON EQUITY, AND DOCUMENTS AND INSTRUMENTS RELATED THERETO), CONFIRMATION ORDER OR THE CONFIRMATION RECOGNITION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, OR LIENS THAT HAVE BEEN DISCHARGED PURSUANT TO ARTICLE VIII.A, RELEASED PURSUANT TO ARTICLE VIII.B, ARTICLE VIII.C, OR ARTICLE VIII.D, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.E ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, OR THE RELEASED PARTIES: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT PRIOR TO THE EFFECTIVE DATE IN A

DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

G. Additional Provisions

For the avoidance of doubt, nothing in Article VIII.D or Article VIII.F hereof shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by the Greywolf Entities, solely in their capacities as holders or former holders of Existing Interests in Horsehead Holding and in no other capacity, arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date, including but not limited to that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, civil action no. 16-cv 292; provided that the Greywolf Entities may not commence, or be a named plaintiff in, any such litigation or comparable dispute resolution mechanism against the Debtors' officers and directors arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date or otherwise voluntarily participate in any such action, except as required by lawful process, other than taking such actions that are necessary to receive a distribution, if any, on account of such litigation.

H. Environmental Claims

Nothing in this Plan releases, discharges, precludes, exculpates, or enjoins the enforcement of: (1) any liability to a Governmental Unit under applicable Environmental Law to which any Entity is subject as the owner or operator of property after the Effective Date; (2) any liability to a Governmental Unit to which any Entity is subject under applicable Environmental Law that is not a Claim; (3) any Claim of a Governmental Unit to which any Entity is subject under applicable Environmental Law arising on or after the Effective Date; (4) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtor/s or Reorganized Debtors; or (5) any valid right of setoff under Environmental Law by any Governmental Unit. The Bankruptcy Court retains jurisdiction to determine whether environmental liabilities that have been asserted by a Governmental Unit are discharged or otherwise barred by this Plan or the Bankruptcy Code.

Notwithstanding any provision to the contrary in this Plan, the United States shall retain all of its rights to set-off as provided by law.

I. Protections Against Discriminatory Treatment

To the maximum extent provided by section 525 of the Bankruptcy Code, the Supremacy Clause of the United States Constitution and the CCAA, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

J. Setoffs

Except as otherwise expressly provided for in the Plan (including pursuant to Article IV.V hereof) or in any court order, each Debtor, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim, other than any (1) DIP Facility Claims; (2) Secured Notes Claims; (3) Class 8B Other General Unsecured

Claims; (4) Convertible Notes Claims; (5) Unsecured Notes Claims; (6) General Unsecured Claims filed by members of the Creditors' Committee; or (7) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code, any claims, rights, and Causes of Action of any nature that such Debtor may hold against the Holder of such Allowed Claim other than any (1) DIP Claims; (2) Secured Notes Claims; (3) Class 8B Other General Unsecured Claims; (4) Convertible Notes Claims; (5) Unsecured Notes Claims; (6) General Unsecured Claims filed by members of the Creditors' Committee; or (7) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, that, neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such Holder. In no event shall any Holder of Claims be entitled to setoff any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff.

K. Recoupment

In no event shall any Holder of a Claim be entitled to recoup any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court asserting or preserving such right of recoupment on or before the Confirmation Date.

L. Subordination Rights

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

M. Document Retention

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

N. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Bankruptcy Court shall have entered the Disclosure Statement Order and such order shall be a Final Order;

2. the Canadian Court shall have issued the Disclosure Statement Recognition Order and such order shall be a Final Order;

3. the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto (in each case in form and substance) shall be acceptable to the Requisite Plan Sponsors and the Debtors;

4. the UPA shall have been executed; and

5. the UPA shall have been approved by entry of a Final Order and shall be in full force and effect and not otherwise terminated in accordance with the terms thereof (other than pursuant to section 9.1(a) of the UPA).

B. Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Bankruptcy Court shall have entered the Confirmation Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors, and, with respect to the Creditors' Committee Settlement, the Creditors' Committee, and such order shall be a Final Order and shall include a finding by the Bankruptcy Court that the New Common Equity to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law;

2. the Canadian Court shall have issued the Confirmation Recognition Order as a Final Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors.

3. all actions, documents, Certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws;

4. the Professional Fee Escrow shall have been established and funded in accordance with Article II.B hereof;

5. the Information Officer's fees and expenses shall have been paid through the Effective Date;

6. the transactions contemplated by the UPA shall have been consummated and the Closing (as defined in the UPA) shall have occurred;

7. the outstanding reasonable and documented Plan Sponsor Fees incurred by the Plan Sponsors, Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals, Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals, Convertible Notes Indenture Trustee Fees of the Convertible Notes Indenture Trustee and its professionals, Unsecured Notes Indenture Trustee Fees of the Unsecured Notes Indenture Trustee and its professionals, and all fees ordered to be paid pursuant to the Final DIP Order shall have been or will be paid contemporaneously with the Effective Date in full, in Cash;

8. the First American Payment shall have been funded and received by the Debtors; provided, that the General Unsecured Creditor Cash Pool shall not be reduced if the First American Payment is not so funded and received;

9. all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan shall have been received; and

10. the General Unsecured Creditor Cash Account shall have been established and funded in the amount of $11,875,000.

C. Waiver of Conditions

The conditions to Confirmation and Consummation set forth in this Article IX may be waived only by consent of both the Debtors and the Requisite Plan Sponsors, and may be waived without notice, leave, or order of the Bankruptcy Court or the Canadian Court or any formal action other than proceedings to confirm or consummate the Plan, provided, however, that (x) the condition in Article IX.B.5 may not be waived without consent of the Information Officer, (y) the condition in Article IX.B.7 with respect to payment of fees and expenses of any Prepetition Indenture Trustee or its professionals may not be waived without consent of the applicable Prepetition Indenture Trustee, and (z) the condition in Article IX.B.10 may not be waived without consent of the Creditors' Committee.

D. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur on or prior to [September 19, 2016], which date may be extended by the consent of the Debtors and the Requisite Plan Sponsors, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Except as otherwise specifically provided in the Plan, the Debtors reserve the right, with the consent of the Requisite Plan Sponsors, to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan; provided, that the Debtors shall not be permitted to amend the Plan in a manner that materially and adversely impacts the provisions of the Plan effectuating the Creditors' Committee Settlement without the consent of the Creditors' Committee. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights, in each case with the consent of the Requisite Plan Sponsors, to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Confirmation Order or the Confirmation Recognition Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

B. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan

The Debtors, reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of

any claims held by the Debtor, Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V hereof, the Assumed Executory Contract and Unexpired Lease Schedule; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Disclosure Statement or the Plan including, for the avoidance of doubt, the UPA;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. enter and implement any orders as may be necessary to execute, implement or consummate the First American Settlement Agreement;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.K.1 hereof;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

17. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

18. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

19. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII hereof and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

23. except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;

24. hear and determine all applications for allowance and payment of Professional Fee Claims;

25. enforce the injunction, release, and exculpation provisions set forth in Article VIII;

26. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

27. enforce all orders previously entered by the Bankruptcy Court; and

28. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order or the Confirmation Recognition Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be in form and substance acceptable to the Requisite Plan Sponsors and the Debtors. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

D. Payment of Fees and Expenses of the Plan Sponsors, the DIP Agent, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, Payment of Fees and Expenses of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee Pursuant to Creditors' Committee Settlement

Notwithstanding any provision in the Plan to the contrary, and in connection with the Creditors' Committee Settlement (with respect to the Unsecured Notes Indenture Trustee Fees and the Convertibles Notes Indenture Trustee Fees payable pursuant to subsections (iv) and (v) of this Article XII.D), the Debtors or Reorganized Debtors (as applicable) shall promptly pay in full in Cash (i) any outstanding Plan Sponsor Fees incurred by the Plan Sponsors; (ii) the Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals; (iii) the Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals; (iv) the Unsecured Notes Indenture Trustee Fees incurred by the Unsecured Notes Indenture Trustee; (v) the Convertible Notes Indenture Trustee Fees incurred by the Convertible Notes Indenture Trustee, and (vi) the fees incurred by the DIP Agent, all on the Effective Date without the need for such parties to file fee applications with the Bankruptcy Court, to the extent not otherwise paid prior to the Effective Date.

E. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order and the Canadian Court shall issue the Confirmation Recognition Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, the Confirmation Recognition Order or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date. For the avoidance of doubt, if the First American Settlement Agreement is not consummated or First American does not make the First American Payment, all parties' rights and claims are fully reserved as if the First American Settlement Agreement had not been entered

into; provided, however, that to the extent the First American Payment is not made, the General Unsecured Creditor Cash Pool shall not be reduced.

F. Successors and Assigns

Unless otherwise provided herein, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity. For the avoidance of doubt, nothing in this Article XII.F shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by any party, including, for the avoidance of doubt, any Releasing Party, as such claims are alleged in that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292.

G. Notices

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Horsehead Holding Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, Pennsylvania 15205
Facsimile: 412.788.1812
Attention: Timothy D. Boates, Chief Restructuring Officer

with copies to:

Kirkland & Ellis LLP
300 North LaSalle St.
Chicago, Illinois 60654
Facsimile: 312.862.2200
Attention: Ryan Preston Dahl, Esq. and Angela Snell, Esq.

-and-

counsel to the Plan Sponsors
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Facsimile: 212.872.1002
Attention: Michael Stamer, Esq. and Meredith Lahaie, Esq.

-and-

counsel to the Creditors' Committee
Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: 973.597.2400
Attention: Kenneth A. Rosen, Esq. and Bruce Buechler, Esq.

H. Term of Injunctions or Stays

Unless otherwise provided in the Plan, in the Confirmation Order or the Confirmation Recognition Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or

any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. All stays provided for in the Canadian Proceedings pursuant to the orders of the Canadian Court shall remain in full force and effect until the Effective Date unless otherwise ordered by the Canadian Court.

I. Entire Agreement

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

J. Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

K. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' and the Requisite Plan Sponsors' consent; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

M. Closing of Chapter 11 Cases

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases. The Confirmation Recognition Order shall provide for the termination of the Canadian Proceedings upon the delivery of an Information Officer's certificate on the Effective Date.

N. Waiver or Estoppel

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not

disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Dissolution of Committees

On the Effective Date, each of the Creditors' Committee and the Equity Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's and Equity Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee and Equity Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses.

P. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order or the Confirmation Recognition Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

* * * * *

Dated as of July 12, 2016

Respectfully submitted,

Horsehead Holding Corp.
(for itself and on behalf of each of its affiliated debtors)

By: /s/ *Timothy D. Boates*
Name: Timothy D. Boates
Title: Chief Restructuring Officer

Prepared by:

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Patrick J. Nash Jr., P.C. (admitted *pro hac vice*)
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- and -

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919 North Market Street, 17th Floor
P.O. Box 8705
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel to the Debtors and Debtors in Possession

Exhibit A

General Unsecured Creditor Cash Pool

The following recoveries are set forth for purposes of the Pro Rata distributions to Holders of Allowed Claims in Class 8B; provided, that, other than with respect to Horsehead Holding Corp., such recoveries shall be re-allocated by the Reorganized Debtors to recalibrate for the actual amount of Allowed Claims to maintain the same percentage recoveries for Holders of Allowed Claims in Class 8B against each Debtor other than Horsehead Holding Corp.

Debtor	Cash Pool	Projected Allowed Claims Per Disclosure Statement	Estimated Recovery %
Horsehead Holding Corp.	$6,500.00	$92,772	7.01%
Horsehead Corporation	$5,979,458.00[1]	$30,269,500	19.75%
Horsehead Metal Products, LLC	$5,170,648.00[1]	$26,175,102	19.75%
INMETCO	$718,394.00[1]	$3,636,691	19.75%
	Total: $11,875,000		

[1] Amount subject to re-allocation as set forth above based on the actual amount of Allowed Claims. For illustrative purposes only, if the actual amount of Allowed Claims against Horsehead Corporation were $32,000,000 and all other Allowed Claims were as projected above, the Cash Pool would be re-allocated as follows:

Debtor	Cash Pool	Allowed Claims	Recovery %
Horsehead Holding Corp.	$6,500.00	$92,772	7.01%
Horsehead Corporation	$6,144,329.00	$32,000,000	19.20%
Horsehead Metal Products, LLC	$5,025,889.00	$26,175,102	19.20%
INMETCO	$698,282.00	$3,636,691	19.20%
	Total: $11,875,000		

EXHIBIT B

Financial Projections

DEBTORS' FINANCIAL PROJECTIONS AND ASSUMPTIONS[1]

A. Introduction

The Debtors have prepared the Financial Projections set forth herein for the six months ending December 31, 2016 and the full years ending December 31, 2017 through December 31, 2020 (the "Projection Period").

The Plan contemplates a $160 million capital contribution pursuant to the transactions contemplated by the UPA, which provides the Reorganized Debtors with capital to fund their exit from bankruptcy and the ongoing liquidity needs of the business, under the assumption that the Debtors' zinc processing facility in Mooresboro, North Carolina (the "Mooresboro Facility") remains in an idle state with the Debtors paying the ongoing maintenance costs of the facility (the "Idle Scenario").

In addition, the UPA provides for an Additional Capital Commitment of up to $100 million, the proceeds of which will be available to the Reorganized Debtors to invest in the restart and ramp-up of the Mooresboro Facility (the "Ramp Up Scenario"). The Ramp Up Scenario assumes that the Additional Capital Commitment is available for investment in the Mooresboro Facility upon the Debtors' exit from bankruptcy. The Additional Capital Commitment is subject in all respects to the terms and conditions set forth more fully in the UPA.

Accordingly, the Debtors have prepared two sets of financial projections, which are described herein. The Financial Projections have been prepared on a consolidated basis, consistent with the Debtors' financial reporting practices, and include all Debtor and non-Debtor subsidiaries.

The Debtors do not, as a matter of course, publish their projections, strategies, or forward-looking projections of their financial position, result of operations, and cash flows. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated projections to the holders of Claims or equity interests after the date of this Disclosure Statement, or to include such information in documents required to be filed with the Securities and Exchange Commission (the "SEC") or to otherwise make such information public. The assumptions disclosed herein are those that the Debtors believe to be significant to the Financial Projections and are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The Financial Projections present, to the best of the Debtors' knowledge and belief, the Reorganized Debtors' projected financial position under both the Idle Scenario and the Ramp Up

[1] Capitalized terms used but not defined herein shall have the meanings set forth in that certain *First Amended Disclosure Statement Statement for the Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as the same may be amended, modified, supplemented, or amended and restated in accordance with its terms, the "Disclosure Statement") to which these *Debtors' Financial Projections and Assumptions* are attached as Exhibit B.

Scenario, the result of operations, and cash flows for the Projection Period and reflect the Debtors' assumptions and judgments of the projections based on an estimated emergence date of June 30, 2016. Although the Debtors are of the opinion that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties, including but not limited to, material changes to the economic environment, commodity prices, demand for the Reorganized Debtors' products and their production capabilities and costs, the competitive environment, the timing in the Ramp Up Scenario of the draw down of the Additional Capital Commitment and other factors affecting the Debtors' businesses. The likelihood, and related financial impact, of a change in any of these factors cannot be predicted with certainty. Consequently, actual financial results could differ materially from the Financial Projections. The Financial Projections assume the Plan will be implemented in accordance with its stated terms. The Financial Projections should be read in conjunction with the assumptions and qualifications contained herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in either the Disclosure Statement or the Plan, as applicable.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") IN THE UNITED STATES. FURTHERMORE, THE FINANCIAL PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY A REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM.

THE FINANCIAL PROJECTIONS CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' AND THE REORGANIZED DEBTORS' BUSINESSES AND MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR SIMILAR EXPRESSIONS THAT IDENTIFY THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. MAKING INVESTMENT DECISIONS BASED ON THE FORWARD-LOOKING STATEMENTS CONTAINED IN THESE PROJECTIONS OR THE DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.

YOU ARE ENCOURAGED TO READ THE DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING, BUT NOT LIMITED TO, THE PLAN AND ARTICLE VIII OF

THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" IN CONNECTION WITH YOUR CONSIDERATION OF THE FINANCIAL PROJECTIONS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THE FINANCIAL PROJECTIONS. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST MAKE THEIR OWN ASSESSMENT AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN MAKING THEIR DETERMINATION OF WHETHER TO ACCEPT OR REJECT THE PLAN.

B. Summary of Significant Assumptions

The Debtors considered the following factors in developing the Financial Projections:

General Assumptions:

- *Methodology:* The Financial Projections contain the operational and capital expenditure plans for each of the Debtors' three business segments – Horsehead Corporation, INMETCO, and Zochem – and assume the successful reorganization of the Debtors. Each segment was analyzed with a "bottom-up" approach and key management personnel from each business segment, and across various functions, provided input to the Financial Projections.
- *Assumed Effective Date*: The Financial Projections assume that the Plan will be implemented in all material respects in accordance with its stated terms on or before the Assumed Effective Date, June 30, 2016. The Debtors currently expect to confirm and consummate their Plan of Reorganization in July 2016. The Debtors do not believe the difference between an assumed June 30, 2016 effective date and a September 15, 2016 Effective Date will have a material impact on their long term financial projections, although actual timing could of course impact the Debtors' overall cash needs immediately after emergence.
- *Macroeconomic and Industry Environment*: The Financial Projections and related volume and pricing assumptions are based on both input from senior management and certain industry reports prepared by various third parties. The Financial Projections further assume that the price of zinc and nickel is approximately equal to consensus forecasts during the Projection Period. Further, the Financial Projections assume a recovery in the stainless and carbon steel markets to conditions consistent with 2012.

- *Mooresboro Facility*:
  - *Idle Scenario*: The Idle Scenario Financial Projections are not premised on the restart of the Mooresboro Facility during the Projection Period, rather the Financial Projections assume that the facility is maintained in its idle state. The income statement and related cash flows assume $12.0 million of costs during the second half of 2016 to fully mothball the facility and an annual cost of approximately $4.7 million for maintaining the facility and meeting safety and environmental standards in 2017 to 2020. The actual cost of maintaining the Mooresboro Facility in an idled state could be materially higher under certain circumstances.
  - *Ramp Up Scenario*: The Ramp Up Scenario Financial Projections are premised on a restart and ramp up of the Mooresboro Facility with the investment beginning upon the Debtors emergence from bankruptcy. The Ramp Up Scenario contemplates significantly higher capital expenditure than the Idle Scenario which is necessary to address production bottlenecks, improve the quality of the electrolyte which is used to produce zinc, ensure reliable production and meet safety and environmental standards. Assuming the capital investment outlined in the Ramp Up Scenario Financial Projections, the Debtor's management team anticipates reaching 100% of nameplate capacity during 2019.
- *No Material Acquisitions or Divestitures*: The Financial Projections assume no acquisitions or divestitures of any of the Debtors' business segments and do not assume any capital expenditure projects that have a pay-back period outside of the time frame of the Projection Period.
- *Plan Funding*:
  The Idle Scenario Financial Projections assume $160 million of new capital is raised pursuant to the UPA. Management believes that such level of funding is sufficient to satisfy emergence costs and post-emergence liquidity needs.
  - The Ramp Up Scenario Financial Projections assume $260 million of new capital is raised pursuant to the transactions contemplated by the UPA, including the Additional Capital Commitment. Management believes that such level of funding is sufficient to satisfy emergence costs, restart and ramp up the Mooresboro Facility and satisfy post-emergence liquidity needs.
- No Public Company Reporting: The Financial Projections assume the Debtors are a private company upon emergence and does not incur the costs associated with being a public reporting company.

The Financial Projections have been prepared using accounting policies consistent with those applied in the Debtors' historical financial statements, although, as listed above, Financial Projections have not been prepared with a view towards compliance with GAAP. .

Accounting Policies:

- The Financial Projections include the accounts of the Debtors and their non-Debtor subsidiaries. Intercompany accounts and transactions are eliminated in consolidation.
- The Debtors' ownership interest in ThirtyOx, LLC ("ThirtyOx"), a joint venture in North Carolina, is accounted for under the equity method of accounting. However, the Long Term Business Plan does not take into account any added benefit that would be realized from ownership interests in ThirtyOx.
- Accounts receivable are presented net of allowances for bad debt.
- Inventories are stated at the lower of cost or market and are accounted for on a first-in, first-out method at Zochem or using the weighted average actual costs method at the other businesses. Projected costs include direct material, direct labor and applicable manufacturing overheads, which are based on normal production capacity.
- Land, buildings and machinery and equipment are stated at book value. Depreciation is calculated on a straight-line basis over the estimated remaining useful lives of the properties as of the Assumed Effective Date (the average estimated useful life for fixed assets is 10 years. With regard to the Ramp Up Financial Projections newly acquired fixed assets for Mooresboro are depreciated over a useful life of 21 years with the exception of anodes and cathodes which are depreciated over 3 years). Major renewals and betterments are capitalized. Maintenance and repairs to manufacturing facilities are expensed as incurred.
- The Financial Projections assume tax rates of 35% for Horsehead Corporation, 40% for INMETCO and 25% for Zochem, respectively. In fiscal years where the Debtors are earnings before tax negative, the Financial Projections assume the Debtors generate net operating losses which are applied against future years' earnings. In addition, the projections incorporate the tax shield that the Debtors believe will be available, subject to an annual limitation, from its pre-bankruptcy net operating losses.
- The projected consolidated balance sheet does not reflect the impact of "fresh start" accounting, which could result in material changes to the projected values of assets and liabilities or changes as a result of completion of its annual audit for 2015
- Assumptions and projections contained herein are derived from the Debtors' business plan dated March 30, 2016.

Income Statement Key Assumptions:

A. Revenue

To develop the Financial Projections, the Debtors, with the assistance of their advisors, evaluated market conditions by business unit, projected production at each facility, and analyzed the consensus forecasts for the key commodities produced at each of their business units, namely, zinc and nickel. In addition, management identified the Debtors' key competitors in each

business unit to determine if changes in the industry landscape or significant capacity additions would impact demand for their products.

Over the medium term, the Debtors expect industry fundamentals to improve in a number of respects:

- Gradual recovery in the production of stainless and carbon steel in the U.S. as a result of anti-dumping lawsuits and tariffs currently being levied on Chinese and other imports. This, in conjunction with increased EAF steel capacity in the U.S., is expected to drive increased electric arc furnace dust receipts.
- U.S. demand for zinc and zinc products continues to outweigh domestic supply, providing significant market for the Debtors' products.
- The Debtors have assumed zinc and nickel prices during the Projection Period generally in line with average analyst consensus estimates.
- Horsehead Corporation and Mooresboro Output
  - With regard to the Idle Scenario Financial Projections, the Debtors have assumed that Horsehead Corporation's revenue is primarily attributable to EAF Dust services and the sale of waelz oxide and zinc calcine produced at the EAF dust recycling facilities. Both waelz oxide and zinc calcine contain approximately 60% - 65% zinc and thus are sold at a discount to the LME zinc price, similar to mine concentrates.
  - With regard to the Ramp Up Scenario Financial Projections, once the Mooresboro Facility is restarted, the waelz oxide produced at the EAF dust recycling facilities is transferred to Mooresboro and subsequently processed into special high grade zinc. Once the Ramp Up has reached a level to use 100% of the waelz oxide produced, the zinc calcine operation will be discontinued.

During the Projection Period consolidated net sales are estimated to grow from approximately $163 million during the second half of fiscal 2016 to approximately $416 million in fiscal 2020 in the Idle Scenario Financial Projections and grow from $163 million during the second half of fiscal 2016 to approximately $616 million in fiscal 2020 in the Ramp Up Scenario Financial Projections.

Revenue Segment Analysis - Idle Scenario

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Horsehead Corporation	$77,374	$171,633	$192,930	$194,288	$194,288
Zochem	66,734	148,005	161,105	163,415	164,803
INMETCO	19,138	43,409	51,043	54,986	57,259
Total Revenue	**$163,246**	**$363,047**	**$405,079**	**$412,689**	**$416,350**

Revenue Segment Analysis - Ramp Up Scenario

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Horsehead Corporation	$77,374	$200,306	$326,912	$386,884	$393,797
Zochem	66,734	148,005	161,105	163,415	164,803
INMETCO	19,138	43,409	51,043	54,986	57,259
Total Revenue	**$163,246**	**$391,720**	**$539,060**	**$605,285**	**$615,859**

B. Cost of Sales

The Debtors' cost of goods sold is primarily related to the costs of processing materials for conversion into finished goods – these costs include raw materials, labor, maintenance, depreciation and utilities. In the Idle Scenario, cost of goods sold as a percentage of revenue during the Projection Period is expected to decrease from approximately 97% in the second half of 2016 to approximately 81% in 2020. Margin expansion is primarily a result of projected increases in the LME zinc price and a reduction in the care and maintenance expense related to the Mooresboro Facility. In the Ramp Up Scenario cost of goods sold as a percentage of revenue during the Projection Period is expected to decrease from approximately 93% in the second half of 2016 to approximately 78% in 2020 due to increasing LME zinc prices and economies of scale at the Mooresboro Facility.

Cost of Goods Sold Segment Analysis - Idle Scenario

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Horsehead Corporation	$80,984	$142,675	$148,327	$150,184	$150,785
% of Horsehead Corporation Revenue	*104.7%*	*83.1%*	*76.9%*	*77.3%*	*77.6%*
Zochem	61,677	134,232	147,102	148,281	148,238
% of Zochem Revenue	*92.4%*	*90.7%*	*91.3%*	*90.7%*	*89.9%*
INMETCO	15,660	33,083	34,288	36,756	37,480
% of INMETCO Revenue	*81.8%*	*76.2%*	*67.2%*	*66.8%*	*65.5%*
Total Cost of Goods Sold	**$158,322**	**$309,990**	**$329,718**	**$335,221**	**$336,504**
% of Consolidated Revenue	*97.0%*	*85.4%*	*81.4%*	*81.2%*	*80.8%*

Cost of Goods Sold Segment Analysis - Ramp Up Scenario

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Horsehead Corporation	$74,999	$206,356	$256,553	$285,322	$294,779
% of Horsehead Corporation Revenue	*96.9%*	*103.0%*	*78.5%*	*73.7%*	*74.9%*
Zochem	61,677	134,232	147,102	148,281	148,238
% of Zochem Revenue	*92.4%*	*90.7%*	*91.3%*	*90.7%*	*89.9%*
INMETCO	15,660	33,083	34,288	36,756	37,480
% of INMETCO Revenue	*81.8%*	*76.2%*	*67.2%*	*66.8%*	*65.5%*
Total Cost of Goods Sold	**$152,338**	**$373,673**	**$437,945**	**$470,360**	**$480,499**
% of Consolidated Revenue	*93.3%*	*95.4%*	*81.2%*	*77.7%*	*78.0%*

C. Selling General and Administrative Costs

SG&A costs are the sum of all direct and indirect selling expenses and administrative expenses of the Debtors. SG&A costs were projected at the business unit level. Selling expenses include employee wages and benefits, commissions, and office expenses. General and administrative expenses include wages and benefits of non-sales personnel, rent, corporate overhead, insurance and office related expenses. Both the Idle Scenario and Ramp Up Financial Projections assume that Horsehead Holding Corporation is no longer a public filing entity following the Plan and as such SG&A costs exclude that expense.

Consolidated Selling, General and Administrative Expenses

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
SG&A - Idle Scenario	9,137	18,540	18,687	18,701	18,774
% of Consolidated Revenue	*5.6%*	*5.1%*	*4.6%*	*4.5%*	*4.5%*
SG&A - Ramp Up Scenario	9,137	18,665	19,062	19,326	19,649
% of Consolidated Revenue	*5.6%*	*4.8%*	*3.5%*	*3.2%*	*3.2%*

D. Depreciation and Amortization

Depreciation and amortization expenses for existing property, plant and equipment is based on the book value of fixed assets, spread on a straight-line basis over the remaining useful life for each of those assets, which on average is approximately 10 years. With regard to the Ramp Up Financial Projections newly acquired fixed assets for Mooresboro are depreciated over a useful life of 21 years with the exception of anodes and cathodes, which are depreciated over 3 years. Depreciation and amortization in the Financial Projections have not been adjusted for any write down of fixed assets resulting from the 2015 annual audit.

E. Interest Expense

Interest expense is based on the Debtors' estimated post-emergence capital structure on the Assumed Effective Date. The post-emergence capital structure does not contemplate any material funded debt other than the Banco Bilbao Note and certain capital leases.

F. Restructuring Expense

The incurrence of restructuring charges, such as advisor fees, severance and employee retention programs, is assumed to end upon emergence and thus does not impact the Financial Projections.

G. Income Taxes

Income tax benefit/expense is calculated based on the Debtors' historical experience of 35% at Horsehead Corporation, 40% at Inmetco and 25% at Zochem. The Debtors are continuing their analysis with respect to the implications of the Plan of Reorganization on the tax attributes, including net operating losses. The Debtors currently project to have approximately $92 million of net operating losses remaining following emergence from bankruptcy and the use of net operating losses will be limited to approximately $6.2 million on an annual basis. To the extent the Debtors generate new net operating losses following the bankruptcy, the Financial Projections assume that those net operating losses can be utilized to shield from future taxes.

Balance Sheet Adjustments and Balance Sheet and Cash Flow Assumptions:

The adjusted June 30, 2016 balance sheet was prepared utilizing the February 28, 2016 balance sheet and projected results of operations and cash flows over the projected period to the Assumed Effective Date of June 30, 2016. Actual balances may vary from those reflected in the adjusted June 30, 2016 balance sheet due to variances in projections, potential changes in cash needed to consummate the Plan and as a result of completion of the 2015 annual audit. The reorganized pro forma balance sheets for the periods ending December 31, 2016 through December 31, 2020 contain certain pro forma adjustments as a result of consummation of the Plan.

The estimated pro forma adjustments regarding the equity value of the Reorganized Debtors, their assets, or estimates of their liabilities as of the Assumed Effective Date will be based upon the fair value of their assets and liabilities as of that date, which could be materially different than the values assumed in the foregoing estimates.

A. Cash

In the Idle Scenario the Financial Projections assume the proceeds from the transactions contemplated by the UPA are available on the Assumed Effective Date, net of any transaction fees and expenses and other cash uses to emerge from bankruptcy.

In the Ramp Up Scenario the Financial Projections assume both the proceeds from the transactions contemplated by the UPA and $100 million from the Additional Capital Commitment are available on the Assumed Effective Date, net of any transaction fees and expenses and other cash uses to emerge from bankruptcy.

B. Working Capital

The Debtors developed working capital assumptions on a segment level basis. The Financial Projections assume working capital begins to normalize post-emergence as the Debtors begin to receive credit terms from vendors and eventually builds their accounts payable balance to historical levels. Accounts receivable and inventory are assumed to grow in line with sales increases.

C. Capital Expenditure

The Idle Scenario reflects maintenance capital expenditure for Horsehead Corporation, INMETCO and Zochem of approximately $10 million annually. This level of capital expenditure is consistent with historical spend and necessary to maintain kilns and other equipment.

The Ramp Up Scenario reflects both the maintenance capital expenditure for Horsehead Corporation, INMETCO and Zochem of approximately $10 million annually and the capital required to restart and ramp up Mooresboro. The Debtors' management team has developed a detailed five phase investment plan for the Mooresboro Facility, which it believes is necessary to achieve nameplate capacity at the facility.

EXHIBIT 1 – Idle Scenario Pro Forma Balance Sheet Adjustments

	As of June 30, 2016										
	Forecast		Unit Purchase	Macquarie Refinance	Secured Adjustments	Unsecured Adjustments	Restructuring Expenses/Proceeds	DIP Payoff		Pro Forma
Assets										
Cash and cash equivalents	7,653	*A*	$160,000	$ (32,850)	$ -	$ (11,875)	$ (14,479)	$(72,196)	*C*	$ 36,253
Accounts receivable - net	36,008									36,008
Inventories	34,579									34,579
Prepaid expenses and other	13,677				(1,461)				*D*	12,216
Total current assets	$ 91,917		$160,000	$ (32,850)	$ (1,461)	$ (11,875)	$ (14,479)	$(72,196)		$ 119,056
Property, plant and equipment, net	766,301									766,301
Intangible assets	8,949									8,949
Restricted cash	7,939									7,939
Deferred income taxes	122,958	*B*			(38,072)	(52,299)			*E*	32,588
Deposits and other	1,254									1,254
Total assets	$999,318		$160,000	$ (32,850)	$ (39,533)	$ (64,174)	$ (14,479)	$(72,196)		$ 936,086
Liabilities										
Current maturities of long-term debt	$231,888			$ (26,888)	$ (205,000)				*F*	$ -
DIP Financing	70,435							(70,435)	*G*	-
Accounts payable	19,617									19,617
Accrued expenses	23,525			(4,936)	(3,587)				*H*	15,002
Income taxes payable	(1,162)									(1,162)
Total current liabilities	$344,303		$ -	$ (31,824)	$ (208,587)	$ -	$ -	$(70,435)		$ 33,457
Liabilities subject to compromise AP/AL	59,708					(57,529)	(2,179)		*I*	-
Liabilities subject to compromise debt	162,389					(162,389)			*J*	-
Long-term debt, less current maturities	296					3,000			*K*	3,296
Intercompany payable	-									-
Other long-term liabilities	15,080									15,080
Deferred income taxes	(1)									(1)
Noncontrolling interest	3,839									3,839
Total liabilities	$585,615		$ -	$ (31,824)	$ (208,587)	$ (216,918)	$ (2,179)	$(70,435)		$ 55,671
Common stock	602									602
Additional paid-in capital	394,024		160,000		96,224	9,964			*L*	660,212
Retained earnings (deficit)	19,076		-	(1,026)	72,830	142,781	(12,300)	(1,761)	*M*	219,601
Total stockholders' equity	$413,703		$160,000	$ (1,026)	$ 169,055	$ 152,745	$ (12,300)	$ (1,761)		$ 880,415
Total liabilities and stockholders' equity	$999,318		$160,000	$ (32,850)	$ (39,533)	$ (64,174)	$ (14,479)	$(72,196)		$ 936,086

Notes:

(A) Pre-transaction cash balance equal to the DIP Budget for week ending July 2, 2016

(B) Pre-transaction Deferred Tax Assets adjusted to reflect estimated $350 million NOL at 35% effective tax rate

(C) Adjustments reflect (i) $160 million proceeds from the Unit Purchase Agreement, (ii) $32.9 million payment per the order approving stipulation liquidating the amount of the Macquarie Credit Facility obligation , (iii) $11.9 million payment to general unsecured creditors, (iv) $14.5 million of Restructuring Expenses/Proceeds comprised of (1) $14.8 million for unpaid professional fees, (2) $326K payment for KERP, (3) $150K payment for US Trustee fees, (4)$2.2million payment of 503(b)9 claims, net of (5) $3.0 million proceeds from settlement with First American, and (v) $70.4 million repayment of DIP balance plus $1.8 million Termination Fee

(D) Reflects $1.5 million write off of deferred financing costs on 10.5% Senior Secured Notes

(E) Reflects 35% tax on cancellation of indebtedness income for (i) $108.8 million 10.5% Senior Secured Notes, (ii) $33.1 million 9% Senior Unsecured Notes, (iii) $97.0 million 3.8% Convertible Notes, (iv) $14.4 million BBVA Term Loan, and (v) $5.0 million TR Settlement Promissory Note

(F) Adjustements reflect (i) $26.9 million repayment of Macquarie ABL (balance of payment on account of the Macquarie Stipulation included in tadjustment to accrued expenses and retained earnings) and (ii) Cancellation of $205.0 million of 10.5% Senior Secured Notes

(G) Reflect $70.4 million repayment of DIP Financing

(H) Reflects (i) $4.9 million payment on account of Macquarie Stipulation (balance of payment included in retained earning and current maturities of long-term debt adjustements), and (ii) write-off of $3.6 million of accured interest on 10.5% Senior Secured Notes

(I) Reflects (i) $11.9 million payment to unsecured creditors, (ii) write off of (1) $610K accured interest on 9% Senior Unsecured Notes (2) $2.2 million accrued interest on convertible notes (3) $222K accrued interest on BBVA term loan, (iii) write off of $42.6 million of pre-petition accounts payable and accrued liabilities at Horsehead Corp, Horsehead Metal Products, Horsehead Holdings Corp and Inmetco, and (iv) $2.2M payment of 503(b)9 claims

(J) Reflects cancellation of (i) $40.0 million 9% Senior Unsecured Notes, (ii) $100.0 million Convertible Notes, (iii) $17.4 million BBVA Term Loan, and (iv) $5.0 million TR Settlement Promissory Note

(K) Adjusted for $3.0 million Banco Bilbao Note

(L) Increased by (i) $160.0 million Unit Purchase Agreement, (ii) $96.2 million 10.5% Senior Secured Notes converted to equity, (iii) $6.9 million 9.0% Senior Notes converted to equity, and (iv) $3.0 million value of warrants to Convertible Notes

(M) Adjusted for (i) $1.0 million payment on account of Macquarie Stipluation, (ii) $72.8 million related to cancellation of 10.5% Senior Secured Notes consisting of, (1) $70.7 million principal net of tax, (2) $3.6 million accrued interest, net of (3) $1.5 million deferred financing costs, (iii) $42.6 million write-off of prepetition accounts payable and accrued liabilities subject to compromise, (iv) $100.2 million related to cancellation of 9.0% Senior Notes, Convertible Notes, BBVA term loan and TR Settlement Promissory Note consisting of (1) 97.1 million of principal and (2) $3.1 million of accrued interest, (v) $14.8 million payment for unpaid professional fees, (vi) $326K payment for KERP, (vii) $150K payment for US Trustee fees, (viii) $3.0 million of proceeds for settlement with First American, and (ix) $1.8 million payment of DIP Termination Fee

EXHIBIT 1 – Idle Scenario Projected Income Statement

INCOME STATEMENT					
$ in thousands	**6 Mo Ended Dec-16**	**FY Dec-17**	**FY Dec-18**	**FY Dec-19**	**FY Dec-20**
Gross sales	$ 163,246	$ 363,047	$ 405,079	$ 412,689	$ 416,350
Hedges	-	-	-	-	-
Net sales	$ 163,246	$ 363,047	$ 405,079	$ 412,689	$ 416,350
Cost of sales	(158,322)	(309,990)	(329,718)	(335,221)	(336,504)
Gross profit	$ 4,925	$ 53,057	$ 75,361	$ 77,468	$ 79,847
SG&A	(9,137)	(18,540)	(18,687)	(18,701)	(18,774)
Depreciation	(25,035)	(50,366)	(50,575)	(50,712)	(50,829)
Operating income (loss)	$ (29,247)	$ (15,849)	$ 6,099	$ 8,056	$ 10,244
Interest expense	(335)	(671)	(671)	(671)	(671)
Reorganization items	(326)	-	-	-	-
Other income	(0)	-	-	-	-
Income (loss) before taxes	$ (29,908)	$ (16,520)	$ 5,428	$ 7,385	$ 9,573
Income tax (expense) benefit	10,721	6,474	(1,490)	(2,135)	(2,834)
Net Income (Loss)	$ (19,187)	$ (10,046)	$ 3,937	$ 5,250	$ 6,739
EBITDA Adjustments:					
Taxes	(10,721)	(6,474)	1,490	2,135	2,834
Interest expense	335	671	671	671	671
Depreciation	25,035	50,366	50,575	50,712	50,829
Adj EBITDA	$ (4,538)	$ 34,517	$ 56,674	$ 58,767	$ 61,072

EXHIBIT 1 – Idle Scenario Projected Statement of Cash Flows

STATEMENT OF CASH FLOWS

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Operating Activities:					
Net Income (loss)	$ (19,187)	$ (10,046)	$ 3,937	$ 5,250	$ 6,739
Adjustments to reconcile NI to net cash:					
Depreciation and amortization	25,035	50,366	50,575	50,712	50,829
Loss on derivatives	-	-	-	-	-
Non-cash interest expense	198	396	396	396	396
Non-cash compensation expense	-	-	-	-	-
Cancellation of debt income	-	-	-	-	-
Non-cash taxes	(10,721)	(7,080)	(891)	(302)	106
Loss on write-down of assets	-	-	-	-	-
Accounts receivable	(204)	(5,506)	(3,997)	(922)	(111)
Inventories	1,554	(2,652)	(1,615)	(106)	(100)
Prepaid expenses and other	(721)	411	411	99	411
Intangible assets	-	-	-	-	-
Deposits and other	-	-	-	-	-
Accounts payable	(225)	5,280	3,977	570	25
Accrued expenses	970	968	607	756	449
Accrued interest	-	-	-	-	-
Other long-term liabilities	35	79	79	(2)	77
Other	(120)	(160)	88	-	-
Net cash from operating activities	**$ (3,387)**	**$ 32,057**	**$ 53,567**	**$ 56,450**	**$ 58,822**
Investing Activities:					
Capital expenditures ZoChem/Inmetco	(2,470)	(3,879)	(3,034)	(3,579)	(3,034)
Capital expenditures Mooresboro	-	-	-	-	-
Capital expenditures maintenance	(3,874)	(6,000)	(6,510)	(7,020)	(7,020)
Capital expenditures - discretionary	-	-	-	-	-
Proceeds related to sale of fixed assets	-	-	-	-	-
Insurance proceeds related to fixed assets	-	-	-	-	-
Acquisitions	-	-	-	-	-
Restricted cash	-	-	-	-	-
Net cash from investing activities	**$ (6,344)**	**$ (9,879)**	**$ (9,544)**	**$ (10,599)**	**$ (10,054)**
Financing Activities:					
Other capital changes	-	-	-	-	-
Additional paid in capital	-	-	-	-	-
Borrowings / repayment of DIP	-	-	-	-	-
Intercompany activity	-	-	-	-	-
Net borrowings (repayments) of long-term debt	(37)	(73)	(73)	(73)	(14)
Net cash from financing activities	**$ (37)**	**$ (73)**	**$ (73)**	**$ (73)**	**$ (14)**
Net increase in cash and cash equivalents	(9,768)	22,105	43,950	45,778	48,754
Cash and cash equivalents at beginning of period	36,253	26,485	48,590	92,540	138,318
Cash and cash equivalents at end of period	26,485	48,590	92,540	138,318	187,072
Memo: Cash Taxes	-	*605*	*2,382*	*2,438*	*2,728*

EXHIBIT 1 – Idle Scenario Projected Balance Sheet

BALANCE SHEET					
$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Assets					
Cash and cash equivalents	$ 26,485	$ 48,590	$ 92,540	$ 138,318	$ 187,072
Accounts receivable - net	36,212	41,718	45,715	46,637	46,748
Inventories	33,025	35,676	37,292	37,398	37,498
Prepaid expenses and other	12,987	12,988	12,989	12,990	12,991
Total current assets	$ 108,710	$ 138,973	$ 188,536	$ 235,344	$ 284,309
Property, plant and equipment, net	748,009	708,008	667,464	628,152	587,866
Investment in Affiliates and Interco Receivable	0	0	0	0	0
Intangible assets	8,507	7,623	6,739	6,270	5,671
Restricted cash	7,939	7,939	7,939	7,939	7,939
Deferred income taxes	44,162	53,178	54,125	54,718	54,978
Deposits and other	1,247	1,233	1,218	787	485
Total assets	$ 918,574	$ 916,954	$ 926,023	$ 933,209	$ 941,249
Liabilities					
Note payable and current maturities of long-term debt	$ -	$ -	$ -	$ -	$ -
DIP financing	-	-	-	-	-
Accounts payable	19,391	24,671	28,648	29,219	29,244
Accrued expenses	15,972	16,941	17,548	18,304	18,753
Income taxes payable	(429)	1,348	1,404	1,694	2,060
Total current liabilities	$ 34,935	$ 42,959	$ 47,600	$ 49,216	$ 50,057
Liabilities subject to compromise AP/AL	-	-	-	-	-
Liabilities subject to compromise debt	-	-	-	-	-
Long-term debt, less current maturities	3,260	3,187	3,113	3,040	3,026
Intercompany payable	-	-	-	-	-
Other long-term liabilities	15,313	15,788	16,263	16,657	17,131
Deferred income taxes	(1)	(1)	87	87	87
Noncontrolling interest	3,839	3,839	3,839	3,839	3,839
Total liabilities	$ 57,346	$ 65,772	$ 70,903	$ 72,840	$ 74,140
Common stock	602	602	602	602	602
Additional paid-in capital	660,212	660,212	660,212	660,212	660,212
Retained earnings (deficit)	200,414	190,368	194,306	199,555	206,294
Total stockholders' equity	$ 861,228	$ 851,182	$ 855,120	$ 860,369	$ 867,108
Total liabilities and stockholders' equity	$ 918,574	$ 916,954	$ 926,023	$ 933,209	$ 941,249

EXHIBIT 2 – Ramp Up Scenario Pro Forma Balance Sheet Adjustments

	As of June 30, 2016										
	Forecast		Unit Purchase	Macquarie Refinance	Secured Adjustments	Unsecured Adjustments	Restructuring Expenses/Proceeds	DIP Payoff		Pro Forma
Assets										
Cash and cash equivalents	7,653	*A*	$260,000	$ (32,850)	$ -	$ (11,875)	$ (14,479)	$(72,196)	*C*	$ 136,253
Accounts receivable - net	36,008									36,008
Inventories	34,579									34,579
Prepaid expenses and other	13,677				(1,461)				*D*	12,216
Total current assets	$ 91,917		$260,000	$ (32,850)	$ (1,461)	$ (11,875)	$ (14,479)	$(72,196)		$ 219,056
Property, plant and equipment, net	766,301									766,301
Intangible assets	8,949									8,949
Restricted cash	7,939									7,939
Deferred income taxes	122,958	*B*			(38,072)	(52,299)			*E*	32,588
Deposits and other	1,254									1,254
Total assets	$999,318		$260,000	$ (32,850)	$ (39,533)	$ (64,174)	$ (14,479)	$(72,196)		$1,036,086
Liabilities										
Current maturities of long-term debt	$231,888			$ (26,888)	$ (205,000)				*F*	$ -
DIP Financing	70,435							(70,435)	*G*	-
Accounts payable	19,617									19,617
Accrued expenses	23,525			(4,936)	(3,587)				*H*	15,002
Income taxes payable	(1,162)									(1,162)
Total current liabilities	$344,303		$ -	$ (31,824)	$ (208,587)	$ -	$ -	$(70,435)		$ 33,457
Liabilities subject to compromise AP/AL	59,708					(57,529)	(2,179)		*I*	-
Liabilities subject to compromise debt	162,389					(162,389)			*J*	-
Long-term debt, less current maturities	296					3,000			*K*	3,296
Intercompany payable	-									-
Other long-term liabilities	15,080									15,080
Deferred income taxes	(1)									(1)
Noncontrolling interest	3,839									3,839
Total liabilities	$585,615		$ -	$ (31,824)	$ (208,587)	$ (216,918)	$ (2,179)	$(70,435)		$ 55,671
Common stock	602									602
Additional paid-in capital	394,024		260,000		96,224	9,964			*L*	760,212
Retained earnings (deficit)	19,076		-	(1,026)	72,830	142,781	(12,300)	(1,761)	*M*	219,601
Total stockholders' equity	$413,703		$260,000	$ (1,026)	$ 169,055	$ 152,745	$ (12,300)	$ (1,761)		$ 980,415
Total liabilities and stockholders' equity	$999,318		$260,000	$ (32,850)	$ (39,533)	$ (64,174)	$ (14,479)	$(72,196)		$1,036,086

Notes:

(A) Pre-transaction cash balance equal to the DIP Budget for week ending July 2, 2016

(B) Pre-transaction Deferred Tax Assets adjusted to reflect estimated $350 million NOL at 35% effective tax rate

(C) Adjustments reflect (i) $260 million proceeds from the Unit Purchase Agreement, (ii) $32.9 million payment per the order approving stipulation liquidating the amount of the Macquarie Credit Facility obligation , (iii) $11.9 million payment to general unsecured creditors, (iv) $14.5 million of Restructuring Expenses/Proceeds comprised of (1) $14.8 million for unpaid professional fees, (2) $326K payment for KERP, (3) $150K payment for US Trustee fees, (4)$2.2million payment of 503(b)9 claims, net of (5) $3.0 million proceeds from settlement with First American, and (v) $70.4 million repayment of DIP balance plus $1.8 million Termination Fee

(D) Reflects $1.5 million write off of deferred financing costs on 10.5% Senior Secured Notes

(E) Reflects 35% tax on cancellation of indebtedness income for (i) $108.8 million 10.5% Senior Secured Notes, (ii) $33.1 million 9% Senior Unsecured Notes, (iii) $97.0 million 3.8% Convertible Notes, (iv) $14.4 million BBVA Term Loan, and (v) $5.0 million TR Settlement Promissory Note

(F) Adjustements reflect (i) $26.9 million repayment of Macquarie ABL (balance of payment on account of the Macquarie Stipulation included in tadjustment to accrued expenses and retained earnings) and (ii) Cancellation of $205.0 million of 10.5% Senior Secured Notes

(G) Reflect $70.4 million repayment of DIP Financing

(H) Reflects (i) $4.9 million payment on account of Macquarie Stipulation (balance of payment included in retained earning and current maturities of long-term debt adjustements), and (ii) write-off of $3.6 million of accured interest on 10.5% Senior Secured Notes

(I) Reflects (i) $11.9 million payment to unsecured creditors, (ii) write off of (1) $610K accured interest on 9% Senior Unsecured Notes (2) $2.2 million accrued interest on convertible notes (3) $222K accrued interest on BBVA term loan, (iii) write off of $42.6 million of pre-petition accounts payable and accrued liabilities at Horsehead Corp, Horsehead Metal Products, Horsehead Holdings Corp and Inmetco, and (iv) $2.2M payment of 503(b)9 claims

(J) Reflects cancellation of (i) $40.0 million 9% Senior Unsecured Notes, (ii) $100.0 million Convertible Notes, (iii) $17.4 million BBVA Term Loan, and (iv) $5.0 million TR Settlement Promissory Note

(K) Adjusted for $3.0 million Banco Bilbao Note

(L) Increased by (i) $260.0 million Unit Purchase Agreement, (ii) $96.2 million 10.5% Senior Secured Notes converted to equity, (iii) $6.9 million 9.0% Senior Notes converted to equity, and (iv) $3.0 million value of warrants to Convertible Notes

(M) Adjusted for (i) $1.0 million payment on account of Macquarie Stipluation, (ii) $72.8 million related to cancellation of 10.5% Senior Secured Notes consisting of, (1) $70.7 million principal net of tax, (2) $3.6 million accrued interest, net of (3) $1.5 million deferred financing costs, (iii) $42.6 million write-off of prepetition accounts payable and accrued liabilities subject to compromise, (iv) $100.2 million related to cancellation of 9.0% Senior Notes, Convertible Notes, BBVA term loan and TR Settlement Promissory Note consisting of (1) 97.1 million of principal and (2) $3.1 million of accrued interest, (v) $14.8 million payment for unpaid professional fees, (vi) $326K payment for KERP, (vii) $150K payment for US Trustee fees, (viii) $3.0 million of proceeds for settlement with First American, and (ix) $1.8 million payment of DIP Termination Fee

EXHIBIT 2 – Ramp Up Scenario Projected Income Statement

INCOME STATEMENT - Ramp Up					
$ in thousands	**6 Mo Ended Dec-16**	**FY Dec-17**	**FY Dec-18**	**FY Dec-19**	**FY Dec-20**
Gross sales	$ 163,246	$ 391,720	$ 539,060	$ 605,285	$ 615,859
Hedges	-	-	-	-	-
Net sales	$ 163,246	$ 391,720	$ 539,060	$ 605,285	$ 615,859
Cost of sales	(152,337)	(373,671)	(437,943)	(470,359)	(480,498)
Gross profit	$ 10,910	$ 18,049	$ 101,116	$ 134,926	$ 135,361
SG&A	(9,137)	(18,665)	(19,062)	(19,326)	(19,649)
Depreciation	(25,149)	(52,673)	(54,736)	(56,082)	(57,364)
Operating income (loss)	$ (23,376)	$ (53,289)	$ 27,318	$ 59,518	$ 58,348
Interest expense	(335)	(671)	(671)	(671)	(671)
Reorganization items	(326)	-	-	-	-
Other income	(0)	-	-	-	-
Income (loss) before taxes	$ (24,038)	$ (53,960)	$ 26,647	$ 58,847	$ 57,677
Income tax (expense) benefit	8,666	19,578	(8,917)	(20,147)	(19,670)
Net Income (Loss)	$ (15,371)	$ (34,382)	$ 17,730	$ 38,700	$ 38,007
EBITDA Adjustments:					
Taxes	(8,666)	(19,578)	8,917	20,147	19,670
Interest expense	335	671	671	671	671
Depreciation	25,149	52,673	54,736	56,082	57,364
Adj EBITDA	$ 1,773	$ (616)	$ 82,054	$ 115,600	$ 115,712

EXHIBIT 2 – Ramp Up Scenario Projected Statement of Cash Flows

STATEMENT OF CASH FLOWS

$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Operating Activities:					
Net Income (loss)	$ (15,371)	$ (34,382)	$ 17,730	$ 38,700	$ 38,007
Adjustments to reconcile NI to net cash:					
Depreciation and amortization	25,149	52,673	54,736	56,082	57,364
Loss on derivatives	-	-	-	-	-
Non-cash interest expense	198	396	396	396	396
Non-cash compensation expense	-	-	-	-	-
Cancellation of debt income	-	-	-	-	-
Non-cash taxes	(8,666)	(20,184)	6,536	17,709	16,943
Loss on write-down of assets	-	-	-	-	-
Accounts receivable	562	(21,986)	(15,665)	(5,081)	(124)
Inventories	1,140	(12,575)	(3,304)	(1,417)	(227)
Prepaid expenses and other	(721)	411	411	99	411
Intangible assets	-	-	-	-	-
Deposits and other	-	-	-	-	-
Accounts payable	2,810	12,498	6,362	1,111	1,098
Accrued expenses	970	968	607	756	449
Accrued interest	-	-	-	-	-
Other long-term liabilities	35	79	79	(2)	77
Other	(120)	(160)	88	-	-
Net cash from operating activities	**$ 5,986**	**$ (22,261)**	**$ 67,975**	**$ 108,353**	**$ 114,393**
Investing Activities:					
Capital expenditures ZoChem/Inmetco	(2,470)	(3,879)	(3,034)	(3,579)	(3,034)
Capital expenditures Mooresboro	(28,892)	(49,531)	(26,122)	(21,057)	(18,950)
Capital expenditures maintenance	(3,874)	(6,000)	(6,000)	(6,510)	(7,020)
Capital expenditures - discretionary	-	-	-	-	-
Proceeds related to sale of fixed assets	-	-	-	-	-
Insurance proceeds related to fixed assets	-	-	-	-	-
Acquisitions	-	-	-	-	-
Restricted cash	-	-	-	-	-
Net cash from investing activities	**$ (35,236)**	**$ (59,410)**	**$ (35,156)**	**$ (31,146)**	**$ (29,004)**
Financing Activities:					
Other capital changes	-	-	-	-	-
Additional paid in capital	-	-	-	-	-
Borrowings / repayment of DIP	-	-	-	-	-
Intercompany activity	-	-	-	-	-
Net borrowings (repayments) of long-term debt	(37)	(73)	(73)	(73)	(14)
Net cash from financing activities	**$ (37)**	**$ (73)**	**$ (73)**	**$ (73)**	**$ (14)**
Net increase in cash and cash equivalents	(29,287)	(81,743)	32,746	77,135	85,375
Cash and cash equivalents at beginning of period	136,253	106,966	25,222	57,968	135,103
Cash and cash equivalents at end of period	106,966	25,222	57,968	135,103	220,478
Memo: Cash Taxes	*-*	*605*	*2,382*	*2,438*	*2,728*

EXHIBIT 2 – Ramp Up Scenario Projected Balance Sheet

BALANCE SHEET					
$ in thousands	6 Mo Ended Dec-16	FY Dec-17	FY Dec-18	FY Dec-19	FY Dec-20
Assets					
Cash and cash equivalents	$ 106,966	$ 25,222	$ 57,968	$ 135,103	$ 220,478
Accounts receivable - net	35,446	57,432	73,097	78,179	78,303
Inventories	33,439	46,014	49,318	50,735	50,962
Prepaid expenses and other	12,987	12,988	12,989	12,990	12,991
Total current assets	$ 188,838	$ 141,656	$ 193,373	$ 277,006	$ 362,734
Property, plant and equipment, net	776,787	784,010	764,917	740,781	712,910
Investment in Affiliates and Interco Receivable	0	0	0	0	0
Intangible assets	8,507	7,623	6,739	6,270	5,671
Restricted cash	7,939	7,939	7,939	7,939	7,939
Deferred income taxes	42,107	64,227	57,748	40,329	23,752
Deposits and other	1,247	1,233	1,218	787	485
Total assets	$ 1,025,425	$ 1,006,688	$ 1,031,934	$ 1,073,112	$ 1,113,492
Liabilities					
Note payable and current maturities of long-term debt	$ -	$ -	$ -	$ -	$ -
DIP financing	-	-	-	-	-
Accounts payable	22,427	34,925	41,288	42,398	43,496
Accrued expenses	15,972	16,941	17,548	18,304	18,753
Income taxes payable	(429)	1,348	1,404	1,694	2,060
Total current liabilities	$ 37,970	$ 53,213	$ 60,240	$ 62,396	$ 64,309
Liabilities subject to compromise AP/AL	-	-	-	-	-
Liabilities subject to compromise debt	-	-	-	-	-
Long-term debt, less current maturities	3,260	3,187	3,113	3,040	3,026
Intercompany payable	-	-	-	-	-
Other long-term liabilities	15,313	15,788	16,263	16,657	17,131
Deferred income taxes	(1)	(1)	87	87	87
Noncontrolling interest	3,839	3,839	3,839	3,839	3,839
Total liabilities	$ 60,381	$ 76,026	$ 83,542	$ 86,019	$ 88,393
Common stock	602	602	602	602	602
Additional paid-in capital	760,212	760,212	760,212	760,212	760,212
Retained earnings (deficit)	204,230	169,848	187,578	226,278	264,285
Total stockholders' equity	$ 965,044	$ 930,662	$ 948,392	$ 987,092	$ 1,025,099
Total liabilities and stockholders' equity	$ 1,025,425	$ 1,006,688	$ 1,031,934	$ 1,073,112	$ 1,113,492

EXHIBIT C

Liquidation Analysis

LIQUIDATION ANALYSIS

Overview

Under the "best interests" of creditors test set forth by section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan of a property, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. See 11 U.S.C. § 1129(a)(7).[1] Accordingly, to demonstrate that the Plan satisfies the "best interests" of creditors test, the Debtors have prepared a hypothetical liquidation analysis presenting recoveries available assuming a hypothetical liquidation occurring at the Plan Effective Date, which is assumed to be September 30, 2016 (the "Liquidation Analysis").

The Liquidation Analysis presents information based on, among other things, the Debtors' books and records and good faith estimates regarding asset recoveries and claims resulting from a hypothetical liquidation undertaken under chapter 7 of the Bankruptcy Code. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. Although the Debtors consider the estimates and assumptions set forth herein to be reasonable under the circumstances, such estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond the Debtors' control. Accordingly, there can be no assurance that the results set forth by the Liquidation Analysis would be realized if the Debtors were actually liquidated, and actual results in such a case could vary materially from those presented herein, and distributions available to members of applicable classes of claims could differ materially from the balances set forth by the Liquidation Analysis in such instance.

In the Liquidation Analysis, the Debtors determined a hypothetical liquidation value of their businesses if a chapter 7 trustee were appointed and charged with reducing to cash any and all of the Debtors' assets. The Debtors compared the potential liquidation value of the Debtors' assets to the potential value of the Debtors' assets under the Plan. As reflected in more detail in the Liquidation Analysis, the Debtors believe that the value of the distributions provided to Holders of Allowed Claims under the Plan would be greater than under a hypothetical chapter 7 liquidation and, therefore, the Plan satisfies the best interests of creditors test with respect to each of the Debtors.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed such terms in: (a) the *Debtors' First Amended Disclosure Statement for the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code* (the "Disclosure Statement"), to which this Liquidation Analysis is attached as **Exhibit C**; or (b) the *Debtors' First Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code* (the "Plan"), filed contemporaneously herewith, as applicable.

THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF PRESENTING A REASONABLE GOOD FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF THE DEBTORS WERE LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE AS OF THE PLAN EFFECTIVE DATE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED OR CLAIMS GENERATED IN AN ACTUAL LIQUIDATION.

NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE, OR CONSTITUTES, A CONCESSION, ADMISSION, OR ALLOWANCE OF ANY CLAIMS BY OR AGAINST THE DEBTORS. THE ACTUAL AMOUNT OR PRIORITY OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH AND USED IN THE LIQUIDATION ANALYSIS. THE DEBTORS RESERVE ALL RIGHTS TO SUPPLEMENT, MODIFY, OR AMEND THE ANALYSIS SET FORTH HEREIN.

Basis of Presentation

Although the Liquidation Analysis was prepared after the deadline for filing Claims against the Debtors' estates, the Debtors have not fully evaluated Claims filed against the Debtors or adjudicated such claims before the Bankruptcy Court. Accordingly, the amount of the final Allowed Claims against the Debtors' estates may differ from the Claim amounts used in this Liquidation Analysis.

Additionally, conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code would entail the setting of an additional bar date, and would provide creditors or parties in interest with the ability to assert other or additional claims against the Debtors and their estates. See Fed. R. Bankr. P. 3002(c). Consequently, claims asserted or allowed against the Debtors' estates could be materially higher in a chapter 7 liquidation.

The Liquidation Analysis is based on estimated asset and liability values as of September 30, 2016 (except where indicated). However, as noted above, the actual amounts of assets available to the Debtors' Estates and Claims arising in the event of an actual liquidation may differ from the assets assumed to be available pursuant to the Liquidation Analysis.

General Assumptions

The Liquidation Analysis assumes conversion of the Debtors' Chapter 11 Cases to a liquidation undertaken pursuant to chapter 7 of the Bankruptcy Code on September 30, 2016 (the "Conversion Date"). On the Conversion Date, it is assumed that the Bankruptcy Court appoints one chapter 7 trustee to undertake the liquidation of the Debtors' Estates.

A. Forced Going Concern Sales for Horsehead Corporation, INMETCO, Zochem.

The Liquidation Analysis assumes a liquidation of all of the Debtors' assets, which consist of, among other things: (a) the Debtors' electric arc furnace dust recycling business undertaken by

their Horsehead Corporation subsidiary; (b) the Debtors' nickel recycling business undertaken by their INMETCO subsidiary; and (c) the Debtors' zinc oxide processing operations undertaken by their Zochem subsidiary. The Liquidation Analysis assumes each of these assets will have their greatest potential recovery value if sold through going concern transactions undertaken by the chapter 7 trustee. The Debtors believe that alternative dispositions of their Horsehead Corporation, INMETCO, and Zochem businesses would not generate as significant a recovery of value for stakeholders as would a forced going-concern sale for these assets.

It should be noted, however, that the Debtors cannot identify with certainty the impact that a forced going-concern sale would have on the value recoverable from a disposition of these businesses.

B. Disposition of the Mooresboro Facility.

The Liquidation Analysis assumes the Debtors' Mooresboro Facility will not be sold as a going concern in a hypothetical liquidation scenario because of, among other things: (a) the substantial, ongoing costs associated with maintaining that property in an "idled" state and/or otherwise in compliance with applicable environmental laws and regulations; (b) the significant capital expenditures required to both restart and bring the Mooresboro Facility's operating performance to acceptable levels; and (c) the fact that the Mooresboro Facility was specifically constructed for a highly specialized operating purpose and, as noted above, that the Mooresboro Facility requires substantial capital improvements to meet such operating goals.

Additionally, the Debtors believe a chapter 7 trustee would be required to incur substantial expenses with respect to, among other things, environmental compliance, remediation, and/or improvement to develop the Mooresboro Facility for sale to a third party. As a result, the Liquidation Analysis assumes a chapter 7 trustee will undertake a disposition of the Mooresboro Facility as promptly as practicable.

However, the Debtors cannot state with certainty as to whether a chapter 7 trustee would be successful in identifying a purchaser for the Mooresboro Facility or whether the chapter 7 trustee would otherwise be able to relieve the Debtors' chapter 7 estates of that liability. If a chapter 7 trustee is unable to dispose of the Mooresboro Facility, or if the costs required to dispose of such facility are materially higher than those projected here, stakeholder recoveries would be reduced accordingly.

Liquidation Period

The Liquidation Analysis assumes a liquidation scenario requiring three (3) months from the Conversion Date of September 30, 2016, and conducted by a chapter 7 trustee and the chapter 7 trustee's professionals. However, a liquidation process could be delayed while a chapter 7 trustee and/or their professionals become knowledgeable about the Debtors, their Estates, their operations, and asserted Claims and Interests. This delay could materially reduce the value, on a "present value" basis, of the actual recoveries distributed to creditors, in addition to the costs associated with such delay.

Assets Available for Distribution

A. Cash and Cash Equivalents.

Cash and cash equivalents represent cash balances that the Debtors maintain at their depository banks, which is projected to be $10.5 million as of the Conversion Date. The Liquidation Analysis assumes that buyers in a forced liquidation sale will not acquire such cash in a sale transaction and that such cash will be distributed in accordance with the priorities set forth herein.

HMP, the owner of a material portion of the assets associated with the Mooresboro Facility, does not own any bank accounts and is not projected to have any material cash on hand as of the Conversion Date.

Additionally, the Debtors project to have approximately $7.9 million, in the aggregate, as restricted cash collateralizing certain letters of credit issued by PNC Bank, N.A. on the Debtors' behalf to secure workers compensation and surety obligations. The Liquidation Analysis assumes such letters of credit will be fully drawn following the Conversion Date and, therefore, that such restricted cash will be used to satisfy the the Debtors' reimbursement obligations with respect to such letters of credit and will not be available for distribution to creditors.

B. Hypothetical Liquidation Value—Horsehead Corporation, INMETCO, Zochem.

As noted above, the Liquidation Analysis assumes that a chapter 7 trustee will undertake going concern sales for each of: (a) the Debtors' electric arc furnace dust recycling business undertaken by their Horsehead Corporation subsidiary; (b) the Debtors' nickel recycling business undertaken by their INMETCO subsidiary; and (c) the Debtors' zinc oxide processing operations undertaken by their Zochem subsidiary. The Liquidation Analysis further assumes that purchasers of these businesses will acquire inventory and receivables as part of such going concern sale.

The approximate range of values used to estimate the forced going concern scenarios for these businesses was determined by a comparable company trading multiples analysis applied to the Debtors' projected 2017 EBITDA for those respective business lines and eliminating "idling" costs associated with the Mooresboro Facility. The Liquidation Analysis further assumes a 10% reduction to such implied enterprise value in the High Recovery Scenario and a 20% reduction to such implied enterprise value in the Low Recovery Scenario for the sale of the INMETCO. For Zochem and Horsehead Corporation, the Liquidation Analysis assumes no discount to implied enterprise values realized in a High Recovery Scenario and a 10% reduction applied to such enterprise value in the Low Recovery Scenario. The Debtors believe these reductions are reasonable based on, among other things, the shortened time period involved in the sale process, the discounts buyers would require given a shorter due diligence period and therefore potentially higher risks buyers might assume, the potentially negative perceptions involved in liquidation sales, the current state of the capital markets, the limited universe of buyers in a forced going concern sale, and the "fire sale" mentality in chapter 7 liquidation sales.

The Liquidation Analysis assumes an orderly and expedited wind-down of the Debtors' Estates following a forced going concern sale (including a claims reconciliation and resolution process)

to maximize the recovery values. As discussed more fully below, it is assumed that the process undertaken to sell the Horsehead Corporation, INMETCO, and Zochem businesses is completed ninety (90) days following the Conversion Date. It is also assumed that operating activity will not be negatively impacted by the conversion of these Chapter 11 Cases to cases under chapter 7 and that a hypothetical chapter 7 trustee will assume and assign to the purchaser all executory contracts and unexpired leases necessary to operate the Horsehead Corporation, INMETCO, and Zochem businesses in the ordinary course.

The Liquidation Analysis further assumes that the estimated sale proceeds for the Horsehead Corporation, INMETCO, and Zochem businesses would be less than the tax basis associated with those assets and will not generate any additional tax liabilities. Should the tax treatment and impact of such transactions result in a tax liability that is not otherwise reduced, creditor recoveries could be materially impacted.

C. Disposition of Mooresboro Facility.

As noted above, the Liquidation Analysis assumes the Mooresboro Facility, which is owned by HMP, and related assets will be sold by a chapter 7 trustee in a three (3) month period.

The High Recovery Scenario assumes a chapter 7 trustee is able to realize the following proceeds from the Mooresboro Facility and HMP in that process:

Cash and Cash Equivalents. As noted above, HMP has no bank accounts or cash on hand. Proceeds realized in this disposition are therefore expected to be zero.

Trade Accounts Receivable. Accounts receivable for HMP as of the Conversion Date are expected to be zero. Proceeds realized from the disposition of such assets are therefore expected to be zero.

Machinery and Equipment. Machinery and equipment located at the Mooresboro Facility consists in large part of "single purpose" assets dedicated to the zinc processing operations contemplated by that facility. The Liquidation Analysis assumes such machinery and equipment is recoverable at 5% of book value.[2]

Real Property and Improvements. The Mooresboro Facility was specially constructed to facilitate the Debtors' zinc processing operations. As noted above, the Mooresboro Facility is not presently operational and requires a capital investment in excess of $100.0 million to become operationally feasible. The Debtors further believe that the Mooresboro Facility requires substantial levels of demolition, environmental remediation, and reconstruction for that asset to be economically viable to a purchaser in a hypothetical chapter 7 liquidation. The Liquidation Analysis assumes such demolition and remediation costs will be assumed by any buyer, but there can be no assurance any such buyer can be found or will agree to assume such liabilities. The Liquidation Analysis therefore ascribes no value to the Mooresboro Facility's real property and improvements in the High Recovery Scenario.

[2] Liquidation value calculated based off of $544.5 million net book value of assets as of February 29, 2016 prior to the write down associated with year-end audit.

The Low Recovery Scenario assumes a chapter 7 trustee is unable to realize any proceeds from the disposition of the Mooresboro Facility in excess of carrying costs and that the Mooresboro Facility is either sold to a third party in consideration for such party's undertaking to assume all liabilities associated with ownership of that property or, alternatively, that a chapter 7 trustee abandons the Mooresboro Facility. See 11 U.S.C. § 554(a).

D. Zochem Carve Out.

Pursuant to Paragraph 45 of the Final DIP Order, any proceeds from the disposition of Zochem's assets received by the DIP Agent or any DIP Lender in excess of $25.0 million but less than $37.0 million are to be held in trust for satisfaction of Allowed prepetition and postpetition Claims asserted against Zochem (the "Zochem Carve Out"). The Liquidation Analysis presents the Zochem Carve Out accordingly with respect to the distribution of proceeds from Zochem's assets in a hypothetical chapter 7 liquidation and includes both prepetition and postpetition accounts payable and accrued expenses in the Zochem Carve Out claim of $9.6 million.

E. Avoidance Actions.

Proceeds from Causes of Action available to the Debtors' Estates pursuant to chapter 5 of the Bankruptcy Code may be available for distribution to the Debtors' administrative, priority, and general unsecured creditors pursuant to the priorities established by the Bankruptcy Code. The Debtors, however, believe that recoveries from such actions, if any, would be speculative in nature and have not included any such proceeds in the Liquidation Analysis.

COMPONENTS OF WATERFALL LIQUIDATION MODEL

The Liquidation Analysis was conducted on a Debtor-by-Debtor basis. The order of the waterfall components below is not indicative of the relative priority of the Claims and Interests described herein.

A. Costs to Monetize Assets in Hypothetical Chapter 7 Liquidation.

Chapter 7 Trustee Fees. In a chapter 7 liquidation, the Bankruptcy Court may allow reasonable compensation for the chapter 7 trustee's services based on all moneys disbursed or turned over in the case by the trustee to parties in interest, not to exceed 25% on the first $5,000 or less, 10% on any amount in excess of $5,000 but not in excess of $50,000, 5% of any amount in excess of $50,000 but not in excess of $1.0 million, and reasonable compensation not to exceed 3% of such funds in excess of $1.0 million. See 11 U.S.C. § 326(a). Payments to a chapter 7 trustee according to these thresholds have been included in the Liquidation Analysis.

Professional Fees Incurred by Chapter 7 Trustee. The Liquidation Analysis assumes a chapter 7 trustee will retain the services of an investment banker in connection with the forced going concern sale of the Horsehead Corporation, INMETCO, and Zochem businesses, and that fees payable to such professional will be 3% of sale proceeds in the High Recovery Scenario and 4% of sale proceeds in the Low Recovery Scenario. Additionally, the Liquidation Analysis assumes the chapter 7 trustee will retain counsel at an estimated cost of $350,000 per month in the Low Recovery Scenario and $250,000 per month in the High Recovery Scenario.

Additionally, the Liquidation Analysis assumes liquidation fees for machinery, equipment, and other assets located at the Mooresboro Facility of 10% of realized proceeds in the High Recovery Scenario.

Horsehead Corporation, INMETCO, and Zochem Operational Costs. The Liquidation Analysis assumes the chapter 7 trustee will incur three (3) months of operating costs during the pendency the sale of each of the Horsehead Corporation, INMETCO, and Zochem businesses. Consequently, the Liquidation Analysis projects a run rate of three (3) months of expenses for those businesses following the Conversion Date. Should a chapter 7 trustee be unable to sell or dispose of those businesses within the projected three (3) month time period, such costs could be materially higher and creditor recoveries would be reduced accordingly.

HMP Operational Costs. The Liquidation Analysis assumes a chapter 7 trustee would retain minimal staff to maintain a baseline level of structural and environmental integrity at the Mooresboro Facility pending the disposition of that property. Additionally, the Liquidation Analysis assumes a chapter 7 trustee will incur approximately $1.4 million of costs in connection with maintaining the Mooresboro Facility, pending its liquidation and disposition.

B. Claims.

Carve-Out. Unpaid holdback and accrued professional fees and expenses as of the Conversion Date entitled to priority pursuant to the Final DIP Order are estimated at $10.3 million as of the Conversion Date. This total includes accrued but unpaid Professional Fee Claims, fees payable to the U.S. Trustee, $50,000 in chapter 7 trustee fees, and $1.25 million payable under the Post-Carve Out Trigger Notice Cap (as defined in the Final DIP Order).

Administrative Charge (Zochem Only). In connection with the Canadian Recognition Proceedings, net proceeds from Zochem's assets must be used to pay any unpaid fees of the Information Officer or its counsel up to CAD$100,000. Subject only to the Carve-Out, the Administrative Charge (Zochem Only) must be paid before all other Claims and Interests from the proceeds of Zochem's assets.

Macquarie Credit Facility Claims. The High Recovery Scenario and the Low Recovery Scenario each provide that Macquarie Credit Facility Claims total $32,850,000 in accordance with the *Order Approving Stipulation Liquidating the Amount of the Macquarie Credit Facility Obligations*, which was approved and entered by the Bankruptcy Court on May 31, 2016 [Docket No. 998]. The Liquidation Analysis further assumes the Debtors' Estates will remain obligated for $200,000 per month of interest pending completion of the forced going-concern

sales processes undertaken by a chapter 7 trustee and repayment, in full, of the Macquarie Credit Facility Claims. See Final DIP Order ¶ 18(c).

DIP Facility Claims. The Liquidation Analysis assumes that the DIP Facility Claims will total approximately $92.3 million as of the Conversion Date, which total includes a termination fee equal to 250 bps of the principal balance of DIP Facility Claims outstanding as of the Conversion Date plus $900,000 in accrued but unpaid fees and expenses due pursuant to the Final DIP Order.

The Liquidation Analysis further assumes the DIP Facility Claims are repaid with proceeds of assets that secured the Secured Notes Claims as of the Petition Date.

Other Secured Claims. The Debtors' *Schedules of Assets and Liabilities* [Docket Nos. 303, 305, 307, 309, 311] identify Other Secured Claims asserted against certain of their Estates totaling approximately $11.6 million in the aggregate, arising from, among other things, various mechanics' liens or other similar state law liens asserted by certain parties. The High Recovery Scenario assumes such Claims will be disallowed in their entirety with respect to the applicable Debtor's estate. The Low Recovery Scenario assumes such Claims will be allowed, in full, and paid with proceeds from the applicable Debtor's Estate, but without interest.

Secured Notes Adequate Protection Claims. Pursuant to the Final DIP Order, holders of Secured Notes Claims are entitled to adequate protection on account of, among other things, the diminution in the value of their interest in the Prepetition Senior Secured Notes Collateral (as defined in the Final DIP Order) as a result of, among other things, the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code and the incurrence of the DIP Facility. See Final DIP Order ¶ 17. Such adequate protection consists of, among other things, "superpriority" administrative claims and "replacement liens" on certain of the Debtors' unencumbered assets as of the Petition Date, and junior liens on assets that were encumbered as of the Petition Date.

To the extent DIP Facility Claims are satisfied with proceeds from collateral securing the Secured Notes Claims on a first priority basis as of the Petition Date, the Liquidation Analysis presents such payments as giving rise to superpriority adequate protection claims in favor of Holders of Secured Notes Claims on a dollar-for-dollar basis.

Secured Notes Claims. The Liquidation Analysis assumes $205.0 million of Secured Notes Claims will be outstanding as of the Conversion Date. Each Debtor other than Zochem is an obligor with respect to the Secured Notes Claims. The Secured Notes Claims are secured by substantially all of the Debtors' assets (other than Zochem) and by a pledge of 65% of Horsehead Holding's equity interest in Zochem. However, the Debtors reserve all rights with respect to the avoidability of the mortgage purportedly securing the Debtors' (other than Zochem) obligations with regard to the Secured Notes Claims with respect to the real property and fixtures at the Mooresboro Facility. See Final DIP Order ¶ 4(g).

Other Administrative Claims. Administrative Claims arising in a hypothetical chapter 7 liquidation include, among other things: (a) Claims arising pursuant to section 503(b)(9) of the Bankruptcy Code; (b) postpetition operating expenses and trade payables outstanding as of the Conversion Date; (c) accrued postpetition employee obligations outstanding as of the

Conversation Date; and (d) accrued postpetition taxes outstanding as of the Petition Date. Additionally, such Administrative Claims include a "Termination Fee" totaling $7.5 million due under that certain Unit Purchase Agreement, attached as **Exhibit F** to the Disclosure Statement, which fee is a joint and several obligation of each Debtor's Estate, other than Zochem.

Other Priority Claims. The Liquidation Analysis sets forth Other Priority Claims and Priority Tax Claims in the line item identified as Other Priority Claims. The Liquidation Analysis was prepared before the Debtors have completed their Claims reconciliation process, and thus Other Priority Claims and Priority Tax Claims asserted against the Debtors may exceed the estimates set forth by the Liquidation Analysis, thereby reducing recoveries available to junior creditors in a liquidation.

Zochem General Unsecured Claims. As noted above, the Zochem Carve Out provides for turnover of up to $12.0 million of proceeds from the disposition of Zochem's assets for distribution to Zochem's prepetition and postpetition creditors. See Final DIP Order ¶ 45.

The Liquidation Analysis concludes that Holders of Zochem General Unsecured Claims will receive full recoveries on account of such claims.

Other General Unsecured Claims (non-Zochem). General Unsecured Claims asserted against non-Zochem Debtors in a hypothetical chapter 7 liquidation may include: (a) $40.0 million of Unsecured Notes Claims against each non-Zochem Debtor; (b) $100.0 million of Convertible Notes Claims against Horsehead Holding; (c) $17.4 million of Banco Bilbao Credit Agreement Claims against Horsehead Holding and Horsehead Corporation; and (d) Other General Unsecured Claims asserted against non-Zochem Debtors.

The Liquidation Analysis does not attempt to estimate potential additional General Unsecured Claims against Debtors other than Zochem that may arise as a result of the rejection of Executory Contracts and/or the failure of the Debtors to perform under existing contracts with their customers. Deficiency Claims with respect to Secured Notes Claims are also not included in the Liquidation Analysis, although such deficiency Claims may be material. The Liquidation Analysis concludes that no recovery is available to Holders of Unsecured Claims against the non-Zochem Debtors in a hypothetical chapter 7 liquidation.

Intercompany Claims. The Liquidation Analysis assumes no recoveries on account of Intercompany Claims.

Existing Interests. The Liquidation Analysis concludes that no recovery is available to Holders of Existing Interests in a hypothetical chapter 7 liquidation.

* * * * *

Recovery Analysis: Low
($ in thousands)

	Total	Horsehead Corporation (excl. HMP)	Horsehead Metal Products	International Metals Reclamation Company, LLC	Zochem Inc.	Horsehead Holding Corp
Total Proceeds from Sale of Business Unit / Liquidation of Assets		**$86,177**	**n/a**	**$29,977**	**$47,153**	**$0**
Plus: Cash and Equivalents		3,558	0	3,382	3,541	0
Less: Liquidation Fees, Expenses and Wind Down Costs						
Operating Costs of Facilities During Sale / Liquidation		8,484	0	2,400	0	0
Banker / Broker Fee		3,447	0	1,499	1,886	0
Legal Fees		350	0	350	350	0
Chapter 7 Trustee Fee		2,609	0	923	1,792	0
Net Estimated Proceeds Available for Distribution to Stakeholders		**$74,845**	**$0**	**$28,188**	**$46,667**	**$0**
Net Estimated Proceeds	$149,699	$74,845	$0	$28,188	$46,667	$0
Net Estimated Residual Value from Zochem	n/a	0	0	0	0	0
Total Net Estimated Proceeds	**$149,699**	**$74,845**	**$0**	**$28,188**	**$46,667**	**$0**
Carveout	$10,261	5,130	0	1,932	3,199	0
Recovery ($)	$10,261	5,130	0	1,932	3,199	0
Recovery (%)	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%
Administrative Charge	$75	NA	NA	NA	75	NA
Recovery ($)	$75	NA	NA	NA	75	NA
Recovery (%)	100.0%	NA	NA	NA	100.0%	NA
Other Secured Claims	$11,587	5,000	6,587	0	0	0
Recovery ($)	$5,000	5,000	0	0	0	0
Recovery (%)	43.2%	100.0%	0.0%	0.0%	0.0%	NA
Macquarie AP Claims	$0	0	0	0	0	0
Recovery ($)	$0	0	0	0	0	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Macquarie	$33,450	24,299	0	9,151	NA	0
Recovery ($)	$33,450	24,299	0	9,151	NA	0
Recovery (%)	100.0%	100.0%	0.0%	100.0%	0.0%	0.0%
DIP Liens / Claims	$93,170	49,520	0	18,650	25,000	0
Recovery ($)	$82,520	40,416	0	17,104	25,000	0
Recovery (%)	88.6%	81.6%	0.0%	91.7%	100.0%	0.0%
Zochem Carveout	$9,645	NA	NA	NA	9,645	NA
Recovery ($)	$9,645	NA	NA	NA	9,645	NA
Recovery (%)	100.0%	NA	NA	NA	100.0%	NA
Remaining DIP Liens / Claims	$10,649	NA	NA	NA	10,649	NA
Recovery ($)	$8,749	NA	NA	NA	8,749	NA
Recovery (%)	82.2%	NA	NA	NA	82.2%	NA
Senior Secured Notes Claims	$205,000	205,000	205,000	205,000	NA	0
Recovery ($)	$0	0	0	0	NA	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	NA	0.0%
Senior Secured Notes Diminution in Value Claim	$68,170	68,170	68,170	68,170	NA	68,170
Recovery ($)	$0	0	0	0	NA	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	NA	0.0%
Other Administrative Claims	NA	32,974	10,267	13,641	NA	7,570
Recovery ($)	NA	0	0	0	NA	0
Recovery (%)	NA	0.0%	0.0%	0.0%	NA	0.0%
Other Priority Claims	$3,002	2,831	68	4	100	0
Recovery ($)	$0	0	0	0	0	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Unsecured Claims	NA	87,670	66,175	43,637	0	157,493
Recovery ($)	NA	0	0	0	0	0
Recovery (%)	NA	0.0%	0.0%	0.0%	0.0%	0.0%
Residual Value		**$0**	**$0**	**$0**	**$0**	**$0**

Recovery Analysis: High
($ in thousands)

	Total	Horsehead Corporation (excl. HMP)	Horsehead Metal Products	International Metals Reclamation Company, LLC	Zochem Inc.	Horsehead Holding Corp
Total Proceeds from Sale of Business Unit / Liquidation of Assets		**$95,752**	**$27,225**	**$33,724**	**$53,048**	**$0**
Plus: Cash and Equivalents		3,558	0	3,382	3,541	0
Less: Liquidation Fees, Expenses and Wind Down Costs						
Operating Costs of Facilities During Sale / Liquidation		8,484	1,369	2,400	0	0
Banker / Broker Fee		2,873	2,723	1,124	1,591	0
Legal Fees		250	0	250	250	0
Chapter 7 Trustee Fee		2,896	840	1,147	1,792	0
Net Estimated Proceeds Available for Distribution to Stakeholders		**$84,807**	**$22,294**	**$32,185**	**$52,956**	**$0**
Net Estimated Proceeds	$192,241	$84,807	$22,294	$32,185	$52,956	$0
Net Estimated Residual Value from Zochem	n/a	0	0	0	0	15,423
Total Net Estimated Proceeds	**$192,241**	**$84,807**	**$22,294**	**$32,185**	**$52,956**	**$15,423**
Carveout	$10,261	4,403	1,157	1,671	2,749	280
Recovery ($)	$10,261	4,403	1,157	1,671	2,749	280
Recovery (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administrative Charge	$75	NA	NA	NA	75	NA
Recovery ($)	$75	NA	NA	NA	75	NA
Recovery (%)	100.0%	NA	NA	NA	100.0%	NA
Macquarie AP Claims	$0	0	0	0	0	0
Recovery ($)	$0	0	0	0	0	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Macquarie	$33,450	19,607	5,154	7,441	NA	1,248
Recovery ($)	$33,450	19,607	5,154	7,441	NA	1,248
Recovery (%)	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
DIP Liens / Claims	$93,170	39,979	10,510	15,172	24,964	2,545
Recovery ($)	$93,170	39,979	10,510	15,172	24,964	2,545
Recovery (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Zochem Carveout	$9,645	NA	NA	NA	9,645	NA
Recovery ($)	$9,645	NA	NA	NA	9,645	NA
Recovery (%)	100.0%	NA	NA	NA	100.0%	NA
Remaining DIP Liens / Claims	$0	NA	NA	NA	0	NA
Recovery ($)	$0	NA	NA	NA	0	NA
Recovery (%)	0.0%	NA	NA	NA	0.0%	NA
Senior Secured Notes Claims	$205,000	205,000	205,000	205,000	NA	10,025
Recovery ($)	$44,216	20,818	5,473	7,901	NA	10,025
Recovery (%)	21.6%	10.2%	2.7%	3.9%	NA	100.0%
Other Secured Claims	$0	0	0	0	0	0
Recovery ($)	$0	0	0	0	0	0
Recovery (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Senior Secured Notes Diminution in Value Claim	$68,206	68,206	68,206	68,206	NA	68,206
Recovery ($)	$1,325	0	0	0	NA	1,325
Recovery (%)	1.9%	0.0%	0.0%	0.0%	NA	1.9%
Other Administrative Claims	NA	32,974	10,267	13,641	NA	7,570
Recovery ($)	NA	0	0	0	NA	0
Recovery (%)	NA	0.0%	0.0%	0.0%	NA	0.0%
Other Priority Claims	$3,002	2,831	68	4	100	0
Recovery ($)	$100	0	0	0	100	0
Recovery (%)	3.3%	0.0%	0.0%	0.0%	100.0%	0.0%
General Unsecured Claims	NA	87,670	66,175	43,637	0	157,493
Recovery ($)	NA	0	0	0	0	0
Recovery (%)	NA	0.0%	0.0%	0.0%	0.0%	0.0%
Residual Value		**$0**	**$0**	**$0**	**$15,423**	**$0**

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EXHIBIT D

Valuation Analysis

VALUATION ANALYSIS

THE VALUATION INFORMATION SET FORTH HEREIN REPRESENTS A HYPOTHETICAL VALUATION OF THE DEBTORS, ON A REORGANIZED BASIS, WHICH ASSUMES THAT, AMONG OTHER THINGS, SUCH REORGANIZED DEBTORS CONTINUE AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THIS SECTION DOES NOT PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF THE REORGANIZED DEBTORS, THEIR SECURITIES OR THEIR ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATE SET FORTH IN THIS SECTION. ACCORDINGLY, SUCH ESTIMATED VALUE IS NOT NECESSARILY INDICATIVE OF THE PRICES AT WHICH ANY SECURITIES OF THE REORGANIZED DEBTORS MAY TRADE AFTER GIVING EFFECT TO THE TRANSACTIONS SET FORTH IN THE PLAN. ANY SUCH PRICES MAY BE MATERIALLY DIFFERENT THAN INDICATED BY THIS VALUATION.

LAZARD'S ESTIMATE OF THE HYPOTHETICAL ENTERPRISE VALUE CONSISTS OF THE AGGREGATE ENTERPRISE VALUE OF THE REORGANIZED DEBTORS ON A GOING-CONCERN BASIS AS OF THE ASSUMED EFFECTIVE DATE. THE PLAN DOES NOT CONSOLIDATE THE DEBTOR ENTITIES FOR PURPOSES OF MEASURING CLAIMS OR DISTRIBUTIONS. AS SUCH, THE VALUES OF THE INDIVIDUAL DEBTORS AND THE ALLOWED CLAIMS AGAINST SUCH DEBTORS MAY AFFECT AMOUNTS AVAILABLE FOR DISTRIBUTION TO THE CREDITORS OF EACH INDIVIDUAL DEBTOR.

The Debtors have been advised by their financial advisor, Lazard Frères & Co. LLC and Lazard Middle Market LLC (collectively, "Lazard"), with respect to the estimated going concern value of the Reorganized Debtors. Lazard undertook this analysis to determine the value potentially available for distribution to holders of Allowed Claims pursuant to the Plan. The estimated total value available for distribution to holders of Allowed Claims (the "Enterprise Value") consists of the estimated value of the Reorganized Debtors' operations on a going-concern basis. The valuation analysis described herein is based on information as of the date of the Disclosure Statement. The valuation analysis assumes that the reorganization takes place on June 30, 2016 (the "Assumed Effective Date") and is based on projections provided by the Debtors' management ("Financial Projections") for the second half of 2016 and for the full calendar years 2017 to 2020 (the "Forecast Period").

The Debtors' long term business plan contemplates two scenarios with different capital plans and risk profiles. Lazard developed valuation estimates based on both (i) the Debtors' Idle Scenario, which does not contemplate the restart of the Mooresboro Facility during the Projection Period and (ii) the Debtors' Ramp Up Scenario which is premised on a restart and ramp up of the Mooresboro Facility following the Debtors' emergence from bankruptcy.

Based on the Financial Projections under the Idle Scenario and solely for purposes of the Plan, Lazard estimates that the Enterprise Value of the Reorganized Debtors falls within a range from approximately $255 million to approximately $305 million, with a midpoint estimate of approximately $280 million, which consists of the value of the Reorganized Debtors' operations on a going-concern basis. For purposes of this valuation, Lazard assumes that no material changes that would affect value occur between the date of the

Disclosure Statement and the Assumed Effective Date. Based on approximately $3 million of debt at emergence as contemplated by the Plan, the implied range of value for the equity of the Reorganized Debtors under the Idle Scenario is approximately $252 million to approximately $302 million, with a midpoint estimate of approximately $277 million. These values do not give effect to the potentially dilutive impact of any equity issued upon exercise of any warrants or any equity under any management equity incentive program. Lazard's estimate of Enterprise Value does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

Based on the Financial Projections under the Ramp Up Scenario, including the assumption that, among other things, the Debtors will have access to the more than $100 million of capital the Debtors believe is necessary to ramp up the Mooresboro Facility following their emergence from bankruptcy and that the repairs required by the Mooresboro Facility would be successfully completed, Lazard estimates that the Enterprise Value of the Reorganized Debtors falls within a range from approximately $345 million to approximately $405 million, with a midpoint estimate of approximately $375 million, which consists of the value of the Reorganized Debtors' operations on a going-concern basis with an operational Mooresboro Facility. Based on approximately $3 million of debt at emergence, the implied range of value for the equity of the Reorganized Debtors is approximately $342 million to approximately $402 million, with a midpoint estimate of approximately $372 million.

THE ASSUMED ENTERPRISE VALUE RANGE, AS OF THE ASSUMED EFFECTIVE DATE, REFLECTS WORK PERFORMED BY LAZARD ON THE BASIS OF INFORMATION AVAILABLE TO LAZARD AS OF MARCH 31, 2016. ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT LAZARD'S CONCLUSIONS, NEITHER LAZARD NOR THE DEBTORS HAVE ANY OBLIGATION TO UPDATE, REVISE OR REAFFIRM THE ESTIMATE.

When performing its analyses, Lazard assumed that the Financial Projections had been reasonably prepared in good faith and on a basis reflecting the Debtors' most accurate currently available estimates and judgments as to the future operating and financial performance of the Reorganized Debtors. Lazard's estimated Enterprise Value range assumes the Reorganized Debtors will achieve their Financial Projections in all material respects, including revenue growth, EBITDA margins, and cash flows as projected. If the business performs at levels below or above those set forth in the Financial Projections, such performance may have a materially negative or positive impact, respectively, on Enterprise Value.

In estimating the Enterprise Value, Lazard: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain internal financial and operating data of the Debtors; (c) discussed the Debtors' operations and future prospects with the senior management team; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that Lazard deemed generally comparable to the operating business of the Reorganized Debtors; (e) considered certain economic and industry information relevant to the operating businesses; and (f) conducted such other studies, analyses, inquiries and investigations as it deemed appropriate. Although Lazard conducted a review and analysis of the Reorganized Debtors' businesses, operating assets and liabilities and the Reorganized Debtors' business plan, it assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors' management as well as publicly available information.

Lazard did not independently verify the Financial Projections in connection with preparing estimates of Enterprise Value, and no independent valuations or appraisals of the Debtors were sought or obtained in

connection herewith. The Company developed the Financial Projections solely for purposes of the formulation and negotiation of the Plan, and to provide "adequate information" pursuant to section 1125 of the Bankruptcy Code.

Lazard's estimated Enterprise Value does not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan. Lazard has not been asked to and does not express any view as to what the trading value of the Reorganized Debtors' securities would be on issuance at any time.

Lazard's estimate of Enterprise Value reflects the application of standard valuation techniques and does not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities, which may be significantly different than the amounts set forth herein. The value of an operating business is subject to numerous uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated Enterprise Value range of the Reorganized Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Neither the Reorganized Debtors, Lazard, nor any other person assumes responsibility for any differences between the Enterprise Value range and such actual outcomes. Actual market prices of any securities will depend upon, among other things, the operating performance of the Reorganized Debtors, prevailing commodity prices and interest rates, conditions in the financial markets, the anticipated holding period of securities received, developments in the Reorganized Debtors' industry and economic conditions generally and other factors which generally influence the prices of securities.

A. VALUATION METHODOLOGIES

The following is a brief summary of certain financial analyses performed by Lazard, including a discounted cash flow analysis, a selected comparable companies analysis, and a selected precedent transactions analysis to arrive at its range of estimated Enterprise Values for the Reorganized Debtors.

Lazard considered all three generally accepted valuation methodologies; however, Lazard's estimate of the Enterprise Value of the Reorganized Debtors is based on the results of its discounted cash flow ("DCF") analysis and the results of its comparable company analysis and no weight given to the results of its precedent transaction analysis.

An estimate of Enterprise Value is not entirely mathematical, but rather involves complex considerations and judgments concerning various factors that could affect the value of an operating business. Lazard performed certain procedures, including each of the financial analyses described below, and reviewed the assumptions with the management of the Debtors on which such analyses were based and other factors, including the projected financial results of the Reorganized Debtors. Lazard's estimated Enterprise Value is highly dependent on the Debtors' ability to meet their Financial Projections. Lazard's valuation analysis must be considered as a whole.

i. Discounted Cash Flow Analysis

The DCF analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business's weighted average cost of capital (the "Discount Rate"). The Discount Rate reflects the estimated blended rate of return

that would be required by debt and equity investors to invest in the business based on its capital structure. The enterprise value of the firm is determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows based on the Financial Projections plus an estimate for the value of the firm beyond the Forecast Period known as the terminal value. The terminal value can be derived through two generally accepted approaches (i) applying perpetuity growth rates to the terminal year normalized cash flow, and (ii) applying projected earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples to the final projected year of the Forecast Period. The terminal value is then discounted back to the Assumed Effective Date, by the Discount Rate.

To estimate the Discount Rate, Lazard calculated the cost of equity and the after-tax cost of debt for the Reorganized Debtors, assuming a targeted total debt-to-total capitalization ratio based on an assumed range of the Reorganized Debtors' long term target capitalization. Lazard calculated the cost of equity based on the "Capital Asset Pricing Model," which assumes that the required equity return is a function of the risk-free cost of capital, the correlation of a publicly traded stock's performance to the return on the broader market as well as taking into consideration the size and situation of the company being valued. To estimate the cost of debt, Lazard analyzed the average cost of debt of the Peer Group (defined below) and the current average yield of the Bloomberg High Yield Materials Corporate Bond Index sector.

Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, which in turn affect their cost of capital and terminal values.

ii. Selected Comparable Companies Analysis

The selected comparable companies' valuation analysis is based on the enterprise values of publicly traded companies that have operating and financial characteristics that are relatively similar to the Reorganized Debtors. Under this methodology, the enterprise value for each selected public company was determined by examining the trading prices for the equity securities of such company in the public markets and adding the value of outstanding net debt for such company and minority interest less the book value of unconsolidated investments. Where there is a significant discount between the market value and the book value of debt for the selected comparable companies, the enterprise value is calculated utilizing a market value of debt as opposed to the face value of the debt obligations. Once the enterprise value of the selected comparable companies is calculated, it is commonly expressed as a multiple of various measures of operating statistics, most commonly EBITDA. In addition, each of the selected public companies' operational performance, operating margins, profitability and leverage were examined. Based on these analyses, financial multiples and ratios are calculated to apply to the Reorganized Debtors' actual and projected operational performance. Lazard focused primarily on EBITDA multiples calculated using the current market values of the selected comparable companies to estimate a value for the Reorganized Debtors.

A key factor in this approach is the selection of companies with relatively similar business and operational characteristics to the Reorganized Debtors. Common criteria for selecting comparable companies for the analysis include, among other things, zinc and nickel exposure relative to other products/commodities produced, means and scale of production, growth prospects, margin profile, and capital intensity. The selection of appropriate comparable companies is often difficult, a matter of judgment and subject to limitations due to sample size, the availability of meaningful market-based information and updated financial projections from financial research.

Although there is not a public company that is truly comparable to the Reorganized Debtors, Lazard selected publicly traded companies on the basis of general comparability to the Debtors in one or more of the factors described above (the "Peer Group").

Lazard calculated market multiples for the Peer Group based on 2016 estimated ("2016E") EBITDA, 2017 estimated ("2017E") EBITDA, and 2018 estimated ("2018E") EBITDA by dividing the enterprise value of each comparable company as of March 31, 2016, by the 2016E EBITDA, 2017E and 2018E EBITDA for each of the comparable companies. 2016E, 2017E and 2018E EBITDAs for the Peer Group represent Wall Street consensus estimates, sourced from FactSet. In determining the applicable EBITDA multiple range, Lazard considered a variety of factors, including both qualitative attributes and quantitative measures.

iii. Selected Precedent Transactions Analysis

The precedent transactions valuation analysis is based on the enterprise values of companies involved in public merger and acquisition transactions that have operating and financial characteristics that are relatively similar to the Reorganized Debtors. Under this methodology, the enterprise value of such companies is determined by an analysis of the consideration paid and the debt assumed in the merger or acquisition transaction. As in a comparable company valuation analysis, those enterprise values are commonly expressed as multiples of various measures of operating statistics such as revenue and EBITDA.

Since precedent transactions analysis reflects aspects of value other than the intrinsic value of a company, coupled with the fact that these transactions may have occurred in a different operating and financial environment, there can be potential limitations to the application of precedent transactions analysis to determining the Enterprise Value of Reorganized Debtor.

While there have been numerous transactions announced by the Peer Group, many have involved assets focused heavily on mining, extraction and production. These assets have a distinctly different operating profile from the Debtor, and are therefore not relevant to a transactions analysis. Lazard evaluated precedent transactions since 2009 for which there was public information available and calculated the historical multiple.

However, Lazard has not relied on the precedent transactions methodology, as the multiples implied are historically focused and Horsehead's 2015 Consolidated EBITDA was negative. In addition, due to the ongoing business transformation including shutting down Monaca operations, difficulties ramping up the Mooresboro facility and ultimately idling the Mooresboro facility, Lazard believes the Debtors historical financials are less indicative of the current and future operations of the business.

THE SUMMARY SET FORTH ABOVE DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES PERFORMED BY LAZARD. THE PREPARATION OF A VALUATION ESTIMATE INVOLVES VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE AND RELEVANT METHODS OF FINANCIAL ANALYSIS AND THE APPLICATION OF THESE METHODS IN THE PARTICULAR CIRCUMSTANCES AND, THEREFORE, SUCH AN ESTIMATE IS NOT READILY SUITABLE TO SUMMARY DESCRIPTION. IN PERFORMING THESE ANALYSES, LAZARD AND THE DEBTORS MADE NUMEROUS ASSUMPTIONS WITH RESPECT TO COMMODITY PRICES, INDUSTRY PERFORMANCE, BUSINESS AND ECONOMIC CONDITIONS AND OTHER MATTERS. THE ANALYSES PERFORMED BY LAZARD ARE NOT NECESSARILY INDICATIVE OF ACTUAL

VALUES OR FUTURE RESULTS, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN SUGGESTED BY SUCH ANALYSES.

EXHIBIT E

Debtors' Corporate Structure as of the Petition Date

Horsehead Holding Corp.
Corporate Structure Chart

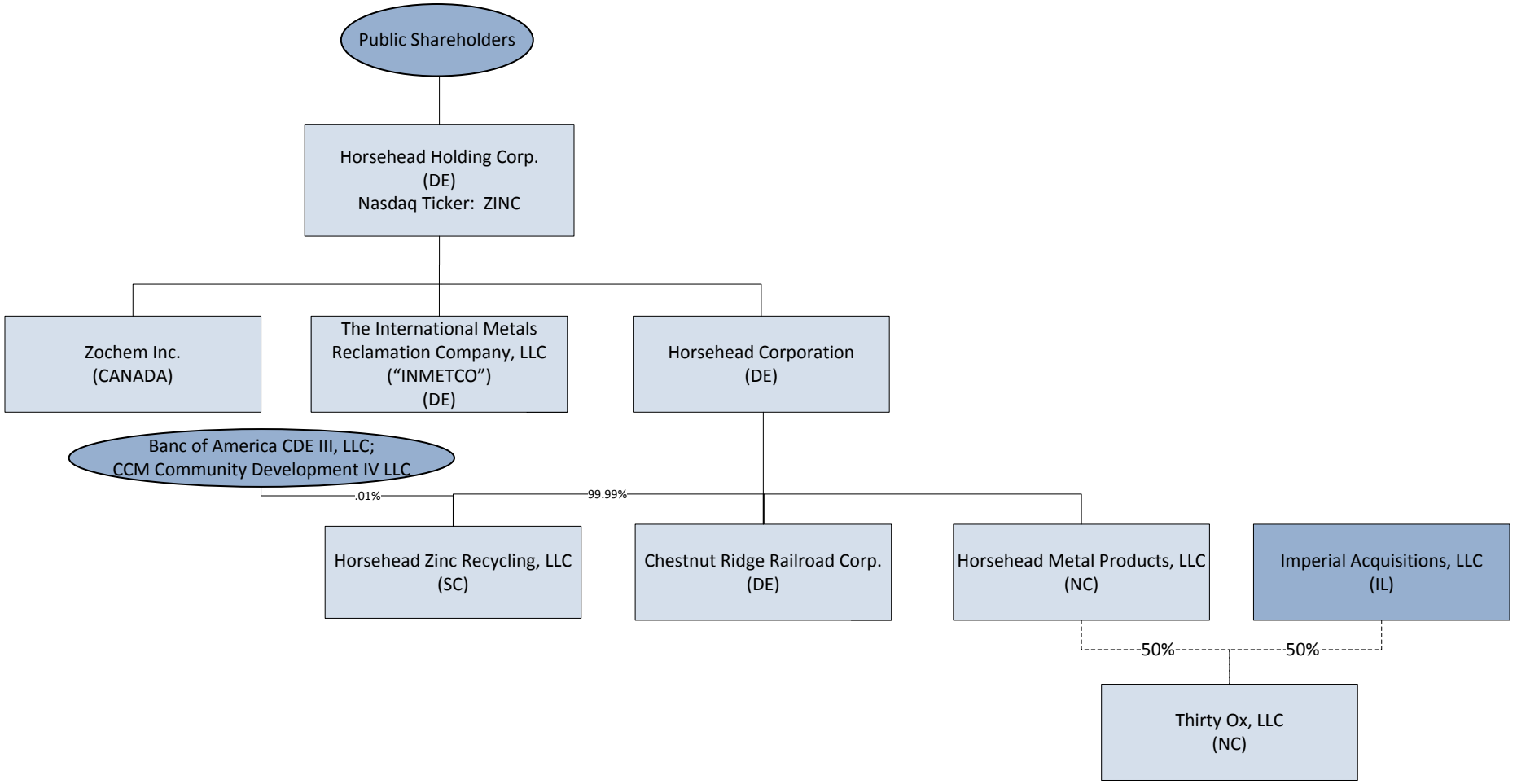

EXHIBIT F

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EXECUTION COPY

UNIT PURCHASE AND SUPPORT AGREEMENT

BY AND AMONG

HORSEHEAD HOLDING CORP.

AND

THE PLAN SPONSORS PARTY HERETO

Dated as of July 11, 2016

TABLE OF CONTENTS

SCHEDULES AND EXHIBITS

UNIT PURCHASE AND SUPPORT AGREEMENT

THIS UNIT PURCHASE AND SUPPORT AGREEMENT (this "***Agreement***"), dated as of July 11, 2016, is made by and among Horsehead Holding Corp. (as a debtor in possession and a reorganized debtor, as applicable, the "***Company***"), on behalf of itself and, subject to Section 10.1, each of the other Debtors, on the one hand, and the parties listed as "Plan Sponsors" on Schedule 1 hereto and as otherwise provided by this Agreement (each referred to herein, individually, as a "***Plan Sponsor***" and, collectively, as the "***Plan Sponsors***"), on the other hand. The Company and each Plan Sponsor is referred to herein, individually, as a "***Party***" and, collectively, as the "***Parties***".

RECITALS

WHEREAS, as of the date hereof, the Plan Sponsors or their Affiliates collectively hold or control, in the aggregate, in excess of ninety-five percent (95.00%) of the aggregate outstanding principal amount of those certain 10.50% Senior Secured Notes due June 2017 (the "***Prepetition Senior Secured Notes***" and the holders of such Prepetition Senior Secured Notes, the "***Prepetition Senior Secured Noteholders***") issued by the Company pursuant to that certain Indenture for the 10.50% Senior Secured Notes due June 2017, dated as of July 26, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "***Prepetition Senior Secured Notes Indenture***"), by and among the Company, the subsidiary guarantors from time to time party thereto, and U.S. Bank National Association, as trustee (the "***Prepetition Senior Secured Notes Indenture Trustee***") and as collateral agent (claims of the Prepetition Senior Secured Noteholders under the Prepetition Senior Secured Notes Indenture, the "***Votable Claims***");

WHEREAS, the Plan Sponsors further beneficially hold or control certain additional Unsecured Notes Claims and Convertible Notes Claims (each as defined in the Plan) and other Claims, in each case, as required to be disclosed by Rule 2019 of the Federal Rules of Bankruptcy Procedure, against the Debtors as set forth on Schedule 3-B attached hereto (the "***Additional Claims***").

WHEREAS, (a) on February 2, 2016, the Company and certain of its debtor affiliates (each, individually, a "***Debtor***" and, collectively, the "***Debtors***") commenced jointly administered proceedings (the "***Chapter 11 Proceedings***"), styled *In re Horsehead Holding Corp. et al.*, Case No. 16-10287 (CSS) (the date on which the Chapter 11 Proceedings commenced, the "***Petition Date***") by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. §§ 101 et seq., as amended, the "***Bankruptcy Code***") with the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") and (b) on February 5, 2016, the Ontario Superior Court of Justice (Commercial List) (the "***Canadian Court***") recognized the Chapter 11 Proceedings as foreign main proceedings (the "***Recognition Proceedings***") in proceedings commenced under Part IV of the Companies' Creditors Arrangement Act (the "***CCAA***");

WHEREAS, on March 3, 2016, the Bankruptcy Court entered the Final Order (as defined in the DIP Loan Debt Documents) and, on March 3, 2016, the Canadian Court entered the Final DIP Recognition Order (as defined in the DIP Loan Debt Documents);

WHEREAS, prior to the date hereof and in connection with the Chapter 11 Proceedings, the Debtors have engaged in good faith negotiations with certain parties in interest regarding the terms of a comprehensive restructuring (such restructuring as set forth in the Plan and as further agreed to by the Parties pursuant to the terms of this Agreement, the "***Restructuring***") of the Debtors' outstanding obligations, including those under each of the Prepetition Debt Documents and the DIP Loan Debt Documents, and the Parties now desire to implement the Restructuring in accordance with and subject to the terms and conditions set forth in this Agreement and the Plan;

WHEREAS, the Debtors intend to seek entry of one or more orders of the Bankruptcy Court and the Canadian Court, as applicable, in each case, which shall be in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company, (a) confirming the Plan pursuant to Section 1129 of the Bankruptcy Code (the "***Confirmation Order***"), (b) authorizing the consummation of the transactions contemplated hereby, which order may take the form of, and be incorporated into, the Confirmation Order (the "***UPA Consummation Approval Order***"), and (c) recognizing and enforcing in Canada the Confirmation Order and UPA Consummation Approval Order;

WHEREAS, subject to the terms and conditions contained in this Agreement and the Plan, (a) Reorganized Holdings will issue the Emergence Equity Units in the Emergence Equity Amount to the Plan Sponsors set forth on Schedule 2 and (b) the Eligible Holders will have the right to elect to commit to purchase Additional Capital Commitment Units; and

WHEREAS, pursuant to the Plan and subject to the terms and conditions contained in this Agreement, each Plan Sponsor set forth on Schedule 2 has agreed to purchase (on a several and neither joint nor joint and several basis), such Plan Sponsor's respective Purchase Percentage of the Emergence Equity Units as set forth next to such Plan Sponsor's name on Schedule 2.

NOW, **THEREFORE**, in consideration of the mutual promises, agreements, representations, warranties and covenants contained herein, each of the Parties hereby agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Except as otherwise expressly provided in this Agreement, whenever used in this Agreement (including any Exhibits and Schedules hereto), the following terms shall have the respective meanings specified therefor below:

"***ACC Purchase Percentage***" means, with respect to each Plan Sponsor, a percentage equal to such Plan Sponsor's respective total Votable Claims, as of the Expiration Time, divided by all Votable Claims of the Plan Sponsors as of the Expiration Time; provided, however, that for purposes of this definition, each Plan Sponsor shall be deemed to hold the Votable Claims held by such Plan Sponsor's Related Purchasers.

"***Additional Capital Commitment***" means the agreement and commitment pursuant to which Eligible Holders have elected to commit to purchase the Additional Capital Commitment Units, in each case, pursuant to and subject to the terms and conditions hereof.

"***Additional Capital Commitment Amount***" means cash in an aggregate amount equal to the lesser of (i) $100,000,000 and (ii) the aggregate amount committed by all of the Additional Capital Commitment Participants.

"***Additional Capital Commitment Units***" means the units of New Common Equity committed to be purchased in the Additional Capital Commitment pursuant to and subject to the terms and conditions hereof.

"***Affiliate***" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made (including any Affiliated Funds of such Person); *provided, however*, that for purposes of this Agreement, no Plan Sponsor shall be

deemed an Affiliate of the Company or any of its Subsidiaries. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

"***Alternative Transaction***" means any chapter 11 plan or restructuring transaction (including, for the avoidance of doubt, a transaction premised on one or more asset sales under Section 363 of the Bankruptcy Code or pursuant to a plan) other than the Restructuring, including (a) any chapter 11 plan, reorganization, restructuring, liquidation, or alternative proceeding under the Bankruptcy Code, CCAA or BIA involving the Company or any of the other Debtors, (b) the issuance, sale, or other disposition, in each case, by the Company or any of the other Debtors, of any Equity Interests, debt interests, or any material assets of the Company or any of the other Debtors, or (c) a merger, sale, consolidation, business combination, recapitalization, refinancing, share exchange, rights offering, debt offering, equity investment, or similar transaction involving all or a significant portion of the assets, business or equity of the Debtors whether through one or more transactions) involving the Company or any of the other Debtors.

"***Antitrust Authorities***" means the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, the attorneys general of the several states of the United States and any other Governmental Entity having jurisdiction pursuant to the Antitrust Laws.

"***Antitrust Laws***" mean the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, and any other Law governing agreements in restraint of trade, monopolization, pre-merger notification, the lessening of competition through merger or acquisition or anti-competitive conduct.

"***Applicable Privacy Laws***" means (a) any Laws that regulate the collection, use and disclosure of information about an identifiable individual and all policies and guidelines of any federal, state or provincial privacy commissioner, that are applicable to the Company and its Subsidiaries; and (b) any Laws governing spam or electronic communications that are applicable to the Company and its Subsidiaries, including "CASL", an act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada) (S.C. 2010, c.23) and the regulations made thereunder.

"***Available Units***" means any Emergence Equity Units that any Plan Sponsor fails to purchase as a result of a Plan Sponsor Default by such Plan Sponsor.

"***Bankruptcy Rules***" means the Federal Rules of Bankruptcy Procedure and the local rules and general orders of the Bankruptcy Court, as in effect on the Petition Date, together with all amendments and modifications thereto subsequently made applicable to the Chapter 11 Proceedings.

*"**Banco Bilbao Note**"* means that certain unsecured note payable by Reorganized Holdings to Banco Bilbao Vizcaya Argentaria, S.A. ("***BBVA***") on the Effective Date in accordance with the Plan, at an interest rate of LIBOR plus 1.50% per annum and maturing on the seven (7) year anniversary of the Closing Date.

*"**BBVA Note Documents**"* means Banco Bilbao Note, together with all agreements and all other documentation executed in connection with such unsecured note, each as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***BIA***" means the *Bankruptcy and Insolvency Act* (Canada).

"***Business Day***" means any day, other than a Saturday, Sunday or legal holiday, as defined in Bankruptcy Rule 9006(a).

"***Canadian Pension Plans***" means the Zochem Inc. Hourly Employees Retirement Income Plan and the Zochem Inc. Salaried Employees Retirement Income Plan.

"***Certificate of Conversion***" means the certificate of conversion of Horsehead Holding Corp. into a limited liability company as of the Closing Date, which shall be consistent with the terms set forth in the Plan and otherwise in form and substance satisfactory to the Requisite Plan Sponsors.

"***Claim***" shall have the meaning given that term in Section 101(5) of the Bankruptcy Code.

"***Code***" means the Internal Revenue Code of 1986.

"***Collective Bargaining Agreements***" means any and all written Contracts, letters, side letters and contractual obligations of any kind, nature and description, that have been entered into between, or that involve or apply to, any employer and any Employee Representative.

"***Company Disclosure Schedule***" means the disclosure schedules delivered by the Company to the Plan Sponsors on the date hereof.

"***Company Plan***" means any employee benefit plan as defined in Section 3(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Company or any Subsidiary of the Company, and each such plan for which any such entity has any Liability, other than any plan sponsored, maintained or required by a Governmental Entity.

"***Company SEC Documents***" means all of the reports and forms (including exhibits, schedules and information incorporated therein) filed with the SEC by the Company.

"***Confirmation Hearing***" means the hearing held by the Bankruptcy Court pursuant to Section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time, in each case, in consultation with the Requisite Plan Sponsors.

"***Contract***" means any agreement, contract or instrument, including any loan, note, bond, mortgage, indenture, guarantee, deed of trust, license, franchise, commitment, lease, franchise agreement, letter of intent, memorandum of understanding or other obligation, and any amendments or modifications thereto or restatements thereof, whether written or oral, but excluding the Plan.

"***Defaulting Plan Sponsor***" means, at any time, any Plan Sponsor that caused a Plan Sponsor Default that is continuing at such time.

"***DIP Agent***" means Cantor Fitzgerald Securities, as administrative agent under the DIP Loan.

"***DIP Loan***" means that certain Senior Secured Superpriority Debtor-In-Possession Credit, Security and Guaranty Agreement, dated as of February 8, 2016, by and among the Debtors party thereto, the lenders from time to time party thereto (such lenders, the "***DIP Lenders***"), and the DIP Agent (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof).

"***DIP Loan Claims***" means any and all Claims of the DIP Lenders under the DIP Loan Debt Documents.

"***DIP Loan Debt Documents***" means the DIP Loan, together with all security, pledge, mortgage, and guaranty agreements and all other documentation executed in connection with the DIP Loan, each as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***DIP Loan Event of Default***" means an "Event of Default" under, and as defined in, the DIP Loan.

"***Disclosure Statement***" means the Disclosure Statement for the Plan approved pursuant to the Plan Solicitation Order (including all exhibits and schedules thereto) and the corresponding Recognition Order, which Disclosure Statement shall be substantially in the form attached hereto as Exhibit B and otherwise mutually satisfactory to the Requisite Plan Sponsors and the Company and as may be further amended, supplemented or otherwise modified from time to time pursuant to the terms of this Agreement.

"***Effective Date***" means the effective date under and as defined in the Plan.

"***Eligible Holder***" means each Plan Sponsor that is a holder of a Votable Claim that is an "accredited investor" as such term is defined by Rule 501 of Regulation D, promulgated under the Securities Act of 1933 as determined by the Company pursuant to the terms hereof.

"***Emergence Equity Amount***" means cash in an aggregate amount equal to $160,000,000.

"***Emergence Equity Units***" means the New Common Equity to be issued pursuant to Section 2.2 in an amount equal to sixty-two and seven hundred sixty-two thousandths percent (62.762%) of the Total Outstanding Units as of the Effective Date, subject to dilution by any units of New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the terms of the MEIP, or (c) on account of the Additional Capital Commitment Units at any time on or after the Closing Date.

"***Employee Representatives***" means any of the Company's or any of its Subsidiaries' respective employees or such employees' labor organization, works council, workers' committee, union representatives or any other type of employees' representatives for collective bargaining purposes.

"***Environmental Claims***" means any and all Legal Proceedings relating in any way to any Environmental Law or any Permit issued, or any approval given, under any such Environmental Law, including (a) any and all Legal Proceedings by any Governmental Entity for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Legal Proceedings by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence or release of, or exposure to, any Hazardous Materials.

"***Environmental Law***" means any applicable international, regional, federal, state, provincial, foreign or local Law, treaties, directives, protocols, codes, binding and enforceable guidelines or standards, binding and enforceable written policy, and rule of common law, in each case having the force and effect of Law and as amended and in effect as of, prior to or through the Closing Date, and any judicial or administrative interpretation thereof, including any Order, to the extent binding on the Company or any of its Subsidiaries, relating to the environment (including ambient air, surface water, ground water, navigable waters, waters of the contiguous zone, coastal water, ocean waters and international waters), worker or public health and safety (to the extent related to exposure to Hazardous Materials), and/or Hazardous Materials (including the emission, discharge, release or threatened release of any Hazardous Materials into ambient air, surface water, ground water, navigable waters, waters of the contiguous zone, coastal water, ocean waters, international waters or lands or otherwise and the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials), including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 9601 et seq. ("***RCRA***"); the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq.; the Hazardous Material Transportation Act, 49 U.S.C. §§ 1801 et seq.; the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq. (to the extent it regulates occupational exposure to Hazardous Materials); the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH); and any applicable federal, state, provincial, local or foreign counterparts or equivalents, in each case, as amended from time to time.

"***ERISA***" means the Employee Retirement Income Security Act of 1974.

"***ERISA Affiliate***" means each person (as defined in Section 3(9) of ERISA) which together with the Company or a Subsidiary of the Company would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"***ERISA Event***" means (a) a "reportable event" within the meaning of Section 4043 of ERISA and the regulations issued thereunder with respect to any ERISA Plan (excluding those for which the provision for thirty (30) days' notice to the PBGC has been waived by regulation); (b) the failure of any ERISA Plan to meet the minimum funding standard of Section 412 or Section 430 of the Code or Section 302 or 303 of ERISA, in each case, whether or not waived, or the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any ERISA Plan or the failure of the Company or any of its ERISA Affiliates to make any required contribution to a Multiemployer Plan; (c) the provision by the administrator of any ERISA Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (d) the withdrawal by the Company or any of its ERISA Affiliates from any Multiemployer Plan or the termination of any such Multiemployer Plan resulting in liability to the Company pursuant to Section 4063 or 4064 of ERISA; (e) the institution by the PBGC of proceedings to terminate any ERISA Plan, or the occurrence of any event or condition which would reasonably be expected to constitute grounds under ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan; (f) the imposition of liability on the Company pursuant to Section 4062 or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (g) the withdrawal of the Company or any of its ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential withdrawal liability imposed on the Company therefor, or the receipt by the Company of notice from any Multiemployer Plan that it is insolvent pursuant to Section 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA; (h) the occurrence of an act or omission which would reasonably be expected to give rise to the imposition on the Company of fines, penalties, taxes or related charges under Chapter 43 of the Code or under Sections 502(c), (i) or (l), or Section 4071 of ERISA in respect of any

Company Plan; (i) the assertion of a material claim (other than routine claims for benefits) against any Company Plan other than a Multiemployer Plan or the assets thereof, or against the Company or any of its respective ERISA Affiliates in connection with any Company Plan, that, in each case, would reasonably be expected to result in a liability to the Company; (j) the imposition of a Lien on the assets of the Company pursuant to Section 430(k) of the Code or pursuant to Section 303(k) of ERISA with respect to any ERISA Plan; (k) a determination that any ERISA Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); or (l) a determination that any Multiemployer Plan is, or is expected to be, in "critical" "endangered" status under Section 432 of the Code or Section 305 of ERISA.

"***ERISA Plan***" means any pension plan as defined in Section 3(2) of ERISA subject to Title IV of ERISA (other than a Multiemployer Plan), which is maintained or contributed to by (or to which there is an obligation to contribute of) the Company or a Subsidiary of the Company, and each such plan for which any such entity has any Liability (including on account of an ERISA Affiliate).

"***Event***" means any event, development, occurrence, circumstance, effect, condition, result, state of facts or change.

"***Exchange Act***" means the Securities Exchange Act of 1934.

"***Exclusivity Order***" means that certain Order (I) Extending the Debtors' Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof Pursuant to Section 1121 of the Bankruptcy Code and (II) Granting Related Relief, to be entered by the Bankruptcy Court on or about July 11, 2016.

"***Expiration Time***" means 5:00 pm prevailing Eastern time on July 29, 2016.

"***Final Order***" means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek leave to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, motion for leave to appeal or petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken, motion for leave to appeal, or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which leave was sought or from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted; *provided*, *however*, that the possibility that a motion under Rule 60 of the *Federal Rules of Civil Procedure*, or any analogous rule under the Bankruptcy Rules, the Local Bankruptcy Rules of the Bankruptcy Court or any analogous rules under the CCAA or *Ontario Rules of Civil Procedure* may be filed relating to such order shall not prevent such order from being a Final Order.

"***Foreign Company Plan***" means any employee benefit, savings or retirement plans, of any nature or kind whatsoever, including any Foreign Pension Plans and any: (a) compensation, bonus, deferred compensation, profit sharing and incentive compensation plans; (b) share purchase, share appreciation and share option plans; (c) severance or termination pay and vacation pay plans; (d) hospitalization or other medical, dental, eye care or other health and welfare benefit plans; (e) life or other insurance plans; (f) disability, salary continuation, supplemental unemployment benefit plans; (g) mortgage assistance, employee loan, employee discount, employee assistance or counseling plans; (h) supplemental, multi-employer, defined benefit or defined contribution pension plans, group registered retirement savings plans and deferred profit sharing plans; or (i) other similar employee benefit plans,

arrangements or agreements, whether oral or written, formal or informal, funded or unfunded (including all policies with respect to holidays, sick leave, long-term disability, vacations, expense reimbursements and automobile allowances and rights to company-provided automobiles) that are administered or maintained for employees or former employees of any Debtor or any of its Subsidiaries residing outside the United States, contributed to or required to be contributed to by any Debtor or any of its Subsidiaries or for which any Debtor or any of its Subsidiaries has any obligations, rights or liabilities, contingent or otherwise (except for any statutory plans with which such Debtor or any of its Subsidiaries is required to comply, including the Canada/Quebec Pension Plan, and plans administered pursuant to applicable governmental health tax, workers' compensation and workers' safety and employment insurance legislation).

"***Foreign Pension Plan***" means any plan or other similar program established or maintained outside the United States by any Debtor or any of its Subsidiaries primarily for the benefit of employees of any Debtor or any of its Subsidiaries residing outside the United States, which provides for defined benefit pension benefits, and which plan is not subject to ERISA or the Code, which, for the avoidance of doubt includes any Canadian Pension Plans.

"***Governmental Entity***" means any U.S., Canadian or other non-U.S. international, regional, federal, state, provincial, municipal or local governmental, judicial, administrative, legislative or regulatory authority, entity, instrumentality, agency, department, commission, court, or tribunal of competent jurisdiction (including any branch, department or official thereof).

"***Hazardous Materials***" means: (a) any flammable explosives, petroleum or petroleum products, methane, radioactive materials, asbestos in any form that is friable, urea formaldehyde foam insulation, polychlorinated biphenyls, D4, D5, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of, or judicially interpreted as included in the definition of, "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous substances," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Entity under Environmental Laws due to its dangerous or deleterious properties or characteristics.

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"***Indebtedness***" of any Person means, without duplication, (a) the principal, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (b) all vendor financing arrangements; (c) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement; (d) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (e) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, surety bond, performance bond or similar credit transaction; (f) all obligations of such Person under interest rate or currency swap transactions or commodity hedges (valued at the termination value thereof); (g) the liquidation value, accrued and unpaid dividends, prepayment or redemption premiums and penalties (if any), unpaid fees or expenses and other monetary obligations in respect of any redeemable preferred stock (or other equity) of such Person; (h) all obligations of the type referred to in clauses (a) through (g) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (i) all obligations of the type referred to in clauses (a) through (h) of other Persons secured by (or for which the holder of such

obligations has an existing right, contingent or otherwise, to be secured by) any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"***Intellectual Property***" means all U.S. or foreign intellectual or industrial property or proprietary rights, including any: (a) trademarks, service marks, trade dress, domain names, social media identifiers, corporate and trade names, logos and all other indicia of source or origin, together with all associated goodwill, (b) patents, inventions, invention disclosures, technology, know-how, processes and methods, (c) copyrights and copyrighted works, (including software, applications, source and object code, databases and compilations, online, advertising and promotional materials, mobile and social media content and documentation), (d) trade secrets and confidential or proprietary information or content, and (e) all registrations, applications, renewals, re-issues, continuations, continuations-in-part, divisions, extensions, re- examinations and foreign counterparts of any of the foregoing.

"***IRS***" means the United States Internal Revenue Service.

"***ITA***" means the *Income Tax Act* (Canada), as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"***Knowledge of the Company***" means the actual knowledge, after a reasonable inquiry, of James M. Hensler, Robert D. Scherich, Gary R. Whitaker, Ali Alavi, Bruce Morgan, and Joshua Belezyk.

"***Law***" means any law (statutory or common), statute, regulation, rule, code or ordinance enacted, adopted, issued or promulgated by any Governmental Entity.

"***Liability***" means any debt, loss, damage, adverse claim, fine, penalty, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

"***Lien***" means any lien, adverse claim, charge, option, right of first refusal, servitude, security interest, mortgage, pledge, deed of trust, easement, encumbrance, restriction on transfer, conditional sale or other title retention agreement, defect in title, lien or judicial lien as defined in Sections 101(36) and (37) of the Bankruptcy Code or other restrictions of a similar kind.

"***Material Adverse Effect***" means any Event, which, individually or together with all other Events, has had or would reasonably be expected to have a material and adverse effect on (a) the business, assets, liabilities, finances, properties, results of operations or condition (financial or otherwise) of the Company and its Subsidiaries (or Reorganized Holdings and its Subsidiaries), taken as a whole, or (b) the ability of the Company and the Debtors to perform their respective obligations under, or to consummate the transactions contemplated by, this Agreement and the Transaction Agreements, including the Additional Capital Commitment, the Emergence Equity Purchase, and the issuance and sale of the Emergence Equity Units and the Additional Capital Commitment Units; *provided*, *however*, that, in each case, none of the following, either alone or taken together with other Events, shall constitute or be taken into account in determining whether there has been a Material Adverse Effect: (i) any changes after the date hereof in global, national or regional political conditions (including acts of terrorism or acts or escalations of war) or in the general business, market and economic conditions generally affecting the industries and regions in which the Company and its Subsidiaries operate; (ii) any changes after the date hereof in financial, banking, commodities or securities markets, (iii) any changes after the date hereof in applicable Law or GAAP; (iv) the execution, announcement or performance of, or compliance with, this

Agreement or the transactions contemplated hereby; (v) changes in the market price or trading volume of the Claims or securities of the Company (but not the underlying facts giving rise to such changes); (vi) the departure of officers or directors of the Company after the date hereof (but not the underlying facts giving rise to such departure); (vii)(A) the filing of the Chapter 11 Proceedings or the Recognition Proceedings and any adversary proceedings or contested motions commenced in connection therewith, (B) any objection to the Restructuring (or the transactions contemplated hereby), the Plan (or the transactions contemplated thereby), any disclosure statement related thereto or the DIP Loan Debt Documents and the financing contemplated thereby (C) any objections to the assumption or rejection of any Contract or (D) any Order of the Bankruptcy Court or any actions or omissions of the Debtors in compliance therewith; or (viii) any action taken by the Debtors at the request of, or with the consent of, the Requisite Plan Sponsors; *provided*, *further*, *however*, that the exceptions set forth in clauses (i) and (ii) shall not apply to the extent that such Event is disproportionately adverse to the Company and any of its Subsidiaries, taken as a whole, as compared to other companies in the industries in which the Company and its Subsidiaries operate.

"***MEIP***" means that certain management equity incentive plan of Reorganized Holdings, which shall be in form and substance mutually satisfactory to the Requisite Plan Sponsors and approved by the board of directors of Reorganized Holdings, adopted as of the Effective Date and reserving a number of units of New Common Equity equal to ten percent (10%) of the number of Total Outstanding Units for distribution thereunder calculated as of the Effective Date.

"***Multiemployer Plan***" means a plan subject to Title IV of ERISA which is defined in Section 3(37) of ERISA and which is contributed to by (or to which there is an obligation to contribute of) the Company or a Subsidiary of the Company, and each such plan for which any such entity has liability (including on account of an ERISA Affiliate).

"***New Certificate of Formation***" means the certificate of formation of Reorganized Holdings as of the Closing Date, which shall be consistent with the terms set forth in the Plan and otherwise in form and substance satisfactory to the Requisite Plan Sponsors.

"***New Common Equity***" means the limited liability company interests of Reorganized Holdings.

"***New Limited Liability Company Agreement***" means the limited liability company agreement of Reorganized Holdings as of the Closing Date, which shall be in the form attached hereto as Exhibit D subject to confirmation and completion of bracketed items and schedules in accordance with the terms of this Agreement.

"***Order***" means any judgment, order, award, injunction, writ, permit, license or decree of any Governmental Entity or arbitrator of applicable jurisdiction.

"***Owned Real Property***" means all real property and interests in real property owned, in whole or in part, directly or indirectly by the Company and its Subsidiaries, together with all buildings, fixtures and improvements now or subsequently located thereon, and all appurtenances thereto.

"***PBA***" means the Pension Benefits Act (Ontario) as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder, or any similar law of another province in Canada governing the Canadian Pension Plans.

"***PBGC***" means the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"***Permitted Liens***" means (a) Liens for Taxes that (i) are not yet due and payable or (ii) are being contested in good faith by appropriate proceedings and for which adequate reserves have been made with respect thereto; (b) mechanics or construction Liens and similar Liens for labor, materials or supplies provided with respect to any Owned Real Property or personal property of the Company or any of its Subsidiaries incurred in the ordinary course of business consistent with past practice and for amounts that do not materially detract from the value of, or materially impair the use of, any of the Owned Real Property or personal property of the Company or any of its Subsidiaries; (c) zoning, building codes and other land use Laws regulating the use or occupancy of any Owned Real Property or the activities conducted thereon that are imposed by any Governmental Entity having jurisdiction over such real property and that do not prohibit the current or currently proposed use or occupancy of such Owned Real Property; (d) easements, covenants, conditions, restrictions and other similar matters affecting title to any Owned Real Property and other title defects that do not or would not reasonably be expected to materially impair the use or occupancy of such real property in the current or currently proposed operation of the Company's or any of its Subsidiaries' business; and (e) Liens that, pursuant to the Confirmation Order or corresponding Recognition Order, will not survive beyond the Effective Date.

"***Person***" means an individual, firm, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, associate, trust, Governmental Entity or other entity or organization.

"***Plan***" means the Debtors' First Amended Joint Plan of Reorganization substantially in the form attached hereto as Exhibit A and otherwise mutually satisfactory Requisite Plan Sponsors and the Company, as may be amended, supplemented or otherwise modified from time to time pursuant to the terms of this Agreement.

"***Plan Solicitation Motion***" means the Debtors' Motion for an Order, which may be the UPA Approval Order, in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company and among other things, (a) approving the Disclosure Statement (including approving the Disclosure Statement as containing "adequate information" (as that term is used by Section 1125 of the Bankruptcy Code)); (b) establishing a voting record date for the Plan; (c) approving solicitation packages and procedures for the distribution thereof; (d) approving the forms of ballots; (e) establishing procedures for voting on the Plan; (f) establishing notice and objection procedures for the confirmation of the Plan; and (g) establishing procedures for the assumption and/or assignment of executory Contracts and unexpired leases under the Plan, to be filed with the Bankruptcy Court on or about the date hereof.

"***Plan Solicitation Order***" means an Order entered by the Bankruptcy Court, which may be the UPA Approval Order, substantially in the form attached to the Plan Solicitation Motion, which Order (a) shall, among other things, approve the relief sought in the Plan Solicitation Motion, including (i) the Disclosure Statement; and (ii) the commencement of a solicitation of votes to accept or reject the Plan, and (b) shall be in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company.

"***Plan Sponsor Default***" means, with respect to any Plan Sponsor, the failure by such Plan Sponsor to purchase such Plan Sponsor's Emergence Equity Units pursuant to and in accordance with the Plan and this Agreement.

"***Prepetition BBVA Debt Documents***" means the Prepetition BBVA Facility together with all security, pledge, mortgage, and guaranty agreements and all other documentation executed in connection with the Prepetition BBVA Facility, each as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***Prepetition BBVA Facility***" means that certain Credit Agreement, dated as of August 28, 2012, by and between the Company, Horsehead Corporation, and BBVA as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***Prepetition BBVA Debt Facility Claims***" means any and all Claims of BBVA under the Prepetition BBVA Debt Documents.

"***Prepetition Convertible Senior Notes Indenture***" means that certain Indenture for the 3.80% Convertible Senior Notes due July 2017, dated as of July 27, 2011, by and among the Company and U.S. Bank National Association, as trustee, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Company issued those certain 3.80% Convertible Senior Notes due July 2017 to the holders thereof (such notes, the "***Prepetition Convertible Senior Notes***", the holders thereof, the "***Prepetition Convertible Senior Noteholders***" and, such claims of the Prepetition Convertible Senior Noteholders under the Prepetition Convertible Senior Notes Indenture, the "***Prepetition Convertible Senior Note Claims***").

"***Prepetition Debt Documents***" means the Prepetition Macquarie Debt Documents, the Prepetition Convertible Senior Notes Indenture, the Prepetition Senior Secured Notes Indenture, the Prepetition Senior Unsecured Notes Indenture, and the Prepetition BBVA Debt Documents.

"***Prepetition Macquarie Debt Documents***" means the Prepetition Macquarie Facility together with all security, pledge, mortgage, and guaranty agreements and all other documentation executed in connection with the Prepetition Macquarie Facility, each as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***Prepetition Macquarie Facility***" means that certain Credit Agreement, dated as of June 30, 2015, by and among Horsehead Corporation, a Debtor and Subsidiary of the Company, the borrowers and guarantors from time to time party thereto, the lenders from time to time party thereto (the "***Prepetition Macquarie Lenders***"), and Macquarie Bank Limited, as administrative agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"***Prepetition Macquarie Facility Claims***" means any and all Claims of the Prepetition Macquarie Lenders under the Prepetition Macquarie Debt Documents.

"***Prepetition Senior Unsecured Notes Indenture***" means that certain Indenture for the 9.00% Senior Notes due 2017, dated as of July 29, 2014, by and among the Company, the subsidiary guarantors from time to time party thereto, and U.S. Bank National Association, as trustee, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Company issued those certain 9.00% Senior Unsecured Notes due June 2017 to the holders thereof (such notes, the "***Prepetition Senior Unsecured Notes***", the holders thereof, the "***Prepetition Senior Unsecured Noteholders***", and, such claims of the Prepetition Senior Unsecured Noteholders under the Prepetition Senior Unsecured Notes Indenture, the "***Prepetition Senior Unsecured Note Claims***").

"***Prepetition Senior Unsecured Notes Emergence Equity Units***" means the New Common Equity to be issued pursuant to the Plan in an amount equal to two and one-half percent (2.5%) of the Total Outstanding Units as of the Effective Date, subject to dilution by any units of New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the terms of the MEIP, or (c) on account of the Additional Capital Commitment Units at any time on or after the Closing Date

"***Purchase Percentage***" means, with respect to a Plan Sponsor, such Plan Sponsor's percentage of the Emergence Equity Units as set forth opposite such Plan Sponsor's name under the column titled "Purchase Percentage" on Schedule 2 (as it may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement).

"***Purchase Price***" means a price per Emergence Equity Unit equal to (a) $160,000,000, divided by (b) 627,620.00.

"***Real Property Leases***" means those leases, subleases, licenses, concessions and other Contracts, as amended, modified or restated, pursuant to which the Company or one of its Subsidiaries holds a leasehold or subleasehold estate in, or is granted the right to use or occupy, any land, buildings, structures, improvements, fixtures or other interest in real property used in the Company's or its Subsidiaries' business.

"***Recognition Order***" means, as applicable, an Order of the Canadian Court, in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company, recognizing and enforcing in Canada the Confirmation Order, UPA Approval Order, UPA Consummation Approval Order, Plan Solicitation Order, or any other Order of the Bankruptcy Court.

"***Related Party***" means, with respect to any Person, (a) any former, current or future director, officer, agent, Affiliate, employee, general or limited partner, member, manager or stockholder of such Person and (b) any former, current or future director, officer, agent, Affiliate, employee, general or limited partner, member, manager or stockholder of any of the foregoing.

"***Reorganized Holdings***" means Horsehead Holding LLC, as converted to a Delaware limited liability company and otherwise reorganized pursuant to the Plan.

"***Reorganized Holdings Corporate Documents***" means the New Limited Liability Company Agreement, the New Certificate of Formation and the Certificate of Conversion.

"***Representatives***" means, with respect to any Person, such Person's directors, officers, members, partners, managers, employees, agents, investment bankers, attorneys, accountants, advisors and other representatives.

"***Requisite Plan Sponsors***" means Plan Sponsors holding at least a majority of the aggregate Votable Claims of all Plan Sponsors as of the date on which the consent or approval of such Plan Sponsors is solicited; *provided*, *however*, that for purposes of this definition, each Plan Sponsor shall be deemed to hold the Votable Claims held by such Plan Sponsor's Related Purchasers.

"***SEC***" means the United States Securities and Exchange Commission.

"***Securities Act***" means the Securities Act of 1933.

"***Subscription Agent***" means Epiq Bankruptcy Solutions, LLC.

"***Subsidiary***" means, with respect to any Person, any corporation, partnership, joint venture or other legal entity as to which such Person (either alone or through or together with any other Subsidiary), (a) owns, directly or indirectly, more than fifty percent (50%) of the stock or other equity interests, (b) has the power to elect a majority of the board of directors or similar governing body or (c) has the power to direct the business and policies.

"***Superior Proposal***" means a *bona fide* written proposal to consummate an Alternative Transaction made by a third party on terms which the Board of Directors of the Company determines in good faith by a vote of a majority of the entire board of directors (after consultation with the Debtors' legal and financial advisors), taking into account all legal, financial, regulatory and other aspects of the proposal and the party making such proposal, that such proposal (A) (i) would, if consummated in accordance with its terms, be more favorable, from a financial point of view, to the relevant stakeholders of the Debtors than the transactions contemplated by the Plan, (ii) contains conditions which are all reasonably capable of being satisfied in a timely manner and (iii) is not subject to any "diligence outs", "financing outs", "financing contingencies" or similar contingencies and, to the extent financing for such proposal is required, that such financing is then committed; and (B) provides (i) that all allowed Claims be treated no less favorably than as provided by the Plan and this Agreement on the Effective Date, (ii) a recovery to holders of Prepetition Senior Secured Notes Claims at least as favorable as the recovery set forth in the Plan and this Agreement and, in any event, resulting in the indefeasible repayment of all Prepetition Senior Secured Notes Claims and DIP Loan Claims, in cash, on the effective date (or consummation of) of such Superior Proposal and (iii) a higher and better recovery for the other creditors of the Debtors, taking into account all aspects of such proposal and the Alternative Transaction contemplated thereby.

"***Takeover Statute***" means any restrictions contained in any "fair price," "moratorium," "control share acquisition", "business combination" or other similar anti-takeover statute or regulation.

"***Taxes***" means all taxes, assessments, duties, levies or other mandatory governmental charges paid to a Governmental Entity, including all federal, provincial, state, local, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value-added, occupation, excise, severance, windfall profits, stamp, payroll, social security, withholding, goods and services and harmonized sales and other taxes, assessments, duties, levies or other mandatory governmental charges of any kind whatsoever paid to a Governmental Entity (whether payable directly or by withholding and whether or not requiring the filing of a Return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest thereon and shall include any Liability for such amounts as a result of being a member of a combined, consolidated, unitary or affiliated group.

"***Total Outstanding Units***" means the total number of units of New Common Equity issued and outstanding as of the Closing Date and as provided in the Plan, including the Emergence Equity Units and the Prepetition Senior Unsecured Notes Emergence Equity Units and excluding any units of New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the terms of the MEIP, or (c) on account of the Additional Capital Commitment at any time on or after the Closing Date.

"***Transfer***" means sell, transfer, assign, pledge, hypothecate, participate, donate or otherwise encumber or dispose of, directly or indirectly.

"***Unfunded Current Liability***" means, with respect to any ERISA Plan, the amount, if any, by which the value of the accumulated plan benefits under the ERISA Plan determined in accordance with actuarial assumptions used in the most recent actuarial report for such ERISA Plan, exceeds the fair market value of all plan assets.

"***UPA Approval Obligations***" means the obligations of the Company under this Agreement, including the obligations with respect to and the terms of the Expense Reimbursement, and any and all other fees and expenses to be paid pursuant to this Agreement.

"***UPA Approval Order***" means an Order entered by the Bankruptcy Court authorizing the Debtors' performance of the UPA Approval Obligations, in the form mutually satisfactory to the Requisite Plan Sponsors and the Company.

"***Warrant Agreement***" has the meaning set forth in the Plan.

"***Warrants***" means those certain warrants to acquire 70,213 units of the New Common Equity (which will be equal to six percent (6%) of the outstanding and reserved units of New Common Equity as of the Effective Date), which warrants (a) shall be exercisable, as of the Effective Date, at a price per unit equal to $737,500,000.00 divided by 1,170,213, (b) shall expire on the six (6) year anniversary of the Closing Date, (c) shall otherwise be in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company and negotiated in good faith with the Creditors' Committee (as defined in the Plan), and (d) shall be subject to dilution by any units of New Common Equity to be issued on account of the Additional Capital Commitment Units at any time on or after the Closing Date.

Section 1.2 Construction. In this Agreement, unless the context otherwise requires:

(a) references to Articles, Sections, Exhibits and Schedules are references to the articles and sections or subsections of, and the exhibits and schedules attached to, this Agreement;

(b) the descriptive headings of the Articles and Sections of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement;

(c) references in this Agreement to "writing" or comparable expressions include a reference to a written document transmitted by means of electronic mail in portable document format (pdf), facsimile transmission or comparable means of communication;

(d) words expressed in the singular number shall include the plural and vice versa; words expressed in the masculine shall include the feminine and neuter gender and vice versa;

(e) the words "hereof", "herein", "hereto" and "hereunder", and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including all Exhibits and Schedules attached to this Agreement, and not to any provision of this Agreement;

(f) the term this "Agreement" shall be construed as a reference to this Agreement, including the Exhibits and Schedules hereto, as the same may have been, or may from time to time be, amended, modified, varied, novated or supplemented in accordance with its terms;

(g) "include", "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words;

(h) references to "day" or "days" are to calendar days;

(i) time is of the essence in the performance of the obligations of each of the Parties;

(j) references to "the date hereof" means as of the date of this Agreement;

(k) unless otherwise specified, references to a statute means such statute as amended from time to time and includes any successor legislation thereto and any rules or regulations promulgated thereunder; *provided*, *however*, that, for the purposes of the representations and warranties set forth

herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance with, any Law, the reference to such Law means such Law as in effect at the time of such violation or non-compliance or alleged violation or non-compliance;

(l) any disclosure made by a party in any Schedule with reference to any Section or Schedule of this Agreement shall be deemed to be a disclosure with respect to any other Section or Schedule to which such disclosure may apply to the extent the applicability of such additional disclosure is reasonably apparent on its face and any disclosure in the Disclosure Statement will be deemed to qualify a representation or warranty to the extent that the relevance of such disclosure to such representation or warranty reasonably apparent on its face. The information contained in this Agreement, in the Schedule and Exhibits hereto is disclosed solely for purposes of this Agreement, and no information contained herein or therein will be deemed to be an admission by any Party to any Person of any matter whatsoever, including any violation of Law or breach of Contract;

(m) all references to votes or voting in this Agreement include votes or voting on a plan of reorganization under the Bankruptcy Code, including with respect to the Plan; and

(n) references to "U.S. dollars", "dollars" or "$" are to the legal currency of the United States of America, in United States dollars.

Section 1.3 Cross References to Other Defined Terms. Each capitalized term listed below is defined on the corresponding page of this Agreement:

ARTICLE II

UNIT PURCHASE

Section 2.1 Additional Capital Commitment.

(a) On and subject to the terms and conditions hereof, including entry of the UPA Approval Order by the Bankruptcy Court and corresponding Recognition Order of the Canadian Court, each Eligible Holder shall have the right to elect to commit, by providing written notice to the parties hereto pursuant to Section 10.4, on or prior to the Expiration Time, to purchase its respective ACC Purchase Percentage (and not less than or more than its ACC Purchase Percentage) of the Additional Capital Commitment Units (each Eligible Holder who duly commits to purchase its ACC Purchase Percentage of Additional Capital Commitment Units in accordance with the terms hereof, an "***Additional Capital Commitment Participant***").

(b) Pursuant to and subject to the terms and conditions hereof, from and after the Closing until the six (6) month anniversary of the Closing (but only so long as each of the conditions set forth in Section 2.1(d) shall have been satisfied or waived in accordance with this Agreement), Reorganized Holdings may elect to call, on a *pro rata* basis (as calculated by each Additional Capital Commitment Participant's share of the Additional Capital Commitment Amount, such Additional Capital Commitment Participant's "***ACC Pro Rata Share"***), all or any portion of the Additional Capital Commitment of the Additional Capital Commitment Participants by providing written notice to each Additional Capital Commitment Participant (the "***ACC Call Notice***"), which ACC Call Notice shall (i) be distributed to each Additional Commitment Participant, (ii) specify the applicable purchase price and ACC Pro Rata Share of Additional Capital Commitment Units to be purchased by such Additional Capital Commitment Participant pursuant to such ACC Call Notice, (iii) provide instructions for the payment of the applicable purchase price, including Reorganized Holdings' wire instructions, for the Additional Capital Commitment Units to be purchased, and (iv) specify the date on which the purchase and issuance of the Additional Capital Commitment Units shall take place (which date shall be at least thirty (30) days following the date of such ACC Call Notice (any such applicable date, an "***ACC Closing Date***").

(c) On any ACC Closing Date and in each case, pursuant to and subject to the terms and conditions hereof, each Additional Capital Commitment Participant agrees, severally and neither jointly nor jointly and severally, to purchase, and the Company agrees to issue, on such applicable ACC Closing Date, for the applicable purchase price per Additional Capital Commitment Unit, such Additional Capital Commitment Participant's ACC Pro Rata Share of the aggregate number of Additional Capital Commitment Units, rounded among the Additional Capital Commitment Participants solely to avoid fractional units as the Requisite Plan Sponsors may determine in their sole discretion. Each Additional Capital Commitment Participant will be irrevocably committing, severally and neither jointly nor jointly and severally, to purchase its respective ACC Pro Rata Share of the Additional Capital Commitment Units when and as called by Reorganized Horsehead pursuant to and subject to the terms and conditions hereof, including this Section 2.1. On the ACC Closing Date, each Additional Capital Commitment Participant shall enter into a customary and reasonable subscription agreement evidencing their purchase

and providing the same representations and warranties such Additional Capital Commitment Participant set forth in Sections 5.1 through 5.12 (inclusive).

(d) Each Additional Capital Commitment Participant will have, severally and neither jointly nor jointly and severally, the obligation to purchase such Additional Capital Commitment Participant's ACC Pro Rata Share of the aggregate number of Additional Capital Commitment Units when and as called by Reorganized Holdings after the Closing on the ACC Closing Date, subject to the terms hereof and the satisfaction of each of the following conditions:

(i) the approval of three quarters (3/4) of all directors of Reorganized Holdings;

(ii) the Additional Capital Commitment Units will be issued (if at all) at a price per unit equal to the lower of (x) a value per unit implied by a total equity value of Reorganized Holdings and its Subsidiaries equal to $235,450,000; and (y) if, and only if, the spot price of zinc listed on the London Metals Exchange ("LME") has been below $0.80/lb for ten (10) consecutive Business Days prior to the date of issuance of the applicable ACC Call Notice, the fair market value of such units at the time of issuance (as determined by a nationally recognized independent valuation firm selected in good faith by the board of directors of Reorganized Holdings); *provided, however,* that such fair market value shall in no event be less than seventy-five percent (75%) of $277,000,000; and

(iii) Reorganized Holdings shall not have spent, or committed to spend, any money on operating or improving its Mooresboro facility unless and until it has first called all of the Additional Capital Commitment Units for such purpose, and the Additional Capital Commitment Units shall only be called and shall be used exclusively for such purpose.

Section 2.2 Emergence Equity Purchase. On and subject to the terms and conditions hereof, including entry of the UPA Approval Order by the Bankruptcy Court and corresponding Recognition Orders of the Canadian Court, each Plan Sponsor agrees, severally and neither jointly nor jointly and severally, to purchase, and the Company agrees to issue, on the Closing Date, for the Purchase Price per Emergence Equity Unit, such Plan Sponsor's Purchase Percentage of the aggregate number of Emergence Equity Units, rounded among the Plan Sponsors solely to avoid fractional units as the Requisite Plan Sponsors may determine in their sole discretion (such obligation to purchase such Emergence Equity Units, the "***Emergence Equity Purchase***"). Schedule 2 sets forth (i) each Plan Sponsor participating in the Emergence Equity Purchase and (ii) such Plan Sponsor's respective Purchase Percentage and Emergence Equity Units, in each case, as of the date hereof and prior to any amendments, restatements, or allocations as contemplated and permitted hereby.

Section 2.3 Plan Sponsor Default.

(a) Upon the occurrence of a Plan Sponsor Default, each Plan Sponsor (together, but, in each case, excluding any Defaulting Plan Sponsor, the "***Replacing Plan Sponsors***") shall have the right, but not the obligation, within five (5) Business Days after receipt of written notice from the Company to such Replacing Plan Sponsors of such Plan Sponsor Default, which notice shall be given promptly following the occurrence of such Plan Sponsor Default and to all Replacing Plan Sponsors at the same time (such five (5) Business Day period, the "***Plan Sponsor Replacement Period***"), to make arrangements for one or more of the Replacing Plan Sponsors to purchase all or any portion of the Available Units (such purchase, a "***Plan Sponsor Replacement***") on the terms and subject to the conditions set forth in this Agreement and in such amounts based upon the applicable Purchase Percentage of any such Replacing Plan Sponsors as compared to all Replacing Plan Sponsors or as may

otherwise be agreed upon by each of the Replacing Plan Sponsors electing to commit to purchase all or any portion of the Available Units and notified in writing to the Company prior to the expiration of the Plan Sponsor Replacement Period. Any such Available Units purchased by a Replacing Plan Sponsor shall be included, among other things, in the determination of (i) the Emergence Equity Units of such Replacing Plan Sponsor for all purposes hereunder and (ii) the Emergence Equity Purchase of such Replacing Plan Sponsors for purposes of the definition of Requisite Plan Sponsors. If a Plan Sponsor Default occurs, the Outside Date shall be delayed only to the extent necessary to allow for the Plan Sponsor Replacement to be completed within the Plan Sponsor Replacement Period.

(b) Notwithstanding anything to the contrary in this Agreement, (i) nothing in this Agreement shall be deemed to require a Plan Sponsor to (A) purchase more than its respective Purchase Percentage of Emergence Equity Units set forth on Schedule 2 or otherwise be liable in any way for any other Plan Sponsor's Purchase Percentage of the Emergence Equity Units, or (B) purchase any Additional Capital Commitment Units or otherwise be liable in any way for any other Plan Sponsor's purchase of the Additional Capital Commitment Units; (ii) the representations, warranties, agreements, and obligations of each Plan Sponsor under this Agreement are, in all respects, several and neither joint nor joint and several, and (iii) except as contemplated by the provisions of Section 2.6 or Section 6.5 with respect to a Transfer in accordance with such Section(s), in no event shall a Plan Sponsor have any liability for any representation, warranty, agreement or obligation of any other Party. For the avoidance of doubt, notwithstanding anything to the contrary set forth in Section 9.2, but subject to Section 10.13, no provision of this Agreement shall relieve any Defaulting Plan Sponsor from liability hereunder, or limit the availability of the remedies set forth in Section 10.12, in connection with such Defaulting Plan Sponsor's Plan Sponsor Default.

Section 2.4 Subscription Escrow Account Funding.

(a) Funding Notice. No later than the fifth (5^{th}) Business Day following the Expiration Time and at least five (5) Business Days prior to the anticipated Closing Date, the Company shall deliver to each Plan Sponsor set forth on Schedule 2 a written notice (the "***Funding Notice***") of (i) an amended and restated Schedule 2 to reflect any revisions for a Plan Sponsor Default, as contemplated by and pursuant to Section 2.3; (ii) the aggregate number of Emergence Equity Units, and the aggregate Purchase Price implied thereby; (iii) the account to which such Plan Sponsor shall deliver and pay the aggregate Purchase Price for such Plan Sponsor's Purchase Percentage of the Emergence Equity Units (the "***Subscription Escrow Account***") pursuant to Section 2.2 (in each case, as may be adjusted pursuant to Section 2.3); and (iv) the number of Additional Capital Commitment Units which the Plan Sponsors have subscribed for and committed to purchase. The Company shall promptly provide any written backup, information and documentation relating to the information contained in the applicable Funding Notice as any Plan Sponsor may reasonably request.

(b) Subscription Escrow Account Funding. No later than the second (2^{nd}) Business Day following receipt of the Funding Notice (such date, the "***Subscription Escrow Funding Date***"), each Plan Sponsor shall deliver and pay an amount equal to (i) the Purchase Price, multiplied by (ii) such Plan Sponsor's Purchase Percentage of the Emergence Equity Units as set forth on Schedule 2 (as amended and restated to reflect any revisions for a Plan Sponsor Default, in each case, as contemplated by and pursuant to Section 2.3), by wire transfer in immediately available funds in U.S. dollars into the Subscription Escrow Account in satisfaction of such Plan Sponsor's Emergence Equity Purchase; *provided, however*, that each Plan Sponsor may elect, in its sole and absolute discretion and by written notice to the DIP Agent and the Company, and the Subscription Agent, to fund any portion of its respective Emergence Equity Purchase by agreeing to cause the DIP Agent, and directing the DIP Agent, to pay any amounts to be paid to such Plan Sponsor under the terms of the DIP Loan to Subscription Escrow Account and, upon such direction, any such amounts shall be deemed paid by such Plan Sponsor

to the Subscription Escrow Account and shall be held pursuant to the terms hereof and the Subscription Escrow Agreement. The Subscription Escrow Account shall be established with the Subscription Agent, pursuant to an escrow agreement in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company (the "***Subscription Escrow Agreement***"). The funds held in the Subscription Escrow Account shall be released, and each Plan Sponsor shall receive from the Subscription Escrow Account the cash amount actually funded to the Subscription Escrow Account by such Plan Sponsor, plus any interest accrued thereon, promptly following the earlier to occur of (i) the termination of this Agreement in accordance with its terms and (ii) the Outside Date if, by such date, the Closing has not occurred.

Section 2.5 Closing.

(a) Subject to ARTICLE VIII, unless otherwise mutually agreed in writing between the Company and the Requisite Plan Sponsors, the closing of the Emergence Equity Purchase (the "***Closing***") shall take place by electronic exchange of documents (or, if the parties agree to hold a physical closing, at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, at 10:00 a.m., prevailing Eastern time, on the date on which all of the conditions set forth in Sections 7.1 and 7.3 shall have been satisfied or waived in accordance with this Agreement (other than conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The date on which the Closing actually occurs shall be referred to herein as the "***Closing Date***".

(b) At the Closing, the funds held in the Subscription Escrow Account shall be released and utilized as set forth in, and in accordance with, the Plan and the Subscription Escrow Agreement.

(c) At the Closing, Reorganized Holdings shall issue the Emergence Equity Units, in each case, free and clear of any and all Liens, to each Plan Sponsor (or to its designee in accordance with Section 2.6(a)) against payment of the aggregate Purchase Price for the Emergence Equity Units by such Plan Sponsor pursuant to the terms of Sections 2.2 and 2.4(b). Unless a Plan Sponsor requests delivery of a physical unit certificate, the entry of any Emergence Equity Units to be delivered pursuant to this Section 2.5(c) into the account of a Plan Sponsor pursuant to Reorganized Holdings' book entry procedures and delivery to such Plan Sponsor of an account statement reflecting the book entry of such Emergence Equity Units shall be deemed delivery of such Emergence Equity Units for purposes of this Agreement. Notwithstanding anything to the contrary in this Agreement, all Emergence Equity Units will be delivered with all issue, stamp, transfer, sales and use, or similar transfer Taxes or duties that are due and payable (if any) in connection with such delivery duly paid by Reorganized Holdings.

Section 2.6 Designation and Assignment Rights.

(a) Each Plan Sponsor shall have the right to designate by written notice to the Company no later than two (2) Business Days prior to the Closing Date that some or all of its Emergence Equity Units be issued in the name of, and delivered to, one or more of its Affiliates or Affiliated Funds (other than any portfolio company of such Plan Sponsor or its Affiliates) (each a "***Related Purchaser***") upon receipt by the Company of payment therefor in accordance with the terms hereof, which notice of designation shall (i) be addressed to the Company and signed by such Plan Sponsor and each such Related Purchaser, (ii) specify the number of Emergence Equity Units, as applicable, to be delivered to or issued in the name of such Related Purchaser and (iii) contain a confirmation by each such Related Purchaser of the accuracy of the representations set forth in Section 5.1 through Section 5.10 as applied to such Related Purchaser; *provided*, *however*, that no such designation pursuant to this Section 2.6(a) shall relieve such Plan Sponsor from its obligations under this Agreement.

(b) Each Plan Sponsor shall have the right to designate by written notice to the Company no later than two (2) Business Days prior to the closing of the Additional Capital Commitment that some or all of its Additional Capital Commitment Units be issued in the name of, and delivered to, a Related Purchaser upon receipt by the Company of payment therefor in accordance with the terms hereof, which notice of designation shall (i) be addressed to the Company and signed by such Plan Sponsor and each such Related Purchaser, (ii) specify the number of Additional Capital Commitment Units to be delivered to or issued in the name of such Related Purchaser and (iii) contain a confirmation by each such Related Purchaser of the accuracy of the representations set forth in Section 5.1 through Section 5.10 as applied to such Related Purchaser; *provided, however,* that no such designation pursuant to this Section 2.6(b) shall relieve such Plan Sponsor from its obligations under this Agreement.

(c) No Plan Sponsor shall have the right to Transfer all or any portion of its Emergence Equity Purchase rights hereunder other than to (i) another Plan Sponsor, (ii) any party that signs a joinder hereto ("***Joinder Agreement***"), in the form of Exhibit C, pursuant to which such party agrees to be bound by the terms, conditions and obligations of such transferring Plan Sponsor in the same manner and subject to the same terms, conditions and obligations as such transferring Plan Sponsor was bound hereunder, (iii) any investment fund (A) the primary investment advisor to which is such Plan Sponsor or an Affiliate thereof or (B) that is a bona fide holder of the majority of the limited partnership or similar interests of a Plan Sponsor (collectively, an "***Affiliated Fund***") or (iv) any special purpose vehicle that is, and only for so long as it continues to be, wholly-owned by such Plan Sponsor or its Affiliated Funds, created for the purpose of holding such Emergence Equity Units, or holding debt or equity of the Debtors, and with respect to which such Plan Sponsor either (A) has provided an adequate equity support letter or a guarantee of such special purpose vehicle's Emergence Equity Units, in either case, that is reasonably satisfactory to the Company or (B) otherwise remains obligated to fund the Emergence Equity Units, to be Transferred until the Closing (each such Person, an "***Ultimate Purchaser***"), and that, in each case, agrees in a writing addressed to the Company (x) to purchase such portion of such Plan Sponsor's Emergence Equity Units, and (y) to be fully bound by, and subject to, this Agreement as, and with the rights and obligations of, a Plan Sponsor hereto; *provided, however*, that no sale or Transfer pursuant to this Section 2.6(c) shall relieve such Plan Sponsor from its obligations under this Agreement. Any Transferee of Emergence Equity Purchase rights in accordance with this Section 2.6(c) shall be deemed to be a Plan Sponsor, and shall have the rights and obligations of a Plan Sponsor, to the extent of the interests so Transferred thereto. Any purported Transfer of all or any portion of any Emergence Equity Units not in accordance with this Section 2.6(c) will be void *ab initio*.

(d) Each Plan Sponsor, severally and neither jointly nor jointly and severally, agrees that it will not Transfer, at any time during the Pre-Closing Period, any of its rights and obligations under this Agreement to any Person other than in accordance with Sections 2.3, 2.6 or 6.5. After the Closing Date, nothing in this Agreement shall limit or restrict in any way any Plan Sponsor's ability to Transfer any of its Emergence Equity Units or any interest therein; *provided, however*, that any such Transfer shall be made pursuant to (i) an effective registration statement under the Securities Act or an exemption from the registration requirements thereunder and pursuant to applicable securities Laws and (ii) the terms of any applicable Reorganized Holdings Corporate Documents.

ARTICLE III

EXPENSE REIMBURSEMENT

Section 3.1 Expense Reimbursement.

(a) Until the earlier to occur of (i) the Closing and (ii) the Termination Date, the Debtors agree to pay in accordance with Section 3.1(b) the reasonable and documented fees and expenses

of counsel, financial advisors, consultants, and other professionals (including any personnel search firms used by the Plan Sponsors in connection with a search for the directors or managers contemplated by the Reorganized Holdings Corporate Documents) for specialized areas of expertise as circumstances warrant retained by the Plan Sponsors, including such fees and expenses of Akin Gump Strauss Hauer & Feld LLP, Cassels Brock & Blackwell LLP, Ashby & Geddes, Dechert LLP, Tenova Bateman Sub-Saharan Africa, Womble Carlyle Sandridge & Rice, LLP, Ropes & Gray LLP, and Moelis & Company, in each case, that have been and are incurred in connection with (x) the negotiation, preparation and implementation of this Agreement (including the Emergence Equity Purchase), the Plan, the Transaction Agreements and the other agreements and transactions contemplated hereby and thereby or (y) the Restructuring, the Chapter 11 Proceedings and the Recognition Proceedings (such payment obligations, collectively, the "***Expense Reimbursement***").

(b) The Expense Reimbursement accrued through the date on which the UPA Approval Order is entered shall be paid within one (1) Business Day of such date. The Expense Reimbursement shall thereafter be payable by the Debtors promptly after receipt of monthly invoices therefor; *provided*, *however*, that the Debtors' shall pay any and all then outstanding Expense Reimbursements simultaneously with the Closing or simultaneous with the termination of this Agreement in accordance with applicable provisions of ARTICLE IX. The Plan Sponsors shall promptly provide copies of such invoices (redacted to protect privileges) to the Debtors and to the Office of the United States Trustee for the District of Delaware.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the corresponding section of the Company Disclosure Schedule (subject to Section 1.2(l)), the Company hereby represents and warrants to the Plan Sponsors (unless otherwise set forth herein, as of the date hereof and as of the Closing Date) as set forth below.

Section 4.1 Organization and Qualification. The Company and each of its Subsidiaries (a) is a duly organized and validly existing corporation, limited liability company or limited partnership, as the case may be, in good standing (or equivalent thereof) under the Laws of the jurisdiction of its incorporation or formation, (b) has the corporate or other applicable power and authority to own its properties and assets and to transact the business in which it is currently engaged and presently proposes to engage and (c) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business as currently conducted requires such qualifications, except, in the case of this clause (c), where the failure to be so qualified or authorized would not reasonably be expected to have a Material Adverse Effect.

Section 4.2 Corporate Power and Authority.

(a) The Company has the requisite corporate power and authority (i) subject to entry of the UPA Approval Order and, with respect to property in Canada, the corresponding Recognition Order, to enter into, execute and deliver this Agreement and to perform the UPA Approval Obligations and (ii) subject to entry of the UPA Consummation Approval Order, the Confirmation Order, and the corresponding Recognition Orders, to consummate the transactions contemplated herein and in the Plan, to perform each of its other obligations hereunder, to enter into, execute and deliver each Plan-Related Document, each Rights Offering Document, each Reorganized Holdings Corporate Document and all other documents, agreements, certificates, supplements, and instruments referred to or contemplated herein or therein or hereunder or thereunder to which it will be a party as contemplated by this Agreement and the Plan (this Agreement, the Plan, the Disclosure Statement, the Plan-Related Documents, the

Reorganized Holdings Corporate Documents, and such other documents, agreements, certificates, supplements, and instruments referred to or contemplated herein or therein or hereunder or thereunder, collectively, the "***Transaction Agreements***") and to perform its obligations under each of the Transaction Agreements (other than this Agreement). Subject to the receipt of the foregoing Orders, as applicable, the execution and delivery of this Agreement and each of the other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby have been or will be duly authorized by all requisite corporate action on behalf of the Company, and no other corporate proceedings on the part of the Company are or will be necessary to authorize this Agreement or any of the other Transaction Agreements or to consummate the transactions contemplated hereby or thereby.

(b) Subject to entry of the UPA Consummation Approval Order, the Confirmation Order, and, with respect to property in Canada, the corresponding Recognition Orders, each of the other Debtors has the requisite power and authority (corporate or otherwise) to enter into, execute and deliver each Transaction Agreement to which such other Debtor is a party and to perform its obligations thereunder. Subject to entry of the UPA Consummation Approval Order, the Confirmation Order, and the corresponding Recognition Orders, the execution and delivery of this Agreement and each of the other Transaction Agreements to which such other Debtor is a party and the consummation of the transactions contemplated hereby and thereby have been or will be duly authorized by all requisite action (corporate or otherwise) on behalf of each other Debtor party thereto, and no other proceedings on the part of any other Debtor party thereto are or will be necessary to authorize this Agreement or any of the other Transaction Agreements or to consummate the transactions contemplated hereby or thereby.

(c) Subject to entry of the UPA Consummation Approval Order, the Confirmation Order, and, with respect to property in Canada, the corresponding Recognition Orders, each of the Company and the other Debtors has the requisite corporate power and authority to perform its obligations under the Plan, and has taken all necessary corporate actions required for the due consummation of the Plan in accordance with its terms.

Section 4.3 Execution and Delivery; Enforceability.

(a) Subject to entry of the UPA Consummation Approval Order, and, with respect to property in Canada, the corresponding Recognition Order, this Agreement will have been, and subject to the entry of the UPA Consummation Approval Order, the Confirmation Order, and the corresponding Recognition Orders, each other Transaction Agreement will be, duly executed and delivered by the Company and each of the other Debtors party thereto.

(b) Upon entry of the UPA Approval Order and, with respect to property in Canada, the corresponding Recognition Order, and assuming due and valid execution and delivery hereof by the Plan Sponsors, the UPA Approval Obligations will constitute the valid and legally binding obligations of the Company and, to the extent applicable, the other Debtors, enforceable against the Company and, to the extent applicable, the other Debtors, in accordance with their respective terms.

(c) Upon entry of the UPA Consummation Approval Order and, with respect to property in Canada, the corresponding Recognition Order, and assuming due and valid execution and delivery of this Agreement and the other Transaction Agreements by the Plan Sponsors, each of the obligations hereunder (with respect to the Debtors only, and other than the UPA Approval Obligations, which are the subject of Section 4.3(b)) and thereunder will constitute the valid and legally binding obligations of the Company and, to the extent the other Debtors are party to the other Transaction Agreements, the other Debtors, enforceable against the Company and, to the extent the other Debtors are party to the other Transaction Agreements, the other Debtors, in accordance with their respective terms.

Section 4.4 Authorized and Issued Units.

(a) Subject to entry of the Confirmation Order and the corresponding Recognition Order and assuming satisfaction of the conditions to Closing set forth in ARTICLE VII, as of the Closing, (i) the membership interests of Reorganized Holdings will consist of one class of New Common Equity, (ii) the outstanding membership interests of Reorganized Holdings as of Closing will consist of 1,000,000 issued and outstanding units of New Common Equity, (iii) no units of New Common Equity will be held by Reorganized Holdings in its treasury, (iv) 100,000 units of New Common Equity will be reserved for issuance upon exercise of options and other rights to purchase or acquire units of New Common Equity granted in connection with the MEIP, (v) 70,213 units of New Common Equity will be reserved for issuance upon exercise of, and subject to adjustment pursuant to the terms of, the Warrants as provided under the Plan and (vi) no warrants to purchase units of New Common Equity will be issued and outstanding other than the Warrants as provided under the Plan.

(b) Neither the Company nor any of its Subsidiaries owns or holds the right to acquire any stock, partnership interest or joint venture interest or other equity ownership interest in any other Person.

(c) Subject to entry of the Confirmation Order and the corresponding Recognition Order and assuming satisfaction of the conditions to Closing set forth in ARTICLE VII, except as set forth in this Section 4.4, as of the Closing, no units of membership interests or other equity securities or voting interest in Reorganized Holdings will have been issued, reserved for issuance or outstanding.

(d) Subject to entry of the Confirmation Order and the corresponding Recognition Order and assuming satisfaction of the conditions to Closing set forth in ARTICLE VII, except as described in this Section 4.4 and except as set forth in the Reorganized Holdings Corporate Documents, as of the Closing, neither Reorganized Holdings nor any of its Subsidiaries will be party to or otherwise bound by or subject to any outstanding option, warrant, call, right, security, commitment, Contract, arrangement or undertaking (including any preemptive right) that (i) obligates Reorganized Holdings or any of its Subsidiaries to issue, deliver, sell or transfer, or repurchase, redeem or otherwise acquire, or cause to be issued, delivered, sold or transferred, or repurchased, redeemed or otherwise acquired, any units of the membership interests of, or other equity or voting interests in, Reorganized Holdings or any of its Subsidiaries or any security convertible or exercisable for or exchangeable into any membership interests of, or other equity or voting interest in, Reorganized Holdings or any of its Subsidiaries, (ii) obligates Reorganized Holdings or any of its Subsidiaries to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking, (iii) restricts the Transfer of any units of membership interests of Reorganized Holdings or any of its Subsidiaries or (iv) relates to the voting of any units of membership interests of Reorganized Holdings.

Section 4.5 Issuance. The units of New Common Equity to be issued pursuant to the Plan, including the units of New Common Equity to be issued pursuant to the terms of this Agreement and pursuant to the Additional Capital Commitment, will, when issued and delivered on the Closing Date with respect to the Emergence Equity Units and on the closing date of the Additional Capital Commitment in accordance with and against delivery of the consideration therefor pursuant to the Plan and this Agreement and the other Transaction Agreements, be duly and validly authorized, issued and delivered and shall be fully paid, and free and clear of any and all Taxes, Liens (other than Transfer restrictions imposed hereunder or under the Reorganized Holdings Corporate Documents or by applicable Law), preemptive rights, subscription and similar rights, other than any rights set forth in the Reorganized Holdings Corporate Documents.

Section 4.6 No Conflict. Assuming the consents described in clauses (a) through (e) of Section 4.7 are obtained, the execution and delivery by the Company and, if applicable, its Subsidiaries of this Agreement, the Plan and the other Transaction Agreements, the compliance by the Company and, if applicable, its Subsidiaries with all of the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein will not (a) materially conflict with, or result in a material breach, modification or violation of, any of the terms or provisions of, or constitute a material default under (with or without notice or lapse of time, or both), or result, except to the extent specified in the Plan, in the acceleration of, or the creation of any Lien under, or cause any material payment or consent to be required under any Contract to which the Company or any of its Subsidiaries will be bound as of the Closing Date after giving effect to the Plan or to which any of the property or assets of the Company or any of its Subsidiaries will be subject as of the Closing Date after giving effect to the Plan, (b) result in any violation of the provisions of the Reorganized Holdings Corporate Documents or any of the organization documents of any of the Company's Subsidiaries or (c) result in any violation of any Law or Order applicable to the Company or any of its Subsidiaries or any of their properties, except, in each of the cases described in clauses (a) or (c), for any conflict, breach, violation, default, acceleration or Lien which would not reasonably be expected, individually or in the aggregate, to prohibit, materially delay or materially and adversely impact the Company's performance of its obligations under this Agreement.

Section 4.7 Consents and Approvals. No consent, approval, authorization, order, registration or qualification of or with any Governmental Entity having jurisdiction over the Company or any of its Subsidiaries or any of their properties is required for the execution and delivery by the Company and, to the extent relevant, its Subsidiaries of this Agreement, the Plan and the other Transaction Agreements, the compliance by the Company and, to the extent relevant, its Subsidiaries with all of the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein, except for (a) the entry of the UPA Approval Order authorizing the Company to execute and deliver this Agreement and perform the UPA Approval Obligations, (b) the entry of the UPA Consummation Approval Order authorizing the Company to perform each of its other obligations hereunder, (c) the entry of the Confirmation Order, (d) the entry of the applicable Recognition Orders with respect to the Orders described in the foregoing clauses (a), (b) and (c) of this Section 4.7, and (e) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or "Blue Sky" Laws or Antitrust Laws in connection with the issuance of the Emergence Equity Units and the Additional Capital Commitment Units pursuant to the exercise of the Subscription Rights, except any consent, approval, authorization, order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to prohibit, materially delay or materially and adversely impact the Company's performance of its obligations under this Agreement or any Debtor's operation of the business or current or currently proposed use, occupancy or operation of any Debtor's assets or properties.

Section 4.8 Arm's-Length. The Company acknowledges and agrees that (a) each of the Plan Sponsors is acting solely in the capacity of an arm's-length contractual counterparty to the Company with respect to the transactions contemplated hereby and not as a financial advisor or a fiduciary to, or an agent of, the Company or any of its Subsidiaries and (b) no Plan Sponsor is advising the Company or any of its Subsidiaries as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

Section 4.9 Financial Statements. The audited consolidated balance sheets of the Company as at December 31, 2015 (the "***Latest Balance Sheet Date***") and the related consolidated statements of operations and of cash flows for the fiscal year ended on such dates, reported on by and accompanied by an unqualified report from BDO USA LLP, (collectively, the "***Financial Statements***"), present fairly, in all material respects, the consolidated financial condition of the Company as at such dates, and the consolidated results of its operations and its consolidated cash flows for the respective

fiscal period or quarter, as the case may be, then ended. All such Financial Statements, including the related schedules and notes thereto, have been prepared in accordance with U.S. generally accepted accounting principles ("***GAAP***") applied consistently throughout the periods involved (except as disclosed therein and, in the case of unaudited Financial Statements, except for the absence of footnote disclosures and year-end adjustments). The Company and its Subsidiaries do not have any material Liabilities required to be disclosed in a balance sheet prepared in accordance with GAAP that are unimpaired pursuant to the Plan, except (a) those that are reflected or reserved against in the Financial Statements as of the Latest Balance Sheet Date, (b) those that have been incurred in the ordinary course of business consistent with past practice since the Latest Balance Sheet Date or pursuant to the DIP Loan or under the Prepetition Debt Documents or (c) those that are set forth in the Debtors schedules of assets and liabilities and statements of financial affairs filed with the Bankruptcy Court.

Section 4.10 Company SEC Documents and Disclosure Statement. Except as set forth in the Company SEC Documents filed since December 31, 2014 but prior to the date hereof, from December 31, 2014 to the Petition Date, the Company has filed all reports, schedules, forms and statements required to be filed with the SEC under the Securities Act or the Exchange Act. As of their respective dates, and giving effect to any amendments or supplements thereto filed since December 31, 2014 and prior to the Petition Date, each of the Company SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act applicable to such Company SEC Documents. From December 31, 2014 to the Petition Date, the Company has filed with the SEC (or incorporated by reference to an earlier filing) all "material contracts" (as such term is defined in Item 601(b)(10) of Regulation S-K under the Exchange Act) that were required to be filed as exhibits to the Company SEC Documents during such period. No Company SEC Document filed since December 31, 2014 and prior to the Petition Date, as of their respective dates and after giving effect to any amendments or supplements thereto and to any subsequently filed Company SEC Documents, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The representation in the preceding sentence does not apply to any projections, forecasts, estimates and forward looking information included in the Company SEC Documents. Disclosure Statement as approved by the Bankruptcy Court will conform in all material respects with Section 1125 of the Bankruptcy Code.

Section 4.11 Absence of Certain Changes. Since the date of the Latest Balance Sheet, (a) there has been no Material Adverse Effect and (b) neither the Company nor any of its Subsidiaries have undertaken any of the actions that would require the consent of the Requisite Plan Sponsors pursuant to Section 6.3(b) of this Agreement if undertaken after the date hereof, except to the extent such actions are disclosed in items 1.01, 1.02, 2.03, 2.04, 4.01 or 5.02 of the Forms 8-K filed by the Company since the date of the Latest Balance Sheet but prior to the date hereof.

Section 4.12 No Violation; Compliance with Laws. (i) The Company is not in violation of its articles of incorporation or bylaws, and (ii) no Subsidiary of the Company is in violation of its respective articles of incorporation or bylaws or similar organizational document in any material respect. Neither the Company nor any of its Subsidiaries is or has been at any time since December 31, 2014 in violation of any Law or Order, except as would not reasonably be expected to be material, or result in material liability, to the Company and its Subsidiaries taken as a whole. There is and since December 31, 2014 has been no failure on the part of the Company to comply in all material respects with the Sarbanes-Oxley Act of 2002.

Section 4.13 Legal Proceedings. Other than the Chapter 11 Proceedings, the Recognition Proceedings and any adversary proceedings or contested motions commenced in connection therewith, there are no material legal, governmental, administrative, judicial or regulatory investigations,

audits, actions, suits, claims, arbitrations, demands, demand letters, claims, notices of noncompliance or violations, or proceedings ("***Legal Proceedings***") pending or threatened to which the Company or any of its Subsidiaries is a party or to which any property of the Company or any of its Subsidiaries is the subject which in any manner draws into question the validity or enforceability of this Agreement, the Plan or the Transaction Agreements.

Section 4.14 Labor Relations.

(a) Neither the Company nor any of its Subsidiaries is engaged in any unfair labor practice and there is (i) no unfair labor practice complaint pending against the Company or any of its Subsidiaries or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries before any Governmental Entity (ii) no grievance or arbitration proceeding pending against the Company or any of its Subsidiaries or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries and (iii) no strike, labor dispute, slowdown or stoppage pending against the Company or any of its Subsidiaries or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries which, in the case of clauses (i), (ii) and (iii) above, individually or in the aggregate, would reasonably be expected to result in material liability to the Company or any of its Subsidiaries.

(b) Section 4.14(b)(i) of the Company Disclosure Schedule lists all Collective Bargaining Agreements the Company or any of its Subsidiaries is party to or subject to as of the date hereof and the status of any related negotiations, in each case, as of the date hereof. Section 4.14(b)(ii) of the Company Disclosure Schedule lists any jurisdiction in which the employees of the Company or any of its Subsidiaries are represented by an Employee Representative. To the Knowledge of the Company, no organizing activity, or Employee Representatives' certification, petition or election is pending or, to the Knowledge of the Company, threatened with respect to employees of the Company or any of its Subsidiaries. Except as set forth in Section 4.14(b)(iii) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is subject to any obligation (whether pursuant to Law or Contract) to notify, inform and/or consult with, or obtain consent from, any Employee Representative regarding the transactions contemplated by this Agreement prior to entering into this Agreement.

(c) The Company and its Subsidiaries are in compliance, in all material respects, with all Laws respecting employment and employment practices, terms and conditions of employment, collective bargaining, disability, immigration, background checks, health and safety, wages, classification of employees, hours and benefits, non-discrimination and harassment in employment, workers' compensation and the collection and payment of withholding and/or payroll Taxes and similar Taxes. Since December 31, 2014, the Company and each of its Subsidiaries has complied in all material respects with its payment obligations to all employees of the Company and any of its Subsidiaries in respect of all wages, salaries, fees, commissions, bonuses, overtime pay, holiday pay, sick pay, benefits and all other compensation, remuneration and emoluments due and payable to such employees under any Company Plan or any applicable Collective Bargaining Agreement or Law, except, for the avoidance of doubt, for any payments that are not permitted by the Bankruptcy Court, the Bankruptcy Code, the Canadian Court or the CCAA, as applicable.

Section 4.15 Intellectual Property. (a) The Company and its Subsidiaries exclusively own, free and clear of all Liens (except for Permitted Liens), all of their (A) patents and registered Intellectual Property (and all applications therefor) and (B) proprietary unregistered Intellectual Property, in each case, that is material to the businesses of the Company and its Subsidiaries ("***Company Intellectual Property***"), and all of the Company Intellectual Property is subsisting, unexpired, valid and enforceable; (b) the Company and its Subsidiaries own, or have valid rights to use, all of the Intellectual Property used or held for use in, or necessary for the conduct of, the businesses of the Company and its

Subsidiaries as currently conducted; (c) no material Intellectual Property owned by the Company or its Subsidiaries is being infringed, misappropriated or violated ("***Infringed***") by any other Person; (d) the conduct of the businesses of the Company and its Subsidiaries as presently conducted does not Infringe any Intellectual Property of any other Person and during the three (3) years prior to the date hereof, no Person has alleged same in writing, except for allegations that have since been resolved or in connection with the Chapter 11 Proceedings, the Recognition Proceedings and any adversary proceedings or contested motions commenced in connection therewith; (e) the Company and its Subsidiaries take commercially reasonable actions to maintain and protect (1) the confidentiality of their trade secrets and confidential information and (2) the security and substantially continuous operation of their material software, systems, websites and networks (and all data therein) and (f) the Company and its Subsidiaries are in compliance with all Applicable Privacy Laws, except in the case of clauses (b) through (f), as would not reasonably be expected to result in material liability to the Company or any of its Subsidiaries taken as a whole.

Section 4.16 Title to Real and Personal Property.

(a) Real Property. The Company or one of its Subsidiaries, as the case may be, has good and valid title in fee simple to each material Owned Real Property, free and clear of all Liens, except for (i) Liens that are described in (A) the Company SEC Documents filed since December 31, 2014 but prior to the date hereof, (B) the Plan or (C) the Disclosure Statement, or (ii) Permitted Liens.

(b) Leased Real Property. Subject to entry of the Confirmation Order and the corresponding Recognition Order and assumption of the same by the applicable Debtor in accordance with applicable Law (including satisfaction of any applicable cure amounts), all material Real Property Leases necessary for the operation of the business are valid, binding and enforceable by and against the Company or its relevant Subsidiary, and, to the Knowledge of the Company, the other parties thereto, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity whether applied in a court of law or a court of equity, and no written notice to terminate, in whole or part, any of such leases has been delivered to the Company or any of its Subsidiaries (nor, to the Knowledge of the Company, has there been any indication that any such notice of termination will be served), except for any motions, notice or objections, to the assumption or rejection of any Real Property Lease or otherwise, in the Chapter 11 Proceedings. Other than as a result of the filing of the Chapter 11 Proceedings or the Recognition Proceedings, neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Company, any other party to any material Real Property Lease necessary for the operation of the business is in material default or breach under the terms thereof.

(c) Personal Property. The Company or one of its Subsidiaries has good title or, in the case of leased assets, a valid leasehold interest, to all of the material tangible personal property and assets reflected on the balance sheet included in the Financial Statements as of the Latest Balance Sheet Date, free and clear of all Liens, except for (i) Liens that are described in (A) the Company SEC Documents filed since December 31, 2014 but prior to the date hereof, (B) the Plan or (C) the Disclosure Statement or (ii) Permitted Liens.

Section 4.17 No Undisclosed Relationships. No relationship, direct or indirect, exists between or among the Company or any of its Subsidiaries, on the one hand, and any Related Party, customers or suppliers of the Company or any of its Subsidiaries, on the other hand, that is required by the Exchange Act to be described in the Company SEC Documents and that are not so described in the Company SEC Documents filed since December 31, 2014 but prior to the date hereof, except for the transactions contemplated by this Agreement, the Plan or the other Transaction Agreements.

Section 4.18 Licenses and Permits. The Company and its Subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate Governmental Entities that are necessary for or material to the ownership or lease of their respective properties and the conduct of the business, in each case, except as would not reasonably be expected to be material to the Company or its Subsidiaries, individually or taken as a whole. Neither the Company nor any of its Subsidiaries (i) has received notice of any revocation or modification of any such license, certificate, permit or authorization or (ii) has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, except as would not reasonably be expected to be material to the Company or its Subsidiaries, individually or taken as a whole.

Section 4.19 Environmental.

(a) (i) Each of the Company and its Subsidiaries, and each of their facilities, businesses, assets, properties and leaseholds is, and at all times during the past five (5) years has been, in compliance with all applicable Environmental Laws, and (ii) none of the Company, its Subsidiaries, or any of their facilities, businesses, assets, properties or leaseholds, (A) is, or at any time during the past five (5) years has been, liable for any penalties, fines, or forfeitures for failure to comply with any applicable Environmental Laws or (B) is subject to any outstanding citations, notices or Orders of non-compliance with respect to any applicable Environmental Laws, in each case of (i) and (ii), except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) (i) All licenses, filings, permits, registrations or approvals of Governmental Entities required for the business of the Company and each of its Subsidiaries under any Environmental Law (collectively, "***Permits***") (A) have been secured and are in the possession of the Company and each of its Subsidiaries, as applicable, and (B) are currently in full force and effect, and (ii) each of the Company and each of its Subsidiaries is in compliance therewith, in each case of (i) and (ii), except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(c) The Company and each of its Subsidiaries have obtained all financial assurances required for the business of the Company and each of its Subsidiaries in the amounts and forms required pursuant to applicable Environmental Law or by a Governmental Entity, except as would not reasonably be expected, individually or in the aggregate, to materially and adversely impact any Debtor's operation of the business or current or currently proposed use, occupancy or operation of any Debtor's assets or properties.

(d) There has been no generation, manufacture, use, storage, treatment or release of Hazardous Materials by the Company or any of its Subsidiaries or on any property currently or, to the Knowledge of the Company, formerly owned or leased by the Company or any of its Subsidiaries, except such generation, manufacturing, use, storage, treatment or release that would not be reasonably expected to give rise to or result in any material liability to the Company or any of its Subsidiaries.

(e) (i) There are no visible signs of releases, spills, discharges, leaks or disposals of Hazardous Materials at, upon, or within any Owned Real Property or any premises leased by the Company or any of its Subsidiaries; (ii) neither the Owned Real Property nor any premises leased by the Company or any of its Subsidiaries, has ever been used by the Company, any of its Subsidiaries, or, to the Knowledge of the Company, any other Person as a RCRA Subpart C treatment or disposal facility of any Hazardous Waste; and (iii) no Hazardous Wastes are present on the Owned Real Property or any premises

lease by the Company or any of its Subsidiaries, in each case of (i), (ii) and (iii), except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(f) There are no Environmental Claims pending or, to the Knowledge of the Company, threatened against, or that have been brought by, the Company or any of its Subsidiaries, and within the past five (5) years there have not been any such Environmental Claims, in each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. There are no facts, circumstances, conditions or occurrences on any asset, property, business, leasehold or facility currently or formerly owned or operated by the Company or any of its Subsidiaries that is reasonably likely (i) to form the basis of an Environmental Claim against the Company, any of its Subsidiaries or any asset, property, business, leasehold or facility owned or operated by the Company or any of its Subsidiaries, or (ii) to cause such assets, properties, businesses, leaseholds or facilities to be subject to any restrictions on its ownership, occupancy, use or transferability under any Environmental Law, in each case of (i) and (ii), except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.20 Tax Returns and Payments; Withholding. Each of the Company and each of its Subsidiaries has timely filed all returns, statements, forms and reports for or relating to Taxes with respect to the income, or material Taxes with respect to properties or operations, in each case, of the Company and/or any of its Subsidiaries (the "***Returns***"). The Returns accurately reflect in all material respects all liability for Taxes of the Company and its Subsidiaries for the periods covered thereby. The Company and each of its Subsidiaries have at all times paid, all material Taxes payable by them. There is no Legal Proceeding now pending or, to the Knowledge of the Company, threatened by any authority regarding any Taxes relating to the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has entered into a Contract or waiver or been requested to enter into a Contract or waiver extending any statute of limitations relating to the payment or collection of Taxes of the Company or any of its Subsidiaries, or is aware of any circumstances that would cause the taxable years or other taxable periods of the Company or any of its Subsidiaries not to be subject to the normally applicable statute of limitations. During the past seven (7) years, the Company and each of its Subsidiaries has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes (including withholding and reporting requirements under Code Sections 1441 through 1464, 3401 through 3406, 6041 and 6049 and similar provisions under any other Laws) and each has, within the time and in the manner prescribed by law, paid over to the proper Governmental Entities all required amounts with respect to Taxes, except, for the avoidance of doubt, for any payments that are not permitted by the Bankruptcy Court, the Bankruptcy Code, the Canadian Court or the CCAA, as applicable. Neither the Company nor any Subsidiary of the Company is a United States real property holding corporation or "USRPHC" for U.S. federal income tax purposes, including within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

Section 4.21 Compliance with ERISA.

(a) Section 4.21(a) of the Company Disclosure Schedule sets forth each material Company Plan. Each Company Plan, other than any Multiemployer Plan (and each related trust, insurance Contract or fund), is in material compliance with its terms and with all applicable Laws, including ERISA and the Code. Each Company Plan, other than any Multiemployer Plan (and each related trust, if any), which is intended to be qualified under Section 401(a) of the Code has received a determination letter from the IRS to the effect that it meets the requirements of Sections 401(a) and 501(a) of the Code; no ERISA Event has occurred or is reasonably expected to occur; no ERISA Plan has an Unfunded Current Liability in an amount that exceeds $1,000,000 with respect to any single ERISA Plan and that exceeds $1,500,000 with respect to all ERISA Plans in the aggregate; all contributions required to be made with respect to a Company Plan have been or will be timely made

(except as disclosed on Section 4.21(a) of the Company Disclosure Schedule); using actuarial assumptions and computation methods consistent with Part 1 of subtitle E of Title IV of ERISA, the Company and its Subsidiaries and ERISA Affiliates would have no material liabilities to any Multiemployer Plans in the event of a complete withdrawal therefrom; each group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) that covers or has covered employees or former employees of the Company, any of its Subsidiaries, or any ERISA Affiliate has at all times during the past three years been operated in material compliance with the provisions of Part 6 of subtitle B of Title I of ERISA and Section 4980B of the Code. The Company and its Subsidiaries do not maintain or have any Liability with respect to any employee welfare plan (as defined in Section 3(1) of ERISA) which provides benefits to retired employees or other former employees (other than as required by Section 601 of ERISA).

(b) Each Foreign Company Plan (and each related trust, insurance Contract or fund), if any, is, and has been maintained and funded, in material compliance with its terms and with the requirements of any and all applicable Laws and Orders, including the PBA and the ITA, and has been maintained, where required, in good standing with applicable Governmental Entities. All material contributions required to be made with respect to a Foreign Pension Plan have been or will be timely made. Neither the Company nor any of its Subsidiaries has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Pension Plan. Neither the Company nor any of its Subsidiaries maintains or contributes to any Foreign Pension Plan the obligations with respect to which would in the aggregate reasonably be expected to have a Material Adverse Effect.

Section 4.22 Disclosure Controls and Procedures. Based upon the most recent evaluation by the Chief Executive Officer and Chief Financial Officer of the Company of the Company's internal control over financial reporting, there are no (a) significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect its ability to record, process, summarize and report financial data or (b) 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.

Section 4.23 Material Contracts. Section 4.23 of the Company Disclosure Schedule sets forth Material Contracts to which the Company or any of its Subsidiaries is a party as of the date hereof. Subject to entry of the Confirmation Order and the corresponding Recognition Order and assumption of the same by the applicable Debtor in accordance with applicable Law (including satisfaction of any applicable cure amounts), all Material Contracts are valid, binding and enforceable by and against the Company or its relevant Subsidiary, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity whether applied in a court of law or a court of equity, and no written notice to terminate, in whole or part, any Material Contract has been delivered to the Company or any of its Subsidiaries, except for any motions, notices or objections in connection with the Chapter 11 Proceedings. Other than as a result of the filing of the Chapter 11 Proceedings or the Recognition Proceedings, neither the Company nor any of its Subsidiaries nor, to the Knowledge of the Company, any other party to any Material Contract, is in material default or breach under the terms thereof. The Company has provided or made available to the Plan Sponsors true, correct and complete copies of each Material Contract as of the date hereof. For purposes of this Agreement, "***Material Contract***" means any Contract to which the Company or any of its Subsidiaries is a party that is material to the conduct and operations of the business of the Company and its Subsidiaries, taken as a whole.

Section 4.24 No Unlawful Payments. Neither the Company nor any of its Subsidiaries nor any of their respective directors, officers or employees nor, to the Knowledge of the Company, any other Representative acting on behalf of the Company or any of its Subsidiaries, has in any material

respect: (a) used any funds of the Company or any of its Subsidiaries for any unlawful contribution, gift, entertainment or other unlawful expense, in each case, relating to political activity; (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (c) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or (d) made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment.

Section 4.25 Compliance with Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been at all times conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transactions Reporting Act of 1970, the money laundering statutes of all jurisdictions (and the rules and regulations promulgated thereunder) to which the Debtors are subject and any related or similar applicable Laws (collectively, the "***Money Laundering Laws***") and no material Legal Proceeding by or before any Governmental Entity or any arbitrator involving the Company or any of its Subsidiaries with respect to Money Laundering Laws is pending or, to the Knowledge of the Company, threatened.

Section 4.26 Compliance with Sanctions Laws. Neither the Company nor any of its Subsidiaries nor any of their respective directors, officers or employees nor, to the Knowledge of the Company, any agent or other Person acting on behalf of the Company or any of its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department. The Company will not directly or indirectly use the proceeds from this Agreement (including the Emergence Equity Purchase, the Additional Capital Commitment or the sale of the Additional Capital Commitment Units), or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any Person that, to the Knowledge of the Company, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department.

Section 4.27 No Broker's Fees. Neither the Company nor any of its Subsidiaries is a party to any Contract with any Person (other than this Agreement) that would give rise to a valid claim against the Plan Sponsors for a brokerage commission, finder's fee or like payment in connection with the Emergence Equity Purchase, the Additional Capital Commitment or the sale of the Emergence Equity Units or the Additional Capital Commitment Units or the transactions contemplated hereby or thereby.

Section 4.28 Takeover Statutes. Subject to entry of the UPA Consummation Approval Order, the Confirmation Order, and the corresponding Recognition Orders, no Takeover Statute is applicable to this Agreement, the Emergence Equity Purchase and the other transactions contemplated by this Agreement.

Section 4.29 Investment Company Act. None of the Company or any of its Subsidiaries is an "investment company" or, to the Knowledge of the Company, an "affiliated person" of, or a "promoter" or "principal underwriter" for or a company "controlled" by an "investment company" required to be registered as such under the Investment Company Act of 1940 and neither the entry into of this Agreement, the Plan or the Transaction Agreements, nor the application of the proceeds nor the consummation of the other transactions contemplated hereby or thereby, will violate any provision of such act or any rule, regulation or order of the SEC thereunder.

Section 4.30 Insurance. The Company and its Subsidiaries have insured their properties and assets against such risks and in such amounts as are customary for companies engaged in similar businesses. All premiums due and payable in respect of material insurance policies maintained by the Company and its Subsidiaries have been paid. The Company reasonably believes that the insurance maintained by or on behalf of the Company and its Subsidiaries is adequate in all material respects. As of the date hereof, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries has

received notice from any insurer or agent of such insurer with respect to any material insurance policies of the Company and its Subsidiaries of cancellation or termination of such policies, other than such notices which are received in the ordinary course of business or for policies that have expired in accordance with their terms.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE PLAN SPONSORS

Each Plan Sponsor represents and warrants as to itself only and not any other Plan Sponsor (unless otherwise set forth herein, as of the date hereof and as of the Closing Date) as set forth below.

Section 5.1 Incorporation. Such Plan Sponsor is a legal entity duly organized, validly existing and, if applicable, in good standing (or the equivalent thereof) under the Laws of its jurisdiction of incorporation or formation.

Section 5.2 Corporate Power and Authority. Such Plan Sponsor has the requisite power and authority (corporate or otherwise) to enter into, execute and deliver this Agreement and each other Transaction Agreement to which such Plan Sponsor is a party and to perform its obligations hereunder and thereunder and has taken all necessary action (corporate or otherwise) required for the due authorization, execution, delivery and performance by it of this Agreement and the other Transaction Agreements to which such Plan Sponsor is a party and the consummation of the transactions contemplated hereby and thereby.

Section 5.3 Execution and Delivery. This Agreement and each other Transaction Agreement to which such Plan Sponsor is a party (a) has been, or prior to its execution and delivery will be, duly and validly executed and delivered by such Plan Sponsor and (b) assuming due and valid execution and delivery hereof and thereof by the Company and the other Debtors (as applicable), does, or upon its execution by such Plan Sponsor will, constitute valid and legally binding obligations of such Plan Sponsor, enforceable against such Plan Sponsor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity whether applied in a court of law or a court of equity.

Section 5.4 No Conflict. The execution and delivery by such Plan Sponsor of this Agreement and, to the extent applicable, the other Transaction Agreements, the compliance by such Plan Sponsor with all of the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein (a) will not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute a default under (with or without notice or lapse of time, or both), or result in the acceleration of, or the creation of any Lien under, or cause any payment or consent to be required under, any Contract to which such Plan Sponsor is a party or by which such Plan Sponsor is bound or to which any of the properties or assets of such Plan Sponsor are subject, (b) will not result in any violation of the provisions of the certificate of incorporation or bylaws (or comparable constituent documents) of such Plan Sponsor and (c) will not result in any material violation of any Law or Order applicable to such Plan Sponsor or any of its properties, except, in each of the cases described in clauses (a) or (c), for any conflict, breach, violation, default, acceleration or Lien which would not reasonably be expected, individually or in the aggregate, to prohibit, materially delay or materially and adversely impact such Plan Sponsor's performance of its obligations under this Agreement.

Section 5.5 Consents and Approvals. No consent, approval, authorization, order, registration or qualification of or with any Governmental Entity having jurisdiction over such Plan Sponsor or any of its properties is required for the execution and delivery by such Plan Sponsor of this Agreement and, to the extent applicable, the Transaction Agreements, the compliance by such Plan Sponsor with all of the provisions hereof and thereof and the consummation of the transactions (including the purchase by each Plan Sponsor of its Emergence Equity Units, if any) contemplated herein and therein, except any consent, approval, authorization, order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to prohibit, materially delay or materially and adversely impact such Plan Sponsor's performance of its obligations under this Agreement.

Section 5.6 Legal Proceedings. There is no pending, outstanding or, to the knowledge of such Plan Sponsor, threatened Legal Proceedings against such Plan Sponsor that challenge any of the transactions contemplated by the Transaction Agreements or that, if adversely determined, would reasonably be expected, individually or in the aggregate, to prohibit, materially delay or materially and adversely impact such Plan Sponsor's performance of its obligations under this Agreement

Section 5.7 No Registration. Such Plan Sponsor acknowledges that the Emergence Equity Units and the Additional Capital Commitment Units have not been registered and will not be registered pursuant to the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available. Such Plan Sponsor understands that the Emergence Equity Units and the Additional Capital Commitment Units are being offered and sold in reliance upon a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the *bona fide* nature of the investment intent and the accuracy of such Plan Sponsor's representations as expressed herein or otherwise made pursuant hereto.

Section 5.8 Purchasing Intent. Such Plan Sponsor is acquiring the Emergence Equity Units and the Additional Capital Commitment Units for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and such Plan Sponsor has no present intention of selling, granting any participation in, or otherwise distributing the same, except in compliance with applicable securities Laws.

Section 5.9 Sophistication; Investigation. Such Plan Sponsor has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Emergence Equity Units and the Additional Capital Commitment Units being acquired hereunder. Such Plan Sponsor is an "accredited investor" within the meaning of Rule 501(a) of the Securities Act and a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act. Such Plan Sponsor understands and is able to bear any economic risks associated with such investment (including the necessity of holding the Emergence Equity Units and the Additional Capital Commitment Units for an indefinite period of time). Such Plan Sponsor has conducted and relied on its own independent investigation of, and judgment with respect to, the Company and its Subsidiaries and the advice of its own legal, tax, economic, and other advisors. Such Plan Sponsor has considered the suitability of the Emergence Equity Units and the Additional Capital Commitment Units as an investment in light of its own circumstances and financial condition. Such Plan Sponsor agrees to furnish any additional information reasonably requested by the Company or any of its Affiliates, to the extent necessary to assure compliance with applicable securities Laws in connection with such Plan Sponsor's purchase of the Emergence Equity Units and the Additional Capital Commitment Units hereunder.

Section 5.10 No Broker's Fees. Such Plan Sponsor is not a party to any Contract with any Person (other than this Agreement) that would give rise to a valid claim against the Company, for a brokerage commission, finder's fee or like payment in connection with the Emergence Equity Units or the

Additional Capital Commitment Units, or the Plan or any other transaction contemplated by the Transaction Agreements.

Section 5.11 Arm's-Length. Such Plan Sponsor acknowledges and agrees that (a) each of the Debtors is acting solely in the capacity of an arm's-length contractual counterparty to the Plan Sponsors with respect to the transactions contemplated hereby (including in connection with determining the terms of the Emergence Equity Purchase and the Additional Capital Commitment) and not as a financial advisor or a fiduciary to, or an agent of, such Plan Sponsor or any of its Affiliates and (b) the Company is not advising such Plan Sponsor or any of its Affiliates as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

Section 5.12 Financial Capability. Such Plan Sponsor will have at the Closing, sufficient immediately available funds to pay the aggregate Purchase Price for all Emergence Equity Units to be purchased by such Plan Sponsor hereunder and to make all other payments required to be made by such Plan Sponsor under this Agreement and the transactions contemplated hereby and to otherwise consummate the transactions contemplated hereby in accordance with the terms hereof.

Section 5.13 Votable Claims and Additional Claims.

(a) As of the date hereof, such Plan Sponsor is the beneficial owner of, or the investment advisor or manager for the beneficial owner of, the aggregate principal amount of (i) Votable Claims as set forth opposite such Plan Sponsor's name under the column titled "Votable Claims" on Schedule 3-A attached hereto and (ii) Additional Claims as set forth opposite such Plan Sponsor's name on Schedule 3-B attached hereto.

(b) As of the date hereof, such Plan Sponsor (together with its applicable Affiliates) has the full power to vote, dispose of and compromise the aggregate principal amount of such Votable Claims and such Additional Claims.

(c) Other than this Agreement, such Plan Sponsor has not entered into any other agreement to Transfer, in whole or in part, any portion of its right, title or interest in such Votable Claims or such Additional Claims, in each case, where such Transfer, if consummated, would result in such Plan Sponsor not complying with the terms of this Agreement.

ARTICLE VI

ADDITIONAL COVENANTS

Section 6.1 Restructuring Support Obligations.

(a) From the date hereof until the earlier of the Termination Date and the Closing Date (the "***Pre-Closing Period***"), each of the Debtors shall negotiate in good faith with the Plan Sponsors any and all documents, agreements, certificates and instruments to be executed, filed, or entered into in connection with or pursuant to this Agreement, the Plan, the Disclosure Statement, the Chapter 11 Proceedings or the Recognition Proceedings (the "***Plan-Related Documents***"), including:

(i) the materials related to the solicitation of votes for the Plan pursuant to sections 1125, 1126 and 1145 of the Bankruptcy Code (the "***Solicitation***");

(ii) the UPA Approval Order, Plan Solicitation Order, Confirmation Order, UPA Consummation Approval Order, any corresponding Recognition Order and any other Orders

in connection with or pursuant to this Agreement, the Plan, the Disclosure Statement, the Chapter 11 Proceedings or the Recognition Proceedings;

(iii) any briefs, pleadings, motions, appendices, amendments, modifications, supplements, exhibits and schedules relating to this Agreement, the Plan, the Disclosure Statement, the Chapter 11 Proceedings or the Recognition Proceedings;

(iv) the BBVA Note Documents and their respective terms;

(v) any settlement agreement with respect to the holders of allowed General Unsecured Claims, excluding any Zochem General Unsecured Claims, and its respective terms, including any and all documentation with respect thereto;

(vi) the Reorganized Holdings Corporate Documents and any other organizational and governance documents for the reorganized Debtors, including certificates of incorporation, certificate of formation or certificates of limited partnership (or equivalent organizational documents), bylaws, limited liability company agreements or limited partnership agreements (or equivalent governing documents), identity of proposed members of Reorganized Holdings' and any other Debtor's boards of directors, boards of managers, and general partners and registration rights agreements (collectively, the "***Governance Documents***");

(vii) the Warrant Agreements, the Warrants, and their respective terms;

(viii) a list of Contracts (the "***List of Assumed Contracts***") to be assumed pursuant to Section 365 of the Bankruptcy Code, including the amount necessary to cure any monetary default required to be cured under Section 365(b)(1) of the Bankruptcy Code with respect to such Contracts; and

(ix) such other definitive documentation relating to a recapitalization of the Debtors as is reasonably necessary to consummate the Restructuring;

provided, *however*, that each of the Plan-Related Documents (A) shall contain the same terms as, and be otherwise consistent with, this Agreement and the Plan, in all respects (in each case, as this Agreement and the Plan may be amended from time to time in accordance with the terms hereof), and (B) to the extent the terms of such Plan-Related Document are not set forth in this Agreement or the Plan, shall be in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company; *provided*, *further*, *however*, that (1) the List of Assumed Contracts shall be in form and substance satisfactory solely to the Requisite Plan Sponsors, in their sole and absolute discretion and (2) the Governance Documents shall be in form and substance satisfactory solely to the Requisite Plan Sponsors, in their sole and absolute discretion, to the extent the terms of such Governance Documents are not set forth in this Agreement or the Plan.

(b) During the Pre-Closing Period, the Company shall provide to Akin Gump Strauss Hauer & Feld LLP, on behalf of the Plan Sponsors, a copy of any Plan-Related Document (together with copies of any briefs, pleadings and motions related thereto) and a reasonable opportunity to review and comment on such Plan-Related Document (together with copies of any briefs, pleadings and motions related thereto) prior to such Plan-Related Documents, briefs, pleadings and motions being filed with the Bankruptcy Court or the Canadian Court (as applicable), including copies of the proposed motion seeking entry of the UPA Approval Order, Plan Solicitation Order, Confirmation Order and UPA Consummation Approval Order and a copy of the proposed Plan Solicitation Order or motion materials seeking any Recognition Orders by the Canadian Court, and a reasonable opportunity to review and comment on such

motions and such Orders prior to such motions and such Orders being filed with the Bankruptcy Court or the Canadian Court, as applicable, and such motions and such Orders must be in form and substance consistent with the terms of this Agreement and the Plan and otherwise mutually satisfactory to the Requisite Plan Sponsors and the Company; *provided, however*, that neither the Company nor the Plan Sponsors are required to provide for review in advance declarations or other evidence submitted in connection with any filing with the Bankruptcy Court. Any amendments, modifications, changes or supplements to, any Plan-Related Documents, including any of the UPA Approval Order, Plan Solicitation Order, Confirmation Order, UPA Consummation Approval Order and any corresponding Recognition Orders, and any of the motions seeking entry of such Orders, shall, in each case, be in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company.

(c) During the Pre-Closing Period, the Debtors jointly and severally (subject to Section 10.1) each agree to take any and all necessary and appropriate actions, in each case, in accordance with this Agreement and the Plan, to support and further the Restructuring, including taking any and all necessary and appropriate actions to and using its respective reasonable best efforts to:

(i) obtain the entry of the Plan Solicitation Order on or prior to July 11, 2016 and cause the Plan Solicitation Order to become a Final Order (and request that such Order be effective immediately upon entry by the Bankruptcy Court pursuant to a waiver of Rules 3020 and 6004(h) of the Bankruptcy Rules, as applicable), in each case, as soon as reasonably practicable following the filing of the motion seeking entry of such Order;

(ii) obtain a Recognition Order with respect to the Plan Solicitation Order on or prior to July 12, 2016;

(iii) as promptly as practicable following obtaining the Bankruptcy Court's approval described in Section 6.1(c)(i) and the Canadian Court's recognition described in Section 6.1(c)(ii), solicit votes from each holder of Votable Claims, Prepetition BBVA Debt Facility Claims, Prepetition Senior Unsecured Note Claims, Prepetition Convertible Senior Note Claims, and Prepetition BBVA Debt Facility Claims, in conjunction with the distribution of the Disclosure Statement, to accept the Plan;

(iv) obtain the entry of the UPA Approval Order on or prior to August 31, 2016 and cause the UPA Approval Order to become a Final Order (and request that such Order be effective immediately upon entry by the Bankruptcy Court pursuant to a waiver of Rules 3020 and 6004(h) of the Bankruptcy Rules, as applicable), as soon as reasonably practicable following the filing of the motion seeking entry of such Order;

(v) obtain a Recognition Order with respect to the UPA Approval Order Order on or prior to September 2, 2016;

(vi) obtain the entry of the Confirmation Order and UPA Consummation Approval Order on or prior to August 31, 2016 and cause the Confirmation Order and UPA Consummation Approval Order to each become a Final Order (and request that such Orders be effective immediately upon entry by the Bankruptcy Court pursuant to a waiver of Rules 3020 and 6004(h) of the Bankruptcy Rules, as applicable), in each case, as soon as reasonably practicable following the filing of the motion seeking entry of such Orders (for the avoidance of doubt, entry of the UPA Consummation Approval Order will be sought at the Confirmation Hearing);

(vii) obtain Recognition Orders with respect to the Confirmation Order and the UPA Consummation Approval Order on or prior to September 2, 2016;

(viii) obtain any and all required regulatory approvals and third-party approvals for the Restructuring, except where the failure to obtain such approval would not reasonably be expected to materially and adversely impair the consummation of the Restructuring or any Debtor's operation of the business or current or currently proposed use, occupying or operation of any Debtor's assets or properties;

(ix) subject to Section 6.13(a), not, directly or indirectly, propose, support, solicit, encourage, or participate in the formulation of any plan of reorganization or liquidation in the Chapter 11 Proceedings or otherwise other than in accordance with and in furtherance of the Plan;

(x) subject to Section 6.13(a), not file or amend any Plan-Related Documents or other Transaction Agreements, in each case, except as permitted in the forms pursuant to Section 6.1; and

(xi) consummate and cause the Effective Date to occur on or prior to September 19, 2016 in accordance with the terms of this Agreement and the Plan.

(d) Subject to the terms and conditions of this Agreement and the Plan and except as the Requisite Plan Sponsors may expressly release the Company in writing from any of the following obligations (which release may be withheld, conditioned or delayed at each such Requisite Plan Sponsor's sole and absolute discretion) during the Pre-Closing Period, each of the Debtors:

(i) agrees to timely file a formal objection to any motion filed with the Bankruptcy Court by any Person seeking the entry of an order (A) directing the appointment of an examiner or a trustee, (B) converting any Chapter 11 Proceedings to a case under chapter 7 of the Bankruptcy Code or (C) dismissing any of the Chapter 11 Proceedings; and

(ii) agrees to timely file a formal objection to any motion filed with the Canadian Court by any Person seeking to lift the stay in the Recognition Proceedings or to convert the Recognition Proceedings to other proceedings under the CCAA or the BIA.

(e) During the Pre-Closing Period, each of the Debtors shall not, directly or indirectly, do, or permit on their behalf, the following without the consent of the Requisite Plan Sponsors:

(i) any (A) amendment, supplement, modification or waiver of any term, condition or provision under the Plan or any of the other Plan-Related Documents, in whole or in part; (B) public announcement of its intention not to pursue the Restructuring; (C) suspension or revocation of the Restructuring; or (D) execution, filing, or agreement to file any Plan-Related Document (including any modifications or amendments thereof) that, in whole or in part, is not consistent in any respect with this Agreement and the Plan;

(ii) any motion for an order from the Bankruptcy Court or Canadian Court authorizing or directing the assumption or rejection of an executory contract (including, without limitation, any Material Contract, any employment agreement or any employee benefit plan) or unexpired lease, other than in accordance with this Agreement and the Plan;

(iii) any commencement of an avoidance action or other legal proceeding that challenges the validity, enforceability or priority of the DIP Loan Debt Documents or the Prepetition Senior Secured Notes Indenture or the Prepetition Senior Secured Notes, or any Votable Claims or any other Claims held by the Plan Sponsors, except, in all cases, to the extent expressly permitted by the DIP Loan Debt Documents;

(iv) any entry into any settlement, compromise or agreement with any authorized representative of retirees or employees or a retiree committee, if any, unless such settlement, compromise or agreement is in form and substance acceptable to the Plan Sponsors; or

(v) any entry into any new agreement, contract or other arrangement, amend, supplement or otherwise modify any existing agreement, contract or other arrangement, effect any transaction or commit to enter into or otherwise effect any of the foregoing, in any such case with any affiliate of the Debtors, in each case, that involves payment of more than $250,000 in the aggregate on an annual basis.

(f) During the Pre-Closing Period, each Plan Sponsor, severally and neither jointly nor jointly and severally, (i) agrees to vote (when solicited to do so after receipt of a Disclosure Statement approved by the Bankruptcy Court and recognized by the Canadian Court and by the applicable deadline for doing so) its Votable Claims and Additional Claims in favor of the Plan (and contemporaneously with such vote, such Plan Sponsor shall not elect or opt out of any releases to be given by such Plan Sponsor in connection with its Votable Claims or Additional Claims pursuant to the terms of the Plan and the Plan-Related Documents); *provided*, *however*, that such vote (and any corresponding election) may be revoked (and, upon such revocation, deemed void *ab initio*) by such Plan Sponsor at any time following the Termination Date (it being understood by the Parties that any modification of the Plan that results in a termination of this Agreement pursuant to ARTICLE IX shall entitle such a Sponsor Party the opportunity to change its vote in accordance with section 1127(d) of the Bankruptcy Code, and all Plan-Related Documents with respect to the Plan shall be consistent with this proviso); and (ii) shall not object to, or vote any of its Votable Claims or Additional Claims to reject or impede the Plan, support directly or indirectly any such objection or impediment or otherwise take any action or commence any proceeding to oppose or to seek any modification of the Plan or any Plan-Related Documents.

Section 6.2 Reasonable Best Efforts.

(a) Without in any way limiting any other obligation in this Agreement, during the Pre-Closing Period, the Debtors shall use (and shall cause their Subsidiaries and Affiliates to use), reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Plan.

(b) Without in any way limiting any other respective obligation of the Debtors or any Plan Sponsor in this Agreement, during the Pre-Closing Period, the Debtors shall use (and shall cause its Subsidiaries to use), and each Plan Sponsor shall use, reasonable best efforts in:

(i) timely preparing and filing all documentation reasonably necessary to effect all necessary notices, reports and other filings of such Party and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party or Governmental Entity;

(ii) defending any Legal Proceedings in any way challenging (A) this Agreement, the Plan or any other Transaction Agreement, (B) the UPA Approval Order, Plan Solicitation Order, Confirmation Order, UPA Consummation Approval Order or any corresponding Recognition Orders, or (C) the consummation of the transactions contemplated hereby and thereby, including seeking to have any stay or temporary restraining Order entered by any Governmental Entity vacated or reversed; and

(iii) working together in good faith to finalize the Reorganized Holdings Corporate Documents, Transaction Agreements and all other documents relating thereto for timely inclusion in the Plan and filing with the Bankruptcy Court and the Canadian Court.

(c) Subject to applicable Laws relating to the exchange of information and appropriate assurance of confidential treatment (and any confidentiality agreements heretofore executed among any of the Parties), the Plan Sponsors and the Company shall have the right, during the Pre-Closing Period, to review in advance, and to the extent practicable each will consult with the other on all of the information relating to Plan Sponsors or the Company, respectively, and any of their respective Subsidiaries, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the transactions contemplated by this Agreement or the Plan; *provided*, *however*, that neither the Company nor the Plan Sponsors are required to provide for review in advance declarations or other evidence submitted in connection with any filing with the Bankruptcy Court.

(d) Nothing contained in this Section 6.2 shall limit the approval rights of the Plan Sponsors, including the approval rights with respect to the Plan-Related Documents provided in Section 6.1. Nothing in this Agreement shall limit the ability of any Plan Sponsor to consult with the Debtors, to appear and be heard, or to file objections, concerning any matter arising in the Chapter 11 Proceedings or the Recognition Proceedings to the extent not inconsistent with this Agreement and the Plan.

Section 6.3 Conduct of Business.

(a) Except (i) as set forth in this Agreement or Section 6.3 of the Company Disclosure Schedule, (ii) as limited or restricted by the DIP Loan Debt Documents, (iii) as ordered by the Bankruptcy Court or prohibited by restrictions or limitations under the Bankruptcy Code on Chapter 11 debtors or (iv) with the prior written consent of Requisite Plan Sponsors, during Pre-Closing Period, each Debtor shall, and shall cause each of its Subsidiaries to carry on its business in the ordinary course in compliance with applicable Laws and use its reasonable best efforts to (A) preserve intact its business, (B) keep available the services of its officers and employees and (C) preserve its material relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with such Debtor or its Subsidiaries in connection with their business, in each case, in all material respects.

(b) Except (X) as set forth in this Agreement or Section 6.3 of the Company Disclosure Schedule, (Y) as ordered by the Bankruptcy Court or prohibited by restrictions or limitations under the Bankruptcy Code on Chapter 11 debtors or (Z) with the prior written consent of Requisite Plan Sponsors, during Pre-Closing Period, each Debtor shall not, and shall not permit any of its Subsidiaries to, take any of the following actions:

(i) entry into, or any amendment, modification, termination waiver, supplement or other change to, any employment agreement to which the Company or any of its Subsidiaries is a party or any assumption of any such employment agreement in connection with the Chapter 11 Proceedings;

(ii) other than as required by this Agreement or the Plan, any amendment or proposal to amend of its respective certificates or articles of incorporation, bylaws or comparable organizational documents;

(iii) enter into any Contract which would constitute a Material Contract (other than in the ordinary course of business), or violate, amend or otherwise modify or waive (other than in the ordinary course of business) any of the terms of any Material Contract;

(iv) any split, combination or reclassification of any of its respective capital stock, limited liability company interests, partnership interests or other equity, ownership or profits interests, and any options, warrants, conversion privileges or rights of any kind to acquire any capital stock, limited liability company interests, partnership interests or other equity, ownership or profits interests (collectively, "***Equity Interests***"), or any declaration, set aside or payment of any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of their respective Equity Interests;

(v) any redemption, purchase or acquisition or any offer to acquire any of the respective Equity Interests;

(vi) any sale (including, but not limited to, any sale leaseback transaction), lease, mortgage, pledge, grant or incurrence of any encumbrance on, or otherwise transfer of, any properties or asset, including any Equity Interests, other than sales or disposals of properties or assets having an aggregate fair market value with all other sales of the properties and assets not in excess of $250,000 or in the ordinary course of business;

(vii) any purchase, lease or other acquisition (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) of any assets or properties, other than assets or properties having an aggregate fair market value with all other sales of the properties and assets not in excess of $250,000 in the ordinary course of business;

(viii) any (A) purchase or acquisition of any indebtedness, debt securities or equity securities of any Person, or (B) loan or advance to, or investments in, any Person, other than in the ordinary course of business;

(ix) any merger with or into, or consolidation or amalgamation with, any other Person, (in one transaction or a series of transactions and regardless of the survivor or merging party);

(x) any material change in its respective financial or tax accounting methods, except insofar as may be required by GAAP or applicable Law;

(xi) any entry into any commitment or agreement with respect to debtor-in-possession financing, cash collateral and/or exit financing, other than the DIP Loan Debt Documents or any of the other credit facilities contemplated by this Agreement and, in each case, other than in connection with the DIP Loan being, or after the DIP Loan has been, repaid in cash in full in accordance with the terms of the DIP Loan Debt Documents and in accordance with the terms of the Final DIP Order (as defined in the Plan);

(xii) any (A) hiring, after the date hereof, of any officer or employee whose aggregate annual compensation will exceed $100,000, (B) entry into, adoption or amendment of any collective bargaining agreements, works council or similar agreement with any labor union or

labor organization representing employees; or (C) entry into, adoption or amendment of any management compensation or incentive plans, or increase in any manner the compensation or benefits (including severance) of any director, officer or management level employee;

(xiii) any incurrence or assumption or permitting or suffering to exist any Indebtedness, except (A) Indebtedness and guarantees of Indebtedness outstanding on the date hereof, (B) trade payables and operating liabilities arising and incurred in the ordinary course of business consistent with past practices, and (C) as permitted by the DIP Loan Debt Documents;

(xiv) the creation of any liens or security interests in or on any of their respective assets or properties (tangible or intangible), except (A) liens or security interests in existence on the date hereof, and (B) Liens or security interests that secure obligations under the DIP Loan or as otherwise permitted by the DIP Loan Debt Documents;

(xv) any settlement or agreement to settle or compromise any litigation or other action pending or threatened that would require a party to pay an amount in excess of $250,000 or that would reasonably be expected to result in material restrictions upon the business or operations; or

(xvi) any entry into any new agreement, contract or other arrangement; amend, supplement or otherwise modify any existing agreement, contract or other arrangement; effect any transaction; or commit to enter into or otherwise effect any of the foregoing, in each case, with respect to any of the actions contemplated by the foregoing clauses (i) through (xv).

(c) Except as otherwise provided in this Agreement, nothing in this Agreement shall give the Plan Sponsors, directly or indirectly, any right to control or direct the operations of the Company and its Subsidiaries prior to the Closing Date. Prior to the Closing Date, the Company and its Subsidiaries shall exercise, subject to the terms and conditions of this Agreement, complete control and supervision of the business of the Company and its Subsidiaries.

Section 6.4 Access to Information; Confidentiality.

(a) Subject to applicable Law and appropriate assurance of confidential treatment (including Section 6.4(b) and any confidentiality agreements heretofore executed among any of the Parties), upon reasonable notice prior to the Closing Date, the Company shall (and shall cause its Subsidiaries to) afford the Plan Sponsors and their Representatives upon request reasonable access, during normal business hours and without unreasonable disruption or interference with the Company's and its Subsidiaries' business or operations, to the Company's and its Subsidiaries' employees, properties, books, Contracts and records and, prior to the Closing Date, the Company shall (and shall cause its Subsidiaries to) furnish promptly to such parties all reasonable information concerning the Company's and its Subsidiaries' business, properties and personnel as may reasonably be requested by any such party; *provided*, *however*, that the foregoing shall not require the Company (a) to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company would cause the Company or any of its Subsidiaries to violate any of their respective obligations with respect to confidentiality to a third party if the Company shall have used its reasonable best efforts to obtain, but failed to obtain, the consent of such third party to such inspection or disclosure, (b) to disclose any legally privileged information of the Company or any of its Subsidiaries, or (c) to violate any applicable Laws; *provided*, *further*, *however*, that the Company shall deliver to the Plan Sponsors a schedule setting forth a description of any requested information not provided to the Plan Sponsors pursuant to clauses (a) through (c) above (in each case, to the extent the provision of such description would not itself conflict with the matters contemplated by clauses (a) through (c)). All requests for information and

access made in accordance with this Section 6.4 shall be directed to the Company's Chief Restructuring Officer, Lazard Middle Market LLC or Kirkland &Ellis LLP or such Person as may be designated by the Company's Chief Restructuring Officer, Lazard Middle Market LLC or Kirkland &Ellis LLP.

(b) Each Plan Sponsor acknowledges that, by virtue of its right of access hereunder, such Plan Sponsor may become privy to confidential and other information of the Debtors and any such confidential information shall be held confidential by, and not disclosed or used by, such Plan Sponsor and its Representatives in accordance with, and solely to the extent constituting confidential information (or a similar term) under, such Plan Sponsor's existing confidentiality agreements with any of the Debtors (including the DIP Loan Debt Documents and any applicable Prepetition Debt Documents).

Section 6.5 Transfers and Acquisitions of Claims.

(a) No Plan Sponsor may Transfer any of its Votable Claims or Additional Claims other than (i) to another Plan Sponsor, (ii) to any party that signs a Joinder Agreement, (iii) to any Affiliated Fund or (iv) to an Ultimate Purchaser (in each case, the "***Transferee Plan Sponsor***"); *provided*, *however*, that the Plan Sponsor (the "***Transferring Plan Sponsor***") Transferring such Claims must also Transfer a *pro rata* portion of its Emergence Equity Purchase to such Transferee Plan Sponsor and such Transferee Plan Sponsor shall agree in writing to be responsible for such Transferred portion of the Emergence Equity Purchase; *provided*, *further*, *however*, that no such Transfer shall relieve such Transferring Plan Sponsor of its obligations under this Agreement, in the event that the Transferee Plan Sponsor fails to purchase its applicable Purchase Percentage of the Emergence Equity Units. Any purported Transfer of Votable Claims or Additional Claims not in accordance with this Section 6.5 will be void *ab initio*.

(b) In the event a Plan Sponsor set forth on Schedule 1 as of the date hereof Transfers any of its Votable Claims on or prior to July 22, 2016, to a Plan Sponsor set forth on Schedule 2 as of the date hereof (or any Affiliate or investor or limited partner with respect to such Plan Sponsor or Affiliate) and such Transferring Plan Sponsor was not set forth on Schedule 2 as of the date hereof then each of the Plan Sponsors agrees to reallocate their Purchase Percentages and resulting Emergence Equity Units set forth on Schedule 2 such that their Purchase Percentages and resulting Emergence Equity Units are calculated pro rata (calculated based on the percentage resulting from each Plan Sponsor's (collectively with its Affiliates and any investors or limited partners with respect to such Plan Sponsor or Affiliates) respective Votable Claims divided by the total amount of all Votable Claims of all Plan Sponsors set forth on Schedule 2). Any such reallocation shall not require any consent or approval of any Party.

(c) This Agreement shall in no way be construed to preclude any Plan Sponsor from acquiring additional Claims under the Prepetition Debt Documents, including any Prepetition Macquarie Facility Claims, Prepetition Convertible Senior Note Claims, Votable Claims, Prepetition Senior Unsecured Note Claims, or Prepetition BBVA Facility Claims; *provided*, *however*, that any such additional Claims shall automatically be deemed to be subject to all of the applicable terms of this Agreement, including Section 6.1. Each Plan Sponsor agrees to provide to counsel for the Debtors notice of the acquisition of any such additional claims within two (2) Business Days of the consummation of the transaction acquiring such additional Claims, in addition to any notices or other documents required under each of the Prepetition Debt Documents and the DIP Loan Debt Documents.

Section 6.6 New Board of Directors. On the Closing Date, the composition of the board of directors of Reorganized Holdings shall be as described in the Plan.

Section 6.7 Reorganized Holdings Corporate Documents. The Plan will provide that, on the Closing Date, Reorganized Holdings and each holder of New Common Equity shall become a party to the New Limited Liability Company Agreement, which New Limited Liability Company Agreement shall be the form attached hereto as Exhibit D and shall be executed by each of the Plan Sponsors. No Plan Sponsor shall be required to execute the signature page to any applicable Reorganized Holdings Corporate Document or similar agreement and any Plan Sponsor who does not execute such applicable Reorganized Holdings Corporate Document or similar agreement shall be automatically deemed to have accepted the terms of such applicable Reorganized Holdings Corporate Document or similar agreement (in their capacity as parties to such applicable Reorganized Holdings Corporate Document or similar agreement, as applicable) and to be parties thereto without further action. Any such applicable Reorganized Holdings Corporate Document or similar agreement shall be adopted on the Effective Date and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each Plan Sponsor shall be bound thereby. The Company shall file the form of New Limited Liability Company Agreement with the Bankruptcy Court as part of the Plan.

Section 6.8 Form D and Blue Sky. The Company shall timely file a Form D with the SEC with respect to the Emergence Equity Units issued hereunder to the extent required under Regulation D of the Securities Act and shall provide, upon request, a copy thereof to each Plan Sponsor. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Emergence Equity Units issued hereunder for, sale to the Plan Sponsors at the Closing Date pursuant to this Agreement under applicable securities and "Blue Sky" Laws of the states of the United States (or to obtain an exemption from such qualification) and any applicable jurisdictions in Canada, and shall provide evidence of any such action so taken to the Plan Sponsors on or prior to the Closing Date. The Company shall timely make all filings and reports relating to the offer and sale of the Emergence Equity Units issued hereunder required under applicable securities and "Blue Sky" Laws of the states of the United States following the Closing Date. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 6.8.

Section 6.9 No Integration; No General Solicitation. Neither the Company nor any of its "affiliates" (as defined in Rule 501(b) of Regulation D promulgated under the Securities Act) will, directly or through any agent, sell, offer for sale, solicit offers to buy or otherwise negotiate in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Emergence Equity Units or the Additional Capital Commitment Units in a manner that would require registration of the New Common Equity to be issued by the Company on the Closing Date under the Securities Act. None of the Company or any of its affiliates (as defined in Rule 501(b) of Regulation D promulgated under the Securities Act) or any other Person acting on its or their behalf will solicit offers for, or offer or sell, any Emergence Equity Units or Additional Capital Commitment Units by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D promulgated under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

Section 6.10 DTC Eligibility. The Company shall use reasonable best efforts to promptly make, when applicable from time to time after the Closing, all Unlegended Units eligible for deposit with The Depository Trust Company. "***Unlegended Units***" means any units of New Common Equity acquired by the Plan Sponsors (including any Related Purchaser or Ultimate Purchaser) pursuant to this Agreement and the Plan, including all units issued to the Plan Sponsors pursuant to this Agreement, that do not require, or are no longer subject to, the Legend.

Section 6.11 Use of Proceeds. The Debtors will apply the proceeds from the exercise of the Subscription Rights and the sale of the Emergence Equity Units for the purposes identified in the Disclosure Statement and the Plan.

Section 6.12 Unit Legend. Each certificate evidencing Emergence Equity Units that are issued hereunder, and each certificate issued in exchange for or upon the Transfer of any such units, shall be stamped or otherwise imprinted with a legend (the "***Legend***") in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

In the event that any such Emergence Equity Units are uncertificated, such units shall be subject to a restrictive notation substantially similar to the Legend in the stock ledger or other appropriate records maintained by the Company or agent and the term "Legend" shall include such restrictive notation. The Company shall remove the Legend (or restrictive notation, as applicable) set forth above from the certificates evidencing any such Emergence Equity Units (or the Company's stock records, in the case of uncertified units) at any time after the restrictions described in such Legend cease to be applicable, including, as applicable, when such units may be sold under Rule 144. The Company may reasonably request such opinions, certificates or other evidence that such restrictions no longer apply.

Section 6.13 Alternative Transactions; Fiduciary Duties.

(a) From the date of this Agreement until the earlier of the Closing and the termination of this Agreement in accordance with its terms (i) each Debtor and each of their respective directors, officers, and members, each in its capacity as a director, officer, or member of such Debtor, as applicable, shall immediately cease and terminate any ongoing solicitations, discussions and negotiations with any Person (including any Plan Sponsor) with respect to any Alternative Transaction and (ii) no Debtor nor any of their respective directors, officers, or members, each in its capacity as a director, officer, or member of such Debtor, as applicable, shall, directly or indirectly, initiate or solicit any inquiries or the making of any proposal or offer relating to an Alternative Transaction, engage or participate in any discussions or negotiations, or provide any non-public information to any Person (including any Plan Sponsor), with respect to an Alternative Transaction. Notwithstanding the foregoing sentence, from the date of this Agreement until the earlier of the Closing and the termination of this Agreement in accordance with its terms, (A) the Company and its Subsidiaries shall comply with, and shall be permitted to comply with, the terms of the Exclusivity Order and nothing in this Section 6.13 shall restrict or prohibit such compliance and (B) if (1) the Company or any of its Subsidiaries receives a *bona fide*, written unsolicited proposal or offer for an Alternative Transaction (an "***Alternative Transaction Proposal***") from any Person (including any Plan Sponsor) that did not result from a breach of the obligations of this Section 6.13(a) and (2) the Board of Directors of the Company (the "***Company Board***") has determined in good faith, after consultation with its outside counsel and independent financial advisor, that such Alternative Transaction Proposal constitutes, or is reasonably likely to lead to or result in, a Superior Proposal, the Company and its Subsidiaries may, in response to such Alternative Transaction Proposal: (x) furnish non-public information in response to a request therefor by such Person if such Person has executed and delivered to the Company a confidentiality agreement on customary terms if the Company also promptly (and in any event within twenty-four (24) hours after the time such information is provided to such Person) makes such information available to the Plan Sponsors, to the

extent not previously provided to the Plan Sponsors; and (y) engage or participate, or instruct and direct their respective representatives to engage or participate, in discussions and negotiations with such Person regarding such Alternative Transaction Proposal.

(b) The Debtors shall notify the Plan Sponsors promptly (and, in any event, within twenty-four (24) hours) if any Alternative Transaction is received by and in connection therewith any non-public information is requested from, or any discussions or negotiations are sought to be initiated or continued with, the Company or its Subsidiaries or their respective representatives, which notice shall indicate the identity of the parties and the material terms and conditions of such Alternative Transaction Proposal (including, if applicable, copies of any written inquiries, requests, proposals or offers, including any proposed agreements) and, thereafter, the Company shall keep the Plan Sponsors reasonably informed of the status and material terms of such Alternative Transaction Proposal (including any material amendments thereto) and the status of any such discussions or negotiations, including any change in the Company's or its Subsidiaries' intentions as previously notified. None of the Debtors or any of their Subsidiaries shall, after the date of this Agreement, enter into any confidentiality or similar agreement that would prohibit it from providing such information to the Plan Sponsors.

(c) Subject to the Debtors' compliance with this Section 6.13, prior to the earlier of the occurrence of the Closing and the termination of this Agreement in accordance with its terms, the Company Board may approve an Alternative Transaction Proposal that was not the result of a breach of this Section 6.13 that the Company Board has determined in good faith, after consultation with its outside legal counsel and its independent financial advisor, constitutes a Superior Proposal, if and only if, (i) prior to taking such action the Company Board determines in good faith, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with the directors' fiduciary or other duties under applicable Law and (ii) the Company Board notifies the Plan Sponsors in writing at least forty-eight (48) hours in advance and prior to taking such action that it intends to take such action or that the Company intends to terminate this Agreement pursuant to Section 9.1(f), which notice shall specify the identity of the Person making such Alternative Transaction Proposal and all of the material terms and conditions of such Alternative Transaction Proposal and attach the most current version of any proposed transaction agreement (and any related agreements) providing for such Alternative Transaction Proposal); *provided*, *however*, that such forty-eight (48) hours' notice shall be given again in the event of any revision to the financial terms or any other material terms of such Alternative Transaction Proposal and (iii) on the date of such termination pursuant to Section 9.1(f), the Debtors shall pay the Termination Fee and repay the DIP Loan in full in cash.

(d) With respect to any Alternative Transaction that is premised, whether directly or indirectly, on one or more asset sales under Section 363 of the Bankruptcy Code or pursuant to a chapter 11 plan, each Plan Sponsor and/or the respective agents under the Prepetition Senior Secured Notes Indenture (including the Collateral Agent under and as defined in the Prepetition Senior Secured Notes Indenture) shall (in the manner provided for in the Prepetition Senior Secured Notes Indenture and the Prepetition Senior Secured Notes) have the right to "credit bid" (whether pursuant to Section 363(k) of the Bankruptcy Code or otherwise) all (or such lesser portion as they may determine under the Prepetition Senior Secured Notes Indenture and the Prepetition Senior Secured Note) of the obligations under the Prepetition Senior Secured Notes Indenture (including all principal, premium, interest (at the default rate to the extent applicable under the Prepetition Senior Secured Notes Indenture and Prepetition Senior Secured Notes and irrespective of whether permissible under the Bankruptcy Code), penalties, fees, charges, expenses, indemnifications, reimbursements, damages, and all other amounts and liabilities payable under the Prepetition Senior Secured Notes Indenture and the Prepetition Senior Secured Notes), the principal amount of which shall be no less than $205,000,000 as of the Petition Date, notwithstanding any provision of the Bankruptcy Code or any applicable Law (including Section 363(k) of the Bankruptcy Code to the extent permitted by the terms of the DIP Loan Debt Documents and in accordance with the

terms of the Final DIP Order (as defined in the Plan)) to the contrary, subject only to any applicable term or condition of the Prepetition Senior Secured Notes Indenture, to the extent that such term or condition is found to be enforceable. The UPA Approval Order shall provide for the foregoing.

Section 6.14 Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims. The Debtors shall deliver an estimate of the amount of Allowed Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims (each as defined in the Plan and which shall include any liabilities under or with respect to any Company Plan or any Foreign Company Plan), in each case, excluding any DIP Claims (as defined in the Plan) or any fees, expenses or indemnities due or payable pursuant to this Agreement or the DIP Loan Debt Documents (other than any Expense Reimbursement) on or before ten (10) Business Days before the anticipated Closing, which estimate will be prepared in good faith and require the consent of the Requisite Plan Sponsors (such estimate, the "***Estimate of Allowed Specified Claims***").

ARTICLE VII

CONDITIONS TO THE CLOSING

Section 7.1 Conditions to the Obligation of the Plan Sponsors. The obligations of each Plan Sponsor to consummate the Closing shall be subject to (unless waived in accordance with Section 7.2) the satisfaction of the following conditions:

(a) UPA Approval Order. The Bankruptcy Court shall have entered the UPA Approval Order, and such Order shall be a Final Order.

(b) Recognition of UPA Approval Order. The Canadian Court shall have granted Recognition Orders with respect to the UPA Approval Order, and such Order shall be a Final Order.

(c) Plan Solicitation Order. The Bankruptcy Court shall have entered the Plan Solicitation Order, and such Order shall be in full force and effect.

(d) Recognition of Plan Solicitation Order. The Canadian Court shall have granted a Recognition Order with respect to the Plan Solicitation Order, and such Order shall be in full force and effect.

(e) UPA Consummation Approval Order. The Bankruptcy Court shall have entered the UPA Consummation Approval Order (which may be the Confirmation Order), and such Order shall be a Final Order.

(f) Recognition of UPA Consummation Approval Order. The Canadian Court shall have granted a Recognition Order with respect to the UPA Consummation Approval Order, and such Order shall be a Final Order.

(g) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order, and such Order shall be a Final Order.

(h) Recognition of Confirmation Order. The Canadian Court shall have granted a Recognition Order with respect to the Confirmation Order, and such Order shall be a Final Order.

(i) Plan. The Company and all of the other Debtors shall have complied, in all respects, with the terms of the Plan that are to be performed by the Company and the other Debtors on or prior to the Effective Date.

(j) Additional Capital Commitment. The Additional Capital Commitment shall have been conducted, in all material respects, in accordance with the terms of this Agreement, and the Expiration Time shall have occurred.

(k) Conditions to the Plan. The conditions to the occurrence of the Effective Date of the Plan set forth in the Plan and the Confirmation Order shall have been satisfied or, with the prior written consent of the Requisite Plan Sponsors, waived in accordance with the terms thereof and the Plan and the Confirmation Order and the Effective Date of the Plan shall have occurred.

(l) Reorganized Holdings Corporate Documents. The Reorganized Holdings Corporate Documents shall duly have become in full force and effect in accordance with the Plan.

(m) Expense Reimbursement. The Debtors shall have paid all Expense Reimbursement accrued through the Closing Date pursuant to Section 3.1.

(n) DIP Loan Event of Default. No DIP Loan Event of Default shall exist and be continuing.

(o) Consents. All governmental and third-party notifications, filings, consents, waivers and approvals set forth on Schedule 4 and required for the consummation of the transactions contemplated by this Agreement and the Plan shall have been made or received.

(p) No Legal Impediment to Issuance. No Law or Order shall have been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or the transactions contemplated by this Agreement nor shall any Governmental Entity have alleged or asserted that the transactions contemplated by this Agreement are subject to any waiting periods pursuant to or under, or require any filings with or review by any Antitrust Authorities pursuant to or under, any Antitrust Laws (nor shall any Order have been enacted, adopted or issued by any Governmental Entity confirming such an allegation or assertion or otherwise imposing any such waiting periods or review).

(q) Representations and Warranties.

(i) The representations and warranties of the Debtors contained in Sections 4.2, 4.3, 4.4, 4.5, 4.6(b), and 4.28 shall be true and correct in all respects at and as of the date hereof and as of the Closing Date after giving effect to the Plan with the same effect as if made at and as of such date after giving effect to the Plan (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(ii) The other representations and warranties of the Debtors contained in ARTICLE IV shall be true and correct in all material respects (disregarding all materiality or Material Adverse Effect qualifiers) at and as of the date hereof and as of the Closing Date with the same effect as if made at and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(r) Covenants. The Debtors shall have performed and complied, in all material respects, with all of their respective covenants and agreements contained in this Agreement that contemplate, by their terms, performance or compliance prior to the Closing Date.

(s) Material Adverse Effect. Since September 30, 2015, there shall not have occurred, and there shall not exist, a Material Adverse Effect.

(t) Officer's Certificate. The Plan Sponsors shall have received on and as of the Closing Date a certificate of the chief executive officer or chief financial officer of the Company confirming that the conditions set forth in Sections 7.1(q), (r) and (s) have been satisfied.

(u) Amount of Claims. The Debtors shall have delivered the Estimate of Allowed Specified Claims on or before ten (10) Business Days before the anticipated Closing and the amount of Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims (each as defined in the Plan and which shall include any liabilities under or with respect to any Company Plan or any Foreign Company Plan) reasonably estimated to be Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Priority Tax Claims, and Allowed Other Secured Claims (each as defined in the Plan and which shall include any liabilities under or with respect to any Company Plan or any Foreign Company Plan), but excluding any DIP Claims or any fees, expenses or indemnities due or payable pursuant to this Agreement or the DIP Loan Debt Documents (other than any Expense Reimbursement), by the Company and as set forth in the Estimate of Allowed Specified Claims shall be less than $65,500,000.00, in the aggregate.

Section 7.2 Waiver of Conditions to Obligation of Plan Sponsors. All or any of the conditions set forth in Section 7.1 may only be waived in whole or in part with respect to all Plan Sponsors by a written instrument executed by the Requisite Plan Sponsors in their sole discretion and if so waived, all Plan Sponsors shall be bound by such waiver.

Section 7.3 Conditions to the Obligation of the Company. The obligation of the Company to consummate the Closing is subject to (unless waived by the Company) the satisfaction of each of the following conditions:

(a) UPA Approval Order. The Bankruptcy Court shall have entered the UPA Approval Order.

(b) Recognition of UPA Approval Order. The Canadian Court shall have granted a Recognition Order with respect to the UPA Approval Order, and such Order shall be a Final Order.

(c) Plan Solicitation Order. The Bankruptcy Court shall have entered the Plan Solicitation Order, and such Order shall be in full force and effect.

(d) Recognition of Plan Solicitation Order. The Canadian Court shall have granted a Recognition Order with respect to the Plan Solicitation Order, and such Order shall be in full force and effect.

(e) UPA Consummation Approval Order. The Bankruptcy Court shall have entered the UPA Consummation Approval Order (which may be the Confirmation Order).

(f) Recognition of UPA Consummation Approval Order. The Canadian Court shall have granted a Recognition Order with respect to the UPA Consummation Approval Order, and such Order shall be in full force and effect.

(g) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order.

(h) Recognition of Confirmation Order. The Canadian Court shall have granted a Recognition Order with respect to the Confirmation Order, and such Order shall be in full force and effect.

(i) Conditions to the Plan. The conditions to the occurrence of the Effective Date of the Plan set forth in the Plan and the Confirmation Order shall have been satisfied or, with the prior written consent of the Requisite Plan Sponsors, waived in accordance with the terms thereof and the Plan and the Confirmation Order and the Effective Date of the Plan shall have occurred.

(j) No Legal Impediment to Issuance. No Law or Order shall have been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or the transactions contemplated by this Agreement nor shall any Governmental Entity have alleged or asserted that the transactions contemplated by this Agreement are subject to any waiting periods pursuant to or under, or require any filings with or review by any Antitrust Authorities pursuant to or under, any Antitrust Laws (nor shall any Order have been enacted, adopted or issued by any Governmental Entity confirming such an allegation or assertion or otherwise imposing any such waiting periods or review).

(k) Representations and Warranties. The representations and warranties of each Plan Sponsor contained in this Agreement shall be true and correct in all material respects at and as of the date hereof and as of the Closing Date with the same effect as if made at and as of such date (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(l) Covenants. The applicable Plan Sponsor shall have performed and complied, in all material respects, with all of its covenants and agreements contained in this Agreement and in any other document delivered pursuant to this Agreement.

(m) Subscription Escrow Account. The Subscription Escrow Account shall be funded in accordance with this Agreement in cash in an amount equal to the full Purchase Price for all Emergence Equity Units.

Section 7.4 Frustration of Closing Conditions. Neither any of the Plan Sponsors nor the Company may rely on the failure of any condition set forth in this ARTICLE VII to be satisfied to prevent the Closing from occurring, if such failure was caused by such Party's failure to comply with the terms of this Agreement.

Section 7.5 Waiver of Conditions. Following the occurrence of the Closing, any condition set forth in this ARTICLE VII that was not satisfied as of the Closing will be deemed to have been waived for all purposes by the Party having the benefit of such condition as of and after the Closing, in each case, absent fraud.

ARTICLE VIII

INDEMNIFICATION AND CONTRIBUTION

Section 8.1 Indemnification Obligations. Following the entry of the UPA Approval Order and the Recognition Order applicable thereto, the Company and the other Debtors (the "***Indemnifying Parties***" and each an "***Indemnifying Party***") shall, jointly and severally (subject to

Section 10.1), indemnify and hold harmless each Plan Sponsor, its Affiliates, shareholders, members, partners and other equity holders, general partners, managers and its and their respective Representatives, agents and controlling persons (each, an "***Indemnified Person***") from and against any and all losses, claims, damages, Liabilities and costs and expenses (other than Taxes of the Plan Sponsors except to the extent otherwise provided for in this Agreement) (collectively, "***Losses***") that any such Indemnified Person may incur or to which any such Indemnified Person may become subject arising out of or in connection with any claim, challenge, litigation, investigation or proceeding relating to this Agreement, the Plan, the Chapter 11 Proceedings, the Recognition Proceedings, and the transactions contemplated hereby and thereby, including, the Emergence Equity Purchase, the Additional Capital Commitment or the use of the proceeds of the sale of the Emergence Equity Units or the Additional Capital Commitment Units, or any breach by the Debtors of this Agreement, or the negotiation and documentation of the Plan regardless of whether any Indemnified Person is a party thereto, whether or not such proceedings are brought by the Company, the other Debtors, their respective equity holders, Affiliates, creditors or any other Person, and reimburse each Indemnified Person upon demand for reasonable (subject to redaction to preserve attorney client and work product privileges) legal or other third-party expenses incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether or not the transactions contemplated by this Agreement or the Plan are consummated or whether or not this Agreement is terminated; *provided*, *however*, that the foregoing indemnity will not, as to any Indemnified Person, apply to Losses (a) as to a Defaulting Plan Sponsor and its Related Parties, caused by a Plan Sponsor Default by such Plan Sponsor (as found by a final, non-appealable judgment of a court of competent jurisdiction), or (b) to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the bad faith, willful misconduct or gross negligence of such Indemnified Person.

Section 8.2 Indemnification Procedure. Promptly after receipt by an Indemnified Person of notice of the commencement of any claim, challenge, litigation, investigation or proceeding (an "***Indemnified Claim***"), such Indemnified Person will, if a claim is to be made hereunder against the Indemnifying Party in respect thereof, notify the Indemnifying Party in writing of the commencement thereof; *provided*, *however*, that (a) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have hereunder except to the extent it has been materially prejudiced by such failure and (b) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Person otherwise than on account of this ARTICLE VIII. In case any such Indemnified Claims are brought against any Indemnified Person and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein, and, to the extent that it may elect by written notice delivered to such Indemnified Person, to assume the defense thereof, with counsel acceptable to such Indemnified Person; *provided*, *however*, that if the parties (including any impleaded parties) to any such Indemnified Claims include both such Indemnified Person and the Indemnifying Party and based on advice of such Indemnified Person's counsel there are legal defenses available to such Indemnified Person that are different from or additional to those available to the Indemnifying Party, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Claims. Upon receipt of notice from the Indemnifying Party to such Indemnified Person of its election to so assume the defense of such Indemnified Claims with counsel acceptable to the Indemnified Person, the Indemnifying Party shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof (other than reasonable costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel (in addition to any local counsel) in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one separate

counsel representing the Indemnified Persons who are parties to such Indemnified Claims (in addition to one local counsel in each jurisdiction in which local counsel is required) and that all such expenses shall be reimbursed as they occur), (ii) the Indemnifying Party shall not have employed counsel acceptable to such Indemnified Person to represent such Indemnified Person within a reasonable time after notice of commencement of the Indemnified Claims, (iii) the Indemnifying Party shall have failed or is failing to defend such claim, and is provided written notice of such failure by the Indemnified Person and such failure is not reasonably cured within ten (10) Business Days of receipt of such notice, or (iv) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Person. Notwithstanding anything herein to the contrary, the Company and its Subsidiaries shall have sole control over any Tax controversy or Tax audit and shall be permitted to settle any liability for Taxes of the Company and its Subsidiaries.

Section 8.3 Settlement of Indemnified Claims. The Indemnifying Party shall not be liable for any settlement of any Indemnified Claims effected without its written consent (which consent shall not be unreasonably withheld). If any settlement of any Indemnified Claims is consummated with the written consent of the Indemnifying Party or if there is a final judgment for the plaintiff in any such Indemnified Claims, the Indemnifying Party agrees to indemnify and hold harmless each Indemnified Person from and against any and all Losses by reason of such settlement or judgment to the extent such Losses are otherwise subject to indemnification by the Indemnifying Party hereunder in accordance with, and subject to the limitations of, the provisions of this ARTICLE VIII. The Indemnifying Party shall not, without the prior written consent of an Indemnified Person (which consent shall be granted or withheld in the Indemnified Person's sole discretion), effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnified Person unless (i) such settlement includes an unconditional release of such Indemnified Person in form and substance satisfactory to such Indemnified Person from all liability on the claims that are the subject matter of such Indemnified Claims and (ii) such settlement does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

Section 8.4 Contribution. If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless from Losses that are subject to indemnification pursuant to Section 8.1, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Person as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, as well as any relevant equitable considerations. It is hereby agreed that the relative benefits to the Indemnifying Party, on the one hand, and all Indemnified Persons with respect to any Plan Sponsor, on the other hand, shall be deemed to be in the same proportion as the total value received or proposed to be received by the Company pursuant to the issuance and sale of the Emergence Equity Units contemplated by this Agreement and the Plan bears to such Plan Sponsor's Purchase Percentage of the aggregate Purchase Price. The Indemnifying Parties also agree that no Indemnified Person shall have any liability based on their comparative or contributory negligence or otherwise to the Indemnifying Parties, any Person asserting claims on behalf of or in right of any of the Indemnifying Parties, or any other Person in connection with an Indemnified Claim except to the extent (a) as to a Defaulting Plan Sponsor and its Related Parties, caused by a Plan Sponsor Default by such Plan Sponsor (as found by a final, non-appealable judgment of a court of competent jurisdiction), or (b) found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the bad faith, willful misconduct or gross negligence of such Indemnified Person.

Section 8.5 Treatment of Indemnification Payments. All amounts paid by the Indemnifying Party to an Indemnified Person under this ARTICLE VIII shall, to the extent permitted by applicable Law, be treated as adjustments to the Purchase Price for all Tax purposes. The provisions of

this ARTICLE VIII are an integral part of the transactions contemplated by this Agreement and without these provisions the Plan Sponsors would not have entered into this Agreement, and the obligations of the Company under this ARTICLE VIII shall constitute allowed administrative expenses of the Debtors' estate under Sections 503(b) and 507 of the Bankruptcy Code and are payable without further Order of the Bankruptcy Court, and the Company may comply with the requirements of this ARTICLE VIII without further Order of the Bankruptcy Court.

Section 8.6 No Survival. All representations, warranties, covenants and agreements made in this Agreement shall not survive the Closing Date except for covenants and agreements that by their terms are to be satisfied after the Closing Date, which covenants and agreements shall survive until satisfied in accordance with their terms.

ARTICLE IX

TERMINATION

Section 9.1 Termination Rights. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date:

(a) by mutual written consent of the Company and the Requisite Plan Sponsors;

(b) by the Company by written notice to counsel to the Plan Sponsors or by the Requisite Plan Sponsors by written notice to the Company if any Law or Order shall have been enacted, adopted or issued by any Governmental Entity and remains in effect that prohibits the implementation of the Plan or the transactions contemplated by this Agreement or the other Transaction Agreements;

(c) by the Requisite Plan Sponsors upon written notice to the Company if:

(i) the Bankruptcy Court has not entered the Plan Solicitation Order on or prior to 5:00 p.m., New York City time on July 11, 2016, in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company;

(ii) the Canadian Court has not granted a Recognition Order with respect to the Plan Solicitation Order on or prior to 5:00 p.m., New York City time on July 12, 2016

(iii) the Bankruptcy Court has not entered the UPA Approval Order on or prior to 5:00 p.m., New York City time on August 31, 2016, in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company;

(iv) the Canadian Court has not granted a Recognition Order with respect to the UPA Approval Order on or prior to 5:00 p.m., New York City time on September 2, 2016;

(v) the Bankruptcy Court has not entered the Confirmation Order and UPA Consummation Approval Order on or prior to 5:00 p.m., New York City time on August 31, 2016, in each case, in form and substance mutually satisfactory to the Requisite Plan Sponsors and the Company;

(vi) the Canadian Court has not granted the Recognition Order with respect to the Confirmation Order and granted the UPA Recognition Order on or prior to 5:00 p.m., New York City time on September 2, 2016;

(vii) if the Effective Date has not occurred on or prior to 5:00 p.m., New York City time on September 19, 2016 in accordance with the terms of this Agreement and the Plan;

(viii) any of the UPA Approval Order, UPA Consummation Approval Order, Plan Solicitation Order, Confirmation Order, any corresponding Recognition Order or any Order of the Bankruptcy Court or the Canadian Court approving the DIP Loan is reversed, stayed, dismissed, vacated, reconsidered or is modified or amended after entry without the prior written consent of the Requisite Plan Sponsors and the Company;

(ix) any of this Agreement, DIP Loan Debt Documents, Disclosure Statement, Plan or any documents related to the Plan, including notices, exhibits or appendices, or any of the other Plan-Related Documents is amended or modified without the prior written consent of the Requisite Plan Sponsors and the Company; or

(x) either (A) the Requisite Plan Sponsors determine in good faith and in consultation with the Debtors, that the amount of Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims (each as defined in the Plan and which shall include any liabilities under or with respect to any Company Plan or any Foreign Company Plan), but excluding any DIP Claims or any fees, expenses or indemnities due or payable pursuant to this Agreement or the DIP Loan Debt Documents (other than any Expense Reimbursement), exceed $65,500,000.00, in the aggregate, or (B) the amount of Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims (each as defined in the Plan and which shall include any liabilities under or with respect to any Company Plan or any Foreign Company Plan), but excluding any DIP Claims or any fees, expenses or indemnities due or payable pursuant to this Agreement or the DIP Loan Debt Documents (other than any Expense Reimbursement), set forth in the Estimate of Allowed Specified Claims exceed $65,500,000.00, in the aggregate;

(d) by the Requisite Plan Sponsors upon written notice to the Company if:

(i) the Company or any of the other Debtors file any motion, application or adversary proceeding challenging the validity, enforceability, perfection or priority of or seeking avoidance of the Liens securing the obligations referred to in the Prepetition Senior Secured Notes Indenture or the documents related thereto or any other cause of action against and/or seeking to restrict the rights of holders of Prepetition Senior Secured Notes in their capacity as such, or the prepetition Liens securing the Prepetition Senior Secured Notes (or if the Company or any of the Debtors support any such motion, application or adversary proceeding commenced by any third party or consents to the standing of any such third party), in all cases, other than as expressly permitted under the DIP Loan Debt Documents;

(ii) the Company or the other Debtors shall have breached any representation, warranty, covenant or other agreement made by the Company or the other Debtors in this Agreement, or any such representation and warranty shall have become inaccurate after the date hereof, and, in each case, such breach or inaccuracy would, individually or in the aggregate with other such breaches or inaccuracies, if continuing on the Closing Date, result in a failure of any condition set forth in Sections 7.1(q), 7.1(r) or 7.1(s) being satisfied and such breach or inaccuracy is not cured by the Company or the other Debtors by the earlier of (A) the tenth (10^{th}) Business Day after the giving of notice thereof to the Company by the Requisite Plan Sponsors and (B) the third (3^{rd}) Business Day prior to the Outside Date;

(iii) the Company or the Debtors shall have filed or entered into any Transaction Agreement, including any Plan-Related Document, without the required approval of the Requisite Plan Sponsors pursuant hereto;

(iv) (A) a DIP Loan Event of Default has occurred and is continuing unwaived, (B) an acceleration of the obligations or termination of the DIP Loan, including the commitments thereunder, has occurred, (C) the termination or revocation of any interim or final debtor in possession financing Order and/or cash collateral Order entered in the Chapter 11 Proceedings with respect to the DIP Loan has occurred or (D) a modification or amendment of any interim or final debtor in possession financing Order and/or cash collateral Order entered in the Chapter 11 Proceedings or the Recognition Proceedings with respect to the DIP Loan that is not satisfactory to the Requisite Plan Sponsors, in their sole and absolute discretion, in each case of (A), (B), (C) and (D), other than in connection with the DIP Loan being, or after the DIP Loan has been, repaid in cash in full in accordance with its terms;

(v) (A) any of the Chapter 11 Proceedings shall have been dismissed or converted to a chapter 7 case; (B) a chapter 11 trustee with plenary powers or an examiner with enlarged powers relating to the operation of the businesses of the Debtors beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code shall have been appointed in any of the Chapter 11 Proceedings or the Debtors shall file a motion or other request for such relief or (C) the Recognition Proceedings shall have been dismissed or the stay granted therein shall be lifted or the proceedings shall be continued as proceedings under the BIA or other proceedings under the CCAA;

(vi) there shall have occurred a Material Adverse Effect; or

(vii) (A) the Bankruptcy Court approves or authorizes an Alternative Transaction at the request of any party in interest, (B) the Debtors or any of their Subsidiaries approve or enter into any Contract or written agreement in principle providing for the consummation of any Alternative Transaction (such Contract or written agreement in principle, an "***Alternative Transaction Agreement***") or (C) any Debtor or any of its Subsidiaries breaches Section 6.13.

(e) automatically without further action or notice by any Party if the Closing Date has not occurred by 5:00 p.m., New York City time on September 19, 2016, unless prior thereto the Effective Date occurs (the "***Outside Date***"); *provided, however*, that the Outside Date may be waived or extended pursuant to Section 10.10 and Section 10.12; or

(f) by the Company upon written notice to counsel to the Plan Sponsors if:

(i) subject to the right of the Plan Sponsors to arrange an Plan Sponsor Replacement in accordance with Section 2.3(a), if any Plan Sponsor Default shall have occurred; or

(ii) any Plan Sponsor shall have breached any representation, warranty, covenant or other agreement made by such Plan Sponsor in this Agreement (other than a Plan Sponsor Default) or any such representation and warranty shall have become inaccurate after the date hereof, and, in each case, such breach or inaccuracy would, individually or in the aggregate with other such breaches or inaccuracies, if continuing on the Closing Date, result in a failure of a condition set forth in Section 7.3(k) or Section 7.3(l) being satisfied and such breach or inaccuracy is not cured by such Plan Sponsor by the earlier of (A) the tenth (10th) Business Day

after the giving of notice thereof to such Plan Sponsor by the Company and (B) the third (3rd) Business Day prior to the Outside Date;

(iii) any Debtor or any of their Subsidiaries enters into any Alternative Transaction Agreement or the Bankruptcy Court approves or authorizes an Alternative Transaction at the request of the Debtors or any of its Subsidiaries or the Company Board approves an Alternative Transaction Proposal in accordance with Section 6.13(c); *provided*, *however*, that the Debtors may only terminate this Agreement pursuant to this Section 9.1(f)(iii) if the Debtors and the Subsidiaries have not breached any of their obligations under Section 6.13 and, concurrently with such termination, the Company pays the Termination Fee and repays the DIP Loan in full in cash to the Plan Sponsors pursuant to Section 9.2(b)(ii);

provided, *however*, that neither the Company nor the Requisite Plan Sponsors shall have the right to terminate this Agreement pursuant to Sections 9.1(c), 9.1(d) (other than Sections 9.1(d)(v), 9.1(d)(vi) and 9.1(d)(vii)) or 9.1(f)(i)) if the Company or any Plan Sponsor, respectively, is then in breach of any representation, warranty, covenant or other agreement hereunder that would result in, or has been a cause of, the failure of any condition set forth in Section 7.1 or Section 7.3, respectively, being satisfied.

Section 9.2 Effect of Termination.

(a) Upon termination of this Agreement pursuant to Section 9.1 (such date of termination, the "***Termination Date***"), this Agreement shall forthwith become void *ab initio* and there shall be no further obligations or liabilities on the part of the Debtors or the Plan Sponsors; *provided*, *however*, that (i) the obligations of the Debtors to pay the Expense Reimbursement pursuant to ARTICLE III (other than in the case of termination pursuant to Section 9.1(f)(i), in which case such obligations to pay the Expense Reimbursement will not survive), to satisfy their indemnification obligations pursuant to ARTICLE VIII and to pay the Termination Fee pursuant to this ARTICLE IX shall survive the termination of this Agreement indefinitely and shall remain in full force and effect to the extent applicable by the terms of this Agreement; (ii) ARTICLE X shall survive the termination of this Agreement in accordance with its terms and (iii) subject to Section 10.13, nothing in this Section 9.2 shall relieve any Party from liability for its willful or intentional breach of this Agreement. For purposes of this Agreement, "***willful or intentional breach***" shall mean a breach of this Agreement that is a consequence of an act undertaken by the breaching party with the knowledge that the taking of such act would, or would reasonably be expected to, cause a breach of this Agreement.

(b) The Debtors shall make payments to the Plan Sponsors or their designees based upon their respective Purchase Percentages, by wire transfer of immediately available funds to such accounts as the Requisite Plan Sponsors may designate, if this Agreement is terminated as follows:

(i) if this Agreement is terminated pursuant to Section 9.1(b), Section 9.1(c) or Section 9.1(d) prior to the Closing Date, then the Debtors shall pay the sum of $7,500,000 and the amount of any Expense Reimbursement then outstanding (collectively, the "***Termination Fee***") on or prior to the second (2nd) Business Day following such termination in cash;

(ii) if this Agreement shall be terminated pursuant to Section 9.1(f)(iii), then the Debtors shall pay the Termination Fee and shall repay the DIP Loan in full in cash simultaneously with such termination;

(iii) if this Agreement shall be terminated prior to the Closing Date pursuant to Section 9.1(e), and, within twelve (12) months after the date of such termination, any of the Debtors executes a definitive agreement with respect to, or consummates, an Alternative

Transaction, then the Company shall pay the Termination Fee in cash on or prior to the second (2nd) Business Day following such execution or consummation; or

(iv) the Company acknowledges and agrees that upon any termination of this Agreement, pursuant to Sections 9.1(a) or 9.1(e) (subject to any additional payments contemplated by Section 9.2(b)(iii)), the Company shall be required to pay any and all unpaid Expense Reimbursement incurred prior to such termination in cash simultaneously with such termination.

Furthermore, in the event of any breach of this Agreement by the Company, subject to the rights of the Plan Sponsors pursuant to Section 10.12, the sole and exclusive remedies of the Plan Sponsors will be, if applicable, to terminate this Agreement pursuant to Section 9.1 and receive, if applicable, any payments payable pursuant to this Section 9.2(b). Subject to the rights of the Plan Sponsors pursuant to Section 10.12, in no event will the Company or any of its Affiliates be liable for any monetary damages for any breach of this Agreement, other than (i) for such payments or liability for willful or intentional breach of the Agreement or (ii) any payments payable pursuant to this Section 9.2(b).

(c) The Company acknowledges and agrees that (i) the provisions for the payment of the Termination Fee and of the Expense Reimbursement are an integral part of the transactions contemplated by this Agreement and without these provisions the Plan Sponsors would not have entered into this Agreement, and the Termination Fee and the Expense Reimbursement shall, pursuant to the UPA Approval Order, constitute allowed administrative expenses of the Debtors' estate under Sections 503(b) and 507 of the Bankruptcy Code. To the extent that all amounts due in respect of the Termination Fee and the Expense Reimbursement pursuant to this Section 9.2 have actually been paid by the Debtors to the Plan Sponsors, the Plan Sponsors shall not have any additional recourse against the Debtors for any obligations or liabilities relating to or arising from this Agreement, except for liability for willful or intentional breach of this Agreement pursuant to Section 9.2.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 No Zochem Liability. Notwithstanding anything to the contrary herein, Zochem Inc. will not have any Liability to any Person under or relating to this Agreement.

Section 10.2 No Survival. All representations, warranties, covenants and agreements made in this Agreement shall not survive the Closing Date except for covenants and agreements that by their terms are to be satisfied after the Closing Date, which covenants and agreements shall survive until satisfied in accordance with their terms.

Section 10.3 No Outside Reliance. Each Plan Sponsor acknowledges that, in making its determination to proceed with the transactions contemplated by this Agreement, such Plan Sponsor has relied solely on the results of its own independent investigation and verification, and has not relied on, is not relying on, and will not rely on, the Company, any of its Subsidiaries or any of their Representatives or any information, statements, disclosures, documents, projections, forecasts or other material provided or otherwise made available to the Plan Sponsors or any of their Affiliates or Representatives, in each case, whether written or oral, or any failure of any of the foregoing to disclose or contain any information, except for the express representations, warranties, covenants and agreements of the Debtors set forth in this Agreement and the other Transaction Agreements.

Section 10.4 Notices. All notices and other communications in connection with this Agreement shall be in writing and shall be deemed given when delivered personally, when sent via electronic facsimile or electronic mail (in either case, with confirmation), on the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service or on the third (3rd) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, to the Parties at the following addresses (or at such other address for a Party as will be specified by like notice).

(a) If to the Company:

Horsehead Holding Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, PA 15205
Facsimile: (412) 788-1812
Attention: Timothy D. Boates, Chief Restructuring Officer

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60654
Facsimile: (312) 862-2200
Attention: Patrick J. Nash, Jr., P.C.
Steve Toth
Ryan Preston Dahl

(b) If to the Plan Sponsors (or to any of them), to the address set forth opposite each such Plan Sponsor's name on Schedule 5 hereto.

Section 10.5 Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any Party (whether by operation of Law or otherwise) without the prior written consent of the Company and the Requisite Plan Sponsors, other than an assignment by a Plan Sponsor expressly permitted by Sections 2.3, 2.6, 6.5 or 10.10 or any other provision of this Agreement and any purported assignment in violation of this Section 10.5 shall be void *ab initio.* Except as provided in ARTICLE VIII with respect to the Indemnified Persons, this Agreement (including the documents and instruments referred to in this Agreement) is not intended to and does not confer upon any Person any rights or remedies under this Agreement other than the Parties.

Section 10.6 Prior Negotiations; Entire Agreement.

(a) This Agreement (including the agreements attached as Exhibits to and the documents and instruments referred to in this Agreement) constitutes the entire agreement of the Parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement, except that the Parties hereto acknowledge that any confidentiality agreements heretofore executed among any of the Parties will continue in full force and effect.

(b) Notwithstanding anything to the contrary in the Plan (including any amendments, supplements or modifications thereto) or the Confirmation Order (and any amendments, supplements or modifications thereto) or an affirmative vote to accept the Plan submitted by any Plan Sponsor, nothing

contained in the Plan (including any amendments, supplements or modifications thereto) or Confirmation Order (including any amendments, supplements or modifications thereto) shall alter, amend or modify the rights of the Plan Sponsors under this Agreement unless such alteration, amendment or modification has been made in accordance with Section 10.10.

Section 10.7 Governing Law; Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD FOR ANY CONFLICTS OF LAW PRINCIPLES THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION, AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE. THE PARTIES CONSENT AND AGREE THAT ANY ACTION TO ENFORCE THIS AGREEMENT OR ANY DISPUTE, WHETHER SUCH DISPUTES ARISE IN LAW OR EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE AGREEMENTS, INSTRUMENTS AND DOCUMENTS CONTEMPLATED HEREBY SHALL BE BROUGHT EXCLUSIVELY IN THE BANKRUPTCY COURT (OR, SOLELY TO THE EXTENT THE BANKRUPTCY COURT DECLINES JURISDICTION OVER SUCH ACTION OR DISPUTE, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY). THE PARTIES CONSENT TO AND AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT (OR, SOLELY TO THE EXTENT THE BANKRUPTCY COURT DECLINES JURISDICTION OVER SUCH ACTION OR DISPUTE, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY). EACH OF THE PARTIES HEREBY WAIVES AND AGREES NOT TO ASSERT IN ANY SUCH DISPUTE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (I) SUCH PARTY IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT, (II) SUCH PARTY AND SUCH PARTY'S PROPERTY IS IMMUNE FROM ANY LEGAL PROCESS ISSUED BY THE BANKRUPTCY COURT OR (III) ANY LITIGATION OR OTHER PROCEEDING COMMENCED IN THE BANKRUPTCY COURT IS BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES HEREBY AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER AND TO AN ADDRESS PROVIDED IN SECTION 10.4, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF AND HEREBY WAIVE ANY OBJECTIONS TO SERVICE ACCOMPLISHED IN THE MANNER HEREIN PROVIDED.

Section 10.8 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY JURISDICTION IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE AMONG THE PARTIES UNDER THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE.

Section 10.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which will be considered one and the same agreement and will become effective when counterparts have been signed by each of the Parties and delivered to each other Party (including via facsimile or other electronic transmission), it being understood that each Party need not sign the same counterpart.

Section 10.10 Waivers and Amendments; Rights Cumulative; Consent. This Agreement may be amended, restated, modified, or changed only by a written instrument signed by the Company and the Requisite Plan Sponsors; *provided*, *however*, that each Plan Sponsor's prior written consent shall be required for any amendment that would have the effect of: (a) increasing the Purchase Price to be paid in respect of the Emergence Equity Units , (b) modifying such Plan Sponsor's Purchase Percentage (unless such Plan Sponsor is a Defaulting Plan Sponsor), (c) modifying any terms or

provisions of the New Limited Liability Company Agreement, or (d) extending the Outside Date beyond an additional ninety (90) days (other than in accordance with Section 2.3(a) or Section 10.12, if applicable); *provided, further, however*, that Schedules 1 and 2 may be amended and restated (i) to reflect any Plan Sponsor Default and reallocation for such a Plan Sponsor Default, in each case, as contemplated by and pursuant to Section 2.3 without the consent of any Party other than such consents required by and as contemplated by Section 2.3 or (ii) to reflect any Transfers and reallocations contemplated by the provisions of Section 2.6 or Section 6.5 with respect to a Transfer or reallocation in accordance with such Section(s). The terms and conditions of this Agreement (other than the conditions set forth in Section 7.1 and Section 7.3, the waiver of which shall be governed solely by ARTICLE VII and the termination right set forth in Section 9.1(e), the waiver of which shall require each Plan Sponsor's prior written consent) may be waived (y) by the Debtors only by a written instrument executed by the Company and (z) by the Plan Sponsors only by a written instrument executed by the Requisite Plan Sponsors on behalf of, and which waiver shall be binding on all, Plan Sponsors. Notwithstanding anything to the contrary contained in this Agreement, the Plan Sponsors set forth on Schedule 2 may agree, among themselves, with the prior written consent of the Company (not to be unreasonably withheld), to reallocate their Purchase Percentages, without any consent or approval of any other Party; *provided, however*, for the avoidance of doubt, any such agreement among such Plan Sponsors shall require the consent or approval of all Plan Sponsors affected by such reallocation. No delay on the part of any Party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any Party of any right, power or privilege pursuant to this Agreement, nor will any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. Except as otherwise provided in this Agreement, the rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any Party otherwise may have at law or in equity.

Section 10.11 Headings. The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

Section 10.12 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof, including if any of the Parties fails to take any action required of it hereunder to consummate the transactions contemplated by this Agreement, and that the Parties shall be entitled to seek an injunction or injunctions without proof of damages or posting a bond or other security to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Unless otherwise expressly stated in this Agreement, no right or remedy described or provided in this Agreement is intended to be exclusive or to preclude a Party from pursuing other rights and remedies to the extent available under this Agreement, at law or in equity. The right of specific performance and other equitable relief is an integral part of the transactions contemplated by this Agreement and without that right, neither the Company nor the Plan Sponsors would have entered into this Agreement. If, prior to the Outside Date, any Party brings any action to enforce specifically the performance of the terms and provisions hereof by any other Party, the Outside Date will automatically be extended (a) for the period during which such action is pending, plus ten (10) Business Days or (b) by such other time period established by the court presiding over such action, as the case may be. Notwithstanding anything herein to the contrary, in no event will this Section 10.12 be used to require the Company to remedy any breach of any representation or warranty of the Company made herein.

Section 10.13 Damages. The Parties agree that no Party will be liable for, and none of the Parties shall claim or seek to recover, any special or punitive damages, lost revenue, profits or income, diminution in value, loss of business reputation or opportunity or similar damages, costs or losses.

Section 10.14 No Reliance. No Plan Sponsor or any of its Related Parties shall have any duties or obligations to the other Plan Sponsors in respect of this Agreement, the Plan or the transactions contemplated hereby or thereby, except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Plan Sponsor or any of its Related Parties shall be subject to any fiduciary or other implied duties to the other Plan Sponsors, (b) no Plan Sponsor or any of its Related Parties shall have any duty to take any discretionary action or exercise any discretionary powers on behalf of any other Plan Sponsor, (c) (i) no Plan Sponsor or any of its Related Parties shall have any duty to the other Plan Sponsors to obtain, through the exercise of diligence or otherwise, to investigate, confirm, or disclose to the other Plan Sponsors any information relating to the Company or any of its Subsidiaries that may have been communicated to or obtained by such Plan Sponsor or any of its Affiliates in any capacity and (ii) no Plan Sponsor may rely, and confirms that it has not relied, on any due diligence investigation that any other Plan Sponsor or any Person acting on behalf of such other Plan Sponsor may have conducted with respect to the Company or any of its Affiliates or any of their respective securities and (d) each Plan Sponsor acknowledges that no other Plan Sponsor is acting as a placement agent, initial purchaser, underwriter, broker or finder with respect to its Purchase Percentage of its Emergence Equity Purchase.

Section 10.15 Publicity. At all times prior to the Closing Date, the Company and the other Debtors shall not, and shall cause each of their Subsidiaries to not, (a) use the name of any Plan Sponsor in any press release without such Plan Sponsor's prior written consent or (b) disclose to any person, other than legal, accounting, financial and other advisors to the Company, the other Debtors, or their Subsidiaries, the principal amount or percentage of Votable Claims, Additional Claims, DIP Loan Claims, or any other claims held by any Plan Sponsor or any of its respective subsidiaries or affiliates, except to the extent such Claims and the information in such disclosure related thereto that is prohibited by this sentence have otherwise been publicly disclosed (including through any filing made pursuant to Rule 2019 of the Bankruptcy Rules); *provided, however*, that the Company, the other Debtors, and their Subsidiaries shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, the Prepetition Senior Secured Note Claims and DIP Loan Claims held by the Plan Sponsors as a group. Notwithstanding the foregoing, the Plan Sponsors hereby consent to the disclosure by the Company, the other Debtors, and their Subsidiaries in the Plan-Related Documents or the Plan, as applicable, or as otherwise required by Law or regulation, of the execution, terms and contents of this Agreement (but not the signature pages, Schedule 1, Schedule 2, Schedule 3-A, Schedule 3-B or Schedule 5 hereto or any information set forth thereon which information, unless otherwise required by the Bankruptcy Court or the Canadian Court or applicable Law, will be redacted to the extent this Agreement is filed or the docket maintained in the Chapter 11 Proceedings or otherwise made publicly available). Notwithstanding the foregoing, the Company and the other Debtors will, and will cause their Subsidiaries to, submit to Akin Gump Strauss Hauer & Feld LLP, on behalf of the Plan Sponsors, all press releases, public filings, public announcements or other communications with any news media, in each case, to be made by the Company, the other Debtors, and their Subsidiaries relating to this Agreement or the transactions contemplated hereby and any amendments thereof for review, consultation and prior approval by Akin Gump Strauss Hauer & Feld LLP on behalf of the Requisite Plan Sponsors. The Company, the other Debtors, and their Subsidiaries will submit to the Requisite Plan Sponsors in advance all communications with dealers, customers and employees relating to the transactions contemplated by this Agreement, and will take the Requisite Plan Sponsors' views with respect to such communications into account. The Plan Sponsors will submit to counsel for the Company, the other Debtors, and their Subsidiaries all press releases, public filings, public announcements or other communications with any news media relating to this Agreement or the transactions contemplated hereby and any amendments thereof for review, consultation and prior approval by the Company. The Plan Sponsors shall not use the name of the Company, the other Debtors, and their Subsidiaries in any press release without the Company's prior written consent. Nothing contained herein shall be deemed to waive, amend or modify the terms of any confidentiality or non-disclosure agreement between of the Company, the other Debtors,

and their Subsidiaries and any Plan Sponsor, including the confidentiality and non-disclosure provisions contained in the Prepetition Debt Documents and the DIP Loan Debt Documents.

Section 10.16 Settlement Discussions. This Agreement and the transactions contemplated herein are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Section 408 of the U.S. Federal Rule of Evidence and any applicable federal, foreign, state or provincial rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any Legal Proceeding, except to the extent filed with, or disclosed to, the Bankruptcy Court in connection with the Chapter 11 Proceedings or as required by the Canadian Court in connection with the Recognition Proceedings (other than a Legal Proceeding to approve or enforce the terms of this Agreement).

Section 10.17 Reservation of Rights. Except as expressly provided in this Agreement or in the Plan, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict (a) the ability of each Party to protect and preserve its rights, remedies and interests, including the Claims, and any other claims against or interests in any of the Debtors or any other parties, or its full participation in any bankruptcy proceeding, (b) any right of any party under (i) any Prepetition Debt Documents or any DIP Loan Debt Documents, or constitute a waiver or amendment of any provision of any Prepetition Debt Documents or any DIP Loan Debt Documents, as applicable, and (ii) any other applicable agreement, instrument or document that gives rise to a party's Claims, or constitute a waiver or amendment of any provision of any such agreement, instrument or document, (c) the ability of a party to consult with other parties, any Debtor, or any other party, or (d) the ability of a party to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any Transaction Agreement (including any Plan-Related Documents). Without limiting the foregoing sentence in any way, after the termination of this Agreement pursuant to ARTICLE IX, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests, subject to ARTICLE IX, in the case of any claim for breach of this Agreement. Further, nothing in this Agreement shall be construed to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Proceedings, so long as such appearance and the positions advocated in connection therewith are consistent with the obligations of such Party set forth in, or otherwise permitted by, this Agreement and the Plan and, unless otherwise permitted by this Agreement, are not for the purpose of, and would not reasonably be expected to have the effect of, hindering, delaying or preventing the consummation of the Restructuring pursuant to the terms of this Agreement. Except as expressly provided in this Agreement, if the transactions contemplated by the Restructuring are not consummated, or if this Agreement is terminated for any reason, each Party fully reserves any and all of its rights, remedies, claims and interests.

Section 10.18 Further Assurances. Each of the Plan Sponsors and the Company shall, and the Company shall cause each of its Subsidiaries to, use their respective reasonable best efforts to (a) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (b) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

Section 10.19 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law in any jurisdiction, such provision will be ineffective only to the extent of such prohibition or invalidity in such jurisdiction, without invalidating the remainder of such provision or the remaining provisions of this Agreement or in any other jurisdiction.

Section 10.20 Representation by Counsel. Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions

contemplated by this Agreement and the Plan. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel, shall have no application and is expressly waived.

Section 10.21 No Fiduciary Duties; No Commitment To Finance. None of the Plan Sponsors shall have any fiduciary duty or other duties or responsibilities to each other, any Prepetition Macquarie Facility Lender, any Prepetition Convertible Senior Noteholders, any Prepetition Senior Secured Noteholder, any Prepetition Senior Unsecured Noteholders, BBVA, any DIP Lender, the Company, any other Debtor, or any equity holders, creditors or other stakeholders of any of the Company or any other Debtor. Further, the Parties agree that this Agreement does not constitute a commitment to, nor shall it obligate any of the Parties to, provide any new financing or credit support, except as expressly provided in ARTICLE III.

Section 10.22 No Solicitation. This Agreement, the Plan, the Plan-Related Documents and transactions contemplated herein and therein are the product of negotiations among the Parties, together with their respective Representatives. Notwithstanding anything herein to the contrary, this Agreement is not, and shall not be deemed to be, (a) a solicitation of votes for the acceptance of the Plan or any other plan of reorganization for the purposes of Sections 1125 and 1126 of the Bankruptcy Code or otherwise or (b) an offer for the issuance, purchase, sale, exchange, hypothecation, or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act or the Exchange Act and none of the Company, the other Debtors, and their Subsidiaries will solicit acceptances of the Plan from any party until such party has been provided with copies of a Disclosure Statement containing adequate information as required by Section 1125 of the Bankruptcy Code.

Section 10.23 UPA Approval Order. Notwithstanding anything herein to the contrary, if the UPA Approval Order is not entered by 5:00 p.m., prevailing Eastern time on August 31, 2016, then this Agreement shall be automatically void *ab initio*, without the necessity of any Person taking any action or giving of any notice.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

HORSEHEAD HOLDING CORP., on behalf of itself and each of the other Debtors

By: _____
Name:
Title:

SCHEDULE 4

CONSENTS

None.

EXHIBIT A

DEBTORS' JOINT PLAN OF REORGANIZATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HORSEHEAD HOLDING CORP., *et al.*,[1]	)	Case No. 16-10287 (CSS)
Debtors.	)	Jointly Administered

DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS PLAN IS SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS PLAN IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.

James H.M. Sprayregen, P.C.
Patrick J. Nash Jr., P.C. (admitted *pro hac vice*)
Ryan Preston Dahl (admitted *pro hac vice*)
KIRKLAND & ELLIS LLP
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
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Laura Davis Jones (DE Bar No. 2436)
James E. O'Neill (DE Bar No. 4042)
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PACHULSKI STANG ZIEHL & JONES LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, Delaware 19899-8705
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel to the Debtors and Debtors in Possession

Dated as of: July 1, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Horsehead Holding Corp. (7377); Horsehead Corporation (7346); Horsehead Metal Products, LLC (6504); The International Metals Reclamation Company, LLC (8892); and Zochem Inc. (4475). The Debtors' principal offices are located at 4955 Steubenville Pike, Suite 405, Pittsburgh, Pennsylvania 15205.

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INTRODUCTION

Horsehead Holding Corp. and its subsidiaries Horsehead Corporation; Horsehead Metal Products, LLC; The International Metals Reclamation Company, LLC; and Zochem Inc., as debtors and debtors in possession (each, a "Debtor" and, collectively, the "Debtors"), propose this joint plan of reorganization for the resolution of the outstanding claims against and interests in the Debtors pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and accomplishments during the Chapter 11 Cases and the Canadian Proceedings, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*Ad Hoc Group of Noteholders*" means those Holders of Senior Notes and Unsecured Notes as identified in the *Amended Verified Statement Pursuant to Bankruptcy Rule 2019* [Docket No. 433], as the same may be supplemented from time to time.

2. "*Additional Capital Commitment*" means that certain right pursuant to which Eligible Holders may elect to commit to purchase the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.

3. "*Additional Capital Commitment Amount*" means cash in an aggregate amount equal to the lesser of (a) $100,000,000 and (b) the aggregate amount committed by all Additional Capital Commitment Participants.

4. "*Additional Capital Commitment Participants*" means those Eligible Holders who duly commit to purchase Additional Capital Commitment Units in accordance with the terms of the UPA.

5. "*Additional Capital Commitment Units*" means the units of New Common Equity committed to be purchased in the Additional Capital Commitment for a total purchase price equal to the Additional Capital Commitment Amount pursuant to the terms of the UPA.

6. "*Administrative Claim*" means a Claim for the costs and expenses of administration of the Estates pursuant to section 503(b) and 507(a)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors; (b) all fees and charges assessed against the Estates pursuant to chapter 123 of the Judicial Code, including, but not limited to, the U.S. Trustee Fees; (c) Professional Fee Claims; and (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code. For the avoidance of doubt, (x) a Claim asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code is included in the definition of Administrative Claim and (y) in no instance shall an Intercompany Claim be an Administrative Claim.

7. "*Administrative Claims Bar Date*" means the deadline for filing requests for payment of Administrative Claims (other than Professional Fee Claims) as established by the Bankruptcy Court pursuant to the Claims Bar Date Order.

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8. "*Administrative Claims Objection Bar Date*" means the deadline for filing objections to requests for payment of Administrative Claims (other than requests for payment of Professional Fee Claims), which shall be the first Business Day that is 180 days following the Effective Date; provided, that, the Administrative Claims Objection Bar Date may be extended by the Bankruptcy Court at the Reorganized Debtors' request after notice and a hearing.

9. "*Affiliate*" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

10. "*Allowed*" means with respect to Claims: (a) any Claim, other than an Administrative Claim, that is evidenced by a Proof of Claim which is or has been timely Filed by the applicable Claims Bar Date or that is not required to be evidenced by a Filed Proof of Claim under the Bankruptcy Code or a Final Order; (b) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; (c) any General Unsecured Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which a Proof of Claim has been timely filed against the applicable Debtor in an amount less than or equal to the amount listed in such Debtor's Schedules, which shall be Allowed in the amount set forth on the Proof of Claim; or (d) any Claim Allowed pursuant to (i) the Plan, (ii) any contract, instrument, indenture, or other agreement entered into or assumed in connection with the Plan, (iii) a Final Order of the Bankruptcy Court, or (iv) an Allowed Claims Notice; provided, that, with respect to any Claim described in clause (a) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed for voting purposes only by a Final Order. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest on such Claim from and after the Petition Date. For purposes of determining the amount of an Allowed Claim, there shall be deducted therefrom an amount equal to the amount of any Claim that the Debtors may hold against the Holder thereof, to the extent such Claim may be offset, recouped, or otherwise reduced under applicable law. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed by the applicable Claims Bar Date, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

11. "*Allowed Claims Notice*" means a notice filed with the Bankruptcy Court by the Debtors (prior to the Effective Date) or Reorganized Debtors (on or after the Effective Date) identifying one or more Claims as Allowed.

12. "*Assumed Executory Contract and Unexpired Lease Schedule*" means the schedule (as may be amended in accordance with the terms set forth in Article V hereof) of Executory Contracts and Unexpired Leases (including any amendments or modifications thereto) that will be assumed by the Debtors pursuant to the provisions of Article V hereof, as determined by the Debtors with the consent of the Requisite Plan Sponsors and included in the Plan Supplement.

13. "*Avoidance Actions*" means any and all avoidance, recovery, subordination, or similar remedies that may be brought by or on behalf of the Debtors or the Estates, including causes of action or defenses arising under chapter 5 of the Bankruptcy Code or applicable non-bankruptcy law.

14. "*Banco Bilbao Credit Agreement*" means that certain Credit Agreement, dated as of August 28, 2012, by and among Horsehead Corporation as borrower, Horsehead Holding as guarantor, and Banco Bilbao Vizcaya Argentaria, S.A. as amended, restated, or otherwise modified from time to time in accordance with its terms.

15. "*Banco Bilbao Credit Agreement Claim*" means any Claim arising under or related to the Banco Bilbao Credit Agreement, including but not limited to any deficiency Claim arising under or related to the Banco Bilbao Credit Agreement.

16. "*Banco Bilbao Credit Facility*" means that certain credit facility provided under the Banco Bilbao Agreement.

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17. "*Banco Bilbao Note*" means that certain unsecured note to be issued by Reorganized Horsehead Corporation and guaranteed by Reorganized Horsehead in the amount of $3.0 million, maturing on the seventh (7th) anniversary of the Effective Date, bearing an annual interest rate (payable in cash or PIK interest, at the issuer's election) equal to (x) the 3 month LIBOR then in effect on the applicable anniversary of the Effective Date plus (y) 150 bps, and which shall otherwise be on terms acceptable to the Debtors and the Requisite Plan Sponsors after consultation with the Creditors' Committee.

18. "*Bankruptcy Court*" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 and/or the General Order of the District Court pursuant to section 151 of title 28 of the United States Code, the United States District Court for the District of Delaware.

19. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

20. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

21. "*Canadian Court*" means the Ontario Superior Court of Justice (Commercial List), or such other Canadian court having jurisdiction over the Canadian Proceedings or any proceeding within, or appeal of an order entered in, the Canadian Proceedings.

22. "*Canadian Proceedings*" means the recognition proceedings currently before the Canadian Court under Part IV of the CCAA recognizing the Chapter 11 Cases as "foreign main proceedings."

23. "*Cash*" means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

24. "*Causes of Action*" means any claim, cause of action (including Avoidance Actions or rights arising under section 506(c) of the Bankruptcy Code), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, Causes of Action include: (a) all rights of setoff, counterclaim, cross-claim, or recoupment, and claims on contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

25. "*CCAA*" means the *Companies' Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended.

26. "*Chapter 11 Cases*" means the jointly administered chapter 11 cases commenced by the Debtors and styled In re Horsehead Holding Corp., et al., Chapter 11 Case No. 16-10287 (CSS), which are currently pending before the Bankruptcy Court.

27. "*Chestnut Ridge*" means Chestnut Ridge Railroad Corp.

28. "*Charging Lien*" means any Lien or other priority in payment to which a Prepetition Indenture Trustee is entitled under the terms of a Prepetition Indenture to assert against distributions to be made to Holders of Claims under such Prepetition Indenture.

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29. "*Claim*" means any claim against the Debtors, as defined in section 101(5) of the Bankruptcy Code, including: (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

30. "*Claims Bar Date*" means the date established by the Bankruptcy Court by which Proofs of Claim must have been Filed with respect to such Claims, pursuant to: (a) the Claims Bar Date Order; (b) a Final Order of the Bankruptcy Court; or (c) the Plan.

31. "*Claims Bar Date Order*" means the *Order (A) Setting Bar Dates for Filing Proofs of Claim, Including Claims Arising Under Section 503(B)(9) of the Bankruptcy Code, (B) Setting a Bar Date for the Filing of Proofs of Claim by Governmental Units, (C) Setting a Bar Date for the Filing of Requests for Allowance of Administrative Expense Claims, (D) Setting an Amended Schedules Bar Date, (E) Setting a Rejection Damages Bar Date, (F) Approving the Form and Manner for Filing Proofs of Claim, (G) Approving Notice of the Bar Dates, and (H) Granting Related Relief* [Docket No. 321].

32. "*Claims Objection Bar Date*" shall mean the later of: (a) the first Business Day following 180 days after the Effective Date; and (b) such later date as may be fixed by the Bankruptcy Court, after notice and a hearing, upon a motion by the Reorganized Debtors Filed before the day that is 180 days after the Effective Date.

33. "*Claims Register*" means the official register of Claims maintained by the Notice and Claims Agent.

34. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III.B hereof pursuant to section 1122(a) of the Bankruptcy Code.

35. "*Closing Date*" shall have the meaning ascribed to such term in the UPA.

36. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

37. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

38. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

39. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time in consultation with the Plan Sponsors.

40. "*Confirmation Objection Deadline*" shall be the date for objecting to Confirmation, as set forth in the Disclosure Statement Order.

41. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

42. "*Confirmation Recognition Order*" means an order of the Canadian Court, recognizing and enforcing the Confirmation Order in Canada.

43. "*Consummation*" shall mean "substantial consummation" as defined in section 1101(2) of the Bankruptcy Code.

44. "*Convertible Notes*" means the 3.80% Convertible Senior Notes due 2017 issued in the aggregate principal amount of $100,000,000 pursuant to the Convertible Notes Indenture.

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45. "*Convertible Notes Claim*" means any Claim arising under or related to the Convertible Notes, including fees, costs, expenses, indemnities, and other charges under the Convertible Notes or the Convertible Notes Indenture for purposes of asserting a Charging Lien in favor of the Convertible Notes Indenture Trustee.

46. "*Convertible Notes Indenture*" means that certain Indenture, dated as of July 27, 2011, by and among Horsehead Holding, as issuer, and the Convertible Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

47. "*Convertible Notes Indenture Trustee*" means Delaware Trust Company, solely in its capacity as indenture trustee under the Convertible Notes Indenture, and any successors in such capacity.

48. "*Convertible Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Convertible Notes Indenture Trustee and its professionals pursuant to the Convertible Notes Indenture through and including the Effective Date.

49. "*Covered Persons*" means all current and former directors, officers and managers of the Debtor, whenever serving, but solely to the extent covered by the D&O Liability Insurance Policies.

50. "*Creditors' Committee*" means the Committee of Unsecured Creditors appointed by the U.S. Trustee pursuant to the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 129] on February 16, 2016.

51. "*Creditors' Committee Settlement*" means the agreements among or between the Debtors, the Ad Hoc Group of Noteholders, the Creditors' Committee, and First American to, among other things, settle and release the Creditors' Committee Standing Motion Claims, as set forth herein and in Article V.I of the Disclosure Statement.

52. "*Creditors' Committee Standing Motion*" means the *Motion of the Official Committee of Unsecured Creditors for Entry of an Order Granting the Committee Standing to Commence and Prosecute an Action on Behalf of the Debtors' Estates Against U.S. Bank National Association, as Trustee and Collateral Agent for the Prepetition Senior Secured Noteholders*, dated May 6, 2016 [Docket No. 882].

53. "*Creditors' Committee Standing Motion Claims*" means the claims set forth in the draft complaint attached as **Exhibit B** to the Creditors' Committee Standing Motion, pursuant to which the Creditors' Committee sought to challenge the extent, validity, priority, and perfection of certain security interests asserted by or on behalf of holders of Secured Notes in certain assets of the Debtors.

54. "*D&O Liability Insurance Policies*" means all insurance policies for directors, members, trustees, officers, and managers' liability issued to or maintained by the Debtors' Estates as of the Effective Date including any "tail" coverages to such policies.

55. "*Debtor Release*" means the release given on behalf of the Debtors and their Estates to the Released Parties as set forth in Article VIII.C hereof.

56. "*DIP Agent*" means Cantor Fitzgerald Securities, solely in its capacity as administrative agent under the DIP Credit Agreement.

57. "*DIP Credit Agreement*" means that certain *Senior Secured Superpriority Debtor-in-Possession Credit, Security and Guaranty Agreement*, dated as of February 8, 2016, as amended, supplemented, or otherwise modified from time to time in accordance with its terms, by and among the Debtors party thereto each as borrowers or guarantors, the DIP Agent, and the DIP Lenders.

58. "*DIP Facility*" means that certain debtor-in-possession financing facility of up to $90.0 million provided under the DIP Credit Agreement.

59. "*DIP Facility Claim*" means any Claim arising under or related to the DIP Facility.

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60. "*DIP Lenders*" means the lenders from time to time party to the DIP Facility, each solely in their capacities as such.

61. "*Disbursing Agent*" means, on the Effective Date, the Debtors, their agent, or any Entity or Entities designated by the Debtors or the Reorganized Debtors to make or facilitate distributions that are to be made on or after the Initial Distribution Date pursuant to the Plan, including: (a) the Unsecured Notes Indenture Trustee with respect to distributions to the Holders of Unsecured Notes Claims; (b) the Convertible Notes Indenture Trustee with respect to distributions to the Holders of Convertible Notes Claims; (c) the Secured Notes Indenture Trustee with respect to the distributions to Holders of Secured Notes Claims; and (d) the DIP Agent with respect to the distributions to the Holders of the DIP Facility Claims.

62. "*Disclosure Statement*" means the *First Amended Disclosure Statement for the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of July 1, 2016, and attached as **Schedule 1** to the Disclosure Statement Order, as may be further amended, supplemented, or modified from time to time in accordance with its terms, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law and approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

63. "*Disclosure Statement Order*" means the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief*, entered on [●], 2016 [Docket No. ●], and in form and substance materially consistent with this Plan and otherwise acceptable to the Requisite Plan Sponsors and the Debtors.

64. *"Disclosure Statement Recognition Order"* means an order of the Canadian Court, recognizing and enforcing the Disclosure Statement Order in Canada.

65. "*Disputed*" means, with regard to any Claim, a Claim that is not an Allowed Claim.

66. "*Disputed Claims Reserve*" means a Cash reserve that may be funded on or after the Effective Date pursuant to Article VII.D hereof.

67. "*Distribution Record Date*" means the date for determining which Holders of Allowed Claims are eligible to receive distributions hereunder, which shall be the Effective Date or such other date as designated in a Bankruptcy Court order.

68. "*Effective Date*" means with respect to the Plan, the date that is a Business Day on which: (a) no stay of the Confirmation Order or the Confirmation Recognition Order is in effect; (b) all conditions precedent specified in Article IX of the Plan have been satisfied or waived (in accordance with Article IX.C of the Plan); (c) the Plan is declared effective by the Debtors; and (d) the Debtors shall have Filed notice of the Effective Date with the Bankruptcy Court.

69. "*Eligible Holder*" means each Plan Sponsor that is a Holder of a Secured Notes Claim, that holds such Claim as of the Voting Record Date and is an "accredited investor" as such term is defined by Rule 501 of Regulation D, promulgated under the Securities Act as determined by the Debtors pursuant to the terms of the UPA.

70. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

71. "*Environmental Law*" means all federal, state and local statutes, regulations, ordinances and similar provisions having the force or effect of law, all judicial and administrative orders, agreements and determinations and all common law concerning pollution or protection of the environment, or environmental impacts on human health and safety, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Resource Conservation and Recovery Act; the Toxic Substances Control Act; and any state or local equivalents.

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72. "*Equity Committee*" means the Official Committee of Equity Security Holders appointed by the U.S. Trustee pursuant to the *Notice of Appointment of Committee of Equity Security Holders* [Docket No. 918] on May 13, 2016.

73. "*Estate*" means, as to each Debtor, the estate created for the Debtor on the Petition Date in its Chapter 11 Case pursuant to sections 301 and 541 of the Bankruptcy Code.

74. "*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq*, as amended.

75. "*Exculpated Party*" means collectively, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee; (c) the Equity Committee; (d) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (e) the Plan Sponsors; (f) the DIP Lenders; (g) the DIP Agent; (h) the Ad Hoc Group of Noteholders; (i) the Secured Notes Indenture Trustee; (j) the Secured Notes Collateral Agent; and (k) solely with respect to the Entities identified in sections (a) through (j), such Entity and its current and former Affiliates, and such Entities and its current and former Affiliates' current and former shareholders, affiliates, attorneys, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, financial advisors, accountants, investment bankers, and consultants, each in their capacity as such.

76. "*Exculpation*" means the exculpation provision set forth in Article VIII.E hereof.

77. "*Executory Contract*" means a contract or lease to which one or more of the Debtors is a party and that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

78. "*Existing Interests*" means (a) any equity and all equity interests in a Debtor that is not held by another Debtor; and (b) any claim against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

79. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

80. "*File*," "*Filed*," or "*Filing*" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim, the Notice and Claims Agent.

81. "*Final DIP Order*" means the *Order (I) Authorizing the Debtors to Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364, (II) Authorizing the Postpetition Use of Cash Collateral, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(B), and (V) Granting Related Relief* [Docket No. 252], entered by the Bankruptcy Court on March 3, 2016.

82. "*Final Order*" means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, is in full force and effect, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek leave to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, motion for leave to appeal or petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken, motion for leave to appeal, or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which leave was sought or from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, the Local Bankruptcy Rules of the Bankruptcy Court or any analogous rules under the CCAA or *Ontario Rules of Civil Procedure* may be filed relating to such order shall not prevent such order from being a Final Order.

83. "*First American*" means First American Title Insurance Company.

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84. "*First American Payment*" means First American's contribution of Cash in the amount of three million dollars ($3,000,000) to the Debtors in connection with the Creditors' Committee Settlement in full and final satisfaction of First American's obligation under the First American Title Policy, as required by the First American Settlement Agreement.

85. "*First American Settlement Agreement*" means that certain settlement agreement dated as of [ ], 2016, by and between the Debtors, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent and the Ad Hoc Group of Noteholders, pursuant to which, among other things: (a) First American shall make the First American Payment; (b) the Secured Notes Collateral Agent's claims for coverage under the Title Policy in respect of the Creditors' Committee Standing Motion Claims shall be released; and (c) the Title Policy shall terminate upon the Effective Date contemporaneously with the release of the lien and deed of trust insured under the Title Policy as provided in the First American Settlement Agreement, and First American shall have no further obligation under the First American Title Policy as of the Effective Date; provided that to the extent there is any inconsistency between the foregoing and the executed written agreement documenting the First American Settlement, such executed written agreement will control.

86. "*First American Title Policy*" means the Loan Policy of Title Insurance, Policy No. NCS 552989 (L1), issued by First American to the Secured Notes Collateral Agent.

87. "*General Unsecured Claim*" means any Unsecured Claim other than: (a) Intercompany Claims; (b) Administrative Claims; (c) Professional Fee Claims; (d) Priority Tax Claims; (e) Other Priority Claims; (f) Section 510(b) Claims; (g) Unsecured Notes Claims; (h) Convertible Notes Claims; and (i) Banco Bilbao Credit Agreement Claims.

88. "*General Unsecured Creditor Cash Account*" means a segregated bank account, in an authorized depository in the District of Delaware, established and maintained by the Reorganized Debtors in trust solely for the benefit of Holders of Allowed Claims in Class 8B, which shall be funded by the Reorganized Debtors in the amount of $11,875,000 on or before the Effective Date. No Claims other than Allowed Claims in Class 8B shall be allowed to participate in any distribution from the General Unsecured Creditor Cash Account. For the avoidance of doubt, the General Unsecured Creditor Cash Account and the Cash held therein shall not constitute property of the Reorganized Debtors and the Reorganized Debtors shall not have any reversionary or other interest in or with respect to the Cash held in the General Unsecured Creditor Cash Account.

89. "*General Unsecured Creditor Cash Pool*" means with respect to each Debtor other than Zochem, Cash in the aggregate amount of $11,875,000, which for purposes of distributions to Holders of Allowed Claims in Class 8B, shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account. For the avoidance of doubt, a Holder of an Allowed Claim in Class 8B shall be entitled to a Pro Rata recovery on account of such Allowed Claim only with respect to the portion of the General Unsecured Creditor Cash Pool allocated to the Debtor subject to such Claim as agreed to by each of the Ad Hoc Group of Noteholders, the Debtors, and the Creditors' Committee and as set forth on **Exhibit A** attached hereto, which shall be subject to reallocation upon agreement by those parties.

90. "*Governmental Unit*" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

91. "*Greywolf Entities*" means the funds and accounts managed by Greywolf Capital Management LP, and each of their respective Affiliates, successors, and assigns.

92. "*HMP*" means Horsehead Metal Products, LLC.

93. "*Holder*" means an Entity holding a Claim or an Interest, as applicable.

94. "*Horsehead Holding*" means Horsehead Holding Corp.

95. "*Impaired*" means, with respect to a Claim, or Class of Claims, "impaired" within the meaning of section 1124 of the Bankruptcy Code.

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96. *"Information Officer"* means Richter Advisory Group Inc. in its capacity as Information Officer appointed by the Canadian Court in the Canadian Proceedings.

97. "*Initial Distribution Date*" means the date on which the Disbursing Agent shall make initial distributions to Holders of Claims pursuant to the Plan, which shall be a date no later than the Effective Date for Holders of Claims entitled to distributions of securities under the Plan, or as soon as reasonably practicable thereafter, and no later than forty-five (45) days after the Effective Date for Holders of all other Claims including Other General Unsecured Claims, or as soon as reasonably practicable thereafter but in any event no later than sixty (60) days after the Effective Date.

98. "*INMETCO*" means The International Metals Reclamation Company, LLC.

99. "*Insurance Contract*" means all insurance policies that have been issued at any time to or provide coverage to any of the Debtors and all agreements, documents or instruments relating thereto.

100. "*Insurer*" means any company or other entity that issued an Insurance Contract, any third party administrator, and any respective predecessors and/or affiliates thereof.

101. "*Intercompany Claim*" means any Claim held by a Debtor against any Debtor, including, for the avoidance of doubt, all prepetition and postpetition Claims.

102. "*Intercompany Interest*" means any Interest held by a Debtor in a Debtor.

103. "*Interest*" means any common stock, limited liability company interest, equity security (as defined in section 101(16) of the Bankruptcy Code), equity, ownership, profit interests, unit, or share in the Debtors (including all options, warrants, rights, or other securities or agreements to obtain such an interest or share in such Debtor), whether or not arising under or in connection with any employment agreement and whether or not certificated, transferable, preferred, common, voting, or denominated "stock" or a similar security, including any claims against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

104. "*Interim Compensation Order*" means the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and Reimbursement of Creditors' Committee Member Expenses, and (II) Granting Related Relief* [Docket No. 380], entered by the Bankruptcy Court on April 4, 2016.

105. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

106. "*Lien*" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

107. "*Local Bankruptcy Rules*" means the local rules for the United States Bankruptcy Court for the District of Delaware.

108. "*Macquarie Collateral Agency and Intercreditor Agreement*" means that certain Collateral Agency and Intercreditor Agreement, dated as of June 30, 2015, by and among Macquarie Bank Limited, in its capacity as Macquarie Credit Agreement Administrative Agent and Macquarie Credit Agreement Collateral Agent, as amended, restated, supplemented, or otherwise modified from time to time in accordance with its terms.

109. "*Macquarie Credit Agreement*" means that certain Credit Agreement, dated as of June 30, 2015, by and among Horsehead Corporation, INMETCO, and HMP as borrowers, Horsehead Holding and Chestnut Ridge as guarantors, the Macquarie Credit Agreement Lenders, and the Macquarie Credit Agreement Administrative Agent, as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, and including all security and collateral agreements related thereto.

110. "*Macquarie Credit Agreement Administrative Agent*" means Macquarie Bank Limited, in its capacity as administrative agent under the Macquarie Credit Agreement, and any successor thereto.

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111. "*Macquarie Credit Agreement Collateral Agent*" shall mean Macquarie Bank Limited, in its capacity as collateral agent for the Macquarie Credit Facility, and any successor thereto.

112. "*Macquarie Credit Agreement Claim*" means any Claim arising under or related to the Macquarie Credit Agreement, including but not limited to any deficiency Claim arising under or related to the Macquarie Credit Agreement, but subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

113. "*Macquarie Credit Facility*" means that certain credit facility entered into pursuant to the Macquarie Credit Agreement.

114. "*Macquarie Credit Agreement Stipulation*" means that certain stipulation entered into by and among the Debtors, the Creditors' Committee, the Ad Hoc Group of Noteholders and Cetus Capital, LLC, on behalf of its funds and affiliates in their capacity as beneficial holders of debt borrowed pursuant to the Macquarie Credit Facility settling, fixing and allowing the Macquarie Credit Agreement Claim in the amount of $32,850,000 plus interest and fees payable pursuant to Paragraph 18(c) of the Final DIP Order through the date on which such claim is paid, as approved by the Court on May 31, 2106 [Docket No. 998].

115. "*MEIP*" means the management equity incentive plan to be determined and implemented by the New Boards after the Effective Date. Ten percent (10%) of the New Common Equity shall be reserved for issuance pursuant to the MEIP, subject to dilution for any New Common Equity to be issued (a) pursuant to the Warrants, and (b) in connection with the Additional Capital Commitment.

116. "*New Boards*" means, collectively, the boards of directors and boards of managers of the Reorganized Debtors, as applicable, on and after the Effective Date to be appointed in accordance with the Plan Supplement.

117. "*New Common Equity*" means the limited liability company interests of Reorganized Horsehead.

118. *"New Limited Liability Company Agreement*" means the limited liability company agreement of Reorganized Horsehead as of the Effective Date, which shall contain a full waiver of any fiduciary duties otherwise applicable to managers of Reorganized Horsehead and which shall be consistent with the terms set forth in the Plan and otherwise in form and substance satisfactory to the Requisite Plan Sponsors.

119. *"New Organizational Documents"* means such certificates or articles of incorporation, certificates of formation, certificates of conversion, by-laws, limited liability company agreements (including the New Limited Liability Company Agreement), stockholders' agreements, registration rights agreements, or such other applicable formation and governance documents of some or all of the Reorganized Debtors, forms of which shall be included in the Plan Supplement and shall be satisfactory to the Requisite Plan Sponsors.

120. "*Notice and Claims Agent*" means Epiq Bankruptcy Solutions, LLC, in its capacity as notice and claims agent and administrative advisor for the Debtors' Estates.

121. "*OCP Order*" means the *Order (I) Authorizing the Debtors to Employ and Pay Professionals Utilized in the Ordinary Course of Business, and (II) Granting Related Relief* [Docket No. 326].

122. "*Other General Unsecured Claim*" means a General Unsecured Claim that is not a Zochem General Unsecured Claim.

123. "*Other Priority Claim*" means a Claim asserting a priority described in section 507(a) of the Bankruptcy Code that is not: (a) an Administrative Claim; (b) a DIP Facility Claim; (c) a Professional Fee Claim; or (d) a Priority Tax Claim.

124. "*Other Secured Claim*" means a Secured Claim that is not: (a) a DIP Facility Claim; (b) a Macquarie Credit Agreement Claim; (c) a Secured Notes Claim; or (d) a Priority Tax Claim (to the extent such Priority Tax Claim is a secured claim).

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125. "*Person*" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

126. "*Petition Date*" means February 2, 2016.

127. "*Plan*" means this *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, as may be further amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, including the Plan Supplement, which is incorporated herein by reference and made part of this Plan as if set forth herein.

128. "*Plan Sponsors*" shall have the meaning set forth in the UPA.

129. "*Plan Sponsor Fees*" means any and all reasonable and documented fees, costs, expenses, disbursements and advances incurred or made by the Plan Sponsors solely in accordance with the terms of the UPA and incurred prior to the Effective Date.

130. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, the form and substance of which is acceptable to the Requisite Plan Sponsors and the Debtors, which the Debtors shall File ten (10) days prior to the earlier of the Confirmation Objection Deadline and the Voting Deadline, or as soon as reasonably practical, and any additional documents, which documents shall also be acceptable to the Requisite Plan Sponsors and the Debtors, filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, as may be amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules, and which is comprised of, among other documents, the following: (a) New Organizational Documents; (b) Assumed Executory Contract and Unexpired Lease Schedule; (c) a schedule of retained Causes of Action; (d) the identity of the New Board for Reorganized Horsehead; (e) the final definitive UPA; (f) the Banco Bilbao Note; and (g) the Warrant Agreement. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (g). The Debtors, with the consent of the Requisite Plan Sponsors, shall have the right to amend the documents contained in the Plan Supplement through and including the Effective Date in accordance with Article IX hereof.

131. "*Prepetition Indentures*" means the Secured Notes Indenture, the Unsecured Notes Indenture and the Convertible Notes Indenture.

132. "*Prepetition Indenture Trustees*" means the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee.

133. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

134. "*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes (or sub-Classes, as the case may be) entitled to share in the same recovery as such Allowed Claim under the Plan; provided, that, solely for purposes of this definition of Pro Rata as used in Article II.C hereof, the term Class shall also include a category for Holders of DIP Facility Claims.

135. "*Professional*" means any Entity: (a) retained in the Chapter 11 Cases pursuant to and in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered and expenses incurred pursuant to sections 327, 328, 329, 330, 331, or 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

136. "*Professional Fee Claims*" means all Claims for accrued fees and expenses (including success fees) for services rendered and expenses incurred by a Professional from the Petition Date through and including the Effective Date to the extent such fees and expenses have not been paid pursuant to an order of the Bankruptcy Court.

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137. "*Professional Fee Claims Estimate*" means the amount of Professional Fee Claims that are estimated by each Professional retained by the Creditors' Committee or the Debtors, as applicable, in good faith to be accrued but unpaid as of the Effective Date.

138. "*Professional Fee Escrow*" means an interest bearing escrow account to be funded on the Effective Date with Cash on hand in an amount equal to the Professional Fee Claims Estimate.

139. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

140. "*Proof of Interest*" means a proof of Interest Filed against any of the Debtors in the Chapter 11 Cases.

141. "*Purchase Price*" means a price per UPA Unit equal to $160,000,000 divided by the number of UPA Units.

142. "*Quarterly Distribution Date*" means the first Business Day after the end of each quarterly calendar period (i.e., March 31, June 30, September 30, and December 31 of each calendar year) occurring after the Effective Date.

143. "*Reinstated*" or "*Reinstatement*" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim Unimpaired; or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim to demand or receive accelerated payment of such Claim after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim (other than a Debtor or an insider (as defined in section 101(31) of the Bankruptcy Code)) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the Holder.

144. "*Released Party*" means, collectively, in each case solely in their capacity as such: (a) each Debtor, the Debtors' Estates, and each Reorganized Debtor; (b) each of the Debtors' current and former officers directors, and managers; (c) the DIP Lenders; (d) the DIP Agent; (e) the Convertible Notes Indenture Trustee (and its predecessors); (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee (and its predecessors); (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; (m) First American; (n) solely with respect to the Entities identified in subsections (a) and (b) herein, each of such Entities' respective predecessors, successors and assigns, and respective current and former shareholders, Affiliates (including, with respect to the Debtors, Chestnut Ridge), subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, and consultants; and (o) solely with respect to the Entities identified in subsections (c) through (m) herein, each of such Entities' respective agents, attorneys, representatives, principals, employees, officers, directors, managers and advisors; provided, however, that (x) the Secured Notes Indenture Trustee and the Secured Notes Collateral Agent shall only become Released Parties upon execution of the First American Settlement Agreement and (y) First American shall only become a Released Party upon the later of the Effective Date and receipt of payment from First American of the First American Payment.

145. "*Releasing Parties*" means each of the following in its capacity as such: (a) all Holders of Claims who are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agent; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the

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Convertible Notes Indenture Trustee; (k) the Ad Hoc Group of Noteholders; (l) the Creditors' Committee; (m) the Information Officer; (n) First American; and (o) all other Holders of Claims who vote to accept the Plan and who do not opt out of the release provided by the Plan pursuant to a duly completed ballot submitted prior to the Voting Deadline; provided, however, that (x) the Secured Notes Indenture Trustee and the Secured Notes Collateral Agent shall only become Releasing Parties upon execution of the First American Settlement Agreement and (y) First American shall only become a Releasing Party upon the later of the Effective Date and receipt of payment from First American of the First American Payment.

146. "*Reorganized Debtors*" means each of the Debtors, as reorganized pursuant to and under the Plan or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

147. "*Reorganized Horsehead Corporation*" means reorganized Horsehead Corporation.

148. "*Reorganized Horsehead*" means reorganized Horsehead Holding LLC as converted to a Delaware limited liability company and as further reorganized pursuant to and under the Plan or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

149. "*Requisite Plan Sponsors*" shall have the meaning set forth in the UPA.

150. "*Restructuring Documents*" means the Plan, the Disclosure Statement, the Plan Supplement, and the various agreements and other documentation formalizing the Plan.

151. "*Restructuring Transactions*" means one or more transactions pursuant to section 1123(a)(5)(D) of the Bankruptcy Code to occur on the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, sale, consolidation, equity issuance, certificates of incorporation, certificates of conversion, certificates of formation, operating agreements, bylaws, or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of sale, equity issuance, transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (c) the issuance of the New Common Equity, (d) the execution of the New Organizational Documents, (e) the vesting of the Debtors' assets in the Reorganized Debtors, in each case in accordance with the Plan; (f) the Additional Capital Commitment; and (g) all other actions that either (x) the Debtors and the Requisite Plan Sponsors, or (y) Reorganized Horsehead, as applicable, determine are necessary or appropriate to implement the Plan.

152. "*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts or Unexpired Leases, and statement of financial affairs Filed by the Debtors on March 17, 2016 pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, and the Bankruptcy Rules, as they may be or may have been amended, modified, or supplemented from time to time [Docket Nos. 303–312].

153. "*Section 510(b) Claim*" means any Claim against any Debtor: (a) arising from the rescission of a purchase or sale of a security of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of such a security; (c) or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a claim; provided that a Section 510(b) Claim shall not include any claims subject to subordination under section 510(b) of the Bankruptcy Code arising from or related to Existing Interests.

154. "*Secured*" means when referring to a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed pursuant to the Plan as a Secured Claim.

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155. "*Secured Notes*" means the 10.50% Senior Secured Notes due 2017 issued in the aggregate principal amount of $205,000,000 pursuant to the Secured Notes Indenture.

156. "*Secured Notes Claim*" means any Claim arising under or related to the Secured Notes, including but not limited to any deficiency Claim arising under or related to the Secured Notes and, notwithstanding anything herein to the contrary, any adequate protection Claim arising under the Final DIP Order (or any interim order related thereto).

157. "*Secured Notes Collateral Agent*" means U.S. Bank National Association, solely in its capacity as collateral agent for the Secured Notes under the Secured Notes Indenture.

158. "*Secured Notes Collateral Agent Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Secured Notes Collateral Agent and its professionals pursuant to the Secured Notes Indenture, including, without limitation, (a) any reasonable and documented fees, costs, expenses and disbursements of the Secured Notes Collateral Agent and its attorneys, advisors (including, without limitation, financial advisors), agents and other professionals and (b) any reasonable and documented fees, costs, or expenses for services performed by the Secured Notes Collateral Agent in connection with distributions made pursuant to this Plan, in each case, whether prior to, on or after the Petition Date, but prior to the Effective Date.

159. "*Secured Notes Indenture*" means that certain Indenture, dated as of July 26, 2012, by and among Horsehead Holding, as issuer, the subsidiary guarantors party thereto, and the Secured Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

160. "*Secured Notes Indenture Trustee*" shall mean U.S. Bank National Association, solely in its capacity as indenture trustee under the Secured Notes Indenture, and any successors in such capacity.

161. "*Secured Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Secured Notes Indenture Trustee and its professionals pursuant to the Secured Notes Indenture, including, without limitation, (a) any reasonable and documented fees, costs, expenses and disbursements of the Secured Notes Indenture Trustee and its attorneys, advisors (including, without limitation, financial advisors), agents and other professionals and (b) any reasonable and documented fees, costs, or expenses for services performed by the Secured Notes Indenture Trustee in connection with distributions made pursuant to this Plan, in each case, whether prior to, on or after the Petition Date, but prior to the Effective Date.

162. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, together with the rules and regulations promulgated thereunder.

163. "*Security*" means a security as defined in section 2(a)(1) of the Securities Act.

164. "*Third-Party Release*" means the release provision set forth in Article VIII.D hereof.

165. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

166. "*Unimpaired*" means, with respect to a Class of Claims, a Class of Claims that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

167. "*Unsecured Notes*" means the 9.00% Senior Notes due 2017, issued in the aggregate principal amount of $40,000,000 pursuant to the Unsecured Notes Indenture.

168. "*Unsecured Notes Claim*" means any Claim arising under or related to the Unsecured Notes or the Unsecured Notes Indenture, and certain fees, costs, expenses, indemnities, and other charges under the Unsecured Notes or the Unsecured Notes Indenture for purposes of asserting a Charging Lien in favor of the Unsecured Notes Indenture Trustee.

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169. "*Unsecured Notes Indenture*" means that certain Indenture, dated as of July 29, 2014, by and among Horsehead Holding, as issuer, the subsidiary guarantors party thereto, and the Unsecured Notes Indenture Trustee, as amended, supplemented, or otherwise modified from time to time in accordance with its terms.

170. "*Unsecured Notes Indenture Trustee*" shall mean Wilmington Trust, National Association, solely in its capacity as indenture trustee under the Unsecured Notes Indenture, and any successors in such capacity.

171. "*Unsecured Notes Indenture Trustee Fees*" shall mean any reasonable and documented fees, costs, expenses, disbursements and advances of the Unsecured Notes Indenture Trustee and its professionals pursuant to the Unsecured Notes Indenture through and including the Effective Date.

172. "*UPA*" means that certain Unit Purchase and Support Agreement, dated [●], by and among the Debtors and the Plan Sponsors.

173. "*UPA Units*" means the New Common Equity to be issued pursuant to the UPA in an aggregate amount equal to 62.762% of the New Common Equity (representing 627,620 units) issued and outstanding on the Effective Date, subject to dilution only for any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) on account of the Additional Capital Commitment at any time on or after the Effective Date.

174. "*Unsecured*" means, with respect to any Claim, any Claim that is not a Secured Claim.

175. "*U.S. Trustee*" means the United States Trustee for the District of Delaware.

176. "*U.S. Trustee Fees*" means fees arising under 28 U.S.C. § 1930(a)(6) and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

177. "*Voting Deadline*" means [●], 2016, at 4:00 p.m. (prevailing Eastern time).

178. "*Voting Record Date*" means [●], 2016.

179. *"Warrant Agreement"* means that certain warrant agreement setting forth the full terms and conditions of the Warrants, the form of which will be negotiated in good faith between the Debtors, the Plan Sponsors and the Creditors' Committee and included as part of the Plan Supplement.

180. "*Warrants*" means those certain warrants to acquire 70,213 units of the New Common Equity (which will be equal to six percent (6%) of the outstanding and reserved units of New Common Equity as of the Effective Date), which warrants (a) shall be exercisable, as of the Effective Date, at a price per unit equal to $737,500,000.00 divided by 1,170,213, (b) shall expire on the six (6) year anniversary of the Closing Date (as defined in the UPA), (c) shall be evidenced by the Warrant Agreement, and (d) shall be subject to dilution by any units of New Common Equity to be issued on account of the Additional Capital Commitment Units at any time on or after the Closing Date.

181. "*Zochem*" means Zochem Inc.

182. "*Zochem General Unsecured Claim*" means a General Unsecured Claim against Zochem.

B. Rules of Interpretation

For purposes of the Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed, or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or

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supplemented in accordance with its respective terms and the terms hereof; (4) any reference to an Entity as a Holder of a Claim includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (7) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (8) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (9) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (10) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (11) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (13) references to "Proofs of Claim," "Holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "Holders of Interests," "Disputed Interests," and the like as applicable; and (14) any effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court, the Canadian Court or any other Entity. References in the Plan to the Debtors shall mean the Debtors, prior to and on the Effective Date, and the Reorganized Debtors after the Effective Date.

C. Computation of Time

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, and any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control).

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. Administrative Claims and Professional Fee Claims

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors, as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (1) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, no later than thirty (30) days after the Effective Date or as soon as reasonably practicable thereafter; (2) if the Administrative Claim and/or Professional Fee Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which

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an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable thereafter; or (3) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C hereof, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Claims Bar Date Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date.

B. Professional Compensation

1. Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

2. Professional Fee Escrow

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Creditors' Committee or the Debtors and for no other parties until all Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; provided, that obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, claims, or interests shall encumber the Professional Fee Escrow in any way.

3. Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

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C. DIP Facility Claims

Except to the extent that a Holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full, in Cash, by the Debtors on the Effective Date.

D. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in this Article III. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims are classified in the Classes set forth in this Article III for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Class Identification

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D hereof. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor); provided, that, (w) Class 3, Class 4, Class 5, and Class 8B shall be vacant for Zochem; (x) Class 7 shall be vacant for each Debtor other than Horsehead Holding and Horsehead Corporation; (y) Class 6 shall be vacant for each Debtor other than Horsehead Holding; and (z) Class 11 shall be vacant for Horsehead Holding.

Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 1	Each Debtor	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Each Debtor	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Each Debtor other than Zochem	Macquarie Credit Agreement Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Each Debtor other than Zochem	Secured Notes Claims	Impaired	Entitled to Vote
Class 5	Each Debtor other than Zochem	Unsecured Notes Claims	Impaired	Entitled to Vote
Class 6	Horsehead Holding	Convertible Notes Claims	Impaired	Entitled to Vote
Class 7	Horsehead Holding and Horsehead Corporation	Banco Bilbao Credit Agreement Claims	Impaired	Entitled to Vote

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Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 8A	Zochem	Zochem General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 8B	Each Debtor other than Zochem	Other General Unsecured Claims	Impaired	Entitled to Vote
Class 9	Each Debtor	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 10	Each Debtor	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 11	Each Debtor other than Horsehead Holding	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 12	Each Debtor	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests

1. Class 1 - Other Secured Claims

(a) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in cash of such Holder's Allowed Other Secured Claim;

(ii) Reinstatement of such Holder's Allowed Other Secured Claim;

(iii) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(iv) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(c) *Voting:* Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Priority Claims

(a) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(i) payment in full in cash of such Holder's Allowed Other Priority Claim; or

(ii) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

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(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 - Macquarie Credit Agreement Claims

(a) *Classification*: Class 3 consists of all Allowed Macquarie Credit Agreement Claims for all applicable Debtors. For the avoidance of doubt, all Allowed Macquarie Credit Agreement Claims shall subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Macquarie Credit Agreement Claim agrees to a less favorable treatment of its Allowed Macquarie Credit Agreement Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Macquarie Credit Agreement Claim, each such Holder thereof shall receive payment in full in cash of such Holder's Allowed Macquarie Credit Agreement Claim.

(c) *Voting*: Class 3 is Unimpaired under the Plan. Holders of Allowed Macquarie Credit Agreement Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4. Class 4 - Secured Notes Claims

(a) *Classification:* Class 4 consists of all Allowed Secured Notes Claims for all applicable Debtors.

(b) *Allowance*: The Secured Notes Claims are Allowed in the amount of $205,000,000 on account of unpaid principal, plus interest, fees and other expenses, arising under or in connection with the Secured Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Secured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Secured Notes Claim, each Holder thereof shall receive such Holder's Pro Rata share of (i) 93.29% of the New Common Equity (representing 347,380 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) in connection with the Additional Capital Commitment, without reduction on account of Secured Notes Indenture Trustee Fees so long as such fees paid in accordance with Article XII.D hereof.

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Secured Notes Claim shall be entitled to receive any distribution from or share in the General Unsecured Creditor Cash Pool on account of any deficiency Claim or otherwise.

(d) *Voting:* Class 4 is Impaired under the Plan. Holders of Allowed Secured Notes Claims are entitled to vote to accept or reject the Plan.

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5. Class 5 - Unsecured Notes Claims

(a) *Classification:* Class 5 consists of all Allowed Unsecured Notes Claims for all applicable Debtors.

(b) *Allowance*: The Unsecured Notes Claims are Allowed in the amount of $40,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Unsecured Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Unsecured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Unsecured Notes Claim, each Holder of Allowed Unsecured Notes Claims shall receive such Holder's Pro Rata portion of 6.71% of New Common Equity (representing 25,000 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP and (c) in connection with the Additional Capital Commitment without reduction on account of Unsecured Notes Indenture Trustee Fees so long as such Unsecured Notes Indenture Trustee Fees are paid in accordance with Article XII.D hereof.

(d) *Voting:* Class 5 is Impaired under the Plan. Holders of Allowed Unsecured Notes Claims are entitled to vote to accept or reject the Plan.

6. Class 6 - Convertible Notes Claims

(a) *Classification:* Class 6 consists of all Allowed Convertible Notes Claims.

(b) *Allowance*: The Convertible Notes Claims are Allowed in the amount of $100,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Convertible Notes Claims.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Convertible Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Convertible Notes Claim each Holder thereof shall receive such Holder's Pro Rata share of the Warrants without reduction on account of Convertible Notes Indenture Trustee Fees so long as such Convertible Notes Indenture Trustee Fees are paid in accordance with Article XII.D hereof.

(d) *Voting:* Class 6 is Impaired under the Plan. Holders of Convertible Notes Claims are entitled to vote to accept or reject the Plan.

7. Class 7 - Banco Bilbao Credit Agreement Claims

(a) *Classification:* Class 7 consists of all Allowed Banco Bilbao Credit Agreement Claims for all applicable Debtors.

(b) *Treatment:* Except to the extent that a Holder of an Allowed Banco Bilbao Credit Agreement Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Banco Bilbao Credit Agreement Claim, each Holder of an Allowed Banco Bilbao Credit Agreement Claim shall receive such Holders' Pro Rata share of the Banco Bilbao Note.

(c) *Voting:* Class 7 is Impaired under the Plan. Holders of Allowed Banco Bilbao Credit Agreement Claims are entitled to vote to accept or reject the Plan.

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8. Class 8A - Zochem General Unsecured Claims

   (a) *Classification:* Class 8A consists of all Allowed Zochem General Unsecured Claims.

   (b) *Treatment:* Except to the extent that a Holder of an Allowed Zochem General Unsecured Claim agrees to a less favorable treatment of its Allowed Zochem General Unsecured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Zochem General Unsecured Claim, each such Allowed Zochem General Unsecured Claim shall be Reinstated; provided that that all Allowed Zochem General Unsecured Claims shall be paid in full in Cash no later than 45 days after the Effective Date.

   (c) *Voting:* Class 8A is Unimpaired under the Plan. Holders of Allowed Zochem General Unsecured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

9. Class 8B - Other General Unsecured Claims

   (a) *Classification*: Class 8B consists of all Allowed Other General Unsecured Claims.

   (b) *Treatment*: Except to the extent that a Holder of an Allowed Other General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other General Unsecured Claim, each such Holder thereof shall receive such Holder's Pro Rata share of Cash in the amount of $11,875,000 as allocated on a Debtor-by-Debtor basis in accordance with **Exhibit A** to the Plan.

   (c) *Voting*: Class 8B is Impaired under the Plan. Holders of Allowed Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

10. Class 9 - Section 510(b) Claims

   (a) *Classification*: Class 9 consists of all Allowed Section 510(b) Claims.

   (b) *Treatment*: Section 510(b) Claims will be canceled, released, discharged, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Section 510(b) Claims will not receive any distribution on account of such Section 510(b) Claims.

   (c) *Voting*: Class 9 is Impaired under the Plan. Holders of Section 510(b) Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

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11. Class 10 - Intercompany Claims

(a) *Classification*: Class 10 consists of all Allowed Intercompany Claims.

(b) *Treatment*: Intercompany Claims shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Claims.

(c) *Voting*: Class 10 is Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

12. Class 11 - Intercompany Interests

(a) *Classification:* Class 11 consists of all Allowed Intercompany Interests.

(b) *Treatment*: Intercompany Interests shall be, at the option of the Reorganized Debtors, either:

(i) Reinstated as of the Effective Date; or

(ii) cancelled without any distribution on account of such Interests.

(c) *Voting*: Class 11 is Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

13. Class 12 - Existing Interests

(a) *Classification:* Class 12 consists of all Allowed Existing Interests.

(b) *Treatment*: On the Effective Date, all Existing Interests shall be cancelled without any distribution on account of such Interests.

(c) *Voting:* Class 12 is Impaired under the Plan. Holders of Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Elimination of Vacant Classes

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline (as such date may be extended in accordance with the solicitation procedures approved pursuant to the Disclosure Statement Order) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes

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of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

E. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

F. Intercompany Interests and Intercompany Claims

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purposes of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, all Intercompany Interests shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Overview of Settlements in Connection with the Plan

Pursuant to section 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided under the Plan, the Plan constitutes a request for the Bankruptcy Court to authorize and approve, among other things, the Creditors' Committee Settlement as implemented herein. Distributions to be made to Holders of (1) Unsecured Notes Claims, (2) Convertible Notes Claims, (3) Banco Bilbao Credit Agreement Claims and (4) Other General Unsecured Claims pursuant to the Plan shall be made on account of and in consideration of, among other things, the Creditors' Committee Settlement, pursuant to which, on the Effective Date of the Plan, the Creditors' Committee shall release the Creditors' Committee Standing Motion Claims. The Creditors' Committee Settlement also includes, among other things, the First American Payment, which payment shall be used to fund, in part, the Cash payment being made to Holders of Other General Unsecured Claims pursuant to this Plan. Entry of the Confirmation order shall confirm (a) the Bankruptcy Court's approval, as of the Effective Date, of the Plan and all components of the Creditors' Committee Settlement and (b) the Bankruptcy Court's finding that the Creditors' Committee Settlement is (x) in the best interest of the Debtors, their respective Estates and the Holders of Claims and (y) fair, equitable and reasonable.

B. No Substantive Consolidation

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

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C. Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors, with the consent of the Requisite Plan Sponsors, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan. Such actions shall include:

- All Existing Interests in Horsehead Holding shall be cancelled as of the Effective Date.
- On the Effective Date, Horsehead Holding shall be converted from a Delaware corporation to a Delaware limited liability company that will elect to be taxed as a corporation for U.S. federal income tax purposes. For U.S. federal income tax purposes, the conversion of Horsehead Holding is intended to be treated as a reorganization under Section 368(a)(1)(F) of the Internal Revenue Code.
- Following such conversion of Horsehead Holding to a Delaware limited liability company on the Effective Date, Horsehead Holding shall issue the New Common Equity in accordance with the terms of the Plan directly to those holders of Claims entitled to receive New Common Equity, and Horsehead Holding shall become the Reorganized Horsehead, each other Debtor's ultimate parent company, upon Consummation.
- On the Effective Date, Reorganized Horsehead shall issue New Common Equity (1) Holders of Secured Notes Claims and Unsecured Notes Claims; and (2) to the applicable Plan Sponsors pursuant to the Plan and the UPA.
- On the Effective Date, the Additional Capital Commitment Participants and Reorganized Horsehead shall be bound by the purchase obligation and issuance obligations, respectively, with respect to the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.
- On the Effective Date, the New Limited Liability Company Agreement shall be adopted by Reorganized Horsehead and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects. Each party receiving New Common Equity shall not be required to execute the New Limited Liability Company Agreement before receiving its respective distributions of New Common Equity under the Plan, including any New Common Equity issued pursuant to the UPA. Any such party who does not execute the New Limited Liability Company Agreement shall be automatically deemed to have accepted the terms of the New Limited Liability Company Agreement (in its capacity as a member of Reorganized Horsehead) and to be a party thereto without further action.

The Restructuring Transactions may include one or more additional actions, including one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, assignments, liquidations, or other corporate transactions as may be determined by the Debtors to be necessary. The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities, with the consent of the Requisite Plan Sponsors, determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

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D. Sources of Consideration

The Reorganized Debtors shall fund distributions and satisfy applicable Allowed Claims under the Plan with (i) Cash on hand, including Cash from operations, (ii) the New Common Equity, (iii) Cash proceeds from the purchase of New Common Equity pursuant to the UPA, (iv) the Warrants, and (v) the First American Payment.

E. UPA and the Additional Capital Commitment

Prior to the Effective Date, pursuant to the terms of the UPA, the Eligible Holders shall have the right to elect to commit to purchase Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment. Such Additional Capital Commitment Units, an Eligible Holder's right to elect to purchase such Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment, and Reorganized Horsehead's obligations to elect to exercise such Additional Capital Commitment and issue such Additional Capital Commitment Units are, in each case, subject to the terms and conditions of the UPA.

F. Issuance of New Common Equity

Upon the Effective Date, all equity interests of Horsehead shall be cancelled and Reorganized Horsehead shall issue the New Common Equity, as set forth under the Plan (including the UPA Units to the Plan Sponsors). Reorganized Horsehead shall ensure it has sufficient available New Common Equity in order to issue the Additional Capital Commitment Units to the Additional Capital Commitment Participants pursuant to the terms of the UPA. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

Each unit of the New Common Equity issued pursuant to the Plan shall be validly issued, fully paid, and non-assessable. The New Limited Liability Company Agreement and any other New Organizational Documents shall be adopted on the Effective Date and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects.

G. Funding of General Unsecured Creditor Cash Account

The General Unsecured Creditor Cash Pool shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account and, subject to Article VI.H hereof, utilized by the Reorganized Debtors solely for distributions to Holders of Allowed Claims in Class 8B in accordance with the Plan. No costs incurred by the Reorganized Debtors shall be paid from the General Unsecured Creditor Cash Account, whether such costs relate to implementation of the Plan or otherwise, and the Reorganized Debtors shall not grant control over, or a security interest in, the General Unsecured Creditor Cash Account to any party.

H. Continued Corporate Existence.

The Reorganized Debtors shall adopt the New Organizational Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

I. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action (unless otherwise released or discharged pursuant to the Plan), and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court or the Canadian Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the CCAA.

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J. New Organizational Documents.

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of conversion and certificate of formation for Reorganized Holding, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation or formation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state, province, or country of incorporation and their respective New Organizational Documents.

K. Directors, Managers, and Officers of the Reorganized Debtors.

As of the Effective Date, the officers and members of the board of directors and board of managers of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

L. Registration Exemptions.

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of (1) the New Common Equity issued to Holders of Secured Notes Claims and Unsecured Notes Claims, (2) the Warrants issued to Holders of Convertible Notes Claims, (3) the New Common Equity issued upon exercise of the Warrants or any other security obtainable upon exercise of the Warrants pursuant to their terms, and (4) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims (collectively, the "Section 1145 Securities"), as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (x) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (y) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code. Under Canadian securities laws and regulations, the Section 1145 Securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Section 1145 Securities through the facilities of The Depository Trust Company ("DTC"), the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Common Equity under applicable securities laws. If applicable, the DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, the DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Pursuant to Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA, shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Securities will be "restricted securities" (as defined in

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Rule 144(a)(3) under the Securities Act) subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law. Under Canadian securities laws and regulations, these securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

M. General Settlement of Claims

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies resolved pursuant to the Plan, including the controversies resolved by the global settlement between the Debtors, the Creditors' Committee and the Ad Hoc Group of Noteholders as described in the Disclosure Statement and pursuant to Article IV.A hereof. All distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.

N. Intercompany Account Settlement

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

O. Cancellation of Existing Securities and Agreements

On the Effective Date, except to the extent otherwise provided in the Plan, and except with respect to the indemnification obligations set forth in Section 9.05 of the DIP Credit Agreement, all notes, instruments, certificates, and other documents evidencing Claims or Interests, and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture shall be deemed cancelled and surrendered without any need for a Holder to take further action with respect to any note(s) or security, the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall have no further obligations or duties thereunder; provided, however, that notwithstanding Confirmation or Consummation, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (1) allowing Holders to receive distributions under the Plan and (2) allowing Holders of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to the applicable loan documents; provided, further, however, that the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, the Confirmation Recognition Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of this Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; provided, further, that the foregoing shall not affect the issuance of units issued pursuant to the Restructuring Transactions nor any other units held by one Debtor in the capital of another Debtor; provided, further, that each of the Unsecured Notes Indenture and the Convertible Notes Indenture shall continue in effect against the Debtors solely for the purposes of (a) preserving any rights of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee, as applicable, to indemnification or contribution from, respectively, Holders of Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture or the Convertible Notes Indenture or any direction provided by Holders of the Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture of the Convertible Notes Indenture, as applicable, (b) permitting the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to maintain or assert any right or Charging Lien each may have against distributions pursuant to the terms of the Unsecured Notes Indenture or the Convertible Notes Indenture, as applicable, to recover unpaid fees and expenses (including the fees and expenses of its counsel, agents, and advisors) of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D hereof, unless paid pursuant to Article XII.D hereof; (c) enforcing any rights and remedies as between Holders of Unsecured Notes or Convertible Notes thereunder or as between any Holder of Unsecured Notes and the Unsecured Notes Indenture Trustee or as between any Holder of Convertible Notes and the Convertible Notes Indenture Trustee; and (d) the

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payment of reasonable and documented fees and expenses incurred by the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D hereof, unless paid pursuant to Article XII.D hereof.

P. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (1) adoption or assumption, as applicable, of the agreements with existing management; (2) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (3) selection of the managers and officers for the Debtors; (4) the distribution of the New Common Equity as provided herein; (5) implementation of the Restructuring Transactions; and (6) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including the New Common Equity, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.P shall be effective notwithstanding any requirements under non-bankruptcy law.

Q. Effectuating Documents; Further Transactions

On and after the Effective Date, the Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, and any securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

R. Section 1146 Exemption

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

S. MEIP

The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date.

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T. Director and Officer Liability Insurance

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued. To the extent that the D&O Liability Insurance Policies are deemed to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

U. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third Party Release), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

V. Release of Avoidance Actions

On the Effective Date, the Debtors, on behalf of themselves and their estates, shall release any and all Avoidance Actions that may be assertable against (1) a trade creditor of any Debtor and/or Reorganized Debtor; (2) Holders of Unsecured Notes; (3) Holders of Convertible Notes; (4) members of the Creditors' Committee, and (5) any one or more of the successors or assigns of the foregoing, and any Entity acting on behalf of the Debtors or the Reorganized Debtors shall be deemed to have waived the right to pursue such Avoidance Actions; provided, that the foregoing waiver shall not limit the rights of the Debtors or the Reorganized Debtors or any Entity acting on behalf of the Debtors or the Reorganized Debtors to assert any defenses based on Avoidance Actions to Other Secured Claims or Other Priority Claims asserted by the Entities listed in clauses (1) – (5) hereof. No Avoidance Actions shall revert to creditors of the Debtors.

Notwithstanding the foregoing paragraph or anything to the contrary in this Plan (including pursuant to the Debtor Release), the Debtors and the Reorganized Debtors, their Estates, and their successors expressly reserve all Claims and Causes of Action against Técnicas Reunidas, S.A., including with respect to any Claims or Proofs of Claim asserted by Técinas Reunidas, S.A. against any Debtor.

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W. Assumption of Collective Bargaining Agreements

All collective bargaining agreements between the applicable labor union and the Debtors (collectively, the "CBAs") in place as of the Effective Date, shall be assumed by the Reorganized Debtors as of the Effective Date.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; (3) are the subject of a motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; or (4) are a CBA. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule at any time through and including forty-five (45) days after the Effective Date.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court no later than twenty-one (21) days after notice of such rejection.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.F hereof, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Zochem General Unsecured Claims or Other General Unsecured Claims, as applicable, and shall be treated in accordance with Article III.B hereof.

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C. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided, that the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A hereof or otherwise.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided, that, the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors and the DIP Lenders no later than thirty (30) days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court or the Canadian Court.**

D. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

E. Indemnification Obligations

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; provided, however, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

F. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect

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such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or are rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

G. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease nunc pro tunc to the Confirmation Date, in each case with the consent of the Requisite Plan Sponsors.

H. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

I. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order or the Confirmation Recognition Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII hereof. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date. The New Common Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Common Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors (including Reorganized Horsehead), or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, units, or interests, as applicable.

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B. [Reserved]

C. Distributions Generally; Disbursing Agent

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent that may include the Reorganized Debtors or an entity designated by the Reorganized Debtors. Distribution on account of: (1) Macquarie Credit Agreement Claims shall be made to the Macquarie Credit Agreement Administrative Agent, at which time such distribution shall be deemed completed by the Debtors, and the Macquarie Credit Agreement Agent shall deliver such distribution in accordance with the Plan and the Macquarie Credit Agreement; (2) Banco Bilbao Credit Agreement Claims shall be made to Banco Bilbao Vizcaya Argentaria, S.A., at which time such distribution shall be deemed completed by the Debtors, and Banco Bilbao Vizcaya Argentaria, S.A. shall deliver such distribution in accordance with the Plan and the Banco Bilbao Credit Agreement; (3) Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, shall be made to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee or any respective designee thereof, as applicable, at which time such distributions shall be deemed completed by the Debtors, and the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall deliver such distributions in accordance with the Plan and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, as applicable, in each case subject to the right of any Prepetition Indenture Trustee to exercise any Charging Lien to the extent such fees or expenses are not paid to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or Convertible Notes Indenture Trustee, as applicable, pursuant to Article XII.D hereof. For the avoidance of doubt, distributions made by the Macquarie Credit Agreement Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A., the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall be made, as it relates to the identity of the recipients, in accordance with the applicable indenture or credit agreement and the policies of the Depository Trust Company, as applicable.

D. Rights and Powers of Disbursing Agent

1. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

E. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Account of Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

2. Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial

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distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order; provided, that, if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly-situated Holders of Allowed Claims pursuant to the Plan.

F. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distribution

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date. Notwithstanding the foregoing, with respect to Holders of Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, distributions shall be made to such Holders that are listed on the register or related document maintained by, as applicable, the Macquarie Credit Agreement Administrative Agent, the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee as of the Distribution Record Date.

2. Delivery of Distributions in General

(a) Initial Distribution Date

Except as otherwise provided herein, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided, that, the manner of such distributions shall be determined at the discretion of the Disbursing Agent; provided, further, that, the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in the Schedules. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(b) Quarterly Distribution Date

On each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A hereof.

3. De Minimis Distributions; Minimum Distributions

No fractional units of New Common Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Common Equity that is not a whole number, the actual distribution of units of New Common Equity shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Common Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

No Cash payment valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

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4. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, that, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

G. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

H. Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

I. No Postpetition Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

J. [Reserved]

K. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Debtors, after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid. For the avoidance of doubt, as set forth in Article III.B.4 hereof, the First American Payment shall not reduce or otherwise impact the distribution provided to Holders of Allowed Secured Notes Claims.

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2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contract. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

3. Applicability of Insurance Contracts

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything herein to the contrary (including, without limitation, Article VIII), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts; provided, however, that the Title Policy shall be terminated upon the Effective Date.

L. Allocation

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

B. Claims Objections, Settlements, Claims Allowance

The Reorganized Debtors shall have the authority to: (1) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (2) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (a) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records or (b) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

C. *Claims Estimation*

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to

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section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

D. Disputed Claims Reserve

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserve shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold Cash in the Disputed Claims Reserve in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein, as such Disputed Claims or Interests are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Disputed Claims as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date.

Notwithstanding anything to the contrary herein, to the extent the Reorganized Debtors or the Disbursing Agent establish one or more Disputed Claims Reserve(s) with respect to the Claims in Class 8B, such reserve(s) must be held and maintained in the General Unsecured Creditor Cash Account in trust solely for the benefit of Holders of Allowed Claims in Class 8B and pursuant to the terms of Article IV.G hereof.

E. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

F. Time to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

G. Disallowance of Late Claims

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT OR THE CANADIAN COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

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H. Amendments to Claims

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court to the maximum extent provided by applicable law.

I. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

J. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims and Termination of Interests

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy

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Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

B. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B hereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates and any property of Chestnut Ridge shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns or in the case of property owned by Chestnut Ridge, such property shall revert to Chestnut Ridge free and clear of all mortgages, deeds of trust, Liens, pledges, or other security interests.

C. Debtor Release

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION, ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, THE DEBTORS AND THEIR ESTATES SHALL RELEASE EACH RELEASED PARTY, AND EACH RELEASED PARTY IS DEEMED RELEASED BY THE DEBTORS, THE ESTATES, AND THE REORGANIZED DEBTORS FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES OR THE REORGANIZED DEBTORS, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE ESTATES, OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY), OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE DIP FACILITY, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTORS OR THE REORGANIZED DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE PETITION DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE; PROVIDED THAT THE FOREGOING DEBTOR RELEASE SHALL NOT OPERATE TO WAIVE OR RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN; PROVIDED FURTHER THAT (X) THE SECURED NOTES INDENTURE TRUSTEE AND THE SECURED NOTES COLLATERAL AGENT SHALL ONLY BECOME RELEASED PARTIES PURSUANT TO THIS ARTICLE VII.C UPON EXECUTION OF THE FIRST AMERICAN

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SETTLEMENT AGREEMENT AND (Y) FIRST AMERICAN SHALL ONLY BECOME A RELEASED PARTY PURSUANT TO THIS ARTICLE VII.C UPON THE LATER OF THE EFFECTIVE DATE AND RECEIPT OF PAYMENT FROM FIRST AMERICAN OF THE FIRST AMERICAN PAYMENT. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.C AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THEIR ESTATES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

D. Third-Party Release

ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE AS TO EACH OF THE RELEASING PARTIES, THE RELEASING PARTIES SHALL RELEASE EACH RELEASED PARTY, AND EACH OF THE DEBTORS, THEIR ESTATES, AND THE RELEASED PARTIES SHALL BE DEEMED RELEASED FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES, OR THE REORGANIZED DEBTORS, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE DIP FACILITY, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE EFFECTIVE DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED THAT (X) THE SECURED NOTES INDENTURE TRUSTEE AND THE SECURED NOTES COLLATERAL AGENT SHALL ONLY BECOME RELEASING PARTIES AND RELEASED PARTIES PURSUANT TO THIS ARTICLE VII.D UPON EXECUTION OF THE FIRST AMERICAN SETTLEMENT AGREEMENT AND (Y) FIRST AMERICAN SHALL ONLY BECOME A RELEASING PARTY AND A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.D UPON THE LATER OF THE EFFECTIVE DATE AND RECEIPT OF PAYMENT FROM FIRST AMERICAN OF THE FIRST AMERICAN PAYMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN

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THE FOREGOING, THE THIRD-PARTY RELEASE SHALL NOT RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA, OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO THIS ARTICLE VIII.D AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD-PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD-PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD-PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD-PARTY RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

E. Exculpation

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the Restructuring Transactions, the DIP Facility, the issuance, distribution, and/or sale of any units of the New Common Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, the Canadian Proceedings, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing Exculpation shall have no effect on (i) the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, fraud, or willful misconduct or (ii) any contractual liability for any breach of the Plan, the UPA, or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

F. Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR OBLIGATIONS ISSUED OR REQUIRED TO BE PAID PURSUANT TO THE PLAN (INCLUDING THE NEW COMMON EQUITY, AND DOCUMENTS AND INSTRUMENTS RELATED THERETO), CONFIRMATION ORDER OR THE CONFIRMATION RECOGNITION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, OR LIENS THAT HAVE BEEN DISCHARGED PURSUANT TO ARTICLE VIII.A, RELEASED PURSUANT TO ARTICLE VIII.B, ARTICLE VIII.C, OR ARTICLE VIII.D, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.E ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, OR THE RELEASED PARTIES: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD,

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DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT PRIOR TO THE EFFECTIVE DATE IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY SUCH THAT CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

G. Additional Provisions

For the avoidance of doubt, nothing in Article VIII.D or Article VIII.F hereof shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by the Greywolf Entities, solely in their capacities as holders or former holders of Existing Interests in Horsehead Holding and in no other capacity, arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date, including but not limited to that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, civil action no. 16-cv 292; provided that the Greywolf Entities may not commence, or be a named plaintiff in, any such litigation or comparable dispute resolution mechanism against the Debtors' officers and directors arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date or otherwise voluntarily participate in any such action, except as required by lawful process, other than taking such actions that are necessary to receive a distribution, if any, on account of such litigation.

H. Environmental Claims

Nothing in this Plan releases, discharges, precludes, exculpates, or enjoins the enforcement of: (1) any liability to a Governmental Unit under applicable Environmental Law to which any Entity is subject as the owner or operator of property after the Effective Date; (2) any liability to a Governmental Unit to which any Entity is subject under applicable Environmental Law that is not a Claim; (3) any Claim of a Governmental Unit to which any Entity is subject under applicable Environmental Law arising on or after the Effective Date; (4) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtor/s or Reorganized Debtors; or (5) any valid right of setoff under Environmental Law by any Governmental Unit. The Bankruptcy Court retains jurisdiction to determine whether environmental liabilities that have been asserted by a Governmental Unit are discharged or otherwise barred by this Plan or the Bankruptcy Code.

Notwithstanding any provision to the contrary in this Plan, the United States shall retain all of its rights to set-off as provided by law.

I. Protections Against Discriminatory Treatment

To the maximum extent provided by section 525 of the Bankruptcy Code, the Supremacy Clause of the United States Constitution and the CCAA, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the

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Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

J. Setoffs

Except as otherwise expressly provided for in the Plan (including pursuant to Article IV.V hereof) or in any court order, each Debtor, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim, other than any (1) DIP Claims; (2) Secured Notes Claims; (3) Class 8B Other General Unsecured Claims; (4) Convertible Notes Claims; (5) Unsecured Notes Claims; (6) General Unsecured Claims filed by members of the Creditors' Committee; or (7) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor may hold against the Holder of such Allowed Claim other than any (1) DIP Claims; (2) Secured Notes Claims; (3) Class 8B Other General Unsecured Claims; (4) Convertible Notes Claims; (5) Unsecured Notes Claims; (6) General Unsecured Claims filed by members of the Creditors' Committee; or (7) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, that, neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such Holder. In no event shall any Holder of Claims be entitled to setoff any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff.

K. Recoupment

In no event shall any Holder of a Claim be entitled to recoup any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court asserting or preserving such right of recoupment on or before the Confirmation Date.

L. Subordination Rights

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

M. Document Retention

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

N. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

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ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Bankruptcy Court shall have entered the Disclosure Statement Order and such order shall be a Final Order;

2. the Canadian Court shall have issued the Disclosure Statement Recognition Order and such order shall be a Final Order;

3. the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto (in each case in form and substance) shall be acceptable to the Requisite Plan Sponsors and the Debtors;

4. the UPA shall have been executed; and

5. the UPA shall have been approved by entry of a Final Order and shall be in full force and effect and not otherwise terminated in accordance with the terms thereof (other than pursuant to section 9.1(a) of the UPA).

B. Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof:

1. the Bankruptcy Court shall have entered the Confirmation Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors, and, with respect to the Creditors' Committee Settlement, the Creditors' Committee, and such order shall be a Final Order and shall include a finding by the Bankruptcy Court that the New Common Equity to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law;

2. the Canadian Court shall have issued the Confirmation Recognition Order as a Final Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors.

3. all actions, documents, Certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws;

4. the Professional Fee Escrow shall have been established and funded in accordance with Article II.B hereof;

5. the Information Officer's fees and expenses shall have been paid through the Effective Date;

6. the transactions contemplated by the UPA shall have been consummated and the Closing (as defined in the UPA) shall have occurred;

7. the outstanding reasonable and documented Plan Sponsor Fees incurred by the Plan Sponsors, Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals, Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals, Convertible Notes Indenture Trustee Fees of the Convertible Notes Indenture Trustee and its professionals, Unsecured Notes Indenture Trustee

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Fees of the Unsecured Notes Indenture Trustee and its professionals, and all fees ordered to be paid pursuant to the Final DIP Order shall have been or will be paid contemporaneously with the Effective Date in full, in Cash;

8. the First American Payment shall have been funded by First American; provided, that the General Unsecured Creditor Cash Pool shall not be reduced if the First American Payment is not so funded;

9. all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan shall have been received; and

10. the General Unsecured Creditor Cash Account shall have been established and funded in the amount of $11,875,000.

C. Waiver of Conditions

The conditions to Confirmation and Consummation set forth in this Article IX may be waived only by consent of both the Debtors and the Requisite Plan Sponsors, and may be waived without notice, leave, or order of the Bankruptcy Court or the Canadian Court or any formal action other than proceedings to confirm or consummate the Plan, provided, however, that (x) the condition in Article IX.B.5 may not be waived without consent of the Information Officer, (y) the condition in Article IX.B.7 with respect to payment of fees and expenses of any Prepetition Indenture Trustee may not be waived without consent of the applicable Prepetition Indenture Trustee, and (z) the condition in Article IX.B.10 may not be waived without consent of the Creditors' Committee.

D. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur on or prior to [September 19, 2016], which date may be extended by the consent of the Debtors and the Requisite Plan Sponsors, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Except as otherwise specifically provided in the Plan, the Debtors reserve the right, with the consent of the Requisite Plan Sponsors, to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan; provided, that the Debtors shall not be permitted to amend the Plan in a manner that materially and adversely impacts the provisions of the Plan effectuating the Creditors' Committee Settlement without the consent of the Creditors' Committee. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights, in each case with the consent of the Requisite Plan Sponsors, to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Confirmation Order or the Confirmation Recognition Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

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B. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan

The Debtors, reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V hereof, the Assumed Executory Contract and Unexpired Lease Schedule; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

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8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Disclosure Statement or the Plan including, for the avoidance of doubt, the UPA;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. enter and implement any orders as may be necessary to execute, implement or consummate the First American Settlement Agreement;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.K.1 hereof;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

17. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

18. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

19. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII hereof and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

23. except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;

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24. hear and determine all applications for allowance and payment of Professional Fee Claims;

25. enforce the injunction, release, and exculpation provisions set forth in Article VIII;

26. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

27. enforce all orders previously entered by the Bankruptcy Court; and

28. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order or the Confirmation Recognition Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be in form and substance acceptable to the Requisite Plan Sponsors and the Debtors. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

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D. Payment of Fees and Expenses of the Plan Sponsors, the DIP Agent, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, Payment of Fees and Expenses of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee Pursuant to Creditors' Committee Settlement

Notwithstanding any provision in the Plan to the contrary, and in connection with the Creditors' Committee Settlement (with respect to the Unsecured Notes Indenture Trustee Fees and the Convertibles Notes Indenture Trustee Fees payable pursuant to subsections (iv) and (v) of this Article XII.D), the Debtors or Reorganized Debtors (as applicable) shall promptly pay in full in Cash (i) any outstanding Plan Sponsor Fees incurred by the Plan Sponsors; (ii) the Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals; (iii) the Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals; (iv) the Unsecured Notes Indenture Trustee Fees incurred by the Unsecured Notes Indenture Trustee; (v) the Convertible Notes Indenture Trustee Fees incurred by the Convertible Notes Indenture Trustee, and (vi) the fees incurred by the DIP Agent, all on the Effective Date without the need for such parties to file fee applications with the Bankruptcy Court, to the extent not otherwise paid prior to the Effective Date.

E. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order and the Canadian Court shall issue the Confirmation Recognition Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, the Confirmation Recognition Order or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date. For the avoidance of doubt, if the First American Settlement Agreement is not consummated or First American does not make the First American Payment, all parties' rights and claims are fully reserved as if the First American Settlement Agreement had not been entered into; provided, however, that to the extent the First American Payment is not made, the General Unsecured Creditor Cash Pool shall not be reduced.

F. Successors and Assigns

Unless otherwise provided herein, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity. For the avoidance of doubt, nothing in this Article XII.F shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by any party, including, for the avoidance of doubt, any Releasing Party, as such claims are alleged in that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292.

G. Notices

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Horsehead Holding Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, Pennsylvania 15205
Facsimile: 412.788.1812
Attention: Timothy D. Boates, Chief Restructuring Officer

with copies to:

Kirkland & Ellis LLP
300 North LaSalle St.

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Chicago, Illinois 60654
Facsimile: 312.862.2200
Attention: Ryan Preston Dahl, Esq. and Angela Snell, Esq.

-and-

counsel to the Plan Sponsors
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Facsimile: 212.872.1002
Attention: Michael Stamer, Esq. and Meredith Lahaie, Esq.

-and-

counsel to the Creditors' Committee
Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: 973.597.2400
Attention: Kenneth A. Rosen, Esq. and Bruce Buechler, Esq.

H. Term of Injunctions or Stays

Unless otherwise provided in the Plan, in the Confirmation Order or the Confirmation Recognition Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. All stays provided for in the Canadian Proceedings pursuant to the orders of the Canadian Court shall remain in full force and effect until the Effective Date unless otherwise ordered by the Canadian Court.

I. Entire Agreement

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

J. Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

K. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or

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modified without the Debtors' and the Requisite Plan Sponsors' consent; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

M. Closing of Chapter 11 Cases

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases. The Confirmation Recognition Order shall provide for the termination of the Canadian Proceedings upon the delivery of an Information Officer's certificate on the Effective Date.

N. Waiver or Estoppel

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Dissolution of Committees

On the Effective Date, each of the Creditors' Committee and the Equity Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's and Equity Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee and Equity Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses.

P. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order or the Confirmation Recognition Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

* * * * *

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Dated as of July 1, 2016

Respectfully submitted,

Horsehead Holding Corp.
(for itself and on behalf of each of its affiliated debtors)

By: /s/ *Draft*
Name: Timothy D. Boates
Title: Chief Restructuring Officer

Prepared by:

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- and -

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Facsimile: (302) 652-4400

Co-Counsel to the Debtors and Debtors in Possession

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Exhibit A

General Unsecured Creditor Cash Pool

The following recoveries are set forth for purposes of the Pro Rata distributions to Holders of Allowed Claims in Class 8B; provided, that, other than with respect to Horsehead Holding Corp., such recoveries shall be re-allocated by the Reorganized Debtors to recalibrate for the actual amount of Allowed Claims to maintain the same percentage recoveries for Holders of Allowed Claims in Class 8B against each Debtor other than Horsehead Holding Corp.

Debtor	Cash Pool	Projected Allowed Claims Per Disclosure Statement	Estimated Recovery %
Horsehead Holding Corp.	$6,500.00	$92,772	7.01%
Horsehead Corporation	$5,979,458.00[1]	$30,269,500	19.75%
Horsehead Metal Products, LLC	$5,170,648.00[1]	$26,175,102	19.75%
INMETCO	$718,394.00[1]	$3,636,691	19.75%
	Total: $11,875,000		

[1] Amount subject to re-allocation as set forth above based on the actual amount of Allowed Claims. For illustrative purposes only, if the actual amount of Allowed Claims against Horsehead Corporation were $32,000,000 and all other Allowed Claims were as projected above, the Cash Pool would be re-allocated as follows:

Debtor	Cash Pool	Allowed Claims	Recovery %
Horsehead Holding Corp.	$6,500.00	$92,772	7.01%
Horsehead Corporation	$6,144,329.00	$32,000,000	19.20%
Horsehead Metal Products, LLC	$5,025,889.00	$26,175,102	19.20%
INMETCO	$698,282.00	$3,636,691	19.20%
	Total: $11,875,000		

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EXHIBIT B

DISCLOSURE STATEMENT

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HORSEHEAD HOLDING CORP., et al.,[1]	)	Case No. 16-10287 (CSS)
Debtors.	)	Jointly Administered

DEBTORS' FIRST AMENDED DISCLOSURE STATEMENT FOR THE DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS DISCLOSURE STATEMENT AND THE PLAN IS SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS DISCLOSURE STATEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS DISCLOSURE STATEMENT OR THE PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.

James H.M. Sprayregen, P.C.
Patrick J. Nash Jr., P.C. (admitted *pro hac vice*)
Ryan Preston Dahl (admitted *pro hac vice*)
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Wilmington, Delaware 19899-8705
Telephone: (302) 652-4100
Facsimile: (302) 652-4400

Co-Counsel to the Debtors and Debtors in Possession

Dated as of: July [●], 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Horsehead Holding Corp. (7377); Horsehead Corporation (7346); Horsehead Metal Products, LLC (6504); The International Metals Reclamation Company, LLC (8892); and Zochem Inc. (4475). The Debtors' principal offices are located at 4955 Steubenville Pike, Suite 405, Pittsburgh, Pennsylvania 15205.

PREAMBLE[2]

THE DEBTORS[3] ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREOF. EACH DEBTOR MUST SATISFY THE CONFIRMATION REQUIREMENTS SUMMARIZED IN ARTICLE VII HEREOF WITH RESPECT TO THE PLAN. ACCORDINGLY, IT IS POSSIBLE THAT THE BANKRUPTCY COURT CONFIRMS THE PLAN WITH RESPECT TO SOME, BUT NOT ALL, OF THE DEBTORS.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING AND IN REVIEWING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE RESTRUCTURING DOCUMENTS, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S OR THE CANADIAN COURT'S APPROVAL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S OR THE CANADIAN COURT'S APPROVAL OF THE PLAN.

THE DEADLINE TO VOTE ON THE PLAN IS **[●], 2016, AT 4:00 P.M., PREVAILING EASTERN TIME** (THE "VOTING DEADLINE"). TO BE COUNTED, VOTES TO ACCEPT OR REJECT THE PLAN MUST BE RECEIVED BY THE NOTICE AND CLAIMS AGENT BY THE VOTING DEADLINE.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CANADIAN PROCEEDINGS, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED BY REFERENCE HEREIN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE DEBTORS' MANAGEMENT. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE FINANCIAL PROJECTIONS ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC,

2 Defined terms used in this Preamble shall have the meaning ascribed to them herein.

3 Underlined, all-capitalized terms indicate that such term is a defined term.

COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE LIKELIHOOD THAT THE DEBTORS WILL ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL, STATE, OR PROVINCIAL SECURITIES LAWS OR OTHER SIMILAR LAWS. THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED TO CREDITORS WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE, PROVINCIAL, OR LOCAL LAW. THE DEBTORS WILL INSTEAD RELY UPON (A) THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE, OR (B) TO THE EXTENT THAT THE EXEMPTION PROVIDED BY SECTION 1145 IS EITHER NOT PERMITTED OR NOT APPLICABLE, THE EXEMPTION SET FORTH IN SECTION 4(A)(2) OF THE SECURITIES ACT OR REGULATION D PROMULGATED THEREUNDER. THIS DISCLOSURE STATEMENT DOES NOT PROVIDE ANY LEGAL OR TAX ADVICE.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR CANADIAN PROVINCIAL SECURITIES ADMINISTRATOR, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR CANADIAN PROVINCIAL SECURITIES ADMINISTRATOR HAS CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR PASSED UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE BASED PRIMARILY ON THE CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' AND THE REORGANIZED DEBTORS' BUSINESSES AND MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR SIMILAR EXPRESSIONS THAT IDENTIFY THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. **MAKING INVESTMENT DECISIONS BASED ON THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.**

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR EXPECTED FUTURE RESULTS AND OPERATIONS. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THEIR FINANCIAL CONDITION SET FORTH HEREIN AND THAT THE ASSUMPTIONS

REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR MANAGEMENT'S ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR THE REORGANIZED DEBTORS, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE, AND/OR PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS HAVE ANY AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS OTHERWISE REQUIRED BY LAW. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED IN TITLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT SUCH MATERIAL CONDITIONS PRECEDENT WILL BE SATISFIED OR WAIVED. YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING, BUT NOT LIMITED TO, THE PLAN AND ARTICLE VIII OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, SUCH CONFIRMATION IS RECOGNIZED BY THE CANADIAN COURT, AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND/OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS OR INTERESTS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

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EXHIBITS

ARTICLE I.
INTRODUCTION

This disclosure statement (this "Disclosure Statement") provides information regarding the *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), which the Debtors are seeking to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as **Exhibit A**. All capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. The rules of interpretation set forth in Article I.B of the Plan shall govern the interpretation of this Disclosure Statement.

The Debtors operate in three distinct, but related, lines of business: (a) the recycling and processing of electric arc furnace ("EAF") dust and other zinc-bearing material to produce and sell zinc and other metals; (b) the production and sale of zinc oxide; and (c) the recycling and processing of a variety of metal-bearing waste material, and the production of nickel-based alloys. Due to events more fully described below, including, but not limited to, stressed commodity pricing environment, operational issues at the Debtors' primary zinc-processing facility, and a deteriorating liquidity situation, the Debtors filed for bankruptcy protection under chapter 11 on February 2, 2016. The Canadian Court recognized the Chapter 11 Cases as foreign main proceedings under Part IV of the CCAA on February 5, 2016. The Debtors entered chapter 11 to protect their assets and to formulate a balance sheet restructuring and deleveraging of the Debtors' current capital structure.

If confirmed and consummated, the Plan will eliminate more than $400.0 million in debt from the Debtors' balance sheet and will provide the Debtors with the capital necessary to fund distributions to the Debtors' creditors pursuant to the Plan and provide the Debtors with working capital necessary to fund ongoing operations. To effectuate the Plan, the Debtors will, among other things, pursuant to the UPA, receive $160.0 million and permit Eligible Holders to commit to purchase up to an additional $100.0 million on a post-Effective Date basis and consequently participate in the Additional Capital Commitment.[4] The proceeds received pursuant to the UPA, together with cash on hand and cash from operations, will be used to pay administrative and priority claims in full. The Plan eliminates substantially all of the Debtors' current debt load, provides full recoveries for creditors of Zochem, and provides meaningful recoveries for non-Zochem unsecured creditors. The Debtors respectfully submit that the Plan maximizes recoveries for the Debtors' stakeholders, right-sizes the Debtors' balance sheet, and preserves the Debtors' ongoing operations, including the jobs for the Debtors' approximately 700 employees.

The Debtors seek Bankruptcy Court approval of the Plan. Before soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of a chapter 11 plan. This Disclosure Statement is being submitted in accordance with such requirements. This Disclosure Statement includes, without limitation, information about:

- the Debtors' corporate history and corporate structure, business operations, and prepetition capital structure and indebtedness (Article IV hereof);
- events leading to the Chapter 11 Cases, including the Debtors' restructuring negotiations (Article IV hereof);
- significant events in the Chapter 11 Cases and the Canadian Proceedings (Article V hereof);
- the classification and treatment of Claims and Interests under the Plan, including who is entitled to vote and how to vote on the Plan (Article VI hereof);
- certain important effects of Confirmation of the Plan (Article VI hereof);
- releases contemplated by the Plan that are integral to the overall settlement of Claims and Interests pursuant to the Plan (Article VI hereof);

[4] The UPA is attached hereto as **Exhibit F**.

- the statutory requirements for confirming the Plan (Article VII hereof);
- certain risk factors Holders of Claims should consider before voting to accept or reject the Plan and information regarding alternatives to Confirmation of the Plan (Article VIII hereof); and
- certain United States federal income tax consequences of the Plan (Article X hereof).

In light of the foregoing, the Debtors believe this Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

The Debtors' boards of directors, board of managers, and managing members (collectively, the "Authorizing Bodies"), as applicable, have approved the Plan and the transactions contemplated therein and believe the Plan is in the best interests of the Debtors, the Debtors' Estates, and the Debtors' creditors. As such, the Authorizing Bodies recommend that all Holders entitled to vote, accept the Plan by returning their ballots, so as to be **actually received** by the Debtors' Notice and Claims Agent no later than **[●], 2016, at 5:00 p.m. prevailing Eastern Time**. Assuming the requisite acceptances to the Plan are obtained, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing and thereafter recognition of such approval order by the Canadian Court.

The Plan and all documents to be executed, delivered, assured, and/or performed in connection with the Consummation of the Plan, including the documents to be included in the Plan Supplement, are subject to revision and modification from time to time prior to the Effective Date (subject to the terms of the Plan).

ARTICLE II.
TREATMENT OF CLAIMS AND INTERESTS

As set forth in Article III of the Plan, and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims) are classified into Classes for all purposes, including voting, Confirmation, and distributions pursuant hereto. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class. A Claim is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The table below summarizes the treatment of all unclassified Claims under the Plan. The treatment and the projected recoveries of unclassified Claims are described in summary form below for illustrative purposes only. Risk factors addressing the effects of the actual amount of Allowed classified Claims exceeding the Debtors' estimates, and the effect of such variation on creditor recoveries, and other risks related to Confirmation and the Effective Date of the Plan are addressed in Article VIII hereof. To the extent that any inconsistency exists between the summary contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

Estimated Allowed Claims identified in this Article II are based on the Debtors' books and records after reasonable inquiry, and are presented assuming a hypothetical Effective Date of September 30, 2016. Actual amounts of Allowed Claims could differ materially from the estimates set forth herein, and actual recoveries could differ materially from such estimates, on account of, among other things, any rejection damages that may occur as a result of the Debtors' rejection of Executory Contracts, including those deemed rejected pursuant to Article V of the Plan.

Unclassified Claim	Plan Treatment	Estimated Allowed Claims	Estimated Range of % Recovery Under the Plan	Estimated Range of % Recovery Under Chapter 7[5]
Administrative Claims	Unimpaired	$36,692,000	100.0%	0.0% to 100.0%[6]
Professional Fee Claims	Unimpaired	$16,480,000	100.0%	100.0%
DIP Facility Claims	Unimpaired	$92,250,000	100.0%	98.0% to 100.0%
Priority Tax Claims	Unimpaired	$3,002,000	100.0%	0.0% to 100.0%[7]

The tables below summarize the classification and treatment of all classified Claims and Interests against each Debtor (as applicable) under the Plan. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims or Interests shall be treated as set forth in Article III.B of the Plan. For all purposes under the Plan, each Class will apply for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor);[8] provided, that, certain Classes, as outlined in the Debtor-specific Claims classification tables below, shall be vacant with regard to certain Debtors.

The classification, treatment, and the projected recoveries of classified Claims are described in summary form below for illustrative purposes only and are subject to material change. In particular, recoveries available to the Holders of General Unsecured Claims are estimates based on information known to the Debtors as of the date hereof and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceed the estimates provided below. In such an instance, the recoveries available to the Holders of General Unsecured Claims could be materially lower when compared to the estimates provided below.[9] Additionally, Holders of General Unsecured Claims in Class 8B will receive their Pro Rata share of the General Unsecured Creditor Cash Pool, which has been allocated to each of the Debtors other than Zochem as agreed to among by each of the Ad Hoc Group of Noteholders, the Debtors, and the Creditors' Committee, and subject to reallocation, as set forth in Exhibit A attached to the Plan. To the extent that any inconsistency exists between the summaries contained in this Disclosure Statement and the Plan, the terms of the Plan shall govern.

5 The estimated chapter 7 recovery ranges are set forth in the Debtors' liquidation analysis, attached hereto as **Exhibit C** (the "Liquidation Analysis").

6 As set forth in the Liquidation Analysis, each Debtor other than Zochem is projected to be administratively insolvent in a hypothetical liquidation undertaken pursuant to chapter 7 of the Bankruptcy Code.

7 As set forth in the Liquidation Analysis, each Debtor other than Zochem is projected to be administratively insolvent in a hypothetical liquidation undertaken pursuant to chapter 7 of the Bankruptcy Code.

8 For the avoidance of doubt, though estimated Allowed Claim amounts and recoveries in the tables below are aggregate Claim amounts and recoveries for all obligated Debtors, the recoveries against each Debtor with regard to the Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, Convertible Notes Claims, and Banco Bilbao Credit Agreement Claims are not duplicative.

9 Additionally, estimated recovery percentages for Class 4 and Class 5 are based on the valuation of the New Common Equity set forth in the Debtors' valuation analysis, attached hereto as **Exhibit D** (the "Valuation Analysis"). The estimated value of the New Common Equity is based on and corresponds to the estimated enterprise value of the Reorganized Debtors in the Valuation Analysis, which falls within a range from approximately $255.0 million to $305.0 million, with a midpoint estimate of approximately $280.0 million. Accordingly, actual recoveries available to Holders of Claims in Class 4 and Class 5 could materially differ based on, among other things, the underlying assumptions set forth in the Valuation Analysis.

Horsehead Holding Corp					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Convertible Notes Claims	Impaired	$100,000,000	2.5% to 3.7%	0.0%
Class 7	Banco Bilbao Credit Agreement Claims	Impaired	$17,400,000	17.2%	0.0%
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$92,772	7.0%	0.0%
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Vacant				
Class 12	Existing Interests	Impaired	N/A	0.0%	0.0%

Horsehead Corporation					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$4,999,984[10]	100.0%	0.0% to 100.0%
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				

10 This amount is derived from Schedule D of Horsehead Corporation's Schedules Filed on March 17, 2016 [Docket No. 305], after excluding Horsehead Corporation's funded debt liabilities (i.e., obligations on account of the Secured Notes Claims and the Macquarie Credit Agreement Claims).

Horsehead Corporation					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 7	Banco Bilbao Credit Agreement Claims	Impaired	$17,400,000	17.2%	0.0%
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$30,269,500	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$125,701,900	0.0%	0.0%
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

Horsehead Metal Products, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$6,587,423[11]	100.0%	0.0%
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				
Class 7	Vacant				
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$26,175,102	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$705,994,237	0.0%	0.0%
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%

11 This amount is derived from Schedule D of HMP's Schedules Filed on March 17, 2016 [Docket No. 307], after excluding HMP's secured funded debt liabilities.

Horsehead Metal Products, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 12	Vacant				

The International Metals Reclamation Company, LLC					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Macquarie Credit Agreement Claims	Unimpaired	$32,850,000	100.0%	100.0%
Class 4	Secured Notes Claims	Impaired	$205,000,000	42.7% to 51.2%	0.0% to 22.2%
Class 5	Unsecured Notes Claims	Impaired	$40,000,000	15.8% to 18.9%	0.0%
Class 6	Vacant				
Class 7	Vacant				
Class 8A	Vacant				
Class 8B	General Unsecured Claims	Impaired	$3,636,691	19.8%	0.0%
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

Zochem Inc.					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 1	Other Secured Claims	Unimpaired	$0	N/A	N/A
Class 2	Other Priority Claims	Unimpaired	$0	N/A	N/A
Class 3	Vacant				
Class 4	Vacant				

Zochem Inc.					
Class	**Type of Claim or Interest**	**Plan Treatment**	**Estimated Allowed Claims or Interests**	**Estimated Range of % Recovery Under Plan**	**Estimated Range of % Recovery Under Chapter 7**
Class 5	Vacant				
Class 6	Vacant				
Class 7	Vacant				
Class 8A	General Unsecured Claims	Unimpaired	$7,404,569	100.0%	100.0%
Class 8B	Vacant				
Class 9	Intercompany Claims	Impaired	$0	N/A	N/A
Class 10	Section 510(b) Claims	Impaired	N/A	0.0%	0.0%
Class 11	Intercompany Interests	Impaired	N/A	0.0%	0.0%
Class 12	Vacant				

ARTICLE III.
SOLICITATION, VOTING, ADDITIONAL CAPITAL COMMITMENT, AND CONFIRMATION DEADLINES

A. *Solicitation Packages.*

On **[●]**, 2016, the Bankruptcy Court entered the Disclosure Statement Order and on **[●]**, 2016, the Canadian Court recognized and gave effect to such order in Canada (the "Disclosure Statement Recognition Order"). For purposes of this Article III hereof, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Disclosure Statement Order. Pursuant to the Disclosure Statement Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (collectively, the "Solicitation Package"), including:

- the Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and the exhibits to the Plan, including the Plan Supplement);
- the Disclosure Statement Order (without exhibits thereto);
- the Disclosure Statement Recognition Order (without exhibits thereto);
- the Solicitation Procedures;
- the Confirmation Hearing Notice;
- an appropriate ballot with voting instructions with respect thereto, together with a pre-addressed, postage prepaid return envelope;
- a cover letter from the Debtors (1) describing the contents of the Solicitation Package, and (2) urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan;

- a letter from the Creditors' Committee urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan; and

- any supplemental documents the Debtors may File with the Bankruptcy Court or that the Bankruptcy Court or the Canadian Court orders to be made available.

The Solicitation Package may also be obtained: (a) from the Debtors' Notice and Claims Agent by (i) visiting http://dm.epiq11.com/Horsehead, (ii) writing to Horsehead Holding Corp., c/o Epiq Bankruptcy Solutions, LLC, Attn: Solicitation Group, P.O. Box 4422, Beaverton, Oregon 97076-4422, or (iii) calling (800) 520-4456; or (b) for a fee via PACER (except for ballots) at http://www.deb.uscourts.gov.

There will be no separate voting process for Canadian Holders of Claims or Interests, and Canadian Holders of Claims or Interests will be subject to the voting process set out in the Disclosure Statement Order and recognized in the Disclosure Statement Recognition Order. Canadian Holders of Claims or Interests may consult the Information Officer's website at http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings for additional information regarding the Canadian Proceedings.

B. *Voting Deadline.*

The deadline to vote on the Plan is **[●], 2016, at 5:00 p.m., prevailing Eastern Time** (the "Voting Deadline"). All votes to accept or reject the Plan must be received by the Notice and Claims Agent by the Voting Deadline.

C. *Voting Procedures.*

The Debtors are distributing this Disclosure Statement, accompanied by a ballot to be used for voting to accept or reject the Plan, to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim in Class 4 (Secured Notes Claims), Class 5 (Unsecured Notes Claims), Class 6 (Convertible Notes Claims), Class 7 (Banco Bilbao Credit Agreement Claims), or Class 8B (Other General Unsecured Claims), you may vote to accept or reject the Plan by completing the ballot and returning it in the envelopes provided.

The Debtors have retained Epiq Bankruptcy Solutions, LLC to serve as the Notice and Claims Agent. The Notice and Claims Agent is available to answer questions concerning the procedures for voting on the Plan, provide additional copies of all materials, oversee the voting process, and process and tabulate ballots for each class entitled to vote to accept or reject the Plan. Canadian Creditors may also contact the Information Officer with questions regarding the Plan.

BALLOTS

Ballots must be actually received by the Notice and Claims Agent by the Voting Deadline, which is **[●], 2016, at 5:00 p.m., prevailing Eastern Time**, at the following addresses:

If sent by first-class mail:

Horsehead Holding Corp.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4422
Beaverton, Oregon 97076-4422

If sent by personal delivery or overnight courier:

Horsehead Holding Corp.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
10300 SW Allen Blvd.
Beaverton, Oregon 97005

If you have any questions on the procedure for voting on the Plan, please call or email the Notice and Claims Agent at:

(800) 572-0455
tabulation@epiqsystems.com

Canadian Creditors may also contact Richter Advisor Group Inc. in its capacity as Information Officer appointed in the Canadian Proceedings at:

Pritesh Patel, MBA, CFA, CIRP
(416) 642-9421
ppatel@richter.ca

More detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. All votes to accept or reject the Plan must be cast by using the appropriate ballot. All ballots must be properly executed, completed, and delivered according to their applicable voting instructions by: (a) first class mail, in the return envelope provided with each ballot; (b) overnight delivery; or (c) personal delivery, so that the ballots are **actually received** by the Notice and Claims Agent no later than the Voting Deadline at the return address set forth in the applicable ballot. Any ballot that is properly executed by the Holder of a Claim entitled to vote that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted.

Each Holder of a Claim entitled to vote to accept or reject the Plan may cast only one ballot for each Claim held by such Holder. By signing and returning a ballot, each Holder of a Claim entitled to vote will certify to the Bankruptcy Court and the Debtors that no other ballots with respect to such Claim has been cast or, if any other ballots have been cast with respect to such Claim, such earlier ballots are superseded and revoked.

All ballots will be accompanied by return envelopes. It is important to follow the specific instructions provided on each ballot, as failing to do so may result in your ballot not being counted.

D. *Additional Capital Commitment.*[12]

The provides all Plan Sponsors that are Holders of Secured Notes Claims and "accredited investors," as such term is defined by Rule 501 of Regulation D, promulgated under the Securities Act (each, an "Accredited Investor"), with the ability to elect to commit to purchase Additional Capital Commitment Units, in each case, subject to the terms and conditions set forth in the UPA.

E. Plan Objection Deadline.

The Bankruptcy Court has established **[●], 2016, at 5:00 p.m., prevailing Eastern Time**, as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest, in accordance with the Disclosure Statement Order, so that they are **actually received** on or before the Plan Objection Deadline. The Debtors believe that the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan before the Confirmation Hearing.

F. *Confirmation Hearing.*

Assuming the requisite acceptances are obtained for the Plan, the Debtors intend to seek confirmation of the Plan at the Confirmation Hearing scheduled on **August 30, 2016, 10:00 a.m., prevailing Eastern Time**, before the Honorable Christopher S. Sontchi, United States Bankruptcy Judge, in Courtroom No. 6 of the United States Court for the District of Delaware, 824 North Market Street, 5th Floor, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time in consultation with the Plan Sponsors, without further notice other than an adjournment announced in open court, or a notice of adjournment Filed with the Bankruptcy Court and served on any entities who have Filed objections to the Plan. The Bankruptcy Court, in its discretion and before the Confirmation Hearing, may put in place additional procedures governing such hearing. The Plan may be modified, if necessary, before, during, or as a result of the Confirmation Hearing without further notice to parties in interest, subject to the terms of the Plan and the consent of the Requisite Plan Sponsors.

The Debtors anticipate seeking recognition of the Confirmation Order from the Canadian Court as promptly as practical after entry of the Confirmation Order.

ARTICLE IV.
THE DEBTORS' BACKGROUND

A. *The Debtors' Businesses.*

1. The Debtors' Businesses and Corporate History.

Based in Pittsburgh, Pennsylvania, Horsehead Corporation was incorporated in Delaware in May 2003, and its parent, Horsehead Holding Corp ("Horsehead Holding"), was incorporated in Delaware in December 2003, although the companies from which the Debtors acquired their zinc operations date to the mid–1800s. In 2002, one of these companies, Horsehead Industries, Inc., and certain of its affiliates, from which the Debtors' acquired most of their zinc producing assets, filed for chapter 11 protection in the Southern District of New York (collectively, the "Previous Chapter 11 Cases")[13] as a result of then-current low zinc prices, production inefficiencies, high operational costs, and legacy environmental costs. In the Previous Chapter 11 Cases, Horsehead Industries, Inc. and certain of its affiliates sold substantially all of their operating assets to a private equity investor, which subsequently

[12] The summary of the Additional Capital Commitment set forth herein is qualified in its entirety by reference to the UPA. To the extent of any inconsistency between this summary and the UPA, the UPA shall control in all respects.

[13] Case Nos. 02-14024, 02-14025, 02-14026, 02-14027.

exited that investment through two Rule 144A private equity offerings in 2006 and 2007. Currently, Horsehead Holding's equity owners are a diversified group of public investors, without a single entity owning or beneficially controlling more than 11 percent of Horsehead Holding's outstanding equity as of September 30, 2015. The Debtors produce zinc and nickel-based products for sale primarily to customers throughout the United States and Canada. Additionally, the Debtors are the largest recycler of EAF dust and a leading recycler of hazardous and non-hazardous waste for the steel industry in the United States. The Debtors and their non-Debtor affiliates have production and/or recycling operations at seven facilities located in five states and Canada. In addition, the Debtors own the site of a permanently shuttered facility in Bartlesville, OK.

As noted above, the Debtors operate in three distinct, but related, lines of business: (a) the processing of EAF dust and other zinc-bearing material to produce and sell zinc and other metals, undertaken by Horsehead Corporation; (b) the production and sale of zinc oxide, undertaken by Zochem; and (c) the processing of a variety of metal-bearing waste materials, and the production of nickel-bearing alloys, undertaken by INMETCO. These operations are detailed below.

(a) Horsehead Corporation.

(i) EAF Dust Recycling.

Through Horsehead Corporation, the Debtors are North America's largest recycler of EAF dust. Steel mini-mills melt and refine scrap metal in EAFs, and such process produces metal dust—the "EAF dust"—which is designated as a hazardous waste by and subject to disposal restrictions from the Environmental Protection Agency.[14] Mini-mills or third party carriers then transport EAF dust to one of Horsehead Corporation's four EAF dust recycling facilities.[15] There, Horsehead Corporation collects and recycles the zinc-bearing EAF dust by using a proprietary "Waelz Kiln" process, which allows Horsehead Corporation to extract zinc from EAF dust in the form of Waelz oxide ("WOX"),[16] and recycle the remaining components of the dust in the form of an iron-rich co-product that is sold primarily as an aggregate.

Horsehead Corporation's multiple EAF dust recycling facilities are strategically located near major EAF operators, which reduces transportation costs and enhances the Debtors' ability to compete effectively with other means of EAF dust disposal. Additionally, a competitive cost position, an extensive zinc distribution network, and proprietary market knowledge, allow the Debtors to maintain their market-leading position. The Debtors are one of the leading environmental service providers to the U.S. steel industry, having recycled, together with their predecessors, 11.2 million tons of EAF dust since 1990, which is equivalent to approximately 2.2 million tons of zinc, and represents the dust generated in the production of over 650 million tons of steel. Horsehead Corporation's recycling and conversion of EAF dust reduces a steel mini-mill's exposure to environmental liabilities that may arise if EAF dust is sent to a landfill and not recycled.

(ii) Zinc Production.

Horsehead Corporation is a producer of zinc products, including zinc metal, used in the galvanizing[17] of steel, in zinc die castings, and zinc-bearing alloys in the U.S. Horsehead Corporation also produces WOX and zinc

14 See, e.g., 40 C.F.R. §§ 261, 268, 271.

15 These facilities are located in: (a) Barnwell, South Carolina; (b) Chicago, Illinois (Calumet); (c) Palmerton, Pennsylvania; and (d) Rockwood, Tennessee. As described more fully below, the Barnwell, South Carolina recycling facility is operated by the Debtors and is located on real property owned by Horsehead Zinc Recycling, LLC, a non-Debtor subsidiary of Debtor Horsehead Corporation.

16 WOX, known also as crude zinc oxide, contains approximately 55–60% zinc.

17 Galvanization refers to the process of applying a protective zinc coating to steel or iron to prevent rusting.

calcine for sale to other zinc producers. Horsehead Corporation uses WOX, the primary product of its recycling operations, as a low-cost, raw material feedstock in the production of zinc metal and value-added zinc products, which yields a competitive cost advantage. The Debtors' EAF dust recycling operations provide them with a reliable, cost-effective source of recycled feedstock without relying on third-party sellers.

Prior to the Petition Date, Horsehead Corporation conducted its zinc production (as opposed to recycling) operations from its facility located in Mooresboro, North Carolina (the "Mooresboro Facility"), which the Debtors began constructing in September 2011 to replace their former zinc smelter located in Monaca, Pennsylvania (the "Monaca Facility").[18] The Mooresboro Facility, which began production in May 2014 and is currently in an idled state, was intended to allow the Debtors to produce special high grade zinc, continuous galvanizing grade zinc, and high grade zinc, in addition to the prime western zinc the Debtors produced at the Monaca Facility.

The Mooresboro Facility's design is intended to use sustainable manufacturing practices to produce zinc solely from recycled materials. The Mooresboro Facility is designed to use significantly less fossil fuel, primarily in the form of metallurgical coke, than the Monaca Facility, which allows the Debtors to reduce greenhouse gas emissions and particulates into the atmosphere. The Mooresboro facility is designed to process a wide range of recycled oxidic zinc materials. To illustrate, before WOX can be used to produce zinc metal in a traditional zinc smelting facility, it has to first generally be "calcined" into a product called zinc calcine. The calcining process further refines WOX and involves heating WOX to eliminate impurities, which increases the zinc content of WOX from approximately 55–60% to approximately 65–70%. The Debtors use rotary kiln-based operations at its recycling facilities to calcine WOX to then create zinc calcine.

Once fully operational, the Debtors believe the Mooresboro Facility will eliminate the need to calcine the majority of WOX prior to its use, thereby reducing the Debtors' manufacturing conversion and logistics costs in its recycling facilities In addition, the Debtors expect that the Mooresboro facility, once fully operational, will have lower conversion costs that the Monaca facility, allow Horsehead to realize a higher premium on the sale of Special High Grade and Continuous Galvanizing Grade zinc and recover value from the lead and silver contained in WOX in addition to increasing the total output of zinc metal from the same. However, the Mooresboro Facility was operating at approximately 25% of capacity during the fourth quarter of 2015. On January 22, 2016, due to financial constraints, the Debtors issued notices to their employees at the Mooresboro Facility under the Worker Adjustment and Retraining Notification Act and publicly announced their intention to transition the Mooresboro Facility from fully-operational status to operating on a "care and maintenance level" only by February 8, 2016.[19]

(b) Zochem.

The Debtors acquired Zochem in November 2011, which produces zinc oxide at a dedicated facility in Brampton, Ontario, Canada. Zochem is one of the largest single-site producers of zinc oxide in North America. Zinc oxide is used as an additive in various materials and products, including plastics, ceramics, glass, rubbers, cement, lubricants, pigments, sealants, ointments, fire retardants, and batteries. The Debtors sell zinc oxide to over 250 producers of tire and rubber products, chemicals, paints, plastics, and pharmaceuticals, and have supplied zinc oxide to the majority of their largest customers for over 10 years. Zochem's Brampton, Ontario facility has the capacity to produce approximately 72,000 tons of zinc oxide a year.

(c) INMETCO.

The Debtors acquired INMETCO in November 2009. INMETCO is a leading recycler of nickel-bearing waste generated by the stainless and specialty steel producers, and a leading recycler of nickel-cadmium and other types of batteries in North America. INMETCO operates out of a facility located in Ellwood City, Pennsylvania, which produces nickel-bearing products by using 100% recycled materials. Additionally, INMETCO collects and

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[18] The Debtors permanently shut down the Monaca Facility in April 2014 and subsequently demolished it, and sold the land in June 2015, although the Debtors retain ownership of a non-hazardous captive landfill located at that site.

[19] See Horsehead Holding Corp., Current Report (Form 8-K), at Ex. 99.1 (Jan. 22, 2016).

recycles batteries through its own collection programs and Call2Recycle, which was founded in 1994 by five major rechargeable battery makers. INMETCO also provides environmental services to over 200 customers that generate nickel-containing waste products, such as filter cake, spent pickle liquor, grinding swarf, and mill scale.

(d) The Debtors' Non-Debtor Affiliates.

(i) ThirtyOx, LLC.

In December 2013, Horsehead Metal Products, LLC ("HMP") entered into a joint venture known as ThirtyOx, LLC ("ThirtyOx") with Imperial Acquisitions LLC for the acquisition and processing of zinc-bearing secondary materials. ThirtyOx's processing operation is located in North Carolina near the Mooresboro Facility and began operations in 2014. Horsehead Corporation's EAF dust recycling operations supply the majority of feedstock used by ThirtyOx. In turn, ThirtyOx historically supplied a portion of the incremental zinc feed required by the Mooresboro Facility by recovering secondary zinc oxides from the residues generated by galvanizers, die-casters, and other users of zinc metals.

(ii) Horsehead Zinc Recycling, LLC.

Horsehead Corporation owns or controls 99.99% of Horsehead Zinc Recycling, LLC ("HZR").[20] HZR was formed in 2009 as part of the financing arrangement related to the NMTC Loans (as defined below). The NMTC Loans were used to fund the development of an EAF dust-recycling facility located in Barnwell, South Carolina (the "Barnwell Facility"). The real property on which the Barnwell Facility is located is owned by HZR and is encumbered by a mortgage securing the NMTC Loans. Horsehead Corporation operates the Barnwell Facility, which is subject to a lease and non-disturbance agreement in favor of Horsehead Corporation.

(iii) Chestnut Ridge Railroad Corp.

Chestnut Ridge Railroad Corp. ("Chestnut Ridge") was incorporated in 2004 and is a direct, wholly-owned subsidiary of Horsehead Corporation. Chestnut Ridge provides short-line railroad service in Palmerton, Pennsylvania, for the transportation of materials for both intercompany and outside-customer use, and is an obligor on certain prepetition debt of the Debtors. Chestnut Ridge is also an obligor or guarantor of the Debtors' obligations with respect to the Macquarie Credit Facility, the Secured Notes, and the Unsecured Notes. Pursuant to the Plan's release, discharge, and injunction provisions, Chestnut Ridge's obligations with respect to the Macquarie Credit Facility, the Secured Notes, and the Unsecured Notes will be released pursuant to the Plan.

2. The Debtors' Organizational Structure.

A diagram presenting the Debtors' organizational structure as of the Petition Date is attached hereto as **Exhibit E**. As set forth on **Exhibit E**, Horsehead Corporation, Zochem, and INMETCO are each wholly owned by Horsehead Holding. In addition, and as noted above, Horsehead Corporation owns HMP,[21] non-Debtor Chestnut, and owns or controls 99.99% of non-Debtor HZR.

[20] The other .01% of HZR is owned by Banc of America CDE III, LLC and CCM Community Development IV LLC.

[21] As discussed above, HMP has a 50% interest in non-Debtor ThirtyOx through a joint venture it entered into in 2013.

B. *Summary of Prepetition Capital Structure*.

As of the Petition Date, the Debtors' consolidated long-term debt obligations totaled approximately $427.8 million. The primary components of the Debtors' consolidated funded debt obligations outstanding as of the Petition Date are described below.

Indebtedness	**Principal Outstanding ($ millions)**
Macquarie Credit Facility[22]	$ 32.7
10.50% Secured Notes	205.0
Zochem Secured Credit Facility	18.5
9.00% Unsecured Notes	40.0
3.80% Convertible Notes	100.0
Banco Bilbao Credit Facility	17.4
NMTC Loans	14.2
Total	**$ 427.8**

1. The Macquarie Credit Facility.

On June 30, 2015, each of the Debtors other than Zochem entered into an $80.0 million secured revolving credit facility (the "Macquarie Credit Facility") as borrowers or guarantors with Macquarie Bank Limited ("Macquarie"). The Macquarie Credit Facility became effective on July 6, 2015, and was scheduled to mature on May 15, 2017. This facility replaced the maximum aggregate $80.0 million principal amount of two prior facilities. Obligations arising under the Macquarie Credit Facility are secured by liens on substantially all of the Debtors' assets, other than assets of, and equity issued by, Zochem. Certain of these assets securing the Debtors' obligations under the Macquarie Credit Facility also secure the Debtors' obligations under the Secured Notes (as defined below). On March 31, 2016, Macquarie assigned all of its interests under the Macquarie Credit Facility to a third party, and resigned as administrative and collateral agent under the Macquarie Credit Facility.

In connection with the applicable Debtors' entry into the Macquarie Credit Facility, the collateral agents for the Secured Notes and the Macquarie Credit Facility also entered into an intercreditor agreement dated June 30, 2015 (the "Intercreditor Agreement"), which, among other things, assigns relative priority between Macquarie and holders of the Secured Notes with regard to certain shared collateral. Pursuant to the Intercreditor Agreement, liens granted by the Debtors to secure the Macquarie Credit Facility: (a) are senior to any liens granted by the Debtors to secure the Secured Notes with respect to Facilities Priority Shared Collateral (as defined in the Intercreditor Agreement), including (i) assets of, and equity interests issued by, INMETCO, and (ii) certain personal property of Horsehead Corporation and its subsidiaries, including accounts receivables, inventory, cash, and deposit accounts (excluding any cash or amounts deposited in deposit accounts representing proceeds of Notes Priority Shared Collateral (as defined in the Intercreditor Agreement); and (b) are junior to liens granted by the Debtors to secure the Secured Notes with respect to Notes Priority Shared Collateral (as defined in the Intercreditor Agreement), including (i) any liens granted to secure the Secured Notes with respect to real property, fixtures, and equipment of Horsehead Corporation and its subsidiaries, and (ii) with respect to liens granted on the equity interests of Horsehead Corporation.

On May 27, 2016, the Debtors Filed with the Bankruptcy Court a stipulation (the "Macquarie Stipulation") entered into among the Debtors, the Ad Hoc Group of Noteholders, the Creditors' Committee, and Cetus Capital, LLC on behalf of certain of its funds and affiliates (collectively, "Cetus"), successor in interest to the obligations

[22] As set forth below, the stipulated balance of the Macquarie Credit Agreement Claims is $32,850,000, pursuant to the Macquarie Stipulation (as defined below).

outstanding under the Macquarie Credit Facility [Docket No. 980]. The Macquarie Stipulation provides for, among other things, a liquidated balance for the obligations under the Macquarie Credit Facility of $32,850,000. The Bankruptcy Court approved the Macquarie Stipulation on May 31, 2016 [Docket No. 998].

2. The Secured Notes.

In July 2012, the Debtors completed a private placement of $175.0 million in principal amount of 10.50% senior secured notes due 2017 (the "Secured Notes") at an issue price of 98.188% of par. The Debtors used the proceeds from the Secured Notes primarily for construction costs of the Mooresboro Facility. On June 3, 2013, the Debtors issued $20.0 million of additional Secured Notes at an issue price of 106.50% of par, and completed the sale of an additional $10.0 million of Secured Notes at an issue price of 113.00% of par on July 29, 2014. As of the Petition Date, approximately $205.0 million of Secured Notes were outstanding.

The Secured Notes are guaranteed by each of the Debtors other than Zochem, and obligations arising under the Secured Notes are secured by such Debtors' existing and future property and assets, including a first-priority pledge from Horsehead Holding of 65% of Horsehead Holding's equity interest in Zochem. The relative priority of liens securing the Secured Notes and the liens securing the Macquarie Credit Facility with respect to certain shared collateral is set forth in the Intercreditor Agreement, as described further above.

3. The Zochem Senior Secured Revolver.

On April 29, 2014, Zochem, as borrower, and Horsehead Holding, as guarantor, entered into a $20.0 million secured revolving credit facility (the "Zochem Facility") with PNC Bank, N.A. ("PNC") as agent. The Zochem Facility was secured by a first priority lien (subject to certain permitted liens) on substantially all of Zochem's tangible and intangible personal property, and, pursuant to the Zochem Forbearance, a lien on Zochem's processing facility located in Brampton, Ontario, Canada. Horsehead Holding unconditionally guaranteed Zochem's obligations under the Zochem Facility, and pursuant to that certain Pledge Agreement dated as of April 29, 2014, Horsehead Holding pledged 65% of its equity interests in Zochem as additional collateral in favor of PNC as agent. The Debtors paid an unused line fee of 0.75% per annum, based on average undrawn availability multiplied by the amount that the maximum revolving advance amount exceeds the average daily unpaid balance of the Zochem Facility's loans and undrawn amount of any outstanding letters of credit during any calendar quarter. As of the Petition Date, approximately $18.5 million remained outstanding under the Zochem Facility. The Zochem Facility was paid in full with proceeds from the DIP Facility on February 8, 2016.

4. The Banco Bilbao Credit Facility.

Horsehead Corporation, as borrower, and Horsehead Holding, as guarantor, entered into a credit agreement with Banco Bilbao Vizcaya Argentaria, S.A. on August 28, 2012 (the "Banco Bilbao Credit Facility"), which became effective on November 14, 2012. The Banco Bilbao Credit Facility provides financing up to approximately €18.8 million (approximately $25.8 million) in addition to $968,090.25 for purchases under certain contracts related to the Mooresboro Facility between Horsehead and Técnicas Reunidas, S.A. The obligations under the Banco Bilbao Credit Facility are supported by an unconditional guarantee from Horsehead Holding, but are not otherwise secured by any of the Debtors' property. As of the Petition Date, approximately $17.4 million remained outstanding under the Banco Bilbao Credit Facility.

5. The Unsecured Notes.

The Debtors issued $40.0 million aggregate principal amount of 9.00% senior notes due 2017 (the "Unsecured Notes") on July 29, 2014 at an issue price of 100.00% of par, pursuant to an indenture among certain Debtors and Wilmington Trust, N.A., in its capacity as successor trustee. The Unsecured Notes are guaranteed by each of the Debtors, other than Zochem. The Unsecured Notes and the related guarantees were offered to investors in a private placement, and mature on June 1, 2017. As of the Petition Date, approximately $40.0 million of Unsecured Notes were outstanding.

6. The Convertible Notes.

On July 27, 2011, the Debtors issued $100.0 million of 3.80% convertible senior notes due 2017 (the "Convertible Notes") in a private placement, the proceeds of which were primarily used for the initial construction stages of the Mooresboro Facility. The Convertible Notes mature on July 1, 2017. The Convertible Notes are unsecured obligations of Horsehead Holding and are not guaranteed by any other Debtor. As of the Petition Date, approximately $100.0 million of Convertible Notes were outstanding.

7. The New Markets Tax Credit Program Financing Arrangement.

On May 29, 2009, non-Debtor HZR entered into two construction loan agreements with Banc of America CDE III, LLC and CCM Community Development IV LLC (collectively, the "NMTC Lenders") for approximately $6.9 million and approximately $7.3 million, respectively (collectively, the "NMTC Loans"). A portion of the funding provided in connection with the NMTC Loans included an equity investment in HZR by the NMTC Lenders, pursuant to which the NMTC Lenders own 0.01% of HZR. HZR entered into the NMTC Loans to fund the development and completion of the Barnwell Facility through a tax-advantaged structure that permitted the monetization of certain tax credits through the New Markets Tax Credit program enacted through the Community Renewal Tax Relief Act of 2000.[23]

Horsehead Holding guarantees HZR's obligations under the NMTC Loans. As of the Petition Date, approximately $14.2 million of the NMTC Loans remained outstanding. The NMTC Loans were originally scheduled to mature on June 17, 2016. Additionally, CCML New York Investment Fund III LLC and BOA Investment Fund III, the indirect parents of the NMTC Lenders, are obligated to pay Horsehead Holding approximately $15.3 million in the aggregate, which loans also mature on June 17, 2016 (collectively, the "NMTC Payables").

The Debtors have negotiated and entered into two separate forbearance agreements with the NMTC Lenders (the "NMTC Forbearance Agreements"). Pursuant to the NMTC Forbearance Agreements, the NMTC Lenders agree to forbear from exercising their remedies related to certain specified defaults under the NMTC Loans, in exchange for a $100,000 forbearance fee. On June 1, 2016, the Debtors filed a motion seeking approval from the Bankruptcy Court to enter into the NMTC Forbearance Agreements and cause the related obligations to be repaid at maturity in accordance with their terms [Docket No. 1010]. The Debtors estimate the total payoff balance required at that time to be approximately $16.3 million, and expect their estates to receive approximately $15.3 million on account of the NMTC Payables. On June 15, 2016, the Bankruptcy Court entered an order authorizing the Debtors to enter into the NMTC Forbearance Agreements [Docket No. 1080]. On June 24, 2016, HZR repaid in full the NMTC Loans, which terminated by their terms upon repayment.

8. Horsehead Holding Equity.

On August 15, 2007, Horsehead Holding completed an initial public offering and began trading its common stock on the NASDAQ Stock Market, listed under the ticker symbol ZINC. Following the filing of the Chapter 11 Cases, the common stock was delisted from the NASDAQ Stock Market on February 23, 2016. The common stock currently trades in the over-the-counter markets under the ticker symbol ZINCQ.

9. The Debtors' Other Obligations.

(a) Hedging Obligations.

The Debtors' marketing strategy includes a metal hedging program that allows its customers to secure a firm price for future deliveries under a sales contract. The Debtors enter into hedges based on firm sales contracts to deliver specified quantities of product on a monthly basis for terms generally not exceeding one (1) year. As of the

[23] Generally, the New Markets Tax Credit Program is intended to provide tax credit incentives for qualifying investments in certain low-income communities.

Petition Date, two such agreements remained outstanding in addition to the Debtors' obligations with regard to contracts entered into with Traxys North America, LLC ("Traxys"), described below.

(b) Surety Bonds.

The Debtors maintain three surety bonds to address financial assurance requirements for potential future remediation costs and permit termination under the Resource Conservation and Recovery Act (the "RCRA") for three facilities located in Pennsylvania. The RCRA permit requires financial assurance for the Ellwood City and Palmerton facilities, and financial assurance is required for the eventual closure of the Debtors' residual landfill located at the site of the Monaca Facility. As of the Petition Date, the Debtors had approximately $11.2 million in outstanding surety bonds.

Lexon Insurance Company (the "Surety") asserts that the surety bonds and the general agreements of indemnity between the Surety and the Debtors in place as of the Effective Date may not be assumed by the Debtors pursuant to the Plan unless the Surety consents to such assumption. The Surety asserts that if such consents are required, and the Debtors are unable to obtain such consents or replace such surety bonds, the Debtors may not be able to consummate the Plan.

(c) Other Secured Claims.

In the ordinary course of business, the Debtors routinely transact business with a number of third-party contractors, vendors, and other suppliers who have and may be able to assert liens against the Debtors and their property if the Debtors fail to pay for the goods delivered or services rendered, as well as cash collateralizing certain letters of credit. Specifically, certain parties have asserted mechanic's liens, contractor's liens, and other similar liens under various state laws against the Debtors. Additionally, in the ordinary course of business, the Debtors enter into equipment leases with various parties who hold security interests in such equipment pursuant to those leases. Other asserted secured claims against the Debtors include claims and security interests against goods held by the Debtors on consignment. The Information Officer was also granted a charge, pursuant to an order entered by the Canadian Court in the Canadian Proceedings, over all property of the Debtors in Canada in an amount not to exceed CND$100,000 to secure amounts owing to the Information Officer by the Debtors.

C. *The Debtors' Board Members and Executives.*

As of the date hereof, set forth below are the names, position(s), and biographical information of the current board of directors of Horsehead Holding, as well as current key executive officers for the Debtors. These individuals oversee the businesses and affairs of the Debtors.

Timothy Boates. Mr. Boates was appointed Chief Restructuring Officer for Horsehead Holding on February 18, 2016, which appointment was approved by the Bankruptcy Court on March 16, 2016 [Docket No. 295]. Mr. Boates is the President of RAS Management Advisors, LLC, which he joined in May 2000. During his tenure at RAS, Mr. Boates has acted as the chief restructuring officer, interim chief financial officer and/or the restructuring advisor in many companies across multiple industries. Mr. Boates started his career with Price Waterhouse LLP, where he spent eight years, including three in Germany. He later served as a chief executive officer and chief financial officer of various companies in food distribution and electronics manufacturing services. Mr. Boates graduated from the University of Houston with a Bachelor of Science in Business Administration with an emphasis in Accounting.

James M. Hensler. Mr. Hensler, Chairman of the Board of Directors, President, Chief Executive Officer, and a Director of Horsehead Holding, and President, Chief Executive Officer, and a Director of the other Debtors, joined the Debtors in April 2004. He has over 30 years of experience working in the metals industry. From 2003 to April 2004, Mr. Hensler was a consultant to various companies in the metals industry. From 1999 to 2003, Mr. Hensler was Vice President of Global Operations and Vice President and General Manager of the Huntington Alloys Business Unit for Special Metals Corp., a leading international manufacturer of high performance nickel and cobalt alloys. Prior to that, Mr. Hensler was the Executive Vice President for Austeel Lemont Co., General Manager of Washington Steel Co., and Director of Business Planning for Allegheny Teledyne Inc. He received a Bachelor of

Science in Chemical Engineering from the University of Notre Dame in 1977, a Master of Science in Chemical Engineering from Princeton University in 1978, and a Master of Business Administration from the Katz Graduate School of Business at the University of Pittsburgh in 1987.

T. Grant John. Dr. John joined Horsehead Holding as a Director in May 2007. Since 1966, Dr. John has served in various executive and management roles for companies in the metals industry, including T.G. John & Associates, Inc., Lukens Incorporated, Washington Steel Corporation of Oregon Metallurgical Corp., Special Metals Corporation, and Axel Johnson, Inc. Dr. John received a Bachelor of Applied Science and a Doctor of Philosophy, both in Metallurgical Engineering, from the University of British Columbia.

Robert D. Scherich. Mr. Scherich, Vice President and Chief Financial Officer of the Debtors, and a Director of the subsidiaries of Horsehead Holding, joined the Debtors in July 2004. From 1996 to 2004, Mr. Scherich was the Chief Financial Officer of Valley National Gases, Inc. Prior to that, he was the Controller and General Manager at Wheeling-Pittsburgh Steel Corp. and an accountant at Ernst & Whinney. Mr. Scherich received a Bachelor of Science in Business Administration from The Pennsylvania State University in 1982.

George A. Schreiber, Jr. Mr. Schreiber joined Horsehead Holding as a Director in November 2012. He has been an Executive Vice President of both Arizona Public Service Company and Pinnacle West since February 1997, and served as Chief Executive Officer and President of Continental Energy Systems LLC since 2007. Prior to that, Mr. Schreiber served as Managing Director of PaineWebber Inc. from February 1990 to January 1997, and served as Chairman of Credit Suisse First Boston's Global Energy Group from 1999 to 2004. Mr. Schreiber also sits on the Board of Directors of Pinnacle West, Continental Energy Systems LLC, Energy Conversion Devices, Inc., SEMCO Energy, Inc., and Arizona Public Service Company. Mr. Schreiber received a Bachelor of Science in 1970 and a Master of Business Administration in 1971 from Arizona State University.

Jack Shilling. Dr. Shilling joined Horsehead Holding as a Director in September 2007. From July 2001 through April 2007, Dr. Shilling served as Executive Vice President and Chief technology Officer of Allegheny Technologies Incorporated, a publicly-traded producer of specialty metals. Dr. Shilling also served as the Chairman of the Specialty Steel Industry of North America, a trade association representing the producers of stainless steel and other specialty metals in North America. Dr. Shilling received a Bachelor of Arts in Physics from Franklin & Marshall College in 1965, a Master of Science in Physics from Cornell University in 1967, and a Doctor of Philosophy in Metallurgical Engineering from the University of Pittsburgh in 1975.

Harvey L. Tepner. Mr. Tepner joined Zochem as a Director in February 2016. Mr. Tepner is an independent corporate director and private investor. He is a former senior executive and partner of WL Ross & Co. LLC, an alternative asset manager and private equity firm. At WL Ross, his responsibilities included sourcing, structuring and managing investments and select portfolio companies as well investing in stressed and distressed loans and debt securities. Until recently Mr. Tepner served on the boards of several public and private WL Ross portfolio companies in the United States, India and Brazil, where he had an instrumental role in their turnaround and/or success. Prior to joining WL Ross, Mr. Tepner spent more than 20 years as an investment banker at Rothschild, Dillon, Read & Co. (acquired by UBS), Loeb Partners and Compass Advisors, where he specialized in bankruptcies, corporate restructurings and troubled company M&A. He began his career with PricewaterhouseCoopers. Mr. Tepner earned a Bachelor of Arts from Carleton University, a Master of Business Administration from Cornell University, and holds the dual Canadian designations of Chartered Accountant and Chartered Professional Accountant.

John C. van Roden, Jr. Mr. van Roden joined Horsehead Holding as a Director in April 2007, and has served in numerous executive and management roles and as a Director for various companies, including Glatfelter Inc., Northwestern Corp., Conectiv, LLC, Delmarva Power & Light Co., Atlantic City Electric Company, Cook & Beiler, Lukens Inc., First Pennsylvania Bank, Provident National Bank, Airgas Inc., PVG GP LLC, PVR GP LLC, Guardian Capital Partners, Ascendant Capital Partners, HB Fuller Co., SEMCO Energy, Inc., Airgas Inc., Penn Virginia GP Holdings LP, ACP Continuum Return Fund II, LLC, Berwyn, PA., ACP Funds Trust, and Atlantic City Electric Co. Mr. van Roden received a Bachelor of Arts in Economics from Denison University in 1971 and a Master in Business Administration from Drexel University in 1974, in addition to completing an Advanced Executive Management Program at the Wharton Business School at the University of Pennsylvania.

Gary R. Whitaker. Mr. Whitaker, Vice President, General Counsel, and Secretary of Horsehead Holding, and Vice President, General Counsel, Secretary, and a Director of the subsidiaries of Horsehead Holding other than Zochem, joined the Debtors in December 2011. Mr. Whitaker previously was in a private practice in Atlanta, Georgia from 2009 to 2011. He also served as Vice President, General Counsel, and Secretary for GrafTech International Ltd., a manufacturer of graphite products, including graphite electrodes used in EAFs, from 2006 to 2008, and as Vice President, General Counsel, and Secretary for the United States operations of the SK Group, one of South Korea's largest conglomerates, from 1998 to 2006. Mr. Whitaker also worked as a corporate attorney for Eastman Chemical Company and for the DuPont Company, and was a senior associate for Powell, Goldstein, Frazer and Murphy, in Atlanta, Georgia. Mr. Whitaker received a Bachelor of Arts in History from the University of California in Los Angeles and a Juris Doctor from the University of Houston Law School in 1980.

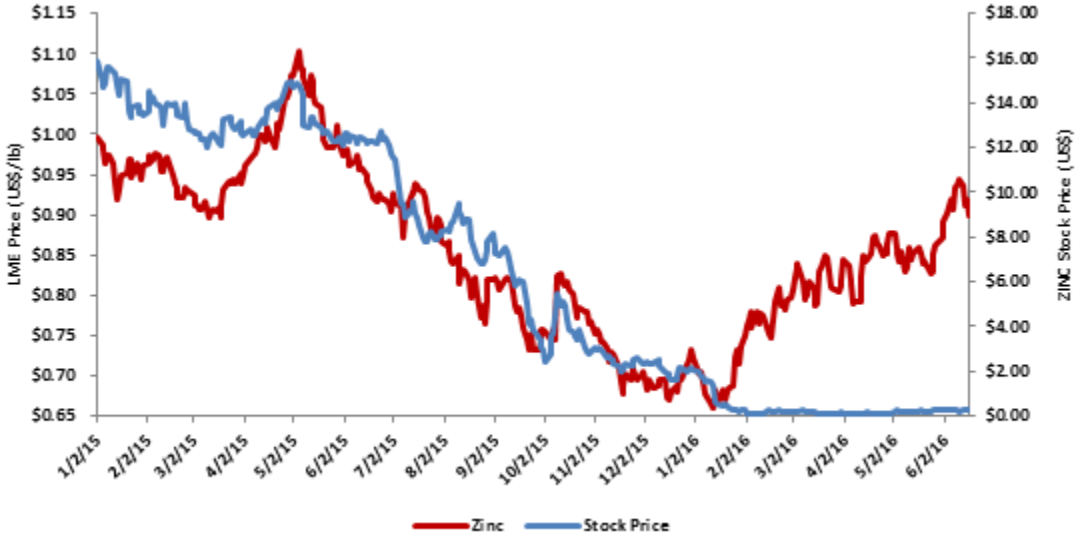
D. *Events Leading to the Chapter 11 Cases and the Canadian Proceedings.*

A number of factors contributed to the Debtors' decision to commence the Chapter 11 Cases and the Canadian Proceedings, including, among other issues, the current economic environment surrounding the zinc industry and operational issues related to the construction and ramp up of the Mooresboro Facility. Each of these issues will be addressed in turn.

1. Economic Environment.

The Debtors' operating performance has been negatively impacted by challenges arising from the delay in the ramp-up of the Mooresboro Facility and the current economic environment, including material fluctuations in zinc prices. Base metals prices, including zinc and nickel prices, have fallen significantly over the past year, as demonstrated in the charts below. The spot London Metals Exchange ("LME") zinc price in December 2015 averaged $0.69/lb, which represents a decrease of approximately 30% since 2014, while nickel prices declined roughly 41% over the same period, and averaged $3.94/lb in December 2015.

Material decreases in commodity prices significantly and directly affect the Debtors' revenue. The Debtors' metals pricing is based primarily on prevailing LME prices, which declined materially in 2015. These declines had a corresponding impact on the price of Horsehead Holding's publicly traded common stock, as illustrated below.



Additionally, increased competition in the Debtors' industry and decreased customer demand further exacerbated the Debtors' prepetition challenges. On a national level, steel industry output has declined due primarily to the increase in imported steel. As a result, demand for the Debtors' EAF dust recycling services has declined, as has the quantity of zinc recovered from those recycling operations. Because the Debtors use WOX—a primary by-product of their EAF dust recycling services—as a low-cost, raw material feedstock in the production of zinc metal and value-added zinc products, the Debtors lose their competitive cost advantage when recycling demand declines, thereby impairing the Debtors' operating margins and increasing their overall sensitivity to market fluctuations in zinc pricing. And, steel industry output declined in 2015 due to, among other things, softening demand in the oil, gas and auto manufacturing sectors. As a result, the Debtors continued to experience significant pressure on operating performance.

Also, while the Debtors' nickel-bearing products are used in the stainless steel industry, demand for such products faces competition from use of stainless steel containing a lower level of nickel, or no nickel. Moreover, the strong U.S. dollar makes it cheaper for companies in the United States to import stainless steel, further driving down demand for nickel-iron remelt alloy, as well as the generation of EAF dust by stainless steel producers. These challenges exacerbated continued declines in nickel pricing experienced during 2015.

2. Mooresboro Facility Challenges.

Since operations began in May 2014, the Debtors have experienced a number of significant operational, production, and equipment issues associated with the ramp-up of the Mooresboro Facility. For example, it was discovered that the bleed treatment section of the facility was undersized causing a bottleneck to production, electrolyte quality deteriorated causing significant corrosion to electrodes in the cell house due, in part, to poor control of solids carryover into the solvent extraction units combined with equipment issues related to faulty organic filters and the HCl regeneration units, and several pumps and lines were improperly designed for the intended application.

While the Debtors ultimately expected to realize substantial operating efficiencies from the Mooresboro Facility once it became fully operational, since operations began in May 2014, the Debtors publicly identified ongoing challenges with respect to the Mooresboro Facility on numerous occasions. On July 8, 2014, for example, the Debtors announced that the Mooresboro Facility would be undergoing a temporary outage due to the need to repair, upgrade and replace some of the mixing components in a series of tanks. Following that outage, operations at the Mooresboro Facility resumed in August 2014. On October 1, 2014, the Debtors reported that while numerous improvements were made to several unit operations at the facility during the second quarter of 2014, production

during the quarter was impeded by operational issues associated with controlling the removal of solids in the clarifier unit downstream of the leaching process.

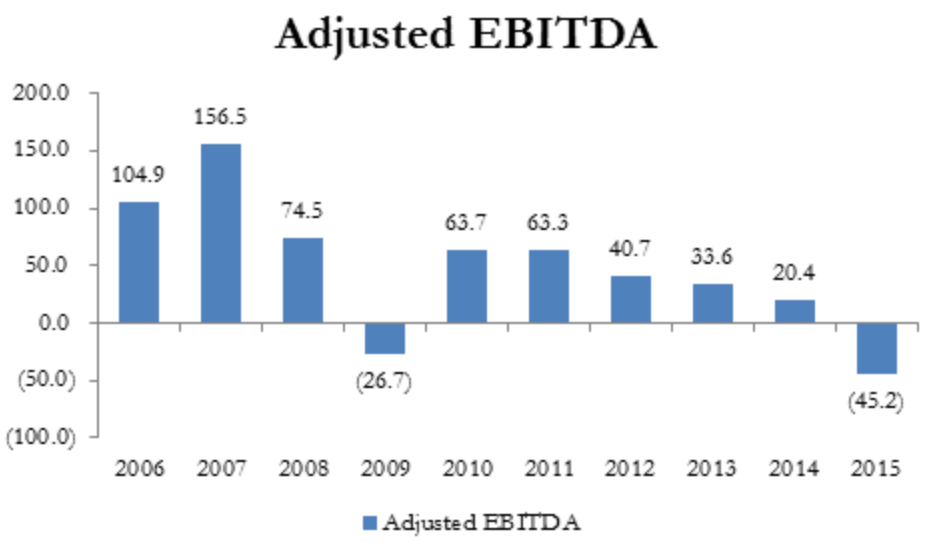
Additionally, on March 2, 2015, the Debtors reported that they had experienced intermittent equipment reliability issues, particularly with some key pumps, which were further exacerbated by extreme cold weather conditions at the end of year 2014 and beginning of 2015 pursuant to their annual report on Form 10-K for fiscal 2014 filed at that time. That report further disclosed that the Debtors could not predict with any certainty when the Mooresboro Facility would begin operating at full design capacity and disclosed that (a) lower than anticipated production levels at the Mooresboro Facility had negatively impacted the Debtors' results of operations and deferred realization of expected benefits from the facility and (b) that the Debtors' ability to achieve higher production levels depended on the absence of further unplanned equipment issues at the Mooresboro Facility. At the same time, the Debtors stated that they had not identified any insurmountable technical or operational obstacles that materially challenged the "value proposition" of the Mooresboro Facility. The report also set out the Debtors' belief that the Mooresboro Facility would provide substantial benefits once fully operational, including reduced manufacturing conversion costs, reduced maintenance costs, and lower operating costs in the Debtors' EAF dust recycling plants by eliminating the need to calcine the majority of the WOX prior to its use.

On May 8, 2015, the Debtors disclosed in a quarterly report on Form 10-Q for the quarter ended March 31, 2015 that recent production at the Mooresboro Facility was lower than expected primarily due to an extended period of exceptionally heavy rains, which filled the containments and holding ponds, requiring the Debtors to process the excess water rather than produce zinc. In that same report, the Debtors reaffirmed their belief that the Mooresboro Facility would provide substantial benefits once fully operational, reiterating the expected cost savings noted above. On August 7, 2015, the Debtors disclosed that, although certain engineering treatments had added incremental processing capacity at the Mooresboro Facility, the Debtors had not developed a complete solution to address the continuing challenges experienced by the Mooresboro Facility. That report further cautioned that the Debtors could not predict the ultimate impact of any incremental improvements on the rate of go-forward zinc production, and they expected intermittent disruptions to the production rate as they continued to implement solutions. That report further disclosed that the Mooresboro Facility had produced 4,100 tons of zinc in the quarter ended June 30, 2015, versus total nameplate capacity of 155,000 tons of zinc per year. The Debtors' quarterly report on Form 10-Q for the quarter ended September 30, 2015, which was publicly filed on November 11, 2015, disclosed that the Mooresboro Facility had produced 9,700 tons of zinc that quarter and further noted that the completion of ramp-up to full zinc production at the Mooresboro Facility could not be predicted with any degree of certainty.

In total, the Debtors had invested approximately $550.0 million in the construction, development, and operation of the Mooresboro Facility as of the Petition Date. The Mooresboro Facility's production failed to even approach nameplate capacity before the Debtors elected to idle the Mooresboro Facility in late January 2016. The Debtors continue to believe that, at full capacity, the Mooresboro Facility will be capable of producing over 155,000 tons of zinc per year, and up to 170,000 tons per year with certain modifications. After further review and analysis, the Debtors presently anticipate that approximately 36 months may be required to implement engineering and operational repairs or modifications necessary to bring the Mooresboro Facility up to full capacity. However, the valuation on which the Plan is based attributes no value to the Mooresboro Facility, assuming instead that it will be idled.

3. Liquidity Challenges and Prepetition Defaults.

The combination of declining LME zinc and nickel prices, softening customer demand, and continued challenges associated with the Mooresboro Facility had a corresponding impact on the Debtors' cash flow. As set forth below, the Debtors have experienced EBITDA declines each year since 2011.



Prior to the Petition Date, the Debtors' cash flow position was further exacerbated by reductions in the net asset liquidation value component of their borrowing base imposed by Macquarie, in its discretion, first on September 1, 2015 and again on November 19, 2015. These borrowing base component reductions eventually reduced total availability by approximately $20.0 million in the aggregate. Credit agencies also recognized the Debtors' operating performance, challenged liquidity position, and leveraged capital structure, and downgraded the Debtors' rating throughout the months leading to the Petition Date as a result. On December 24, 2015, Standard & Poor's Rating Services downgraded the Debtors' credit rating to "CCC" from "B-."

Further, on January 5, 2016, Macquarie, as administrative agent under the Macquarie Credit Facility, notified the Debtors of an event of default arising from an over-advance position under the Macquarie Credit Facility with respect to a borrowing base certificate submitted by the Debtors on December 31, 2015. Macquarie then froze certain of the Debtors' key bank accounts, including the Debtors' main operating account. As a result, the Debtors were unable to access a material portion of their liquidity. During that time, the Debtors' operations were severely curtailed as they lacked access to a significant portion of their liquidity, as Macquarie collected approximately $17.0 million of cash in that time period while the Debtors' accounts remained frozen.

On January 6, 2016, PNC, as administrative agent under the Zochem Facility, also asserted an event of default arising under that facility on account of, among other things, the Debtors' failure to comply with a fixed charge covenant test as of November 30, 2015. PNC also froze certain of the Debtors' bank accounts associated with their Zochem operations, and demanded payment of all outstanding obligations on January 13, 2016.

Following the defaults declared by Macquarie and PNC, the Debtors, with the assistance of their advisors, undertook negotiations to obtain incremental access to liquidity. The Debtors entered into a forbearance agreement on January 14, 2016 with PNC with respect to the Zochem Facility (the "Zochem Forbearance"), pursuant to which PNC agreed to temporarily forbear from exercising rights and remedies related to certain defaults noted above. In consideration for the Zochem Forbearance, the Debtors agreed to, among other things, pay a forbearance fee to PNC of $1.0 million, due and payable at the termination of the forbearance period, and provide a mortgage on Zochem's unencumbered real property in Ontario, Canada.

Thereafter, the Debtors entered into a separate forbearance agreement with Macquarie (the "Macquarie Forbearance") with respect to the Macquarie Credit Facility on January 15, 2016. Pursuant to the Macquarie Forbearance, Macquarie agreed to temporarily forbear from exercising rights and remedies related to certain events of default related to insufficient availability under the Macquarie Credit Facility. In exchange, the Debtors agreed to, among other things, pay down borrowings under the Macquarie Credit Facility, and pay a restructuring fee of $1.0 million in the event that obligations under the Macquarie Credit Facility are not paid in full by February 1,

2016, with that fee increasing over time. As noted above, the restructuring fee contemplated by the Macquarie Forbearance was resolved pursuant to the Macquarie Stipulation.

Over this time, credit agencies continued to focus on the Debtors' strained operating position. Standard & Poor's Rating Services further lowered the Debtors' corporate credit rating to "SD" from "CCC" on January 21, 2016. On January 25, 2016, Moody's Investors Service, Inc. downgraded the Debtors' corporate credit rating to "Ca" from "Caa2."

ARTICLE V.
EVENTS OF THE CHAPTER 11 CASES AND THE CANADIAN PROCEEDINGS

A. *First Day Pleadings and Administrative Matters.*

1. First and Second Day Pleadings.

To facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, the Debtors Filed certain motions and applications with the Bankruptcy Court on the Petition Date or immediately thereafter seeking certain relief summarized below. The relief sought in the "first day" and "second day" pleadings facilitated the Debtors' seamless transition into chapter 11 and aided in the preservation of the Debtors' going-concern value. The first and second day pleadings included the following:

- DIP and Cash Collateral. On February 4, 2016, the Bankruptcy Court entered an interim order, consensually reached between the Debtors and the DIP Lenders approving the use of cash collateral to fund operations and restructuring costs [Docket No. 81] (the "Interim DIP Order"). The Interim DIP Order, among other things, describes the terms and conditions for the use of Secured Notes holders' and Macquarie's cash collateral and provides adequate protection to such parties for such use of cash collateral. This relief was necessary to ensure that the Debtors could continue to operate in the ordinary course during the Chapter 11 Cases. The Bankruptcy Court entered a final order approving the Debtors' use of cash collateral and access to postpetition financing on March 3, 2016 [Docket No. 252] (the "Final DIP Order"). Proceedings related to the Debtors' use of cash collateral and the Debtors' request for authority to obtain postpetition financing are discussed in greater detail below in Article V.D of this Disclosure Statement.

- Cash Management. On February 4, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to continue using their existing cash management system, existing bank accounts, and existing business forms [Docket No. 78]. The Debtors continue to negotiate with the Creditors' Committee and other parties in interest regarding their cash management system, and expect to reach a consensual resolution on the use of the Debtors' cash management system on a final basis. A final hearing is currently scheduled for July 7, 2016.

- Critical Vendors. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing, but not directing, the Debtors to satisfy the prepetition claims of certain critical vendors and suppliers of goods and services that are essential to the Debtors' day-to-day business operations up to an aggregate limit of $2.0 million [Docket No. 56]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis, and increased the aggregate limit to $4.5 million [Docket No. 236].

- Insurance. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to continue operating under insurance coverage for their business entered into prepetition, honor prepetition insurance premium financing agreements, and renew their premium financing agreements in the ordinary course of business [Docket No. 52]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 235].

- Section 503(b)(9) Claims and Shippers and Lien Claims. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing but not directing the Debtors to pay certain

prepetition claims of shippers, lien claimants, and claims entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code in the ordinary course of business [Docket No. 54]. On March 8, 2016, the Bankruptcy Court entered an amended order granting such relief on a final basis, allowing the Debtors to make payments not to exceed $5.7 million in the aggregate on account of shipping claims, $2.0 million in the aggregate on account of lien claims, and $5.5 million in the aggregate on account of section 503(b)(9) claims [Docket No. 272].

- Taxes. On February 3, 2016, the Bankruptcy Court entered a final order authorizing the Debtors to pay certain prepetition sales, use, franchise, and other taxes in the ordinary course of business [Docket No. 53].

- Utilities. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to establish procedures for, among other things, determining adequate assurance for utility providers, prohibiting utility providers from altering, refusing, or discontinuing services, and determining that the Debtors are not required to provide any additional adequate assurance [Docket No. 55]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 239].

- Wages. On February 3, 2016, the Bankruptcy Court entered an interim order authorizing the Debtors to: (a) pay prepetition wages, salaries, other compensation, reimbursable expenses, and payroll processing fees; (b) on an interim basis, pay prepetition withholding obligations; (c) on an interim basis, continue employee benefits programs, including payment of certain prepetition obligations related thereto; and (d) on a final basis, continue ordinary course incentive programs for non-insiders [Docket No. 59]. On March 1, 2016, the Bankruptcy Court entered a final order granting such relief on a final basis [Docket No. 237].

2. Procedural and Administrative Motions.

To facilitate the efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Debtors also Filed and received authorization to implement several procedural and administrative motions:

- authorizing the joint administration of the Chapter 11 Cases [Docket Nos. 2, 49];
- extending the time during which the Debtors may File certain schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs, the filing of which are required under section 521 of the Bankruptcy Code [Docket Nos. 4, 234];
- allowing the Debtors to prepare a list of creditors in lieu of submitting a formatted mailing matrix and to File a consolidated list of the Debtors' 50 largest creditors [Docket Nos. 3, 50];
- allowing the Debtors to retain and compensate certain Professionals utilized in the ordinary course of business [Docket Nos. 132, 326]; and
- approving the procedures for the interim compensation and reimbursement of retained Professionals in the Chapter 11 Cases [Docket Nos. 299, 415].

3. Key Employee Retention Program.

On April 29, 2016, the Debtors Filed a motion seeking authorization and approval of their key employee retention program [Docket No. 849] (the "KERP Motion"), and related motion to File certain information and exhibits thereto under seal [Docket No. 850]. The retention program proposed in the KERP Motion seeks to preserve and maintain the Debtors' operational and workforce stability, and would provide 30 of the Debtors' key, non-insider employees with aggregate award opportunities of up to $927,000. The Bankruptcy Court entered an order approving the KERP Motion, which reflects modifications agreed upon by the Debtors, the U.S. Trustee, and

the Creditors' Committee, on June 8, 2016 [Docket No. 1036], and reduced the aggregate award opportunities available to certain of the Debtors' key, non-insider employees to $652,000.

4. Canadian Recognition Proceedings.

As with chapter 15 of the Bankruptcy Code, Part IV of the Companies' Creditors Arrangement Act (the "CCAA") includes provisions for the coordination of international insolvency proceedings. Under these provisions, Canadian courts may, among other things, formally recognize insolvency proceedings commenced in a foreign court. An application to a Canadian court for the recognition of a foreign insolvency proceeding may be brought by a "foreign representative" of the debtor. The application must also be accompanied by an order or other document evidencing the commencement of the foreign proceeding and the authority of the foreign representative to bring the application.

On February 2, 2016, the Canadian Court granted the Debtors an interim stay in Canada, pending the hearing on the Debtors' motion before the Bankruptcy Court for the appointment of a foreign representative.

On February 4, 2016, the Bankruptcy Court entered an order appointing Zochem as the Debtors' representative for purposes of commencing recognition proceedings in Canada [Docket No. 79]. On February 5, 2016 the Canadian Court issued an order recognizing the Debtors' Chapter 11 Cases as foreign main proceedings and also recognized certain of the First Day Orders entered by the Bankruptcy Court.

On March 3, 2016, the Canadian Court entered an order recognizing certain of the orders granted at the Debtors' second day hearing, including the Final DIP Order. The Final DIP Order further requires recognition of the Disclosure Statement Order and Confirmation Order, which the Debtors expect to obtain on a timely basis. See Final DIP Order ¶ 20(b)(iv).

5. Zochem Board of Directors.

As of the Petition Date, the Zochem board of directors (the "Zochem Board") had four directors, three of whom were also officers and directors of other Debtors. Zochem's fourth director, Jeffrey K. Merk, a partner at Aird & Berlis, LLP, was originally appointed to the Zochem Board to satisfy statutory requirements that Canadian residents account for 25% of a corporation organized under the Canada Business Corporations Act.

On February 18, 2016, Jeffrey Merk and one other director, Gary Whitaker, were replaced as directors of the Zochem Board by: (a) Mohit Sharma, a Canadian citizen and Zochem executive, who also satisfies the board's Canadian residency requirement; and (b) Harvey L. Tepner, an independent director with extensive restructuring experience. Pursuant to his appointment, Mr. Tepner was delegated authority to consider and, if appropriate, make recommendations to the Zochem Board with respect to certain material transactions for Zochem, including financing, chapter 11 plan or plans of reorganization, and other activities consistent with Zochem's bylaws. Mr. Tepner has retained independent legal counsel to advise him in this capacity.

6. Retention of Chapter 11 Professionals.

The Debtors also Filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the Chapter 11 Cases. These professionals include: (a) Kirkland & Ellis LLP, as co-counsel to the Debtors [Docket Nos. 184, 373]; (b) Pachulski Stang Ziehl & Jones LLP ("Pachulski"), as local counsel to the Debtors [Docket Nos. 187, 414]; (c) Aird & Berlis LLP, as Canadian counsel to the Debtors [Docket Nos. 186, 296]; (d) Lazard Middle Market LLC ("Lazard"), as investment banker to the Debtors [Docket Nos. 188, 282]; (e) Epiq Bankruptcy Solutions, LLC, as the Notice and Claims Agent and Administrative Advisor to the Debtors [Docket Nos. 15, 51, 185, 278]; (f) RAS Management Advisors, LLC ("RAS"), as financial advisor to the Debtors [Docket Nos. 189, 295]; (g) Timothy D. Boates of RAS, as Chief Restructuring Officer to the Debtors [Docket Nos. 189, 295]; (h) Klehr Harrison Harvey Branzburg LLP as counsel to the independent director of Zochem [Docket Nos. 315, 797]; (i) BDO USA, LLP, as primary accountant and auditor to the Debtors [Docket Nos. 494, 843]; (j) Global Tax Management, Inc., as tax advisor to the Debtors

[Docket Nos. 545, 847]; and (k) Thornton Grout Finnigan LLP, as Canadian counsel for the independent director of Zochem [Docket Nos. 546, 887].

7. Appointment of the Statutory Committee of Unsecured Creditors.

On February 16, 2016, the U.S. Trustee appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the "Creditors' Committee") [Docket No. 129], consisting of: (a) Chemicals Inc.; (b) Dhandho Holdings Corp.; (c) Delaware Trust Company, as indenture trustee for the Convertible Notes; (d) Hudbay Marketing & Sales, Inc.; (e) Powers Coal & Coke; (f) United Steelworkers; and (g) Wilmington Trust, N.A., as indenture trustee for the Unsecured Notes.

The Creditors' Committee Filed applications to retain Lowenstein Sandler LLP as lead counsel [Docket No. 273], Drinker Biddle & Reath LLP as local counsel [Docket No. 298], and FTI Consulting, Inc. as financial advisor [Docket No. 274]. On April 4, 2016, the Bankruptcy Court entered orders approving the retention of the Creditors' Committee's professionals [Docket Nos. 371, 375, 376].

8. Appointment of the Official Committee of Equity Holders.

On February 16, 2016, Aquamarine Capital Management LLC ("Aquamarine") sent a letter to the U.S. Trustee requesting the appointment of an official committee of equity security holders. The Debtors and the Creditors' Committee both opposed Aquamarine's request for appointment of an equity committee, and each submitted objections to the U.S. Trustee based on, among other things, Aquamarine's failure to meet the legal standard for appointment of an equity committee under applicable law. On March 7, 2016, the U.S. Trustee denied Aquamarine's request for appointment of an equity committee.

On March 23, 2016, the manager of Aquamarine Filed a *Pro Se Motion for the Entry of an Order Appointing an Equity Committee* [Docket No. 334], and on March 31, 2016, Phillip Town Filed a *Pro Se Motion for the Entry of an Order Appointing an Equity Committee* [Docket No. 355]. On May 2, 2016, the Bankruptcy Court entered an order appointing an official equity committee (the "Equity Committee") [Docket No. 857]. The U.S. Trustee appointed the following members to the Equity Committee on May 13, 2016: (a) Aquamarine Capital; (b) Mr. Samuel J. Burrow III; (c) Cinco Ventures; (d) Mr. Gense (George) Hu; (e) Mr. Paul L. Lavergne; (f) Legoix Sil/Rolnik Capital Sil; and (g) Rule One Capital [Docket No. 918].

On May 31, 2016, the Equity Committee Filed applications to retain Nastasi Partners and Richards, Layton & Finger, P.A. as co-counsel [Docket Nos. 1004, 1005], and SSG Capital Advisors, LLC as financial advisor [Docket No. 1006]. On June 24, 2016 the Bankruptcy Court entered orders approving the retention of the Equity Committee's professionals, which orders provide for, among other thing, an aggregate fee cap for such professional totaling $1.75 million through August 31, 2016, subject to further adjustment by the Bankruptcy Court [Docket Nos. 1163, 1164, 1165]. On June 13, 2016, the Equity Committee Filed an application to retain Mr. S.F. Burks of Mac Consulting International (Pty) Ltd. as technical consultant, nunc pro tunc to June 10, 2016, to assist the Equity Committee in assessing the current condition of the Mooresboro Facility [Docket No. 1051]. The Bankruptcy Court is scheduled to hear this retention application on July 7, 2016.

B. *Statements and Schedules and Claims Bar Date.*

On March 17, 2016, the Debtors Filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code (collectively, the "Schedules"). The Bankruptcy Code allows a bankruptcy court to fix the time within which proofs of claim must be filed in a chapter 11 case. Any creditor whose Claim is not scheduled in the Schedules or whose Claim is scheduled as disputed, contingent, or unliquidated must File a proof of claim.

On March 22, 2016, the Bankruptcy Court entered an order approving: (1) April 25, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all non-governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Claims in the Chapter 11 Cases; (2) August 1, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Claims in

the Chapter 11 Cases; (3) April 25, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all non-governmental units (as defined in section 101(27) of the Bankruptcy Code) to File certain Claims pursuant to section 503(b)(9) of the Bankruptcy Code (the "Administrative Claims") in the Chapter 11 Cases; (4) August 1, 2016 at 5:00 p.m., prevailing Eastern Time, as the deadline for all governmental units (as defined in section 101(27) of the Bankruptcy Code) to File Administrative Claims in the Chapter 11 Cases; (5) procedures for filing proofs of Claim; and (6) the form and manner of notice of the applicable bar dates [Docket No. 321] (the "Bar Date Order"). On April 13, 2016, the Canadian Court recognized the Bar Date Order and gave effect to such order in Canada. The Debtors are currently reviewing and analyzing Claims Filed in response to the Bar Date Order, and will File objections to Claims with the Bankruptcy Court as necessary and appropriate in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the terms of the Debtors' proposed Plan.

Because the resolution process for the Claims is currently ongoing, the Claims figures identified in this Disclosure Statement represent estimates only and, in particular, the estimated recoveries set forth in this Disclosure Statement for Holders of General Unsecured Claims could be materially lower if the actual Allowed General Unsecured Claims are higher than the current estimates.

C. *Pending Litigation Proceedings and Claims.*

In the ordinary course of business, the Debtors are party to various lawsuits, legal proceedings, and claims arising out of their businesses, including relating to environmental matters. The Debtors cannot predict with certainty the outcome or disposition of these lawsuits, legal proceedings, and claims, although the Debtors do not believe the outcome of any currently existing proceeding, even if determined adversely, would have a material adverse effect on their businesses, financial condition, or results of operations.

With certain exceptions, the filing of the Chapter 11 Cases and the orders made in the Canadian Proceedings operate as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. The Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases and by the orders made in the Canadian Proceedings is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases. This may reduce the Debtors' exposure to losses in connection with the adverse determination of such litigation.

By letter dated April 28, 2016, the Creditors' Committee provided notice to the carriers of the Debtors' D&O Liability Insurance Policies of potential claims against the Debtors' current and former directors and officers for, *inter alia*, breach of fiduciary duty and/or gross mismanagement relating to the design, construction, and operational failure of the Mooresboro Facility (collectively, the "Creditors' Committee D&O Claims"). Subject to Confirmation and Consummation of the Plan, the Creditors' Committee D&O Claims will be released and extinguished pursuant to the settlement provisions of the Plan, section 1123(b)(3) of the Bankruptcy Code, Bankruptcy Rule 9019, and the Debtor Release provided by Article VIII.D of the Plan.

On April 22, 2016, Javier Soto, an individual investor of Horsehead Holding, filed a complaint (the "Soto Securities Complaint") on behalf of himself and all other purchasers of Horsehead Holding securities between May 21, 2014 and February 2, 2016 in the United States District Court for the District of Delaware, No. 16-00292, (the "Soto Securities Action") against three members of the Debtors' management team (collectively, the "Securities Defendants"). The Soto Securities Complaint alleges, among other things, violations under the Securities Act in connection with certain allegedly false and misleading statements made by the Soto Securities Defendants between May 21, 2014 and February 2, 2016.

On May 18, 2016, Umesh Jani, another investor of Horsehead Holding, filed a complaint (together with the Soto Securities Complaint, the "Securities Complaints") in the United States District Court for the District of Delaware, No. 16-00369, (together with the Soto Securities Action, the "Securities Actions"), substantively similar to allegations raised by the Soto Securities Complaint with respect to the Securities Defendants.

The Securities Actions remain pending at this time. In each of the Securities Actions, the district court approved stipulations entered into between the Securities Defendants and the respective plaintiffs, whereby, among other things, the Securities Defendants would not be required to respond to the Securities Complaints, each plaintiff would file an amended complaint within 45 days of the district court entering an order appointing a lead plaintiff in their case, and the Securities Defendants would then have 45 days from each amended complaint's filing to respond [No. 16-00292, Docket No. 9; No. 16-00369, Docket No. 9]. The releases provided for in the Plan do not release the Securities Defendants from the claims asserted in the Securities Actions.

D. *The Creditors' Committee's Standing Motion.*

On May 6, 2016, the Creditors' Committee Filed a motion [Docket No. 882] (the "Creditors' Committee Standing Motion") seeking standing to commence, prosecute, and/or settle an adversary proceeding or action on behalf of the Debtors' estates against the Secured Notes Collateral Agent to challenge the extent, validity, priority, and perfection of certain security interests asserted by holders of Secured Notes in certain assets of the Debtors with respect to: (a) the pledge in favor of the Secured Notes Collateral Agent with respect to the 100% equity interest in INMETCO held by Horsehead Holding; (b) the mortgage perfecting the Secured Notes Collateral Agent's security interest with respect to 34.07 acres of land connected with the Debtors' Palmerton, Pennsylvania EAF dust recycling facility, commonly known as "Premises B"; and (c) the Secured Notes Collateral Agent's deeds of trust on the Mooresboro Facility (collectively, the "Creditors' Committee Standing Motion Claims").

In particular, the Creditors' Committee asserted that the mortgage filed and recorded on October 31, 2014 by the Secured Notes Collateral Agent with regard to the Mooresboro Facility was deficient because it allegedly listed the incorrect beneficiary, loan, and loan amount, and that a corrected mortgage filed on January 7, 2016 on the Mooresboro Facility is subject to avoidance. Pursuant to the Creditors' Committee Standing Motion Filed on May 6, 2016, the Creditors' Committee alleged that the invalidation of the deeds of trust in favor of the Secured Notes Collateral Agent on the Mooresboro Facility would result in a significant recovery to unsecured creditors of HMP.

After filing of its Creditors' Committee Standing Motion on May 6, 2016, on May 20, 2016, the Creditors' Committee Filed an application with the Bankruptcy Court seeking authority to retain Suncorp Valuations ("Suncorp"), nunc pro tunc to May 9, 2016, to prepare a valuation report on the Mooresboro Facility [Docket No. 941]. The Bankruptcy Court approved Suncorp's retention on June 7, 2016 [Docket No. 1029].

On June 9, 2016, the Debtors filed a motion to expand the scope of Pachulski's retention, as to allow Pachulski to retain experts in connection with the Creditors' Committee Standing Motion [Docket No. 1046]. This motion is scheduled for hearing by the Bankruptcy Court on July 7, 2016. On June 10, 2016, the Creditors' Committee filed an application with the Bankruptcy Court seeking authority to retain The Law Office of Curtis A. Hehn as Delaware special conflicts counsel in connection with the Creditors' Committee Standing Motion [Docket No. 1047], which is scheduled for hearing on July 7, 2016. The Debtors, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, and Holders of the Secured Notes, reserve all rights with regard to the Creditors' Committee Standing Motion, which is scheduled to be heard by the Bankruptcy Court on July 7, 2016.

As set forth in further detail in Article V.I herein, the Creditors' Committee Standing Motion Claims underlying the Creditors' Committee Standing Motion have been settled pursuant to the Plan (the "Creditors' Committee Settlement"). Pursuant to the terms set forth in the Plan, the Creditors' Committee has agreed to hold the Creditors' Committee Standing Motion in abeyance pending Confirmation of the Plan, and upon the Effective Date of the Plan, the Creditors' Committee Standing Motion will be deemed moot and dismissed with prejudice.

E. *The Debtors' DIP Financing and Cash Collateral Motion and the Interim DIP Relief.*

After a significant marketing process and vigorous negotiations, on the Petition Date, the Debtors Filed the *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364, (II) Authorizing the Postpetition Use of Cash Collateral, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b), and (V) Granting Related Relief* [Docket No. 17] (the "DIP Motion"). The Bankruptcy Court entered the Final DIP Order on March 3, 2016, which, among other things: (a) approved the DIP Facility;

(b) approved the Debtors' use of cash collateral; (c) approved the adequate protection packages contained therein, with certain modifications; and (d) overruled any objections to the DIP Motion not otherwise resolved [Docket No. 252].

As of the Petition Date, the DIP Facility contemplated that Zochem would be jointly and severally liable with the other Debtors for the full amount of the obligations under the DIP Facility. Following the Bankruptcy Court's statements at the First Day Hearing, the Debtors reached a compromise with the DIP Lenders and other parties in interest to limit Zochem's liability under the Interim DIP Order to $25.0 million pending entry of the Final DIP Order. That modification was reflected in the Interim DIP Order that the Bankruptcy Court entered on February 4, 2016. [Docket No. 81, ¶ 44].

On March 3, 2016, the Bankruptcy Court entered the Final DIP Order, which amended the DIP Facility to, among other things, to provide for a "carve out" of any proceeds with respect to the disposition of Zochem's assets in an amount equal of up to $12.0 million after payment of up to $25.0 million of obligations outstanding under the DIP Facility (the "Zochem Carve-Out"). Such funds would then be held in trust for payment of pre- and postpetition Claims against Zochem. The Debtors believe that the Zochem Carve-Out is appropriately sized to pay, in full, all Claims against Zochem. Additionally, the Plan provides that all Claims against Zochem shall be Unimpaired and Reinstated.

The Debtors subsequently entered into three amendments to the DIP Facility on March 3, 2016 ("DIP Amendment No. 1"), May 16, 2016 ("DIP Amendment No. 2"), and June 23, 2016 ("DIP Amendment No. 3") that, among other things, modified certain financial covenants applicable to the DIP Facility, including modifications related to the NMTC Forbearance Agreements, and milestones related to the Confirmation and Consummation of the Plan. Pursuant to DIP Amendment No. 3, the DIP Facility provides for events of default in the event the Debtors fail to, among other things: (1) obtain approval from the Bankruptcy Court of a disclosure statement by July 7, 2016; (2) obtain entry of an order approving an Acceptable Plan (as defined in the DIP Credit Agreement) by August 31, 2016; and (3) Consummate an Acceptable Plan by September 19, 2016. The DIP Credit Agreement defines "Acceptable Plan" as a chapter 11 plan that "that is in form and substance acceptable to the Required Lenders, the ad hoc committee of Senior Secured Noteholders and the Debtors." See DIP Credit Agreement § 5.15(e).

F. *Traxys Settlement.*

On February 19, 2016, Traxys Filed a motion (the "Traxys Motion") to compel the Debtors to assume or reject approximately 41 executory contracts between Traxys and Zochem (collectively, the "Traxys Contracts") [Docket No. 169]. Under the Traxys Contracts, Traxys sold special high grade zinc to Zochem and, in turn, agreed to repurchase such zinc from Zochem at designated intervals at defined amounts based upon future average prices established by the LME. Horsehead Holding guaranteed Zochem's performance under the Traxys Contracts.

Following negotiations between Traxys and the Debtors, the parties were able to resolve the Traxys Motion, and the Debtors Filed an agreed order reflecting the settlement on March 28, 2016 [Docket No. 344]. Pursuant to the settlement with Traxys, the Debtors agreed to assume the Traxys Contracts and pay, through set off, $13,817.80 to Traxys to cure defaults under the Traxys Contracts and as adequate assurance of future performance with respect to the Traxys Contracts. On March 30, 2016, the Bankruptcy Court entered the agreed order resolving the Traxys Motion. [Docket No. 347]. On April 13, 2016, the Canadian Court granted an order recognizing and enforcing the agreed order resolving the Traxys Motion in Canada.

G. *The Mooresboro Facility Repairs and Upgrades.*

As noted above, the Debtors expect that the Mooresboro Facility, which is currently in an idled state, will require significant time, funding, repairs, and upgrades to bring the facility to fully-operational. The Debtors anticipate that the ramp-up of the Mooresboro Facility will take approximately 36 months in order to bring the Mooresboro Facility up to full operational capacity, and require capital expenditures of approximately $117.0 million for various costs, including debottlenecking, electrodes, electrolyte quality, engineering, reliability, safety, and environmental expenses.

On May 31, 2016, the Debtors filed a motion seeking authority, among other things, to enter into an agreement to engage Hatch Associates Consultants, Inc. ("Hatch"), to prepare a report (the "Mooresboro Report") that will estimate the costs of a select set of projects identified by the Debtors' in-house engineering team as necessary to bring the Mooresboro Facility back online and fully operational [Docket No. 1007]. The Mooresboro Report will also provide: (a) greater scope definition and preliminary engineering of certain projects; (b) an implementation schedule that will assist the Debtors in prioritizing projects needed for the restart of the Mooresboro Facility; and (c) an assessment of the methodology adopted by the Debtors' engineering team in determining the capital costs for projects not otherwise reviewed by Hatch. On June 21, 2016, the Bankruptcy Court entered an order authorizing the Debtors' engagement of Hatch and related relief [Docket No. 1139]. The study being conducted by Hatch commenced on or about May 30, 2016 and is expected to take approximately eight (8) weeks at an estimated cost of $220,000.

H. *Plan Exclusivity.*

On May 27, 2016, the Debtors filed a motion seeking to extend their exclusive right to file a chapter 11 plan through and including October 29, 106, and to solicit votes thereon through and including December 28, 2016 (the "Exclusivity Motion") [Docket No. 994]. The Creditors' Committee and the Equity Committee each filed an objection to the Exclusivity Motion [Docket Nos. 1048, 1056], which the Debtors responded to on June 16, 2016. A hearing is scheduled before the Bankruptcy Court on the Exclusivity Motion on July 7, 2016.

I. *The Debtors' Plan Process; Resolution with the Creditors' Committee.*

The Debtors filed their initial plan of reorganization on April 13, 2016 [Docket No. 604] (the "April 13 Plan") with the support of the Ad Hoc Group of Noteholders. As reflected in its most recent Bankruptcy Rule 2019 statement filed on April 4, 2016 [Docket No. 464], the Ad Hoc Group of Noteholders beneficially owns or controls: (1) 96.8 percent, or $198.4 million in notional value of the Secured Notes Claims; (2) 80.5 percent, or $32.2 million in notional value of the Unsecured Notes Claims; (3) 16.1 percent, or [$16.1] million in notional value of the Convertible Notes Claims; (4) 6.2 percent, or 3.6 million of the outstanding shares of stock in Horsehead Holding; and (5) 100 percent of the DIP Facility Claims.

Since both before and after the Filing of the April 13 Plan, the Debtors, the Creditors' Committee, and the Ad Hoc Group of Noteholders (collectively, the "Settlement Parties") have engaged in arm's length, good faith negotiations regarding the Debtors' restructuring, including, but not limited to, issues raised by the Creditors' Committee regarding the Debtors' enterprise value, the validity and allowability of certain Intercompany Claims, including those held by Horsehead Holding, and the Creditors' Committee Standing Motion Claims. These negotiations also included efforts to address other concerns raised, and alleged deficiencies asserted, by the Creditors' Committee with respect to the April 13 Plan and the Creditors' Committee Standing Motion Claims. These negotiations were a success and have now been memorialized in and are implemented through the Plan Filed with the Bankruptcy Court and described herein, which amends and restates the April 13 Plan in its entirety. Among other things, these negotiations have resulted in an agreed upon global settlement (the "Global Settlement") reached between the Settlement Parties providing for significant improvements to the treatment of Holders of Unsecured Claims under the Plan, versus the treatment provided to such Holders under the April 13 Plan, including: (1) an increase in total Cash available for recovery to Holders of Other General Unsecured Claims to $11.875 million, versus the $2.5 million cash pool available to such Holders under the April 13 Plan; (2) providing for improved recoveries on account of Unsecured Notes Claims in the form of 6.71 percent of the New Common Equity subject to dilution as provided in the Plan, as well as payment of the Unsecured Notes Indenture Trustee Fees; (3) providing for improved recoveries on account of Convertible Notes Claims in the form of the Warrants to New Common Equity equal to, as of the Effective Date, 6 percent of 1,170,213 subject to dilution for any New Common Equity to be issued in connection with the Additional Capital Commitment, as well as payment of the Convertible Notes Indenture Trustee Fees, where, previously, Convertible Notes Claims were to receive no recovery under the April 13 Plan; (4) providing that Allowed Zochem General Unsecured Claims will be paid within 45 days of the Effective Date; (5) providing for improved recoveries to Holders of Banco Bilbao Credit Agreement Claims in the form of a $3.0 million unsecured note on the terms set forth in the Plan; (6) providing for a waiver of certain Avoidance Actions held by the Debtors as set forth in the Plan; and (7) providing for the assumption of all collective bargaining agreements by the Reorganized Debtors.

Based on the modifications to the April 13 Plan set forth herein to incorporate the terms of the Global Settlement, the Creditors' Committee supports Confirmation and Consummation of the Plan, subject to the terms and conditions set forth in the Plan. The Plan is also supported by the Ad Hoc Group of Noteholders. The terms of the Global Settlement have been embodied in the Plan and will be approved pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code via entry of the Confirmation Order, which will include findings that, among other things, the compromises and settlements under the Plan, including, but not limited to, the Global Settlement, are in the best interests of the Debtors, their Estates, their creditors, and other parties in interest, and are fair, equitable, and well within the range of reasonableness.

The Debtors believe the Plan, as modified to implement the Global Settlement, represents the best available path for the Debtors to reorganize and maximize value for their stakeholders' benefit. The Debtors therefore seek Confirmation of the value-maximizing Restructuring Transactions encompassed in the Plan and described herein.

ARTICLE VI.
SUMMARY OF THE PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan, and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan controls the actual treatment of Claims against, and Interests in, the Debtors under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors, the Debtors' Estates, the Reorganized Debtors, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. *Administrative Claims and Professional Fee Claims.*

1. Administrative Claims.

Other than with respect to the DIP Facility Claims, and unless otherwise agreed to by the Holder of an Allowed Administrative Claim or an Allowed Professional Fee Claim, and the Debtors or the Reorganized Debtors, as applicable, to the extent an Allowed Administrative Claim or an Allowed Professional Fee Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim and/or an Allowed Professional Fee Claim will receive, in full and final satisfaction of its Allowed Administrative Claim and/or Allowed Professional Fee Claim, Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim and/or Allowed Professional Fee Claim either: (a) if such Administrative Claim and/or Allowed Professional Fee Claim is Allowed as of the Effective Date, no later than thirty (30) days after the Effective Date or as soon as reasonably practicable thereafter; (b) if the Administrative Claim and/or Professional Fee Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order of the Bankruptcy Court Allowing such Administrative Claim and/or Professional Fee Claim becomes a Final Order, or as soon thereafter as reasonably practicable thereafter; or (c) if the Allowed Administrative Claim and/or Allowed Professional Fee Claim is based on liabilities incurred by the Debtors' Estates in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and/or Allowed Professional Fee Claim, without any further action by the Holder of such Allowed Administrative Claim and/or Allowed Professional Fee Claim.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy Court (including the OCP Order) or as provided by Article II.B or Article II.C of the Plan, unless previously Filed, requests for payment

of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date pursuant to the procedures specified in the Claims Bar Date Order. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the requesting party by the Administrative Claims Objection Bar Date.

2. Professional Compensation.

(a) Final Fee Applications.

All final requests for payment of Professional Fee Claims must be Filed with the Bankruptcy Court and served on the Debtors (or the Reorganized Debtors) no later than the first Business Day that is sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and any prior orders of the Bankruptcy Court in the Chapter 11 Cases, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court.

(b) Professional Fee Escrow.

If the Professional Fee Claims Estimate is greater than zero, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish and fund the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Claims Estimate. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' Estates or property of the Reorganized Debtors, but shall revert to the Reorganized Debtors only after all Professional Fee Claims allowed by the Bankruptcy Court have been irrevocably paid in full. The Professional Fee Escrow shall be held in trust for Professionals retained by the Creditors' Committee or the Debtors and for no other parties until all Professional Fee Claims Allowed by the Bankruptcy Court have been paid in full. Professional Fees owing to the applicable Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by an order of the Bankruptcy Court; provided, that obligations with respect to Professional Fee Claims shall not be limited nor deemed limited to the balance of funds held in the Professional Fee Escrow. No Liens, claims, or interests shall encumber the Professional Fee Escrow in any way.

(c) Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors or the Reorganized Debtors, as applicable. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

3. DIP Facility Claims.

Except to the extent that a Holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full, in Cash, by the Debtors on the Effective Date.

4. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax

Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

5. Reclamation Claims.

Pursuant to section 546(c) of the Bankruptcy Code, a seller of goods that sold good to a debtor in the ordinary course of such seller's business may reclaim such goods if the debtors received the goods while insolvent within 45 days of commencement of a bankruptcy case (each such claim, a "Reclamation Claim"). Section 546(c) of the Bankruptcy Code requires that the seller demand, in writing, reclamation of such goods not later than 45 days after the date of receipt of such goods by the debtor or not later than 20 days after the date of commencement of the case, if the 45-day period expires after the commencement of a case. The Plan does not include any recovery for Reclamation Claims. Rather, pursuant to section 546(c) of the Bankruptcy Code, Reclamation Claims are subject to the prior perfected liens held by other parties on the Debtors' inventory, including claims arising under the Secured Notes and the Macquarie Credit Facility. Accordingly, the Debtors do not believe that any valid Reclamation Claims exist, and any losses on account of such claims would be a General Unsecured Claim.

B. *Classification and Treatment of Claims and Interests.*

1. Classification of Claims and Interests.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and are thus excluded from the Classes of Claims and Interests set forth in Article III of the Plan. All Claims and Interests, other than Administrative Claims, Professional Fee Claims, DIP Facility Claims, and Priority Tax Claims are classified in the Classes set forth in Article III of the Plan for all purposes, including voting, Confirmation, and distributions pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

(a) Class Identification.

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.D of the Plan. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors (i.e., there will be thirteen (13) Classes for each Debtor); provided, that: (i) Class 3, Class 4, Class 5, and Class 8B shall be vacant for Zochem; (ii) Class 7 shall be vacant for each Debtor other than Horsehead Holding and Horsehead Corporation; (iii) Class 6 shall be vacant for each Debtor other than Horsehead Holding; and (iv) Class 11 shall be vacant for Horsehead Holding.

Class	Applicable Entities	Claims and Interests	Status	Voting Rights
Class 1	Each Debtor	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Each Debtor	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Each Debtor other than Zochem	Macquarie Credit Agreement Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Each Debtor other than Zochem	Secured Notes Claims	Impaired	Entitled to Vote
Class 5	Each Debtor other than Zochem	Unsecured Notes Claims	Impaired	Entitled to Vote
Class 6	Horsehead Holding	Convertible Notes Claims	Impaired	Entitled to Vote
Class 7	Horsehead Holding and Horsehead Corporation	Banco Bilbao Credit Agreement Claims	Impaired	Entitled to Vote
Class 8A	Zochem	Zochem General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 8B	Each Debtor other than Zochem	Other General Unsecured Claims	Impaired	Entitled to Vote
Class 9	Each Debtor	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 10	Each Debtor	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 11	Each Debtor other than Horsehead Holding	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 12	Each Debtor	Existing Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

(b) Treatment of Claims and Interests.

(i) Class 1 - Other Secured Claims.

(A) *Classification*: Class 1 consists of all Allowed Other Secured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Other Secured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in cash of such Holder's Allowed Other Secured Claim;

(II) Reinstatement of such Holder's Allowed Other Secured Claim;

(III) the Debtors' interest in the collateral securing such Allowed Other Secured Claim; or

(IV) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.

(C) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(ii) Class 2 - Other Priority Claims.

(A) *Classification*: Class 2 consists of all Allowed Other Priority Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Other Priority Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder thereof shall receive, at the option of the Reorganized Debtors, either:

(I) payment in full in cash of such Holder's Allowed Other Priority Claim; or

(II) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.

(C) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iii) Class 3 - Macquarie Credit Agreement Claims.

(A) *Classification*: Class 3 consists of all Allowed Macquarie Credit Agreement Claims for all applicable Debtors. For the avoidance of doubt, all Allowed Macquarie Credit Agreement Claims shall subject to the terms and conditions of the Macquarie Credit Agreement Stipulation.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Macquarie Credit Agreement Claim agrees to a less favorable treatment of its Allowed Macquarie Credit Agreement Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Macquarie Credit Agreement Claim, each such Holder thereof shall receive payment in full in cash of such Holder's Allowed Macquarie Credit Agreement Claim.

(C) *Voting*: Class 3 is Unimpaired under the Plan. Holders of Allowed Macquarie Credit Agreement Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(iv) Class 4 - Secured Notes Claims.

(A) *Classification*: Class 4 consists of all Allowed Secured Notes Claims for all applicable Debtors.

(B) *Allowance*: The Secured Notes Claims are Allowed in the amount of $205,000,000 on account of unpaid principal, plus interest, fees, and other expenses, arising under or in connection with the Secured Notes Claims.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Secured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Secured Notes Claim, each Holder thereof shall receive such Holder's Pro Rata share of (i) 93.29% of the New Common Equity (representing 347,380 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (1) pursuant to the Warrants, (2) pursuant to the MEIP and (3) in connection with the Additional Capital Commitment, without reduction on account of Secured Notes Indenture Trustee Fees so long as such fees paid in accordance with Article XII.D of the Plan.

Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Secured Notes Claim shall be entitled to receive any distribution from or share in the General Unsecured Creditor Cash Pool on account of any deficiency Claim or otherwise.

(D) *Voting*: Class 4 is Impaired under the Plan. Holders of Allowed Secured Notes Claims are entitled to vote to accept or reject the Plan.

(v) Class 5 - Unsecured Notes Claims.

(A) *Classification*: Class 5 consists of all Allowed Unsecured Notes Claims for all applicable Debtors.

(B) *Allowance*: The Unsecured Notes Claims are Allowed in the amount of $40,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Unsecured Notes Claim.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Unsecured Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Unsecured Notes Claim, each Holder of Allowed Unsecured Notes Claims shall receive such Holder's Pro Rata portion of 6.71% of New Common Equity (representing 25,000 units), subject to dilution only for the UPA Units and any New Common Equity to be issued (1) pursuant to the Warrants, (2) pursuant to the MEIP and

(3) in connection with the Additional Capital Commitment without reduction on account of Unsecured Notes Indenture Trustee Fees so long as such Unsecured Notes Indenture Trustee Fees are paid in accordance with Article XII.D of the Plan.

(D) *Voting*: Class 5 is Impaired under the Plan. Holders of Allowed Unsecured Notes Claims are entitled to vote to accept or reject the Plan.

(vi) Class 6 - Convertible Notes Claims.

(A) *Classification*: Class 6 consists of all Allowed Convertible Notes Claims.

(B) *Allowance*. The Convertible Notes Claims are Allowed in the amount of $100,000,000 on account of unpaid principal, plus interest through the Petition Date, and fees and other expenses, arising under or in connection with the Convertible Notes Claims.

(C) *Treatment*: Except to the extent that a Holder of an Allowed Convertible Notes Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Convertible Notes Claim each Holder thereof shall receive such Holder's Pro Rata share of the Warrants without reduction on account of Convertible Notes Indenture Trustee Fees so long as such Convertible Notes Indenture Trustee Fees are paid in accordance with Article XII.D of the Plan.

(D) *Voting*: Class 6 is Impaired under the Plan. Holders of Convertible Notes Claims are entitled to vote to accept or reject the Plan.

(vii) Class 7 - Banco Bilbao Credit Agreement Claims.

(A) *Classification*: Class 7 consists of all Allowed Banco Bilbao Credit Agreement Claims for all applicable Debtors.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Banco Bilbao Credit Agreement Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Banco Bilbao Credit Agreement Claim, each Holder of an Allowed Banco Bilbao Credit Agreement Claim shall receive such Holders' Pro Rata share of the Banco Bilbao Note.

(C) *Voting*: Class 7 is Impaired under the Plan. Holders of Allowed Banco Bilbao Credit Agreement Claims are entitled to vote to accept or reject the Plan.

(viii) Class 8A - Zochem General Unsecured Claims.

(A) *Classification*: Class 8A consists of all Allowed Zochem General Unsecured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Zochem General Unsecured Claim agrees to a less favorable treatment of its Allowed Zochem General Unsecured Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Zochem General Unsecured Claim, each such Allowed Zochem General Unsecured Claim shall be Reinstated; provided, that all Allowed Zochem General Unsecured Claims shall be paid in full in Cash no later than 45 days after the Effective Date.

(C) *Voting*: Class 8A is Unimpaired under the Plan. Holders of Allowed Zochem General Unsecured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(ix) Class 8B - Other General Unsecured Claims.

(A) *Classification*: Class 8B consists of all Allowed Other General Unsecured Claims.

(B) *Treatment*: Except to the extent that a Holder of an Allowed Other General Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other General Unsecured Claim, each such Holder thereof shall receive such Holder's Pro Rata share of Cash in the amount of $11,875,000 as allocated on a Debtor-by-Debtor basis in accordance with **Exhibit A** to the Plan.

(C) *Voting*: Class 8B is Impaired under the Plan. Holders of Allowed Other General Unsecured Claims are entitled to vote to accept or reject the Plan.

(x) Class 9 - Section 510(b) Claims.

(A) *Classification*: Class 9 consists of all Allowed Section 510(b) Claims.

(B) *Treatment*: Section 510(b) Claims will be canceled, released, discharged, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Section 510(b) Claims will not receive any distribution on account of such Section 510(b) Claims.

(C) *Voting*: Class 9 is Impaired under the Plan. Holders of Section 510(b) Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the

Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xi) Class 10 - Intercompany Claims.

(A) *Classification*: Class 10 consists of all Allowed Intercompany Claims.

(B) *Treatment*: Intercompany Claims shall be, at the option of the Reorganized Debtors, either:

(I) Reinstated as of the Effective Date; or

(II) cancelled without any distribution on account of such Claims.

(C) *Voting*: Class 10 is Impaired under the Plan. Holders of Intercompany Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xii) Class 11 - Intercompany Interests.

(A) *Classification*: Class 11 consists of all Allowed Intercompany Interests.

(B) *Treatment*: Intercompany Interests shall be, at the option of the Reorganized Debtors, either:

(I) Reinstated as of the Effective Date; or

(II) cancelled without any distribution on account of such Interests.

(C) *Voting*: Class 11 is Impaired under the Plan. Holders of Intercompany Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(xiii) Class 12 - Existing Interests.

(A) *Classification*: Class 12 consists of all Allowed Existing Interests.

(B) *Treatment*: On the Effective Date, all Existing Interests shall be cancelled without any distribution on account of such Interests.

(C) *Voting*: Class 12 is Impaired under the Plan. Holders of Existing Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Therefore, such Holders are not entitled to vote to accept or reject the Plan.

(c) Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

(d) Elimination of Vacant Classes.

Any Class of Claims that does not have a Holder eligible to vote as of the Voting Deadline (as such date may be extended in accordance with the solicitation procedures approved pursuant to the Disclosure Statement Order) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(e) Voting Classes; Presumed Acceptance by Non-Voting Classes.

If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

(f) Intercompany Interests and Intercompany Claims.

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests or Intercompany Claims are not being received by holders of such Intercompany Interests or Intercompany Claims on account of their Intercompany Interests or Intercompany Claims but for the purposes of administrative convenience. For the avoidance of doubt, to the extent Reinstated pursuant to the Plan, on and after the Effective Date, all Intercompany Interests shall continue to be owned by the same Reorganized Debtor that corresponds with the Debtor that owned such Intercompany Interests prior to the Effective Date.

(g) Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Impaired Class of Claims. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

C. *Means for Implementation of the Plan.*

1. Overview of Settlement in Connection with the Plan.

Pursuant to section 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided under the Plan, the Plan constitutes a request for the Bankruptcy Court to authorize and approve, among other things, the Creditors' Committee Settlement as implemented herein. Distributions to be made to Holders of (a) Unsecured Notes Claims, (b) Convertible Notes Claims, (c) Banco Bilbao Credit Agreement Claims, and (d) Other General Unsecured Claims pursuant to the Plan shall be made on account of and in consideration of, among other things, the Creditors' Committee Settlement, pursuant to which, on the Effective Date of the Plan, the Creditors' Committee shall release the Creditors' Committee Standing Motion Claims. The Creditors' Committee Settlement also includes, among other things, the First American Payment, which payment shall be used to fund, in part, the Cash payment being made to Holders of Other General Unsecured

Claims pursuant to the Plan. Entry of the Confirmation Order shall confirm (i) the Bankruptcy Court's approval, as of the Effective Date, of the Plan and all components of the Creditors' Committee Settlement, and (ii) the Bankruptcy Court's finding that the Creditors' Committee Settlement is (x) in the best interest of the Debtors, their respective Estates, and the Holders of Claims and (y) fair, equitable, and reasonable.

2. No Substantive Consolidation.

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

3. Restructuring Transactions.

On the Effective Date or as soon as reasonably practicable thereafter, the Debtors, with the consent of the Requisite Plan Sponsors, may take all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan. Such actions shall include:

- All Existing Interests in Horsehead Holding shall be cancelled as of the Effective Date.
- On the Effective Date, Horsehead Holding shall be converted from a Delaware corporation to a Delaware limited liability company that will elect to be taxed as a corporation for U.S. federal income tax purposes. For U.S. federal income tax purposes, the conversion of Horsehead Holding is intended to be treated as a reorganization under Section 368(a)(1)(F) of the Internal Revenue Code.[24]
- Following such conversion of Horsehead Holding to a Delaware limited liability company on the Effective Date, Horsehead Holding shall issue the New Common Equity in accordance with the terms of the Plan directly to those holders of Claims entitled to receive New Common Equity, and Horsehead Holding shall become the Reorganized Horsehead, each other Debtor's ultimate parent company, upon Consummation.
- On the Effective Date, Reorganized Horsehead shall issue New Common Equity to: (a) Holders of Secured Notes Claims and Unsecured Notes Claims; and (b) the applicable Plan Sponsors, pursuant to the Plan and the UPA.
- On the Effective Date, the Additional Capital Commitment Participants and Reorganized Horsehead shall be bound by the purchase obligation and issuance obligations, respectively, with respect to the Additional Capital Commitment Units, in each case, pursuant to the terms of the UPA.
- On the Effective Date, the New Limited Liability Company Agreement shall be adopted by Reorganized Horsehead and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects. Each party receiving New Common Equity shall not be required to execute the New Limited Liability Company Agreement before receiving its respective distributions of New Common Equity under the Plan, including any New Common Equity issued pursuant to the UPA. Any such party who does not execute the New Limited Liability Company Agreement shall be automatically deemed to have accepted the terms of the New Limited Liability Company

[24] Horsehead Holding's conversion to a limited liability company is intended to facilitate the allocation of rights and responsibilities among the holders of New Common Equity through a new operating and management agreement, which will be included the Plan Supplement.

Agreement (in its capacity as a member of Reorganized Horsehead) and to be a party thereto without further action.

The Restructuring Transactions may include one or more additional actions, including one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, assignments, liquidations, or other corporate transactions as may be determined by the Debtors to be necessary. The actions to implement the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (d) all other actions that the applicable Entities, with the consent of the Requisite Plan Sponsors, determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

4. Sources of Consideration.

The Reorganized Debtors shall fund distributions and satisfy applicable Allowed Claims under the Plan with (a) Cash on hand, including Cash from operations, (b) the New Common Equity, (c) Cash proceeds from the purchase of New Common Equity pursuant to the UPA, (d) the Warrants, and (e) the First American Payment.

5. UPA and the Additional Capital Commitment.

Prior to the Effective Date, pursuant to the terms of the UPA, the Eligible Holders shall have the right to elect to commit to purchase Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment. Such Additional Capital Commitment Units, an Eligible Holder's right to elect to purchase such Additional Capital Commitment Units and consequently participate in the Additional Capital Commitment, and Reorganized Horsehead's obligations to elect to exercise such Additional Capital Commitment and issue such Additional Capital Commitment Units are, in each case, subject to the terms and conditions of the UPA.

6. Issuance of New Common Equity.

Upon the Effective Date, all equity interests of Horsehead shall be cancelled and Reorganized Horsehead shall issue the New Common Equity, as set forth under the Plan (including the UPA Units to the Plan Sponsors). Reorganized Horsehead shall ensure it has sufficient available New Common Equity in order to issue the Additional Capital Commitment Units to the Additional Capital Commitment Participants pursuant to the terms of the UPA. On the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

Each unit of the New Common Equity issued pursuant to the Plan shall be validly issued, fully paid, and non-assessable. The New Limited Liability Company Agreement and any other New Organizational Documents shall be adopted on the Effective Date and shall be deemed to be valid, binding and enforceable in accordance with its terms, and each holder of New Common Equity shall be fully bound thereby in all respects.

7. Funding of General Unsecured Creditor Cash Account.

The General Unsecured Creditor Cash Pool shall be transferred by the Reorganized Debtors on or before the Effective Date into the General Unsecured Creditor Cash Account and, subject to Article VI.H of the Plan, utilized by the Reorganized Debtors solely for distributions to Holders of Allowed Claims in Class 8B in accordance with the Plan. No costs incurred by the Reorganized Debtors shall be paid from the General Unsecured Creditor Cash Account, whether such costs relate to implementation of the Plan or otherwise, and the Reorganized Debtors shall not grant control over, or a security interest in, the General Unsecured Creditor Cash Account to any party.

8. Continued Corporate Existence.

The Reorganized Debtors shall adopt the New Organizational Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or appropriate to consummate the Plan.

9. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action (unless otherwise released or discharged pursuant to the Plan), and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtors may operate their business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court or the Canadian Court and free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the CCAA.

10. New Organizational Documents.

Each of the Reorganized Debtors will file its applicable New Organizational Documents, including the certificate of conversion and certificate of formation for Reorganized Holding, with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation or formation in accordance with the corporate laws of the respective state, province, or country of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of nonvoting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state, province, or country of incorporation and their respective New Organizational Documents.

11. Directors, Managers, and Officers of the Reorganized Debtors.

As of the Effective Date, the officers and members of the board of directors and board of managers of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. To the extent any such director, manager, or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer in the Plan Supplement. Each such director, manager, and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

12. Registration Exemptions.

Subject to the below, pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of (a) the New Common Equity issued to Holders of Secured Notes Claims and Unsecured Notes Claims, (b) the Warrants issued to Holders of Convertible Notes Claims, (c) the New Common Equity issued upon exercise of the Warrants or any other security obtainable upon exercise of the Warrants pursuant to their terms, and (d) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims (collectively, the "Section 1145 Securities"), as contemplated by the Plan shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act, and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Section 1145 Securities will not be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) and will be freely tradable and transferable by any initial recipient thereof that (i) is not an "affiliate" of the Reorganized Debtors (as defined in Rule 144(a)(1) under the Securities Act), (ii) has not been such an "affiliate" within 90 days of such transfer, and (z) is not an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code. Under Canadian securities laws and regulations, the Section 1145 Securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the Section 1145 Securities through the facilities of The Depository Trust Company ("DTC"), the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such New Common Equity under applicable securities laws. If applicable, the DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Entity (including, for the avoidance of doubt, the DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether such Section 1145 Securities are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Pursuant to Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder, the offering, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA, shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable United States, state, or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities and shall be exempt from the registration and prospectus requirements of applicable Canadian securities laws and regulations. Such Securities will be "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act) subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law. Under Canadian securities laws and regulations, these securities will be subject to statutory restrictions upon resale in Canada and may only be resold pursuant to an applicable statutory exemption or discretionary order.

13. General Settlement of Claims.

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies resolved pursuant to the Plan, including the controversies resolved by the global settlement between the Debtors, the Creditors' Committee and the Ad Hoc Group of Noteholders as described in this Disclosure Statement and pursuant to Article IV.A of the Plan. All distributions made to Holders of Allowed Claims in any Class are intended to be and shall be final.

14. Intercompany Account Settlement.

The Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

15. Cancellation of Existing Securities and Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan, and except with respect to the indemnification obligations set forth in Section 9.05 of the DIP Credit Agreement, all notes, instruments, certificates, and other documents evidencing Claims or Interests, and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture shall be deemed cancelled and surrendered without any need for a Holder to take further action with respect to any note(s) or security, the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall have no further obligations or duties thereunder; provided, however, that notwithstanding Confirmation or Consummation, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (a) allowing Holders to receive distributions under the Plan, and (b) allowing Holders

of Claims to retain their respective rights and obligations vis-à-vis other Holders of Claims pursuant to the applicable loan documents; provided, further, however, that the preceding proviso shall not affect the discharge of Claims pursuant to the Bankruptcy Code, the Confirmation Order, the Confirmation Recognition Order, or the Plan or affect any of the release, third-party release, Exculpation or injunction provisions contained in Article VIII of the Plan, or result in any expense or liability to the Reorganized Debtors, as applicable; provided, further, that the foregoing shall not affect the issuance of units issued pursuant to the Restructuring Transactions nor any other units held by one Debtor in the capital of another Debtor; provided, further, that each of the Unsecured Notes Indenture and the Convertible Notes Indenture shall continue in effect against the Debtors solely for the purposes of: (i) preserving any rights of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee, as applicable, to indemnification or contribution from, respectively, Holders of Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture or the Convertible Notes Indenture or any direction provided by Holders of the Unsecured Notes or Convertible Notes under the Unsecured Notes Indenture of the Convertible Notes Indenture, as applicable; (ii) permitting the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to maintain or assert any right or Charging Lien each may have against distributions pursuant to the terms of the Unsecured Notes Indenture or the Convertible Notes Indenture, as applicable, to recover unpaid fees and expenses (including the fees and expenses of its counsel, agents, and advisors) of the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D of the Plan, unless paid pursuant to Article XII.D of the Plan; (iii) enforcing any rights and remedies as between Holders of Unsecured Notes or Convertible Notes thereunder or as between any Holder of Unsecured Notes and the Unsecured Notes Indenture Trustee or as between any Holder of Convertible Notes and the Convertible Notes Indenture Trustee; and (iv) the payment of reasonable and documented fees and expenses incurred by the Unsecured Notes Indenture Trustee and the Convertible Notes Indenture Trustee to the extent payable pursuant to Article XII.D of the Plan, unless paid pursuant to Article XII.D of the Plan.

16. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Debtors, or any other Entity or Person, including, without limitation: (a) adoption or assumption, as applicable, of the agreements with existing management; (b) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (c) selection of the managers and officers for the Debtors; (d) the distribution of the New Common Equity as provided herein; (e) implementation of the Restructuring Transactions; and (f) all other acts or actions contemplated, or reasonably necessary or appropriate to properly consummate the transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors, and any corporate action required by the Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors.

On or (as applicable) prior to the Effective Date, the appropriate officers, managers, or authorized persons of the Debtors (including any president, vice-president, chief executive officer, treasurer, general counsel, or chief financial officer thereof), shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, certificates of formation, bylaws, operating agreements, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Debtors, including the New Common Equity, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV.P of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

17. The Bartlesville Facility and Monaca Landfill.

The Debtors do not presently intend to alter current operating agreements with regard to their facility in Bartlesville, Oklahoma or their landfill in Monaca, Pennsylvania. Should that change, such operating agreements will not appear on the Assumed Executory Contract and Unexpired Lease Schedule, included in the Plan Supplement.

18. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Debtors and the managers, officers, authorized persons, and members of the boards of managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the New Organizational Documents, and any securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

19. Section 1146 Exemption.

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales and use tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct and shall be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

20. MEIP.

The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date.

21. Director and Officer Liability Insurance.

Notwithstanding anything contained in the Plan to the contrary, the D&O Liability Insurance Policies, in effect on the Effective Date, shall be continued. To the extent that the D&O Liability Insurance Policies are deemed to be Executory Contracts, then, notwithstanding anything in the Plan to the contrary, the Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to sections 365(a) and 1123 of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity or other obligations of the insurers under any of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Debtors shall terminate or otherwise reduce the coverage under any D&O Liability Insurance Policies (including any "tail policy") in effect on the Petition Date, with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

ACE American Insurance Company and its affiliates (collectively, "Chubb") believes that the Plan is not confirmable because, among other reasons, the Debtors do not explicitly assume insurance policies that the Debtors have with Chubb.

22. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including pursuant to the Debtor Release and the Third Party Release), the Debtors and the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in

the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

23. Release of Avoidance Actions.

On the Effective Date, the Debtors, on behalf of themselves and their estates, shall release any and all Avoidance Actions that may be assertable against: (a) a trade creditor of any Debtor and/or Reorganized Debtor; (b) Holders of Unsecured Notes; (c) Holders of Convertible Notes; (d) members of the Creditors' Committee; and (e) any one or more of the successors or assigns of the foregoing, and any Entity acting on behalf of the Debtors or the Reorganized Debtors shall be deemed to have waived the right to pursue such Avoidance Actions; provided, that the foregoing waiver shall not limit the rights of the Debtors or the Reorganized Debtors or any Entity acting on behalf of the Debtors or the Reorganized Debtors to assert any defenses based on the Avoidance Actions to Other Secured Claims or Other Priority Claims asserted by the Entities listed in clauses (a) – (e) hereof. No Avoidance Actions shall revert to creditors of the Debtors.

Notwithstanding the foregoing paragraph or anything to the contrary in the Plan (including pursuant to the Debtor Release), the Debtors and the Reorganized Debtors, their Estates, and their successors expressly reserve all Claims and Causes of Action against Técnicas Reunidas, S.A., including with respect to any Claims or Proofs of Claim asserted by Técinas Reunidas, S.A. against any Debtor.

24. Assumption of Collective Bargaining Agreements.

All collective bargaining agreements between the applicable labor union and the Debtors (collectively, the "CBAs") in place as of the Effective Date, shall be assumed by the Reorganized Debtors as of the Effective Date.

D. *Treatment of Executory Contracts and Unexpired Leases.*

1. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected as of the Effective Date, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (a) previously were assumed or rejected by the Debtors; (b) are identified on the Assumed Executory Contract and Unexpired Lease Schedule; (c) are the subject of a motion to assume such Executory Contracts or Unexpired Leases, as applicable, that is pending on the Effective Date, regardless of whether the requested effective date of such assumption is on or after the Effective Date; or (d) are a CBA. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejections and the assumption of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease Schedule pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be

fully enforceable by the Debtors in accordance with such Executory Contract and/or Unexpired Lease's terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including, without limitation, any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contract and Unexpired Lease Schedule at any time through and including forty-five (45) days after the Effective Date.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court no later than twenty-one (21) days after notice of such rejection.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, or their property, without the need for any objection by the Debtors or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.F of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Zochem General Unsecured Claims or Other General Unsecured Claims, as applicable, and shall be treated in accordance with Article III.B of the Plan.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (a) the amount of any payments to cure such a default; (b) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (c) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided, that the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any other party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors, with the consent of the Requisite Plan Sponsors, or the Reorganized Debtors, as applicable, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, whether by amending the Assumed Executory Contract and Unexpired Lease Schedule in accordance with Article V.A of the Plan or otherwise.

As soon as reasonably practicable, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided, that, the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and

actually received by the Debtors and the DIP Lenders no later than thirty (30) days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court or the Canadian Court.**

4. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

5. Indemnification Obligations.

The Debtors and the Reorganized Debtors shall honor any indemnification obligations in place immediately prior to the Effective Date (whether in by-laws, board resolutions, corporate charters, indemnification agreements, or employment contracts) solely for the Covered Persons and solely to the extent that the D&O Liability Insurance Policies provide coverage for such obligations; provided, however, that any such Covered Persons shall solely have recourse on account of any such obligations to the D&O Liability Insurance Policies and shall have no recourse to the Reorganized Debtors on account of any such obligations.

6. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated, or are rejected or repudiated pursuant to the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

7. Chubb Insurance Obligations.

Chubb believes that the Plan and this Disclosure Statement should clarify that, notwithstanding anything to the contrary in this Disclosure Statement, the Plan, the Plan Supplement, the Confirmation Order, any other document related to any of the foregoing or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction or release or confers Bankruptcy Court jurisdiction): (a) on the Effective Date, the Reorganized Debtors jointly and severally shall assume the Insurance Contracts in their entirety pursuant to sections 105 and 365 of the Bankruptcy Code; (b) all Insurance Contracts (and any and all letters of credit and other collateral and security provided pursuant or in relation thereto) and all debts, obligations, and liabilities of Debtors (and, after the Effective Date, of the Reorganized Debtors) thereunder, whether arising before or after the Effective Date, shall survive and shall not be amended, modified, waived, released, discharged or impaired in any respect and the Reorganized Debtors will continue to be bound by the Insurance Contracts as if the Chapter 11 Cases had not occurred; (c) nothing in the

Disclosure Statement, the Plan, the Plan Supplement, or the Confirmation Order shall affect, impair or prejudice the rights and defenses of the Insurers or the Reorganized Debtors under the Insurance Contracts in any manner (including, but not limited to, (i) any agreement to arbitrate disputes, (ii) any provisions regarding the provision, maintenance, use, nature and priority of collateral/security, and (iii) any provisions regarding the payment of amounts within any deductible by the Insurers and the obligation of the Debtors to pay or reimburse the applicable Insurer therefor), and such Insurers and Reorganized Debtors shall retain all rights and defenses under the Insurance Contracts, and the Insurance Contracts shall apply to, and be enforceable by and against, the Reorganized Debtors and the applicable Insurer(s) as if the Chapter 11 Cases had not occurred; (d) nothing in the Disclosure Statement, the Plan, or the Confirmation Order (including any other provision that purports to be preemptory or supervening), shall in any way operate to, or have the effect of, impairing any party's legal, equitable or contractual rights and/or obligations under any Insurance Contract, if any, in any respect; any such rights and obligations shall be determined under the Insurance Contracts and applicable non-bankruptcy law; (e) the claims of the Insurers arising (whether before or after the Effective Date) under the Insurance Contracts (i) are actual and necessary expenses of the Debtors' estates (or the Reorganized Debtors, as applicable), (ii) shall be paid in full in the ordinary course of businesses, whether as an Allowed Administrative Claim under section 503(b)(1)(A) of the Bankruptcy Code or otherwise, regardless of when such amounts are or shall become liquidated, due or paid, and (iii) shall not be discharged or released by the Plan or the Confirmation Order or any other order of the Bankruptcy Court; (f) the Insurers shall not need to or be required to file or serve any objection to a proposed cure amount or a request, application, claim, proof or motion for payment or allowance of any Administrative Claim and shall not be subject to the any bar date or similar deadline governing cure amounts or Administrative Claims; and (g) the automatic stay of Bankruptcy Code section 362(a) and the injunctions set forth in Article III of the Plan, if and to the extent applicable, shall be deemed lifted without further order of this Court, solely to permit: (I) claimants with valid workers' compensation claims or direct action claims covered by the Insurance Contracts to proceed with their claims; (II) the Insurers to administer, handle, defend, settle, and/or pay, in the ordinary course of business and without further order of this Bankruptcy Court, (A) all valid workers' compensation claims arising under the workers' compensation policies issued by any Insurer, (B) all claims where a claimant asserts a direct claim against any Insurer under applicable non-bankruptcy law, or an order has been entered by this Court granting a claimant relief from the automatic stay to proceed with its claim, and (C) all costs in relation to each of the foregoing; (III) the Insurers to draw against any or all of the collateral or security provided by or on behalf of the Debtors (or the Reorganized Debtors, as applicable) at any time and to hold the proceeds thereof as security for the obligations of the Debtors (and the Reorganized Debtors, as applicable) and/or apply such proceeds to the obligations of the Debtors (and the Reorganized Debtors, as applicable) under the applicable Insurance Contracts, in such order as the applicable Insurer may determine; and (IV) the Insurers to cancel any Insurance Contracts, and take other actions relating thereto, to the extent permissible under applicable non-bankruptcy law, and in accordance with the terms of the Insurance Contracts.

8. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Assumed Executory Contract and Unexpired Lease Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Debtors has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors shall have ninety (90) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease nunc pro tunc to the Confirmation Date, in each case with the consent of the Requisite Plan Sponsors.

9. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

10. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order or the Confirmation Recognition Order.

E. *Provisions Governing Distributions.*

1. Timing and Calculation of Amounts to Be Distributed.

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Initial Distribution Date or as soon as reasonably practicable thereafter, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date. The New Common Equity shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive the New Common Equity hereunder without the need for further action by the Disbursing Agent, the Debtors, the Reorganized Debtors (including Reorganized Horsehead), or any other Debtor or Reorganized Debtor, including, without limitation, the issuance and/or delivery of any certificate evidencing any such units, units, or interests, as applicable.

2. [Reserved].

3. Distributions Generally; Disbursing Agent.

Except as otherwise provided herein, all distributions made under the Plan, on or after the Effective Date, shall be made by the Disbursing Agent that may include the Reorganized Debtors or an entity designated by the Reorganized Debtors. Distribution on account of: (a) Macquarie Credit Agreement Claims shall be made to the Macquarie Credit Agreement Administrative Agent, at which time such distribution shall be deemed completed by the Debtors, and the Macquarie Credit Agreement Agent shall deliver such distribution in accordance with the Plan and the Macquarie Credit Agreement; (b) Banco Bilbao Credit Agreement Claims shall be made to Banco Bilbao Vizcaya Argentaria, S.A., at which time such distribution shall be deemed completed by the Debtors, and Banco Bilbao Vizcaya Argentaria, S.A. shall deliver such distribution in accordance with the Plan and the Banco Bilbao Credit Agreement; (c) Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, shall be made to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee or any respective designee thereof, as applicable, at which time such distributions shall be deemed completed by the Debtors, and the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall deliver such distributions in accordance with the Plan and the Secured Notes Indenture, the Unsecured Notes Indenture, and the Convertible Notes Indenture, as applicable, in each case subject to the right of any Prepetition Indenture Trustee to exercise any Charging Lien to the extent such fees or expenses are not paid to the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or Convertible Notes Indenture Trustee, as applicable, pursuant to Article XII.D of the Plan. For the avoidance of doubt, distributions made by the Macquarie Credit Agreement Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A., the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee shall be made, as it relates to the identity of the recipients, in accordance with the applicable indenture or credit agreement and the policies of the Depository Trust Company, as applicable.

4. Rights and Powers of Disbursing Agent.

(a) Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (ii) make all distributions contemplated under the Plan; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

(b) Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable, actual, and documented fees and expenses incurred by any Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable, actual, and documented attorney fees and expenses) made by such Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

5. Distributions on Account of Claims Allowed After the Effective Date.

(a) Payments and Distributions on Account of Disputed Claims.

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be made no later than the next applicable Quarterly Distribution Date, unless the Reorganized Debtors and the applicable Holder of such Claim agree otherwise.

(b) Special Rules for Distributions to Holders of Disputed Claims.

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Reorganized Debtors, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order; provided, that, if the Debtors do not dispute a portion of an amount asserted pursuant to an otherwise Disputed Claim, the Holder of such Disputed Claim shall be entitled to a distribution on account of that portion of such Claim, if any, that is not disputed at the time and in the manner that the Disbursing Agent makes distributions to similarly-situated Holders of Allowed Claims pursuant to the Plan.

6. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

(a) Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date. Notwithstanding the foregoing, with respect to Holders of Macquarie Credit Agreement Claims, Secured Notes Claims, Unsecured Notes Claims, and Convertible Notes Claims, distributions shall be made to such Holders that are listed on the register or related document maintained by, as applicable, the Macquarie Credit Agreement Administrative Agent, the Secured Notes Indenture Trustee, the Unsecured Notes Indenture Trustee, or the Convertible Notes Indenture Trustee as of the Distribution Record Date.

(b) Delivery of Distributions in General.

(i) Initial Distribution Date.

Except as otherwise provided herein, on the Initial Distribution Date, the Disbursing Agent shall make distributions to Holders of Allowed Claims as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided, that, the manner of such distributions shall be determined at the discretion of the Disbursing Agent; provided, further, that, the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder, or, if no Proof of Claim has been Filed, the address set forth in the Schedules. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(ii) Quarterly Distribution Date.

On each Quarterly Distribution Date or as soon thereafter as is reasonably practicable but in any event no later than thirty (30) days after each Quarterly Distribution Date, the Disbursing Agent shall make the distributions required to be made on account of Allowed Claims under the Plan on such date. Any distribution that is not made on the Initial Distribution Date or on any other date specified herein because the Claim that would have been entitled to receive that distribution is not an Allowed Claim on such date, shall be distributed on the first Quarterly Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any distribution paid on a Quarterly Distribution Date in accordance with Article VI.A of the Plan.

(c) *De Minimis* Distributions; Minimum Distributions.

No fractional units of New Common Equity shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of units of New Common Equity that is not a whole number, the actual distribution of units of New Common Equity shall be rounded as follows: (i) fractions of one-half (½) or greater shall be rounded to the next higher whole number; and (ii) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment thereto. The total number of authorized units of New Common Equity to be distributed to holders of Allowed Claims shall be adjusted as necessary to account for the foregoing rounding.

No Cash payment valued at less than $100.00, in the reasonable discretion of the Disbursing Agent, shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

(d) Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided, that, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months after the applicable distribution is returned as undeliverable After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

7. Manner of Payment.

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

8. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanism it believes is reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

9. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims against the Debtors, and no Holder of a Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such Claim.

10. [Reserved].

11. Claims Paid by Third Parties.

(a) Claims Paid by Third Parties.

The Debtors, after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. To the extent a Holder of a Claim receives a distribution from the Debtors on account of such Claim and also receives payment from a party that is not a Debtor on account of such Claim, such Holder of the Claim shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the total amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen (14)-day grace period specified above until the amount is repaid. For the avoidance of doubt, as set forth in Article III.B.4 of the Plan, the First American Payment shall not reduce or otherwise impact the distribution provided to Holders of Allowed Secured Notes Claims.

(b) Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' Insurance Contracts until the Holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Contract. To the extent that one or more of the Debtors' Insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such Insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

(c) Applicability of Insurance Contracts.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Contract(s). Notwithstanding anything in the Plan to the contrary (including, without limitation, Article VIII of the Plan), nothing shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any Insurer under any Insurance Contracts, nor shall anything contained herein constitute or be deemed

a waiver by such Insurers of any rights or defenses, including coverage defenses, held by such Insurers under the Insurance Contracts; provided, however, that the Title Policy shall be terminated upon the Effective Date.

12. Allocation.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

F. *Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.*

1. Allowance of Claims.

On or after the Effective Date, each of the Debtors or the Reorganized Debtors, as applicable, shall have and shall retain any and all rights and defenses such Debtor had with respect to any Claim immediately prior to the Effective Date.

2. Claims Objections, Settlements, Claims Allowance.

The Reorganized Debtors shall have the authority to: (a) File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise; (b) settle, liquidate, allow, or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court; and (c) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court or the Canadian Court. The Reorganized Debtors shall use commercially reasonable efforts to object to any Claim (i) that is asserted in an amount that exceeds the amount owed to the Holder of the Claim according to the Debtors' books and records, or (ii) as to which no liability appears in the Debtors' books and records.

The Reorganized Debtors shall further use commercially reasonable efforts to file one or more Allowed Claims Notices with respect to non-contingent, liquidated Proofs of Claim that are not Allowed as of the Effective Date and as to which the Reorganized Debtors have determined not to file an objection.

3. Claims Estimation.

On or after the Effective Date, the Reorganized Debtors may (but are not required to), at any time, request that the Bankruptcy Court estimate any Claim pursuant to applicable law, including, without limitation, pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions and discharge) and may be used as evidence in any supplemental proceedings, and the Debtors may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4. Disputed Claims Reserve.

On or prior to the Effective Date, the Reorganized Debtors or the Disbursing Agent shall be authorized, but not directed, to establish one or more Disputed Claims Reserves, which Disputed Claims Reserve shall be administered by the Reorganized Debtors or the Disbursing Agent, as applicable.

The Reorganized Debtors or the Disbursing Agent may, in their sole discretion, hold Cash in the Disputed Claims Reserve in trust for the benefit of the Holders of Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided in the Plan, as such Disputed Claims or Interests are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Disputed Claims as such amounts would have been distributable had such Disputed Claims been Allowed Claims as of the Effective Date.

Notwithstanding anything to the contrary herein, to the extent the Reorganized Debtors or the Disbursing Agent establish one or more Disputed Claims Reserve(s) with respect to the Claims in Class 8B, such reserve(s) must be held and maintained in the General Unsecured Creditor Cash Account in trust solely for the benefit of Holders of Allowed Claims in Class 8B and pursuant to the terms of Article IV.G of the Plan.

5. Adjustment to Claims Without Objection.

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors to the maximum extent provided by applicable law without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court.

6. Time to File Objections to Claims.

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

7. Disallowance of Claims.

EXCEPT AS OTHERWISE PROVIDED HEREIN OR AS AGREED TO BY THE REORGANIZED DEBTORS, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT OR THE CANADIAN COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

8. Amendments to Claims.

Except for the Filing of Proofs of Claim on account of Claims arising from the rejection of Executory Contracts or Unexpired Leases pursuant to the Plan, on or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court to the maximum extent provided by applicable law.

9. No Distributions Pending Allowance.

If an objection to a Claim or portion thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim, unless otherwise agreed to by the Reorganized Debtors.

10. Distributions After Allowance.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law.

G. *Settlement, Release, Injunction, and Related Provisions.*

1. Discharge of Claims and Termination of Interests.

To the maximum extent provided by section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court or the Canadian Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against the Debtors and their Estates and Causes of Action against other Entities.

2. Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for any Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates and any property of Chestnut Ridge shall be fully

released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the applicable Debtor and its successors and assigns or in the case of property owned by Chestnut Ridge, such property shall revert to Chestnut Ridge free and clear of all mortgages, deeds of trust, Liens, pledges, or other security interests.

3. Debtor Release.

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, FOR GOOD AND VALUABLE CONSIDERATION, ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, THE DEBTORS AND THEIR ESTATES SHALL RELEASE EACH RELEASED PARTY, AND EACH RELEASED PARTY IS DEEMED RELEASED BY THE DEBTORS, THE ESTATES, AND THE REORGANIZED DEBTORS FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES OR THE REORGANIZED DEBTORS, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE ESTATES, OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY), OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE DIP FACILITY, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTORS OR THE REORGANIZED DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE PETITION DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE; PROVIDED, THAT THE FOREGOING DEBTOR RELEASE SHALL NOT OPERATE TO WAIVE OR RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN; PROVIDED, FURTHER, THAT (X) THE SECURED NOTES INDENTURE TRUSTEE AND THE SECURED NOTES COLLATERAL AGENT SHALL ONLY BECOME RELEASED PARTIES PURSUANT TO ARTICLE VII.C OF THE PLAN UPON EXECUTION OF THE FIRST AMERICAN SETTLEMENT AGREEMENT, AND (Y) FIRST AMERICAN SHALL ONLY BECOME A RELEASED PARTY PURSUANT TO ARTICLE VII.C OF THE PLAN UPON THE LATER OF THE EFFECTIVE DATE AND RECEIPT OF PAYMENT FROM FIRST AMERICAN OF THE FIRST AMERICAN PAYMENT. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO ARTICLE VIII.C OF THE PLAN AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS

CONTAINED IN THE PLAN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE, AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THEIR ESTATES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

4. Third-Party Release.

ON AND AFTER AND SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE AS TO EACH OF THE RELEASING PARTIES, THE RELEASING PARTIES SHALL RELEASE EACH RELEASED PARTY, AND EACH OF THE DEBTORS, THEIR ESTATES, AND THE RELEASED PARTIES SHALL BE DEEMED RELEASED FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF ANY OF THE DEBTORS, THEIR ESTATES, OR THE REORGANIZED DEBTORS, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, ASSERTED OR UNASSERTED, ACCRUED OR UNACCRUED, MATURED OR UNMATURED, DETERMINED OR DETERMINABLE, DISPUTED OR UNDISPUTED, LIQUIDATED OR UNLIQUIDATED, OR DUE OR TO BECOME DUE, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE DIP FACILITY, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES, THE CANADIAN PROCEEDINGS, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE RESTRUCTURING DOCUMENTS, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON AND BEFORE THE EFFECTIVE DATE, OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES FRAUD, WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; PROVIDED, THAT, (X) THE SECURED NOTES INDENTURE TRUSTEE AND THE SECURED NOTES COLLATERAL AGENT SHALL ONLY BECOME RELEASING PARTIES AND RELEASED PARTIES PURSUANT TO ARTICLE VII.D OF THE PLAN UPON EXECUTION OF THE FIRST AMERICAN SETTLEMENT AGREEMENT, AND (Y) FIRST AMERICAN SHALL ONLY BECOME A RELEASING PARTY AND A RELEASED PARTY PURSUANT TO ARTICLE VIII.D OF THE PLAN UPON THE LATER OF THE EFFECTIVE DATE AND RECEIPT OF PAYMENT FROM FIRST AMERICAN OF THE FIRST AMERICAN PAYMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE THIRD-PARTY RELEASE SHALL NOT RELEASE ANY OBLIGATIONS OF ANY PARTY UNDER THE PLAN, THE UPA, OR ANY OTHER DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THOSE SET FORTH IN THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY PURSUANT TO ARTICLE VIII.D OF THE PLAN AND CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD-PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD-PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD-PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD-PARTY RELEASE. ENTRY OF THE CONFIRMATION RECOGNITION ORDER SHALL CONSTITUTE THE CANADIAN EQUIVALENT OF THE SAME.

5. Exculpation.

On and after and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur any liability to any Entity for any postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Plan, or consummating the Plan, the Disclosure Statement, the New Organizational Documents, the Restructuring Transactions, the DIP Facility, the issuance, distribution, and/or sale of any units of the New Common Equity or any other security offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, the Canadian Proceedings, or any contract, instrument, release or other agreement, or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement; provided, further, that the foregoing Exculpation shall have no effect on (a) the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence, fraud, or willful misconduct, or (b) any contractual liability for any breach of the Plan, the UPA, or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

6. Injunction.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR FOR OBLIGATIONS ISSUED OR REQUIRED TO BE PAID PURSUANT TO THE PLAN (INCLUDING THE NEW COMMON EQUITY, AND DOCUMENTS AND INSTRUMENTS RELATED THERETO), CONFIRMATION ORDER OR THE CONFIRMATION RECOGNITION ORDER, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, OR LIENS THAT HAVE BEEN DISCHARGED PURSUANT TO ARTICLE VIII.A OF THE PLAN, RELEASED PURSUANT TO ARTICLE VIII.B OF THE PLAN, ARTICLE VIII.C OF THE PLAN, OR ARTICLE VIII.D OF THE PLAN, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE VIII.E OF THE PLAN ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, OR THE RELEASED PARTIES: (a) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (b) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (c) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR THE ESTATES OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (d) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM SUCH ENTITIES OR

AGAINST THE PROPERTY OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS UNLESS SUCH ENTITY HAS TIMELY ASSERTED SUCH SETOFF RIGHT PRIOR TO THE EFFECTIVE DATE IN A DOCUMENT FILED WITH THE BANKRUPTCY COURT EXPLICITLY PRESERVING SUCH SETOFF, AND NOTWITHSTANDING AN INDICATION OF A CLAIM OR INTEREST OR OTHERWISE THAT SUCH ENTITY ASSERTS, HAS, OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO APPLICABLE LAW OR OTHERWISE; AND (e) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN. FOR THE AVOIDANCE OF DOUBT, CHESTNUT RIDGE SHALL BE A RELEASED PARTY SUCH THAT CHESTNUT RIDGE SHALL HAVE NO LIABILITY AS A GUARANTOR UNDER THE SECURED NOTES INDENTURE, THE UNSECURED NOTES INDENTURE, OR THE MACQUARIE CREDIT AGREEMENT AFTER THE EFFECTIVE DATE.

7. Additional Provisions.

For the avoidance of doubt, nothing in Article VIII.D or Article VIII.F of the Plan shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by the Greywolf Entities, solely in their capacities as holders or former holders of Existing Interests in Horsehead Holding and in no other capacity, arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date, including but not limited to that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292; provided that the Greywolf Entities may not commence, or be a named plaintiff in, any such litigation or comparable dispute resolution mechanism against the Debtors' officers and directors arising out of or relating to any act, omission, transaction, agreement, event or other occurrence taking place prior to the Petition Date or otherwise voluntarily participate in any such action, except as required by lawful process, other than taking such actions that are necessary to receive a distribution, if any, on account of such litigation.

8. Environmental Claims.

Nothing in the Plan releases, discharges, precludes, exculpates, or enjoins the enforcement of: (a) any liability to a Governmental Unit under applicable Environmental Law to which any Entity is subject as the owner or operator of property after the Effective Date; (b) any liability to a Governmental Unit to which any Entity is subject under applicable Environmental Law that is not a Claim; (c) any Claim of a Governmental Unit to which any Entity is subject under applicable Environmental Law arising on or after the Effective Date; (d) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtor/s or Reorganized Debtors; or (e) any valid right of setoff under Environmental Law by any Governmental Unit. The Bankruptcy Court retains jurisdiction to determine whether environmental liabilities that have been asserted by a Governmental Unit are discharged or otherwise barred by this Plan or the Bankruptcy Code.

Notwithstanding any provision to the contrary in the Plan, the United States shall retain all of its rights to setoff as provided by law.

9. Protections Against Discriminatory Treatment.

To the maximum extent provided by section 525 of the Bankruptcy Code, the Supremacy Clause of the United States Constitution and the CCAA, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

10. Setoffs.

Except as otherwise expressly provided for in the Plan (including pursuant to Article IV.V of the Plan) or in any court order, each Debtor, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim, other than any: (a) DIP Claims; (b) Secured Notes Claims; (c) Class 8B Other General Unsecured Claims; (d) Convertible Notes Claims; (e) Unsecured Notes Claims; (f) General Unsecured Claims filed by members of the Creditors' Committee; or (g) Claims asserting priority pursuant to section 503(b)(9) of the Bankruptcy Code (before any distribution is made on account of such Allowed Claim), to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, that, neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor of any such claims, rights, and Causes of Action that such Debtor may possess against such Holder. In no event shall any Holder of Claims be entitled to setoff any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff.

11. Recoupment.

In no event shall any Holder of a Claim be entitled to recoup any Claim against any claim, right, or Cause of Action of any of the Debtors unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court asserting or preserving such right of recoupment on or before the Confirmation Date.

12. Subordination Rights.

The classification and treatment of all Claims under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.

13. Document Retention.

On and after the Effective Date, the Debtors (or the Reorganized Debtors, as the case may be) may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors (or the Reorganized Debtors, as the case may be).

14. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (a) such Claim has been adjudicated as non-contingent; or (b) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

H. *Conditions Precedent to Confirmation and Consummation of the Plan.*

1. Conditions Precedent to Confirmation.

It shall be a condition to Confirmation of the Plan that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Disclosure Statement Order and such order shall be a Final Order;

(b) the Canadian Court shall have issued the Disclosure Statement Recognition Order and such order shall be a Final Order;

(c) the Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto (in each case in form and substance) shall be acceptable to the Requisite Plan Sponsors and the Debtors;

(d) the UPA shall have been executed; and

(e) the UPA shall have been approved by entry of a Final Order and shall be in full force and effect and not otherwise terminated in accordance with the terms thereof (other than pursuant to section 9.1(a) of the UPA).

2. Conditions Precedent to the Effective Date.

It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors, and, with respect to the Creditors' Committee Settlement, the Creditors' Committee, and such order shall be a Final Order and shall include a finding by the Bankruptcy Court that the New Common Equity to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law;

(b) the Canadian Court shall have issued the Confirmation Recognition Order as a Final Order in form and substance materially consistent with this Plan and otherwise acceptable to the Debtors and the Requisite Plan Sponsors.

(c) all actions, documents, Certificates, and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable Governmental Units in accordance with applicable laws;

(d) the Professional Fee Escrow shall have been established and funded in accordance with Article II.B of the Plan;

(e) the Information Officer's fees and expenses shall have been paid through the Effective Date;

(f) the transactions contemplated by the UPA shall have been consummated and the Closing (as defined in the UPA) shall have occurred;

(g) the outstanding reasonable and documented Plan Sponsor Fees incurred by the Plan Sponsors, Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals, Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals, Convertible Notes Indenture Trustee Fees of the Convertible Notes Indenture Trustee and its professionals, Unsecured Notes Indenture Trustee Fees of the Unsecured Notes Indenture Trustee and its professionals, and all fees ordered to be paid pursuant to the Final DIP Order shall have been or will be paid contemporaneously with the Effective Date in full, in Cash;

(h) the First American Payment shall have been funded by First American; provided, that the General Unsecured Creditor Cash Pool shall not be reduced if the First American Payment is not so funded;

(i) all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan shall have been received; and

(j) the General Unsecured Creditor Cash Account shall have been established and funded in the amount of $11,875,000.

3. Waiver of Conditions.

The conditions to Confirmation and Consummation set forth in Article IX of the Plan may be waived only by consent of both the Debtors and the Requisite Plan Sponsors, and may be waived without notice, leave, or order of the Bankruptcy Court or the Canadian Court or any formal action other than proceedings to confirm or consummate the Plan; provided, however, that (a) the condition in IX.B.5 of the Plan may not be waived without consent of the Information Officer, (b) the condition in Article IX.B.7 of the Plan with respect to payment of fees and expenses of any Prepetition Indenture Trustee may not be waived without consent of the applicable Prepetition Indenture Trustee, and (c) the condition in Article IX.B.10 of the Plan may not be waived without consent of the Creditors' Committee.

4. Effect of Non-Occurrence of Conditions to the Effective Date.

If the Effective Date does not occur on or prior to [September 19, 2016], which date may be extended by the consent of the Debtors and the Requisite Plan Sponsors, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan or the Disclosure Statement shall (i) constitute a waiver or release of any claims held by the Debtors, Claims, or Interests, (ii) prejudice in any manner the rights of the Debtors or any other Person or Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

I. *Modification, Revocation, or Withdrawal of the Plan.*

1. Modification Amendments.

Except as otherwise specifically provided in the Plan, the Debtors reserve the right, with the consent of the Requisite Plan Sponsors, to modify the Plan, whether such modification is material or immaterial, and, seek Confirmation consistent with the Bankruptcy Code and, as appropriate and unless otherwise ordered by the Bankruptcy Court, not resolicit votes on such modified Plan; provided, that the Debtors shall not be permitted to amend the Plan in a manner that materially and adversely impacts the provisions of the Plan effectuating the Creditors' Committee Settlement without the consent of the Creditors' Committee. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights, in each case with the consent of the Requisite Plan Sponsors, to alter, amend, or modify the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Confirmation Order or the Confirmation Recognition Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article X of the Plan.

2. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of Plan.

The Debtors, reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan or Disclosure Statement shall (i) constitute a waiver or release of any claims held by the Debtor, Claims, Interests, or Causes of Action, (ii) prejudice in any manner the rights of the Debtors or any other Entity, or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

J. *Retention of Jurisdiction.*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain exclusive jurisdiction over the Chapter 11 Cases and all matters arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or Unsecured status, or amount of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or Unsecured status, priority, amount, or Allowance of Claims;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for Allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including cure amounts pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, the Assumed Executory Contract and Unexpired Lease Schedule; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to sections 502(c), 502(j), or 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with this Disclosure Statement or the Plan including, for the avoidance of doubt, the UPA;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. enter and implement orders as may be necessary to execute, implement, or consummate the First American Settlement Agreement;

11. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

12. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary to implement such releases, injunctions, Exculpations, and other provisions;

14. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.K.1 of the Plan;

15. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

16. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or this Disclosure Statement;

17. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

18. consider any modifications of the Plan to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

19. determine requests for the payment of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;

20. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions, and releases granted in the Plan, including under Article VIII of the Plan and including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

23. except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;

24. hear and determine all applications for allowance and payment of Professional Fee Claims;

25. enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan;

26. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

27. enforce all orders previously entered by the Bankruptcy Court; and

28. hear any other matter not inconsistent with the Bankruptcy Code.

K. *Miscellaneous Provisions.*

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, the Confirmation Order, or the Confirmation Recognition Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

2. Additional Documents.

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan, which agreements or other documents shall be in form and substance acceptable to the Requisite Plan Sponsors and the Debtors. The Reorganized Debtors and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Payment of Statutory Fees.

All fees due and payable pursuant to section 1930(a) of the Judicial Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee and the Reorganized Debtors.

4. Payment of Fees and Expenses of the Plan Sponsors, the DIP Agent, the Secured Notes Indenture Trustee, the Secured Notes Collateral Agent, the Unsecured Notes Indenture Trustee, and the Convertible Notes Indenture Trustee, Pursuant to the Creditors' Committee Settlement.

Notwithstanding any provision in the Plan to the contrary, and in connection with the Creditors' Committee Settlement (with respect to the Unsecured Notes Indenture Trustee Fees and the Convertibles Notes Indenture Trustee Fees payable pursuant to subsections (iv) and (v) of Article XII.D of the Plan), the Debtors or Reorganized Debtors (as applicable) shall promptly pay in full in Cash: (a) any outstanding Plan Sponsor Fees incurred by the Plan Sponsors; (b) the Secured Notes Indenture Trustee Fees of the Secured Notes Indenture Trustee and its professionals; (c) the Secured Notes Collateral Agent Fees of the Secured Notes Collateral Agent and its professionals; (d) the Unsecured Notes Indenture Trustee Fees incurred by the Unsecured Notes Indenture Trustee; (e) the Convertible Notes Indenture Trustee Fees incurred by the Convertible Notes Indenture Trustee, and (f) the

fees incurred by the DIP Agent, all on the Effective Date without the need for such parties to file fee applications with the Bankruptcy Court, to the extent not otherwise paid prior to the Effective Date.

5. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order and the Canadian Court shall issue the Confirmation Recognition Order. Neither the Plan, filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, the Confirmation Recognition Order or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims prior to the Effective Date. For the avoidance of doubt, if the First American Settlement Agreement is not consummated or First American does not make the First American Payment, all parties' rights and claims are fully reserved as if the First American Settlement Agreement had not been entered into; provided, however, that to the extent the First American Payment is not made, the General Unsecured Creditor Cash Pool shall not be reduced.

6. Successors and Assigns.

Unless otherwise provided herein, the rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, and former or current officer, director, agent, representative, attorney, advisor, beneficiaries, or guardian, if any, of each Entity. For the avoidance of doubt, nothing in Article XII.F of the Plan shall be construed as impairing, discharging, releasing, or enjoining the prosecution of direct, non-derivative claims against the Debtors' officers and directors held by any party, including, for the avoidance of doubt, any Releasing Party, as such claims are alleged in that certain lawsuit before the United States District Court for the District of Delaware titled *Soto v. Hensler*, Civil Action No. 16-CV 292.

7. Notices.

All notices, requests, pleadings, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Horsehead Holdings Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, Pennsylvania 15205
Facsimile: (412) 788-1812
Attention: Timothy D. Boates, Chief Restructuring Officer

with copies to:

Kirkland & Ellis LLP
300 North LaSalle St.
Chicago, Illinois 60654
Facsimile: (312) 862-2200
Attention: Ryan Preston Dahl, Esq. and Angela Snell, Esq.

-and-

counsel to the Plan Sponsors:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036

Facsimile: (212) 872-1002
Attention: Michael Stamer, Esq. and Meredith Lahaie, Esq.

-and-

counsel to the Creditors' Committee
Lowenstein Sandler LLP
65 Livingston Avenue
Roseland, New Jersey 07068
Facsimile: 973.597.2400
Attention: Kenneth A. Rosen, Esq. and Bruce Buechler, Esq.

8. Term of Injunctions or Stays.

Unless otherwise provided in the Plan, in the Confirmation Order or the Confirmation Recognition Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms. All stays provided for in the Canadian Proceedings pursuant to the orders of the Canadian Court shall remain in full force and effect until the Effective Date unless otherwise ordered by the Canadian Court.

9. Entire Agreement.

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan on the Effective Date.

10. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan.

11. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' and the Requisite Plan Sponsors' consent; and (c) nonseverable and mutually dependent.

12. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in

compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

13. Closing of Chapter 11 Cases.

The Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases. The Confirmation Recognition Order shall provide for the termination of the Canadian Proceedings upon the delivery of an Information officer's certificate on the Effective Date.

14. Waiver or Estoppel.

Each Holder of a Claim shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

15. Dissolution of the Committees.

On the Effective Date, each of the Creditors' Committee and the Equity Committee shall be dissolved and their respective members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Cases or this Plan and its implementation, and the retention of the Creditors' Committee's and Equity Committee's Professionals shall be terminated as of the Effective Date, except that the Professionals for the Creditors' Committee and Equity Committee shall be authorized to file and seek allowance of their final fee applications and reimbursement of their respective Committee member expenses.

16. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order or the Confirmation Recognition Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control in all respects.

ARTICLE VII.
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Confirmation process of the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

A. *Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan. **The Bankruptcy Court has scheduled the Confirmation Hearing for August 30, 2016, at 10:00 a.m., prevailing Eastern Time.** The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures. Any objection to the Plan must: (1) be in writing; (2) conform to the Bankruptcy Rules and the Local Rules for the United States

Bankruptcy Court for the District of Delaware; (3) state the name, address, phone number, and e-mail address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any; (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection; and (5) be Filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is actually received by the following notice parties set forth below no later than the Plan Objection Deadline. **Unless an objection to the Plan is timely served and Filed, it may not be considered by the Bankruptcy Court**.

Co-Counsel to the Debtors	
James H.M. Sprayregen, P.C. Patrick J. Nash Jr., P.C. (admitted *pro hac vice*) Ryan Preston Dahl (admitted *pro hac vice*) **KIRKLAND & ELLIS LLP** 300 North LaSalle Chicago, Illinois 60654	Laura Davis Jones (DE Bar No. 2436) James E. O'Neill (DE Bar No. 4042) Joseph M. Mulvihill (DE Bar No. 6061) **PACHULSKI STANG ZIEHL & JONES LLP** 919 North Market Street, 17th Floor P.O. Box 8705 Wilmington, Delaware 19899-8705 (Courier 19801)
Counsel to the DIP Lenders	***Counsel to the Creditors' Committee***
Michael Stamer, Esq. (admitted *pro hac vice*) Meredith Lahaie, Esq. (admitted *pro hac vice*) **AKIN GUMP STRAUSS HAUER & FELD LLP** One Bryant Park New York, New York 10036	Kenneth A. Rosen, Esq. Bruce D. Buechler, Esq. (admitted *pro hac vice*) Philip J. Gross, Esq. (admitted *pro hac vice*) **LOWENSTEIN SANDLER LLP** 65 Livingston Avenue Roseland, New Jersey 07068
Co-Counsel to the Equity Committee	***U.S. Trustee***
Ancela R. Nastasi, Esq. (admitted *pro hac vice*) William S. Katchen, Esq. (admitted *pro hac vice*) Moshie Solomon, Esq. (admitted *pro hac vice*) Marshall E. Tracht, Esq. (admitted *pro hac vice*) **NASTASI PARTNERS** 77 Water Street, 8th Floor New York, New York 10005 -and- Mark D. Collins (DE Bar No. 2981) Robert J. Stearn, Jr. (DE Bar No. 2915) Russell C. Silberglied (DE Bar No. 3462) **RICHARDS, LAYTON & FINGER, P.A.** 920 North King Street Wilmington, Delaware 19801	Office Of The United States Trustee The District of Delaware 844 King Street, Suite 2207 Wilmington, Delaware 19801 Attn: Timothy J. Fox, Jr.

The Debtors anticipate seeking recognition of the Confirmation Order from the Canadian Court as promptly as practical after entry of the Confirmation Order.

B. *Confirmation Standards.*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code with respect to each of the Debtors. Because each of the Debtors must satisfy these requirements, it is possible that the Bankruptcy Court will enter a Confirmation Order with respect to certain Debtors and not others.[25] The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Specifically, the Debtors believe that the Plan

[25] For example, the Bankruptcy Court may deny Confirmation for one or more of the Debtors if such Debtor fails to obtain the requisite acceptance of the Plan from its Classes, while still confirming the Plan with respect to the other Debtors.

satisfies or will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.

- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.

- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in sections 507(a)(2) and 507(a)(3) will receive, under different circumstances, Cash equal to the amount of such Claim either on the Effective Date (or as soon as practicable thereafter), no later than thirty (30) days after the Claim becomes Allowed, or pursuant to the terms and conditions of the transaction giving rise to the Claim; (2) Holders of Claims specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive on account of such Claims Cash equal to the Allowed amount of such Claim on the Effective Date of the Plan (or as soon thereafter as is reasonably practicable) or Cash payable over no more than six (6) months after the Petition Date; and (3) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any "insider," as that term is defined by section 101(31) of the Bankruptcy Code, holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.

- The Debtors have paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

1. The Debtor Release, Third-Party Release, Exculpation, and Injunction Provisions.

Article VIII.C of the Plan provides for releases of certain claims and Causes of Action the Debtors may hold against the Released Parties. The Released Parties are, in each case solely in their capacity as such: (a) each Debtor, the Debtors' Estates, and Reorganized Debtor; (b) each of the Debtors' current and former officers, directors, and managers; (c) the DIP Lenders; (d) the DIP Agent; (e) the Convertible Notes Indenture Trustee; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; (m) solely with respect to the Entities identified in subsections (a) and (b) herein, each of such Entities' respective predecessors, successors, and assigns, and respective current and former shareholders, affiliates, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, attorneys, financial advisors, accountants, investment bankers, and consultants; and (n) solely with respect to the Entities identified in subsections (c) through (l) herein, each of such Entities' respective agents, attorneys, representatives, principals, employees, officers, directors, managers, and advisors.

Article VIII.D of the Plan provides for releases of certain claims and Causes of Action against the Released Parties in exchange for the good and valuable consideration and the valuable compromises made by the Released Parties (the "Third-Party Release"). The Holders of Claims and Interests who are releasing certain claims and Causes of Action against non-Debtors under the Third-Party Release include: (a) all Holders of Claims who are deemed to accept the Plan; (b) each Debtor and Reorganized Debtor; (c) the Debtors' current and former officers, directors, and managers; (d) the DIP Lenders; (e) the DIP Agent; (f) the Plan Sponsors; (g) the Secured Notes Indenture Trustee; (h) the Secured Notes Collateral Agent; (i) the Unsecured Notes Indenture Trustee; (j) the Ad Hoc Group of Noteholders; (k) the Creditors' Committee; (l) the Information Officer; and (m) all other Holders of Claims who vote to accept the Plan and who do not opt out of the release provided by the Plan pursuant to a duly completed ballot submitted prior to the Voting Deadline.

Article VIII.E of the Plan provides for the exculpation of each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases. The Exculpated Parties are, in each case solely in their capacity as such: (a) each Debtor and Reorganized Debtor; (b) the Creditors' Committee; (c) each of the Debtors' officers and directors employed or serving, as applicable, as of the Petition Date; (d) the Plan Sponsors; (e) the DIP Lenders; (f) the DIP Agent; (g) the Ad Hoc Group of Noteholders; and (h) solely with respect to the Entities identified in sections (a) through (g), such Entity and its current and former Affiliates, and such Entities' and its current and former Affiliates' current and former shareholders, affiliates, attorneys, subsidiaries, principals, employees, agents, officers, directors, managers, trustees, partners, members, professionals, representatives, advisors, financial advisors, accountants, investment bankers, and consultants, each in their capacity as such. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the Plan, this Disclosure Statement, or the Chapter 11 Cases.

Article VIII.F of the Plan permanently enjoins Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan, or are subject to exculpation pursuant to the Plan, from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties.

The Plan provides that all Holders of Claims who are entitled to vote on the Plan who vote to accept the Plan and who do not expressly so indicate on the ballot they execute will be granting a release of any claims or rights they have or may have as against many individuals and Entities. The release that these Holders of Claims will be giving is broad and it includes any and all claims that such Holders may have against the Released Parties, which in any way relate to the Debtors, their operations either before or after the Chapter 11 Cases began, any securities of the Debtors, whether purchased or sold, including sales or purchases which have been rescinded, and any transaction that these Released Parties had with the Debtors. Various Holders of Claims who are entitled to vote on the Plan may have claims against a Released Party and the Debtors express no opinion on whether a Holder has a claim or the value of the claim nor do the Debtors take a position as to whether a Holder should consent to grant this release.

Holders of Claims may vote to accept the Plan and receive a distribution under the Plan without granting a release of any claims against the Released Parties. If a Holder does not want to grant a release, the

Holder must execute the section of the Ballot it receives which states: "I do not agree to grant a third party release."

Under applicable law, a debtor's release of certain parties, such as the Debtors' release of the Released Parties, is appropriate where: (a) there is an identity of interest between the debtor and the third party, such that a suit against the released non-debtor party is, at core, a suit against the debtor or will deplete assets of the estate; (b) there is a substantial contribution by the non-debtor of assets to the reorganization; (c) the injunction is essential to the reorganization; (d) there is overwhelming creditor support for the injunction; and (e) the chapter 11 plan will pay all or substantially all of the claims affected by the injunction. See, e.g., In re Indianapolis Downs, LLC, 486 B.R. 286, 303 (Bankr. D. Del. 2013) (citation omitted). Importantly, these factors are "neither exclusive nor are they a list of conjunctive requirements," but "[i]nstead, they are helpful in weighing the equities of the particular case after a fact-specific review." Id. (citations omitted). Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release, where such releases are consensual. Id. at 304–06. In addition, exculpation is appropriate where it applies to estate fiduciaries. Id. at 306. Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. In re W.R. Grace & Co., 475 B.R. 34, 107 (D. Del. 2012) (citing In re Global Indus. Techs., Inc., 645 F.3d 201, 206 (3d Cir. 2011)).

The Debtors believe that the releases, exculpations, and injunctions set forth in the Plan are appropriate because, among other things, the releases are narrowly tailored to the Debtors' restructuring proceedings, and each of the Released Parties has afforded value to the Debtors and aided in the reorganization process, which facilitated the Debtors' ability to propose and pursue confirmation of the Plan. The Debtors believe that each of the Released Parties has played an integral role in formulating the Plan and has expended significant time and resources analyzing and negotiating the issues presented by the Debtors' prepetition capital structure. The Debtors further believe that such releases, exculpations, and injunctions are a necessary part of the Plan. In addition, the Debtors believe the Third-Party Release is entirely consensual under the established case law in the United States Bankruptcy Court for the District of Delaware. See, e.g., Indianapolis Downs, 486 B.R. at 304–06; In re Washington Mut. Inc., 442 B.R. 314, 352 (Bankr. D. Del. 2011). The Debtors will be prepared to meet their burden to establish the basis for the releases, exculpations, and injunctions for each Released Party and Exculpated Party as part of Confirmation of the Plan.

(a) Notice of Proposed Released Claims and Causes of Action.

Claims and Causes of Action alleged by certain Releasing Parties include the Creditors' Committee D&O Claims, the Securities Actions, and the Creditors' Committee Standing Motion Claims; the Plan proposes to release these claims and Causes of Action. With regard to the Creditors' Committee D&O Claims, the Creditors' Committee alleges that it may have potential claims against, and a demand for monetary relief from, the Debtors' current and former directors and officers for, among other things, breach of fiduciary duties, misrepresentations, mismanagement, failure to exercise reasonable care and competence, and failure to act in good faith, regarding actions, decisions, and failure to act in connection with the construction and operation of the Mooresboro Facility. The Creditors' Committee also asserted the Creditors' Committee Standing Motion Claims, which seek to invalidate certain liens and security interests held by U.S. Bank, N.A. against the Mooresboro Facility. The Securities Actions alleged, among other things, violations under the Securities Act in connection with certain allegedly false and misleading statements made by the Securities Defendants.

2. Best Interests of Creditors Test—Liquidation Analysis.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an interest in such class either (a) has accepted the plan, or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code.

3. Creditor Recoveries.

The Plan provides recoveries to, among others, the Holders of Claims in Class 1, Class 2, Class 3, Class 4, Class 5, Class 6, Class 7, Class 8A, and Class 8B. As shown in the Liquidation Analysis attached hereto as **Exhibit C**, and as further discussed in Article II above, the Holders of General Unsecured Claims may not be entitled to any recovery if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The recoveries described in this Disclosure Statement that are available to the Holders of Claims are estimates and actual recoveries could differ materially based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceeds the estimates provided herein. The Debtors reserve, as applicable, the Debtors' or the Reorganized Debtors' right to recalibrate, as applicable, the recoveries based on, as applicable, the Debtors' or Reorganized Debtors' reasonable business judgment to account for, among other things, the Claims asserted against the Debtors' Estates after the occurrence of the Claims Bar Date.

The Debtors believe that the treatment of Claims in Classes 9, 10, 11, and 12 complies with the established case law in the United States Bankruptcy Court for the District of Delaware because the Debtors do not believe the Holders of such Claims would be entitled to a recovery in a liquidation scenario, as shown in the Liquidation Analysis, attached hereto as **Exhibit C**.

4. Valuation.

THE VALUATION INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WITH REGARD TO THE REORGANIZED DEBTORS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN.

The Debtors' advisors have undertaken the Valuation Analysis, attached hereto as **Exhibit D**, to determine the value available for distribution to Holders of Allowed Claims pursuant to the Plan, and to analyze and estimate the recoveries to such Holders thereunder. Additionally, the estimated valuation of the New Common Equity in this Disclosure Statement is based on the Valuation Analysis, and is used to estimate range of recovery percentages under the Plan for Holders of Secured Notes Claims and Unsecured Notes Claims. Accordingly, if the actual enterprise value of the Reorganized Debtors differs from the estimated enterprise value in the Valuation Analysis, the actual value of the New Common Equity and actual distributions to Holders of Secured Notes Claims and Unsecured Notes Claims may be materially different than the estimations set forth herein.

As noted in Article V.I. hereof, the Creditors' Committee raised concerns with respect to the April 13 Plan, including its belief that the enterprise value of the Reorganized Debtors significantly exceeds the estimate set forth in the Debtors' Valuation Analysis. Through good faith discussions with the Debtors and the Ad Hoc Group of Noteholders, the Creditors' Committee has negotiated significantly improved treatment of Holders of Unsecured Claims under the Plan as part of the Global Settlement that is more consistent with the Committee's belief regarding the enterprise value of the Reorganized Debtors.

The Equity Committee believes that the Debtors' Valuation Analysis materially underestimates the Debtors' value. The Equity Committee has raised two primary issues regarding the Valuation Analysis, and reserves its right to raise other objections, asserting that the Debtors have not disclosed key elements of their Valuation Analysis. The Equity Committee's two primary issues are (a) the value ascribed to the Mooresboro Facility, and (b) the zinc prices used in the Debtors' projections.

The Equity Committee notes that the Debtors have presented two sets of projections, one in which the Mooresboro Facility is kept idled (the "Idled Scenario"), and one in which it is brought back into production (the "Ramp-Up Scenario"). The Equity Committee asserts that the Debtors' valuation, however, is premised solely on the Idled Scenario, and does not take into account any of the value that would be created under the Ramp-Up Scenario. The Equity Committee notes that under the Ramp-Up Scenario, the Debtors project that an investment of approximately $117.0 million over 36 months would ultimately increase the Debtors' EBITDA by more than $50.0 million per year, although in their prepetition statements, the Debtors repeatedly estimated that the

Mooresboro Facility would generate incremental EBITDA of $90.0 million to $110.0 million over earnings, compared to the now-closed Monaca Facility.

The Equity Committee believes that the Debtors' revenue and earnings projections, and therefore the Debtors' valuation, are materially depressed by the use of low projected zinc prices. The Debtors' projections are based on a price of $0.80 per pound for zinc for the second half of 2016, $0.89 per pound for 2017, and $1.00 pound thereafter. As of June 10, 2016, zinc traded at approximately $0.94 per pound and, while there are no assurances, the Equity Committee believes the price is likely to increase due to the recent closing of several major zinc mines.

For the avoidance of doubt and notwithstanding anything to the contrary contained herein or in the Plan, the Debtors and the Ad Hoc Group of Noteholders reserve all rights as to these assertions.

5. Financial Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation or reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared certain financial projections, which projections and the assumptions upon which they are based are attached hereto as **Exhibit B** (the "Financial Projections"). Based on these Financial Projections, the Debtors believe the deleveraging contemplated by the Plan meets the financial feasibility requirement. Moreover, the Debtors believe that sufficient funds will exist to make all payments required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

C. *Acceptance by Impaired Classes.*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance of the Plan, subject to Article III of the Plan. Section 1126(d) of the Bankruptcy Code similarly defines acceptance of a plan by a class of impaired interests, however, Holders of Interests are not entitled to vote on the Plan on account of such Interests.

Article III.E of the Plan provides in full: "If a Class contains Holders of Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class." Such "deemed acceptance" by an impaired class in which no class members submit ballots satisfies section 1129(a)(10) of the Bankruptcy Code. In re Tribune Co., 464 B.R. 126, 183 (Bankr. D. Del. 2011) ("Would 'deemed acceptance' by a non-voting impaired class, in the absence of objection, constitute the necessary 'consent' to a proposed 'per plan' scheme? I conclude that it may." (footnote omitted)); see also In re Adelphia Commc'ns Corp., 368 B.R. 140, 259–63 (Bankr. S.D.N.Y. 2007).

D. *Confirmation without Acceptance by All Impaired Classes.*

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan; provided, however, the plan is accepted by at least one impaired class (without regard to the votes of insiders). Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

1. No Unfair Discrimination.

The test for unfair discrimination applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent but that such treatment be "fair." In general, courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). The Debtors do not believe the Plan discriminates unfairly against any Impaired Class of Claims or Interests, and have set forth the basis for the disparate treatment of certain Classes of Claims in Article VII.B.3 hereof. Accordingly, the Debtors believe that the Plan and the treatment of all Classes of Claims and Interests satisfy the foregoing requirements for non-consensual Confirmation.

2. Fair and Equitable Test.

The fair and equitable test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class receiving more than a 100% recovery and no junior Class is receiving a distribution under the Plan until all senior Classes have received a 100% recovery.

(a) Secured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) (x) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (y) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens; or (ii) the holders of such secured claims realize the indubitable equivalent of such claims. 11 U.S.C. § 1129(b)(2)(A).

(b) Unsecured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property. 11 U.S.C. § 1129(b)(2)(B).

(c) Interests.

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of

(x) the allowed amount of any fixed liquidation preference to which such holder is entitled, and (y) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under clause (i) above, no class of interests junior to the non-accepting class may receive a distribution under the plan. 11 U.S.C. § 1129(b)(2)(C).

ARTICLE VIII.
CERTAIN RISK FACTORS TO BE CONSIDERED BEFORE VOTING

Holders of Claims entitled to vote should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement, the Plan, the Plan Supplement, and the documents delivered together with this Disclosure Statement, referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' business or the Plan and its implementation.

A. *Risk Factors that May Affect Recovery Available to Holders of Allowed Claims Under the Plan.*

1. The Debtors May Not Be Able to Secure Plan Confirmation Within the Milestones Currently Required by the DIP Credit Agreement.

The Debtors may not be able to secure confirmation of the Plan within the milestones currently contemplated by the DIP Credit Agreement, which require, among other things, for the Bankruptcy Court to enter an order confirming the Plan by August 31, 2016, unless extended, and for the Canadian Court to issue the Confirmation Recognition Order by September 2, 2016, unless extended. The Debtors cannot guarantee that the DIP Lenders would agree to amend the DIP Credit Agreement to extend the confirmation milestones beyond August 31, 2016 and September 2, 2016, respectively. To the extent that the terms or conditions of the DIP Credit Agreement are not satisfied, or to the extent events giving rise to termination of the DIP Credit Agreement occur, the DIP Credit Agreement may terminate prior to the Confirmation of the Plan, which could result in the loss of financing and/or support for the Plan by important creditor constituents. Any such loss of financing and/or support could adversely affect the Debtors' ability to reorganize and confirm and consummate the Plan.

2. The Debtors May Not Be Able to Satisfy the Conditions Precedent to Consummation of the Plan.

To the extent that the Debtors are unable to satisfy the conditions precedent to consummation of the Plan, the Debtors may be unable to consummate the Plan and the DIP Lenders may terminate their support for the Plan prior to the Confirmation or Consummation of the Plan. This loss would result in the loss of support for the Plan by important creditor constituents. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

3. Actual Amounts of Allowed Claims May Differ from Estimated Amounts of Allowed Claims, Thereby Adversely Affecting the Recovery of Some Holders of Allowed Claims.

The estimate of Allowed Claims and recoveries for Holders of Allowed Claims set forth in this Disclosure Statement are based on various assumptions. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary significantly from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims under the Plan and the Reorganized Debtors' ability to meet their Financial Projections.

4. The Reorganized Debtors May Not Be Able to Meet the Projected Financial Results.

The Reorganized Debtors may not be able to meet their current projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results, the Reorganized Debtors may lack sufficient liquidity to continue operating as planned, may be unable to service their debt obligations, and may not be able to

meet their working capital and operational needs. Any one of these failures may preclude the Reorganized Debtors from, among other things: (a) achieving positive EBITDA and ultimately, profitability; (b) restarting the idled Mooresboro Facility; (c) making the necessary capital expenditures to the Debtors' Mooresboro Facility and other facilities and related operations; (d) taking advantage of future business opportunities; and (e) responding to competitive pressures.

B. *Risks Related to the UPA and the Additional Capital Commitment.*

1. The Debtors May Not Be Able to Consummate the Transactions Contemplated by the UPA.

The occurrence of the Effective Date is predicated on, among other things, the approval and consummation of the transactions contemplated by the UPA. The Debtors may not be able to obtain approval of the UPA if, among other things, the Debtors do not reach a definitive agreement as to the terms of the UPA with the Plan Sponsors, including its respective exhibits and schedules, or, once agreed and executed, the Plan Sponsors exercise their contractual right to terminate the UPA if, among other reasons, the deadlines set forth in the UPA or the various conditions precedent therein are not satisfied. Failure to enter into and then subsequently consummate the transactions contemplated by the UPA may result in the inability of the Debtors to effectuate the transactions scheduled for consummation on the Effective Date.

2. Holders Who Are Not Permitted, or Who Do Not Elect to Commit to Purchase Additional Capital Commitment Units May Hold Substantially Diluted New Common Equity.

Under the Plan, prior to the Effective Date, each Holder of a Secured Notes Claim (including each Plan Sponsor) is entitled to receive its Pro Rata share of 93.29% of the New Common Equity. However, under the terms of the Plan, the distribution of New Common Equity to Holders of Secured Notes Claims is expressly subject to dilution on account of the UPA Units and any New Common Equity to be issued (a) pursuant to the Warrants, (b) pursuant to the MEIP, and (c) on account of the Additional Capital Commitment Units, at any time on or after the Effective Date.

Further, with respect to the Additional Capital Commitment, the extent of the dilution is not known at this time, and will vary depending on, among other things, the portion of the Additional Capital Commitment Amount that is called by Reorganized Horsehead and the fair market value of the Additional Capital Commitment Units at the time the Additional Capital Commitment Amount is called by the Reorganized Debtors, in accordance with the procedures set forth in the UPA.

As a result, if the Additional Capital Commitment is consummated and subsequently called by Reorganized Horsehead, each Plan Sponsor that is an Eligible Holder who is unable to or does not elect to commit to purchase its respective Additional Capital Commitment in full, will have diluted equity ownership of Reorganized Horsehead as compared to full participation, the full extent of which dilution is not known and may vary depending on the decisions of the Reorganized Debtors.

3. Holders of Unsecured Notes Claims Receiving New Common Equity May Be Substantially Diluted.

Under the Plan, prior to the Effective Date, each Holder of an Unsecured Notes Claim is entitled to receive its Pro Rata share of 6.71% of the New Common Equity; provided, however, that under the terms of the Plan, the distribution of New Common Equity to Holders of Unsecured Notes Claims is expressly subject to dilution (a) for the UPA Units, (b) pursuant to the Warrants, (c) pursuant to the MEIP, and (d) on account of the Additional Capital Commitment Units, at any time on or after the Effective Date.

4. The Additional Capital Commitment is Not Transferrable and There is No Market for the Additional Capital Commitment.

Following the Effective Date, the Additional Capital Commitment Participants may not sell, transfer, or assign their Additional Capital Commitment. The Additional Capital Commitments are only transferable by operation of law. Because the Additional Capital Commitments are non-transferable, there is no market or other

means for Holders of Additional Capital Commitments to directly realize any value associated with the Additional Capital Commitments prior to Reorganized Horsehead calling such Additional Capital Commitment. To realize any value that may be embedded in the Additional Capital Commitments, Additional Capital Commitment Participants must actually purchase their Additional Capital Commitment Units in accordance with the terms of the UPA.

5. Once an Eligible Holder has Elected to Commit to Purchase Additional Capital Commitment Units Pursuant to the Additional Capital Commitment, such Election May Not be Revoked.

Once an Eligible Holder has elected to commit to purchase its Additional Capital Commitment Units pursuant to the Additional Capital Commitment, such election may not be revoked in whole or in part for any reason. If an Eligible Holder elects to commit to purchase its portion of Additional Capital Commitment Units pursuant to the Additional Capital Commitment and purchases Additional Capital Commitment Units pursuant thereto, such Eligible Holder may not be able to sell the Additional Capital Commitment Units purchased under the Additional Capital Commitment at a price equal to or greater than the purchase price for the Additional Capital Commitment Units, or at all, and such Eligible Holder may lose all or part of its investment in the Additional Capital Commitment Units.

6. The Purchase Price of the Additional Capital Commitment Units is Not Necessarily an Indication of Value.

Reorganized Horsehead is entering into the Additional Capital Commitment to ensure sufficient capital is readily available to call for purposes, among other things, of funding and operating the Mooresboro Facility, and for general corporate purposes. The terms of the Additional Capital Commitment, including the purchase price of the Additional Capital Commitment Units, are determined based on many factors, including, without limitation, prevailing market conditions and difficulties currently facing the zinc industry business, the Debtors' historical performance, the Reorganized Debtors' ability to raise alternative debt and/or equity financing, estimates of the Reorganized Debtors' business potential and earnings prospects, and an assessment of the fair market value of the Reorganized Debtors. Although the Debtors intended to capture a fair market value of the Additional Capital Commitment Units, there is no public market for the Additional Capital Commitment Units to confirm such value, and as such, the purchase price of the Additional Capital Commitment Units does not necessarily bear any relationship to the fair market value of the Reorganized Debtors or the Reorganized Debtors' net worth, liquidation value, past operations, cash flows, losses, financial condition, or any other established criteria for valuing the Reorganized Debtors. There can be no assurance that any Holder may be able to sell the Additional Capital Commitment Units at a price equal to or greater than the purchase price of the Additional Capital Commitment Units. Furthermore, because the Reorganized Debtors' liquidation value is less than their value as a going concern, a Holder may suffer a loss in the value of the Additional Capital Commitment Units if the Reorganized Debtors are required to sell any assets.

7. The Debtors May Not Call the Additional Capital Commitment.

Subject to the terms and conditions of the UPA, the Debtors may not call the Additional Capital Commitment at any time, and any portion of the Additional Capital Commitment not called will immediately terminate upon the six (6) month anniversary of the Effective Date.

C. *Risk Factors that Could Negatively Affect the Debtors' Businesses.*

The Debtors are subject to a number of risks, including (1) bankruptcy-related risk factors, and (2) general business and financial risk factors. Any or all such factors, which are enumerated below, may have a materially adverse effect on the business, financial condition, or results of operations of the Debtors.

1. Certain Bankruptcy Law Considerations.

The occurrence or non-occurrence of any or all of the following contingencies, and any others, may affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the

vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

(a) Parties in Interest May Object to the Plan's Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

(b) Failure to Satisfy Vote Requirements.

In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. There can be no assurance that the Debtors will receive the requisite votes from Holders of Claims in the requisite Classes to constitute acceptance of the Plan by such Classes, because Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in such Classes must vote to accept the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

(c) The Debtors May Not Be Able to Secure Confirmation of the Plan.

The Debtors will need to satisfy section 1129 of the Bankruptcy Code, which sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by a bankruptcy court that: (i) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (ii) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (iii) the value of distributions to non-accepting holders of claims and interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the Solicitation Procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtors could be implemented and what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan and approval by the Requisite Plan Sponsors, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications may result in a less favorable treatment of any Class than the treatment currently provided in the Plan. Such a less favorable treatment may include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

(d) Parties in Interest May Object to the Releases Provided by the Plan.

Certain creditors may assert that the Debtors cannot demonstrate that they meet the standards for approval of releases from third parties established by the United States Court of Appeals for the Third Circuit.

(e) Nonconsensual Confirmation.

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

(f) The Debtors May Object to the Amount or Classification of a Claim.

Except as provided in the Plan, the Debtors reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection, thus, may not receive its expected share of the estimated distributions described in this Disclosure Statement.

(g) Risk of Non-Occurrence of the Effective Date.

Although the Debtors believe that the Effective Date will occur promptly after the Confirmation Date, there can be no assurance as to such timing or as to whether such an Effective Date will, in fact, occur.

(h) Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which may affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

(i) The Debtors May Not Obtain Recognition from the Canadian Court.

As a condition precedent to the Effective Date, the Plan requires that the Canadian Court shall have entered the Confirmation Recognition Order. The Debtors believe that such order will be granted by the Canadian Court, however, there can be no guaranty as to such outcome.

2. General Bankruptcy-Related Risk Factors.

For the duration of the Chapter 11 Cases and the Canadian Proceedings, the Debtors' operations and their ability to execute their business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- The Chapter 11 Cases may adversely affect the Debtors' business prospects and their ability to operate.
- The Chapter 11 Cases and the attendant difficulties of operating the Debtors' businesses while attempting to reorganize the business in bankruptcy may make it more difficult to maintain and promote the Debtors' services and attract customers to their businesses.
- The Chapter 11 Cases will cause the Debtors to incur substantial costs for fees and other expenses associated with the Chapter 11 Cases and the Canadian Proceedings.

- The Chapter 11 Cases may prevent the Debtors from investing in the currently-idled Mooresboro Facility and may restrict their ability to pursue other business strategies. Among other things, the Bankruptcy Code, the Canadian Proceedings, and the DIP Credit Agreement limit the Debtors' ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell, or otherwise dispose of assets or grant liens. These restrictions may place the Debtors at a significant competitive disadvantage.

- Transactions by the Debtors outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court and with respect to property located in Canada, the Canadian Court, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. The Debtors may not be able to obtain Bankruptcy Court approval or such approval may be delayed with respect to actions they seek to undertake during the pendency of the Chapter 11 Cases or Canadian Proceedings.

- The Debtors may be unable to retain and motivate key executives and employees through the process of reorganization, and the Debtors may have difficulty attracting new employees. In addition, so long as the Chapter 11 Cases continue, the Debtors' senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations.

- There can be no assurance as to the Debtors' ability to maintain sufficient financing sources to fund their business and meet future obligations. The Debtors intend to finance their operations during their reorganization using funds from operations and the DIP Facility. There can be no assurance that the Debtors will be able to operate pursuant to the terms of the DIP Facility, including the financial covenants and restrictions contained therein, or to negotiate and obtain necessary approvals, amendments, waivers, or other types of modifications, and to otherwise fund and execute the Debtors' business plans throughout the duration of the Chapter 11 Cases and Canadian Proceedings.

- There can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm, and consummate the Plan with respect to the Chapter 11 Cases that are acceptable to the Bankruptcy Court, the Canadian Court, and the Debtors' creditors, equity holders, and other parties in interest.

- Additionally, third parties may seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm the Plan, to appoint a chapter 11 trustee, or to convert the cases to chapter 7 cases.

- In addition, the uncertainty regarding the eventual outcome of the Debtors' restructuring, and the effect of other unknown adverse factors could threaten the Debtors' existence as a going-concern. Continuing on a going-concern basis of the Debtors' business is dependent upon, among other things, obtaining Bankruptcy Court approval of a chapter 11 plan and Canadian Court recognition of the same, maintaining the support of key vendors and customers, and retaining key personnel, along with financial, business, and other factors, many of which are beyond the Debtors' control. Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise in accordance with the Bankruptcy Code, distributions from the estate for prepetition liabilities and postpetition liabilities must comply with section 1129 of the Bankruptcy Code. The ultimate recovery to Holders of Claims will not be determined until Confirmation of the Plan or an alternative chapter 11 plan. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Cases to each of these constituencies or what types or amounts of distributions, if any, they will receive.

3. General Business and Financial Risk Factors.

(a) Recent Declines in Zinc and Nickel Prices.

Recent declines in the LME base metals pricing, particularly with regard to zinc and nickel, may continue to have a significant impact on the Debtors' liquidity, operating results, and financial condition. The Debtors derive most of their revenue from the sale of zinc and a portion of their revenue from the sale of nickel-containing products. Changes in the market prices of zinc and nickel impact the selling prices of the Debtors' products. Therefore, the Debtors' liquidity and profitability are significantly affected by decreased zinc and nickel prices. Since May 2015, the price of zinc has fallen approximately 34%, reaching a five-year low in September 2015. The price of nickel has fallen approximately 50% from May 2014 to September 2015. If the prices of zinc and nickel continue to decline and the Debtors are unable to restart and improve the production rates and operational capabilities at the Mooresboro Facility, the Debtors' liquidity, financial condition, and operating results will be materially and adversely affected.

Market prices of zinc and nickel are dependent upon a variety of factors over which the Debtors have no control, including:

- the balance between supply and demand;
- availability and relative pricing of metal substitutes;
- labor costs;
- import and export restrictions;
- energy prices;
- economic conditions in the United States, China, and elsewhere in the world;
- environmental laws and regulations;
- weather; and
- the effect of financial commodity speculations.

Declines in the price of zinc have had a negative impact on the Debtors' operations in the past and in the months leading up to the Petition Date, and future declines could further negatively impact the Debtors' future financial conditions and/or operational results. Market conditions beyond the Debtors' control determine the prices for their products, and the price for any one or more of their products may fall below their production costs, requiring the Debtors to either incur short-term losses and/or idle or permanently shut down production capacity.

(b) General Economic Conditions.

The Debtors' business is adversely affected by decreases in the general level of economic activity, including the levels of purchasing and investment in general. Strengthening of the rate of exchange for the U.S. dollar against certain major currencies may adversely affect the Debtors' financial results or domestic customers' ability to export their product. The Debtors are unable to predict the likely duration and severity of disruptions in financial markets and sluggish economic conditions in the United States and other countries, and any resulting effects or changes, including those described above, may have a material and adverse effect on the Debtors' businesses, operational results, and financial condition. In their Financial Projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. The stability of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, the housing market, consumer spending, war, terrorism, natural disasters, and other such factors. Any one of these or other economic factors could have a significant effect on the operating performance of the Debtors.

(c) Implementation of Business Plan.

The Debtors may not achieve their business plan and financial restructuring strategy. For example, the restart and remediation of the issues existing at the Mooresboro Facility may take longer and prove to be substantially more expensive than the Debtors currently estimate. In such event, the Reorganized Debtors may be

unable to restructure their funded debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated in this Disclosure Statement, or become subject to further insolvency proceedings.

(d) Ramp Up of the Mooresboro Facility.

The Mooresboro Facility experienced significant operational difficulties prior to its idling that resulted in low production and several interruptions, and prevented it from ever achieving its design capacity. Some of the difficulties the Debtors have faced are a bleed treatment system with insufficient capacity, inadequate removal of solids from the leach clarifier overflow, poor current efficiency caused by occasional excursions in electrolyte chemistry, and intermittent equipment reliability issues related to plugging and failure of process lines, pumps, and filters. Although the Debtors believe that the Reorganized Debtors will ultimately succeed in making the necessary repairs and upgrades to the Mooresboro Facility, which will enable it to operate at or near full capacity, there are significant risks that such efforts will be unsuccessful and that the Reorganized Debtors will continue to suffer a loss of cash flow due to operational issues at the Mooresboro Facility. The Reorganized Debtors cannot foresee the severity of known issues, guarantee that their efforts to remediate known issues will be sufficient, or guarantee that they will be able to remediate such issues in a timely or cost-effective manner. In addition, the Reorganized Debtors cannot guarantee that they will not encounter additional issues that result in further delays and unexpected costs. In that event, the Reorganized Debtors may be unable to restructure their funded debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated in this Disclosure Statement, or become subject to further insolvency proceedings.

(e) Projected Benefits from the Mooresboro Facility.

Even if the Reorganized Debtors are able to restart the Mooresboro Facility and resume operations, the benefits that the Reorganized Debtors are projected to receive from the Mooresboro Facility are based on numerous assumptions that, if incorrect, could negatively impact such projected benefits. Specifically, the technology used at the Mooresboro Facility has only been implemented in a limited number of production environments, and the Debtors' assumptions with regard to this technology have proved incorrect in certain instances in the past. Some aspects of this technology have not been tested in exactly the same manner or on a similar scale as compared to the Mooresboro Facility. In addition, the equipment in the Mooresboro Facility may not be operated in exactly the same manner as in other production environments. For example, when the Mooresboro Facility began operations in May 2014, it had intermittent success with producing more lucrative grades of zinc metal. The Reorganized Debtors may also not be able to realize the reduced recycling costs or the logistical benefits originally anticipated from the Mooresboro Facility operations, and may also be unable to penetrate the markets for certain grades of zinc metal that the Mooresboro Facility was designed to produce.

(f) Fluctuations in the Metals Industry.

The metals industry is highly cyclical. The length and magnitude of industry cycles have varied over time and by product but generally reflect changes in macroeconomic conditions, levels of industry capacity and availability of usable raw materials. The overall levels of demand for the Debtors' products containing zinc or nickel reflect fluctuations in levels of end-user demand, which depend in large part on general macroeconomic conditions in North America and regional economic conditions in the Debtors' markets. For example, many of the principal end consumers of zinc metal and zinc-related products operate in industries such as transportation, construction, or general manufacturing, which themselves are heavily dependent on general economic conditions, including the availability of affordable energy sources, employment levels, interest rates, consumer confidence, and housing demand. These cyclical shifts in the Debtors' customers' industries tend to result in significant fluctuations in demand and pricing for the Debtors' products and services. As a result, in periods of recession or low economic growth, metals companies, including the Debtors, have generally tended to under-perform compared to other industries. The Debtors generally have high fixed costs, so changes in industry demand that impact their production volume also can significantly impact profit margins and the Debtors' overall financial condition. Economic downturns in the national and international economies and prolonged recessions in the Debtors' principal industry segments have had a negative impact on the Debtors' operations, and a continuation or further deterioration of

current economic conditions could have a negative impact on the Reorganized Debtors' future financial condition and/or operational results.

(g) Long Term Demand and Competing Technologies.

The Debtors' zinc and nickel-based products compete with other materials in many of their applications. For example, zinc is used by steel fabricators in the hot dip galvanizing process, in which steel is coated with zinc to protect it from corrosion. Steel fabricators can also use paint, which the Debtors do not sell, for corrosion protection. Demand for the Debtors' zinc as a galvanizing material may shift depending on how customers view the respective merits of hot dip galvanizing and paint. In addition, zinc is also used by continuous galvanizers to produce galvanized flat-rolled sheet steel for the automotive market. Some automotive companies have begun to use lighter weight aluminum to replace galvanized steel to meet fuel efficiency standards by reducing vehicle weight, and to meet recycling standards. Any such shifts in industry uses could affect the Debtors' sales.

The Debtors' nickel-bearing products are used in the stainless steel industry, and demand for their products and services may decline if demand for stainless steel lessens. Nickel-bearing stainless steel faces competition from stainless steels containing a lower level of nickel or no nickel. Domestic production of stainless steel may be negatively impacted by imports.

In addition, in periods of high zinc and nickel prices, consumers of these metals may have additional incentives to invest in the development of technologically viable substitutes for zinc and nickel-based products. Similarly, customers may develop ways to manufacture their products by using less zinc and nickel-bearing material than they do currently. If one or more of the Debtors' customers successfully identifies alternative products that can be substituted for the Debtors' zinc or nickel-based products, or find ways to reduce their zinc or nickel consumption, the Debtors' sales to those and other customers would likely decline.

Demand for the Debtors' EAF dust or nickel-bearing waste recycling operations may decline to the extent that steel mini-mill producers identify less expensive or more convenient alternatives for the disposal of their EAF dust or nickel-bearing waste, or if the EPA were to no longer classify EAF dust as a listed hazardous waste. The Reorganized Debtors may face increased competition from other EAF dust or nickel-bearing waste recyclers, including new entrants into those recycling markets, or from landfills implementing more effective disposal techniques. Furthermore, the Debtors' current recycling customers may seek to capitalize on the value of the EAF dust or nickel-bearing waste produced by their operations, or may seek to recycle their material themselves, or reduce the price they pay to the Debtors for the material they deliver.

In their zinc oxide business, the Debtors face competition from new capacity added to the market by U.S. Zinc and by Zinc Oxide LLC, a new zinc oxide manufacturer located in Tennessee, which started production in 2014. This additional capacity in the market may result in downward pressure on prices as these producers attempt to capture new business. Any of these developments would have an adverse effect on the Debtors' financial results.

(h) Market Share and Industry Competition.

The Debtors face intense competition from regional, national, and global companies in each of the markets they serve, and also face the potential for future entrants and competitors. The Debtors compete on the basis of product quality, on-time delivery performance and price, with price representing a more important factor for the Debtors' larger customers and for sales of standard zinc products than for smaller customers and customers to whom the Debtors sell value-added zinc-based products. The Debtors' competitors include other independent zinc producers as well as metal traders, vertically integrated zinc companies that mine and produce zinc. Some of their competitors have substantially greater resources, including financial resources, than the Debtors, and several of the Debtors' competitors have a greater market share than the Debtors. The Debtors' competitors may also foresee the course of market development more accurately than the Debtors, sell products at a lower price than the Debtors can, and/or adapt more quickly to new technologies or industry and customer requirements. The Debtors operate in a global marketplace, and zinc metal imports have historically represented approximately 75% of zinc metal consumption in the United States.

In the future, foreign zinc metal producers may develop new ways of packaging and transporting zinc metal that could mitigate the freight cost and other shipping limitations that the Debtors believe currently limit their ability to more fully penetrate the United States zinc market. If the Debtors' customers in any of the end-user markets they serve were to shift their production outside the United States and Canada, then those customers would likely source zinc overseas and, as a result, the Debtors' net sales and operational results would be adversely affected. If the Debtors cannot compete other than by reducing prices, they may lose market share and suffer reduced profit margins. If the Debtors' competitors lower their prices, it could inhibit the Debtors' ability to compete for customers with higher value-added sales and could lead to a reduction in sales volumes and profit. If the Debtors' product mix changed as a result of competitive pricing, it could have an adverse impact on their gross margins and profitability.

(i) Supplier Relationships.

The Debtors rely significantly on their suppliers. Adverse changes in any of the relationships with their suppliers, or the inability to enter into new relationships with suppliers, could negatively impact the Debtors' operations and performance. The Debtors' current arrangements with suppliers may not remain in effect on current or similar terms, and the impact of changes to those arrangements may adversely impact the Debtors' revenue.

(j) Equipment and Power Failures, Delivery Delays, and Catastrophic Loss.

An interruption in production or service capabilities at any of the Debtors' production facilities as a result of equipment or power failure, or for other reasons, could limit the Debtors' ability to deliver products to their customers, which would reduce net sales and net income, increase costs, and potentially damage relationships with customers. Any significant delay in deliveries to the Debtors' customers could lead to increased returns or cancellations, damage to the Debtors' reputation, and/or permanent loss of customers. Any such production stoppage or delay could also require the Debtors to make unplanned capital expenditures, which together with reduced sales and increased costs, could adversely affect the Debtors' financial and/or operational results.

Furthermore, because many of the Debtors' customers are, to varying degrees, dependent on deliveries from the Debtors' facilities, customers that have to reschedule their own production due to the Debtors' missed deliveries could pursue financial claims against the Debtors. The Debtors' facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, adverse weather conditions, or other refinery incidents. The Debtors have experienced, and may experience in the future, periods of reduced production as a result of repairs that are necessary to their operations. If any of these events occur in the future, they could have a material adverse effect on the Debtors' businesses, financial condition, or operational results. The Debtors' insurance policies may not cover all of their losses and the Debtors could incur uninsured losses and liabilities arising from, among other things, loss of life, physical damage, business interruptions, and product liability.

(k) Operational Costs.

Many of the expenses associated with owning, repairing, upgrading, and operating the Mooresboro Facility and the Debtors' other operations, such as debt-service payments, property taxes, insurance, and utilities, are relatively inflexible and do not necessarily decrease in tandem with a reduction in the Debtors' revenue. The Reorganized Debtors' expenses also will be affected by inflationary increases and certain costs may exceed the rate of inflation in any given period. In the event of a significant decrease in demand for zinc and EAF dust processing services, the Reorganized Debtors may be unable to reduce the size of their workforces to decrease wages and benefits or to offset any such increased expenses with higher electricity, or decreases revenues due to decreased zinc prices. As a result, any of the Reorganized Debtors' efforts to reduce operating costs or failure to make scheduled capital expenditures also could adversely affect the future growth of their business and the value of the Reorganized Debtors' assets and it is possible that increased operational costs may decrease the Reorganized Debtors' net revenues.

(l) Current and Future Credit and Financial Market Conditions.

Financial markets in the United States, Europe, and Asia have experienced disruption, including, among other things, volatility in securities prices, diminished liquidity and credit availability, rating downgrades of certain investments, and declining valuations of others. There can be no assurance that there will not be further deterioration in these markets and confidence in economic conditions. These economic developments affect businesses, such as the Debtors', in a number of ways. Tightening credit in financial markets may delay or prevent the Debtors' customers from securing funding adequate to honor their existing contracts with us or to enter into new contracts to purchase the Debtors' products, and could result in a decrease in or cancellation of orders for the Debtors' products. The Debtors' customers may also seek to delay deliveries of the Debtors' products under existing contracts, which may postpone the Debtors' ability to recognize revenue on contracts in their order backlog.

(m) Potential Costs to Comply with Environmental Laws.

The Debtors' activities are subject to complex and stringent environmental, energy, and other governmental laws and regulations that have had and will continue to have an impact on the Reorganized Debtor's operations and investment decisions and which could adversely affect their operations. These laws include the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Superfund Amendment Reauthorization Act ("Superfund"), RCRA, the Clean Air Act, the Clean Water Act, and their state and provincial equivalents, among others. Regulatory compliance for the operation of the Reorganized Debtors' facilities can be a costly and time-consuming process. The operation of the Debtors' facilities requires numerous permits, approvals, and certificates from appropriate federal, state, and local governmental agencies, as well as compliance with environmental and energy laws and regulations. Although the Debtors believe that they have obtained or applied for the requisite approvals and permits for their existing operations and that their business is operated in substantial compliance with applicable laws and regulations, the Debtors remain subject to certain pending environmental enforcement actions and are subject to a varied and complex body of laws and regulations that both governmental authorities and third parties may seek to enforce in the future. In addition, accidental spills, releases, or other events may occur in the course of the Reorganized Debtors' operations, and the Debtors cannot give any assurance that they will not incur substantial costs and liabilities as a result of such spills or releases, instances of noncompliance, or other events, including those relating to claims for damage to property, persons, natural resources, or the environment.

In addition, existing laws and regulations may be revised or reinterpreted, or new laws and regulations that may be more stringent may become applicable to the Reorganized Debtors that may have a negative effect on their business and results of operations. Intricate and changing environmental, energy, and other regulatory requirements may necessitate substantial expenditures to attain compliance, including obtaining and maintaining permits. If operations are unable to function as planned due to changing requirements, loss of required permits or regulatory status, or local opposition, it may create expensive delays, extended periods of non-operation, or significant loss of value in such operations.

(n) Employee and Labor Relations Issues.

The Reorganized Debtors may be subject to many of the costs and risks generally associated with having a unionized workforce. Of the Reorganized Debtors' approximately 682 total employees, about 277 U.S. employees will be represented by unions (the "U.S. Union Employees"). The Reorganized Debtors will be subject to five different collective bargaining agreements governing the terms and conditions of the U.S. Union Employees in Pennsylvania, Illinois, and Tennessee. Two of these collective bargaining agreements are due to expire in 2016; the collective bargaining agreement with Teamsters Local Union No. 261 will expire on October 31, 2016, and the collective bargaining agreement with the United Transportation Union will expire on December 15, 2016. Because of some of the Reorganized Debtors' employees in the U.S. are represented by unions, from time to time, operations could be disrupted as a result of strikes, lockouts, or other concerted union activity. Further, the collective bargaining agreement applicable to the Zochem employees in Brampton, Ontario, Canada was set to expire on June 30, 2016, but the Debtors secured an extension until July 31, 2016 to renegotiate the terms of the collective bargaining agreement. The Reorganized Debtors may also incur increased legal costs and labor costs as a result of the collective bargaining agreements, contract disputes, negotiations, or other events. The resolution of labor

disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise operating costs. The Reorganized Debtors may not have the ability to affect the outcome of these negotiations.

Additionally, the Reorganized Debtors will be subject to the requirements of the United States Occupational Safety and Health Administration ("OSHA"), and comparable state and provincial statutes that regulate the protection of the health and safety of workers. The OSHA hazard communication standard and the Canadian Workplace Hazardous Materials Information System standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state, provincial, and local government authorities and customers. The Reorganized Debtors will also be subject to federal, state, and provincial laws regarding operational safety. Costs and liabilities related to worker safety may be incurred and any violation of health and safety laws or regulations could impose substantial costs on the Reorganized Debtors. Possible future developments, including stricter safety laws for workers or others, regulations and enforcement policies, and claims for personal injury or property damages resulting from the Reorganized Debtors' operations could result in substantial costs and liabilities that could impose significant costs on the Reorganized Debtors.

Moreover, the Reorganized Debtors' success will depend, in part, on the efforts of their executive officers and other key employees, none of whom are covered by key person insurance policies. These individuals possess sales, marketing, engineering, manufacturing, financial, and administrative skills that are critical to the operation of the Debtors' businesses. If the Reorganized Debtors lose or suffer an extended interruption in the services of one or more of their executive officers or other key employees, the Reorganized Debtors' businesses, operational results, and financial condition may be negatively impacted.

In addition, because of the nature of the Debtors' operations, and in particular, the technology associated with the Mooresboro Facility, they require highly specialized and skilled operators. If unable to attract and retain these individuals, the Reorganized Debtors' businesses may suffer. The market for qualified individuals is highly competitive and the Reorganized Debtors may not be able to attract and retain qualified personnel to succeed members of their management team, or other key employees and operators should the need arise.

(o) Capital Expenditures.

In addition to the substantial capital expenditures anticipated in connection with the restart and continued ramp up of the Mooresboro Facility, the Reorganized Debtors will have an ongoing need to make potentially significant capital expenditures generally to remain competitive in the relevant marketplaces or to comply with applicable laws or regulations. The timing and costs of such capital expenditures may result in reduced operating performance during construction and may not improve the return on these investments. These capital expenditures may also reduce the availability of cash for other purposes and are subject to cost overruns and delays.

(p) Intellectual Property.

The Debtors rely upon proprietary know-how, continuing technological and operating innovation, and other trade secrets to develop and maintain their competitive position. The Reorganized Debtors' competitors could gain knowledge of this know-how or these trade secrets, either directly or through one or more of the Reorganized Debtors' employees or other third parties. If one or more of the Reorganized Debtors' competitors can use or independently develop such know-how or trade secrets, the Reorganized Debtors' market share, sales volumes, and profit margins could be adversely affected.

(q) Pending and Future Litigation.

There is, or may be in the future, certain litigation that could result in a material judgment against the Debtors or the Reorganized Debtors. Such litigation and any judgment in connection therewith could have a material negative effect on the Debtors or the Reorganized Debtors.

D. *Risks Related to the New Common Equity.*

1. The Estimated Value of the New Common Equity in Connection with the Plan May Differ from the Actual Value of the New Common Equity.

The estimated value of the New Common Equity for purposes of estimating recovery percentages under the Plan is based on the Valuation Analysis, attached hereto as **Exhibit D**, which represents a hypothetical valuation of the Reorganized Debtors and assumes that, among other things, such Reorganized Debtors continue as an operating business. The Valuation Analysis does not purport to constitute an appraisal of the Reorganized Debtors or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors or their assets, which may be materially different than the estimate set forth in the Valuation Analysis. Accordingly, the estimated value of the New Common Equity does not necessarily reflect the actual market value of the New Common Equity that might be realized after Confirmation and Consummation of the Plan, which may be materially lower than the estimated valuation of the New Common Equity as set forth in this Disclosure Statement and the exhibits hereto. Accordingly, such estimated value is not necessarily indicative of the prices at which the New Common Equity may trade after giving effect to the transactions set forth in the Plan.

2. An Active Trading Market May Not Develop for the New Common Equity.

The New Common Equity is a new issue of securities and, accordingly, there is currently no established public trading market for the New Common Equity. The Debtors do not currently intend to apply to list the New Common Equity on any national securities exchange and, as such, there can be no assurance that an active trading market for the New Common Equity will develop. If there is no active trading market in the New Common Equity, the market price and liquidity of the New Common Equity may be adversely affected. If a trading market does not develop or is not maintained, holders of New Common Equity may experience difficulty in reselling such securities at an acceptable price or may be unable to sell them at all. Even if a trading market were to exist, such market could have limited liquidity and the New Common Equity could trade at prices higher or lower than the value attributed to such securities in connection with their distribution under the Plan, depending upon many factors, including, without limitation, markets for similar securities, industry conditions, financial performance, prevailing interest rates, conditions in financial markets, or prospects and investor expectations thereof. As a result, there may be limited liquidity in any trading market that does develop for the New Common Equity. Finally, the New Organizational Documents may also contain restrictions on the transferability of the New Common Equity (such as rights of first refusal/offer, tag-along rights, and/or drag-along rights, among others), which may adversely affect the liquidity in the trading market for the New Common Equity.

3. A Small Number of Holders or Voting Blocks May Control the Reorganized Debtors.

Consummation of the Plan may result in a small number of holders owning a significant percentage of the outstanding the New Common Equity in the Reorganized Debtors. These holders may, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors and have the power to elect directors or managers and approve significant mergers and other material corporate transactions.

4. The Issuance of New Common Equity under the Management Equity Incentive Plan will Dilute the New Common Equity.

On the Effective Date, a percentage of the New Common Equity will be reserved for issuance as grants of options in connection with the MEIP. If the Reorganized Debtors distribute such equity-based awards to management pursuant to the MEIP, it is contemplated that such distributions will dilute the New Common Equity issued on account of Claims under the Plan and the ownership percentage represented by the New Common Equity distributed under the Plan.

5. The New Common Equity is an Equity Interest and Therefore Subordinated to the Indebtedness of the Reorganized Debtors.

In any liquidation, dissolution, or winding up of the Reorganized Debtors, the New Common Equity would rank junior to all debt claims against the Reorganized Debtors. As a result, holders of New Common Equity will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of the Reorganized Debtors until after all of their obligations to their debt holders have been satisfied.

6. Certain Holders of New Common Equity May Be Restricted in Their Ability to Transfer or Sell Their Securities.

To the extent that the New Common Equity is issued under the Plan pursuant to section 1145(a) of the Bankruptcy Code, it may be resold by the holders thereof without registration unless the holder is an "underwriter" with respect to such securities (other than securities issued to holders resident in Canada which shall be subject to statutory restrictions upon resale). Resales by Persons who receive New Common Equity pursuant to the Plan that are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would only be permitted to sell such securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or another applicable exemption.

Pursuant to the UPA, to the extent section 1145 of the Bankruptcy Code is unavailable, such as in the case of New Common Equity issued on the Effective Date pursuant to the UPA and the Additional Capital Commitment Units, if any, issued following the Effective Date when called by Reorganized Horsehead pursuant and subject to the terms and conditions of the UPA, the issuance of such securities shall be exempt from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act, and/or the safe harbor of Regulation D promulgated thereunder, or such other exemption from registration requirements as may be available. Any New Common Equity issued pursuant to Section 4(a)(2) of the Securities Act will be deemed "restricted securities" (as defined by Rule 144 of the Securities Act) that may not be offered, sold, exchanged, assigned, or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available. In addition, such securities may only be resold by holders resident in Canada in accordance with a further statutory exemption or pursuant to a discretionary order obtained from the applicable Canadian securities administrator. Canadian holders are encouraged to consult with their Canadian legal advisors with respect to their ability to resell such securities.

E. *Liquidity Risks.*

1. Continuing Leverage.

The Reorganized Debtors' ability to carry out capital spending that is important to their growth and productivity will depend on a number of factors, including future operating performance and ability to achieve the business plan. These factors will be affected by general economic, financial, competitive, regulatory, business, and other factors that are beyond the Reorganized Debtors' control.

F. *Risks Associated with Forward Looking Statements.*

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to represent or warrant that the financial information contained in this Disclosure Statement and attached hereto is without inaccuracies.

G. *Disclosure Statement Disclaimer.*

1. Information Contained in this Disclosure Statement Is for Soliciting Votes.

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement Has Not Been Approved by the United States Securities and Exchange Commission or any Canadian Provincial Securities Administrator.

This Disclosure Statement has not and will not be filed with the United States Securities and Exchange Commission or any state regulatory authority. Neither the United States Securities and Exchange Commission nor any state regulatory authority has approved or disapproved of the Securities described in this Disclosure Statement or has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained in this Disclosure Statement. This Disclosure Statement was not filed with any Canadian provincial securities administrator, and no such administrator has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or statements contained herein.

3. No Legal, Business, Accounting, or Tax Advice Is Provided to You by this Disclosure Statement.

This Disclosure Statement is not advice to you. The contents of this Disclosure Statement should not be construed as legal, business, accounting, or tax advice. Each Holder of a Claim or an Interest should consult such Holder's own legal counsel, accountant, or other applicable advisor with regard to any legal, business, accounting, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

4. No Admissions Made.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors), nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, the DIP Lenders, Holders of Allowed Claims, or any other parties in interest.

5. Failure to Identify Litigation Claims or Projected Objections.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as applicable, may seek to investigate, File, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

6. No Waiver of Right to Object or Right to Recover Transfers and Assets.

The vote by a Holder of a Claim for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors (or any entity, as the case may be) to object to that Holder's Claim, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their respective Estates or the Reorganized Debtors are specifically or generally identified in this Disclosure Statement.

7. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors.

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained in this Disclosure Statement.

8. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update.

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. No Representations Outside this Disclosure Statement Are Authorized.

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the U.S. Trustee.

H. *Liquidation Under Chapter 7.*

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code or similar proceedings under Canadian law, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is set forth in Article VII of this Disclosure Statement, "*Statutory Requirements for Confirmation of the Plan*," and the Liquidation Analysis attached hereto as **Exhibit C**.

ARTICLE IX.
SECURITIES LAW MATTERS

Under the Plan, the Debtors will offer, issue and distribute New Common Equity, Warrants, and Additional Capital Commitment Units, to certain Holders of Allowed Claims. The Debtors believe that the New Common Equity, the Warrants, and the Additional Capital Commitment Units will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities law.

A. *Section 1145 of the Bankruptcy Code.*

The Debtors will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution of the Section 1145 Securities: (1) the New Common Equity to Holders of Secured Notes Claims and Unsecured Notes Claims; (2) the Warrants to Holders of Convertible Notes Claims; (3) the New Common Equity, or any other security obtainable, upon the exercise of Warrants pursuant to their terms to Holders of Convertible Notes Claims; and (4) the Banco Bilbao Note to Holders of Banco Bilbao Credit Agreement Claims. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when the recipients of the securities hold a claim against the debtor and such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. Similarly, under section 1145(a)(2) of the Bankruptcy Code, the offer of a security through any warrant that was sold in the manner specified in section 1145(a)(1) and the sale of any security upon exercise of a warrant are exempt from registration under section 5 of the Securities Act and state laws. The Warrants and the New Common Equity to be issued upon the exercise of the Warrants will satisfy the requirements of sections 1145(a)(1) and (a)(2) of the Bankruptcy Code.

In general, securities issued under section 1145 may be resold without registration unless the recipient is an "underwriter" with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;

- offers to sell securities offered under a plan of reorganization for the holders of those securities;

- offers to buy those securities from the holders of the securities, if the offer to buy is (A) with a view to distributing those securities, and (B) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or

- is an issuer with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

To the extent that Holders of Claims who receive Section 1145 Securities are deemed to be "underwriters," resales by those Holders would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those Holders would, however, be permitted to sell Section 1145 Securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

You should confer with your own legal advisors to help determine whether or not you are an "underwriter."

Under certain circumstances, holders of Section 1145 Securities deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available, and in compliance with applicable state securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold, the requirement that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker," and that notice of resale be filed with the Securities and Exchange Commission.

B. *Section 4(a)(2) of the Securities Act.*

The Debtors will rely on section 4(a)(2) of the Securities Act to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution of the New Common Equity issued to the Plan Sponsors and the Additional Capital Commitment Units issued to the Additional Capital Commitment Participants, in each case, pursuant to the terms of the UPA (collectively, the "Section 4(a)(2) Securities").

Section 4(a)(2) of the Securities Act exempts transactions not involving a public offering, and Rule 506 of Regulation D of the Securities Act provides a safe harbor under section 4(a)(2) for transactions that meet certain requirements, including that the investors participating therein qualify as "accredited investors" as defined in Rule 501 of Regulation D (17 C.F.R. § 230.501). Holders of Claims receiving Section 4(a)(2) Securities, as applicable, are either an "institutional accredited investor" (accredited investors, as defined in Rule 501(a)(1), (2), (3) and (7) under the Securities Act) or a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act).

The Section 4(a)(2) Securities will be deemed "restricted securities" and may not be sold, exchanged, assigned, or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Rule 144 of the Securities Act permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding

90 days may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period; provided, that certain current public information regarding the issuer is available at the time of the sale, and the affiliate also complies with the volume, manner of sale, and notice requirements of Rule 144.

The Debtors express no view as to whether any person may freely resell the Section 4(a)(2) Securities. You should confer with your own legal advisors to help determine your ability to freely trade such securities without registration under the Securities Act and applicable state securities laws.

C. *Management Equity Incentive Plan.*

Ten percent (10%) of the New Common Equity will be set aside for the MEIP, subject to dilution for any New Common Equity to be issued (1) pursuant to the Warrants, and (2) in connection with the Additional Capital Commitment. The MEIP shall either be: (a) determined by the New Boards after the Effective Date; or (b) adopted by the New Boards on the Effective Date. The New Common Equity reserved under the MEIP will be issued pursuant to Rule 701 under the Securities Act or pursuant to the exemption provided by section 4(a)(2) of the Securities Act or Regulation D. Such New Common Equity will be deemed "restricted securities."

ARTICLE X.
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors and to certain U.S. Holders of Claims. The following discussion does not address the U.S. federal income tax consequences to non-Debtors, to Non-U.S. Holders (other than as specifically discussed below) or to Holders of Claims or Interests not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed in this Disclosure Statement.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to certain Holders in light of their individual circumstances, nor does it address tax issues with respect to Holders that are subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, partnerships, subchapter S corporations, brokers, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, small business investment companies, and regulated investment companies and those holding, or who will hold, Claims or Interests as part of a hedge, straddle, conversion, or constructive sale transaction). No aspect of state, local, estate, gift, non-U.S., or other tax law, other than Canadian income tax law with respect to Zochem, is addressed. Lastly, the following discussion assumes (i) each Holder of a Claim or Interest holds its Claim or Interest as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the IRC, (ii) the debt obligations(s) underlying each Allowed Claim is properly treated as debt (rather than equity) of the Debtor(s) the Holder has the Allowed Claim against, and (iii) the debt obligation(s) underlying each Allowed Claim is recourse debt.

For purposes of this discussion, a "U.S. Holder" is a Holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction

over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "non-U.S. Holder" is any Holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, NON-U.S., AND OTHER TAX CONSEQUENCES OF THE PLAN.

A. *Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and Canadian Income Tax Consequences to Zochem.*

For U.S. federal income tax purposes, the Debtors (and their non-Debtor affiliates, other than Zochem) are (1) members of an affiliated group of corporations (or entities disregarded for federal income tax purposes that are wholly owned by members of such group), of which Horsehead Holding is the common parent (collectively, the "HHC Group"), and (2) partnerships. Zochem is a "controlled foreign corporation" (a "CFC") of Horsehead Holding. As a result of Zochem's obligations under the DIP facility with respect to amounts owed by the HHC Group, the HHC Group is currently required to include substantially all of Zochem's "earnings and profits" (calculated for U.S. federal income tax purposes) in its taxable income.

As of December 31, 2015, the HHC Group estimates that it has net operating loss ("NOL") carryforwards of approximately $350 million. The HHC Group is projected to generate additional NOLs before the Effective Date.

In general, absent an exception, a taxpayer will realize and recognize "cancellation of indebtedness income" ("CODI") upon satisfaction or cancellation of its outstanding indebtedness for total consideration less than the amount of such indebtedness. Under section 108 of the IRC, a taxpayer is not required to include CODI in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exclusion"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of CODI that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject (the "Liability Floor Rule"); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Under these Treasury Regulations, the tax attributes of each member of an affiliated group of corporations that is excluding CODI is first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded CODI exceeds its tax attributes, the excess CODI is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

The amount of CODI, in general, is the excess of: (a) the adjusted issue price of the indebtedness satisfied; *over* (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued,

and (iii) the fair market value of any other consideration. The ultimate amount of CODI will depend on, among other things, the adjusted issue price of new indebtedness (if any), the final amount of cash, and the fair market value of the new equity distributed to Holders of Claims. Certain of these figures cannot be known with certainty until after the Effective Date. Accordingly, the amount of CODI the Debtors may incur is uncertain, but is expected to be significant.

It is unclear whether the amount of CODI generated by restructuring will exceed the HHC Group's NOL carryforwards. To the extent any NOL carryforwards remain following the restructuring, however, the transactions contemplated by the Plan would result in an "ownership change" under section 382 of the IRC. As a general matter, when an ownership change occurs, a taxpayer's ability to utilize certain tax attributes (including, among other things, NOLs and any "net unrealized built in losses" in the taxpayer's assets) following such ownership change is significantly limited. This annual limitation is based on the equity value of the loss corporation, multiplied by the long-term tax-exempt rate. When an ownership change occurs in a chapter 11 case in connection with a "G" reorganization under section 368 of the IRC or a debt-for-stock exchange, the equity value can be calculated after giving effect to the cancellation of debt in the case.[26] The Debtors anticipate that their ability to utilize any surviving NOL carryforwards will be significantly limited as a result of these rules. If the Plan gives rise to CODI in excess of the HHC Group's NOLs and NOL carryforwards, there may be a reduction in the tax basis of the HHC Group's assets because the tax basis in the Debtors' assets will exceed the Debtors' liabilities for purposes of the Liability Floor Rule.

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20 percent rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in certain years, which can offset 100 percent of a corporation's AMTI, only 90 percent of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. The effect of this rule could cause the Reorganized Debtors to owe some federal income tax on taxable income in future years even if NOL carryforwards are available to offset that taxable income.

The transactions contemplated by the Plan are not expected to have any material Canadian income tax consequences to Zochem.

B. *Certain U.S. Federal Income Tax Consequences to the U.S. Holders of Allowed Claims Entitled to Vote.*

As discussed below, the tax consequences of the Plan to U.S. Holders of Allowed Claims will depend upon a variety of factors. As an initial matter, whether the exchange is fully or partially taxable will depend on whether the debt instruments being surrendered constitute "securities" and whether a particular Holder receives stock or instruments that constitute "securities" the Debtors. Whether a Claim that is surrendered and debt instruments received pursuant to the Plan constitute "securities" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest in the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Pursuant to guidance promulgated in U.S. Treasury Regulations, warrants generally constitute "securities" for these purposes.

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[26] Another bankruptcy-specific provision, section 382(l)(5) of the IRC, can eliminate the annual limitation entirely if its requirements are satisfied, but the Debtors do not believe those requirements can be satisfied here (or in any other transaction involving the Debtors).

The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the U.S. Holder's recovery is treated as being on account of accrued but unpaid interest. Accrued interest and market discount are discussed below.

1. Consequences to U.S. Holders of Secured Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 4 Claims will exchange such Claims for their Pro Rata share of the New Common Equity.

(a) Treatment if Secured Notes Claims are "Securities."

If a Secured Notes Claim is determined to be a "security" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should not recognize gain or loss.

With respect to the New Common Equity received in exchange for a Secured Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim. New Common Equity should include the holding period for the surrendered Claims.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

(b) Treatment if Secured Notes Claims are not "Securities."

If a Secured Notes Claim is determined not to be a "security," then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (i) the sum of the cash, the issue price of any debt instruments, and the fair market value of the New Common Equity received in exchange for the Claim, and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the New Common Equity received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such New Common Equity should begin on the day following the Effective Date.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

2. Consequences to U.S. Holders of Unsecured Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 5 Claims will exchange such Claims for their Pro Rata share of the New Common Equity.

(a) Treatment if Unsecured Notes Claims are "Securities."

If an Unsecured Notes Claim is determined to be a "security" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should not recognize gain or loss.

With respect to New Common Equity received in exchange for an Unsecured Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim, New Common Equity should include the holding period for the surrendered Claims.

The tax basis of any New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

(b) Treatment if Unsecured Notes Claims are not "Securities."

If an Unsecured Notes Claim is determined not to be a "security," then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (i) the fair market value of the New Common Equity received in exchange for the Claim, and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the New Common Equity received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such New Common Equity should begin on the day following the Effective Date.

The tax basis of any n New Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such New Common Equity should begin on the day following the Effective Date.

3. Consequences to U.S. Holders of Convertible Notes Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 6 Claims will exchange such Claims for their Pro Rata share of the Warrants.

(a) Treatment if Convertible Notes Claims are "Securities."

If a Convertible Notes Claim is determined to be "securities" of the Debtors, then the exchange of such Claim for the property described above should be treated as a reorganization under the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim should recognize gain or loss.

With respect to the Warrants received in exchange for a Convertible Notes Claim, U.S. Holders should obtain an aggregate tax basis in such Warrants, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the tax basis of the surrendered Claim. The holding period for such Warrants should include the holding period for the surrendered Claims.

The tax basis of any Warrants determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Warrants received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Warrants should begin on the day following the Effective Date.

(b) Treatment if Convertible Notes Claims are Not "Securities."

If a Convertible Notes Claim described above is determined not to be "securities" of the Debtors, then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between: (i) the fair market value of the Warrants received in exchange for the Claim; and (ii) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the Warrants received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such Warrants are distributed to the U.S. Holder. The holding period for any such Warrants should begin on the day following the Effective Date.

The tax basis of any Warrants determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the Warrants received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such Warrants should begin on the day following the Effective Date.

(c) Exercise of Warrants.

A U.S. Holder that elects not to exercise the Warrants may be entitled to claim a loss equal to the amount of tax basis in the Warrants, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the Warrants.

A U.S. Holder that elects to exercise the Warrants should be treated as purchasing New Common Equity in exchange for its Warrants and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Warrants. A U.S. Holder's aggregate tax basis in the New Common Equity should equal the sum of: (i) the amount of cash paid by the U.S. Holder to exercise its Warrants; *plus* (ii) such U.S. Holder's tax basis in its Warrants immediately before the option is exercised. A U.S. Holder's holding period for the New Common Equity received pursuant to the exercise of the Warrants should begin on the day following such exercise.

4. Consequences to U.S. Holders of Banco Bilbao Credit Agreement Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 7 Claims will exchange such Claims for their Pro Rata share of the Banco Bilbao Note.

The Debtors understand that none of the Banco Bilbao Credit Agreement Claims are held by U.S. Holders. Accordingly, the treatment of such Claims under the Plan is beyond the scope of this summary. However, to the extent any such Claims were held by U.S. Holders, the Debtors anticipate that U.S. Holders of Banco Bilbao Credit Agreement Claims will be treated as receiving distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the issue price of the Banco Bilbao Note, and (b) such U.S. Holder's adjusted basis, if any, in such Claim.

5. Consequences to U.S. Holders of Other General Unsecured Claims.

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class 8B Claims will exchange such Claims for their Pro Rata share of the General Unsecured Creditor Cash Pool.

A U.S. Holder of an Other General Unsecured Claim will be treated as receiving their distributions under the Plan in a taxable exchange under section 1001 of the IRC. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash received in exchange for the Claim, and (b) such U.S. Holder's adjusted basis, if any, in such Claim.

6. Accrued Interest.

To the extent that any amount received by a U.S. Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest (or original issue discount) and such amount has not previously been included in the U.S. Holder's gross income, such amount should be taxable to the U.S. Holder as ordinary interest income. Conversely, a U.S. Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or original issue discount) on the debt instruments constituting such Claim was previously included in the U.S. Holder's gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributable to accrued interest (or original issue discount) on the debts constituting the surrendered Allowed Claim is unclear. The Plan provides that distributions in respect of Allowed Claims will first be allocated to the principal amount of such Claims, and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest. Holders of Claims with accrued interest (or original issue discount) should consult with their tax advisors regarding the allocation of the consideration.

7. Market Discount.

Under the "market discount" provisions of sections 1276 through 1278 of the Internal Revenue Code, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (b) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such debts but was not recognized by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument. These rules are complex, their application is uncertain, and U.S. Holders of Allowed Claims should consult their own tax advisors regarding their application.

C. *Limitation on Use of Capital Losses.*

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns), and (b) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Holders, capital losses may only be used to offset capital gains. A corporate U.S. holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

D. *Ownership and Disposition of New Common Equity.*

Any distributions made on account of the New Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of Reorganized Horsehead as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New Common Equity. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New Common Equity for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8% tax on, among other things, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of New Common Equity. U.S. Holders of New Common Equity should consult their tax advisors regarding such taxes.

E. *Certain U.S. Federal Income Tax Consequences to Certain Non-U.S. Holders of Claims.*

1. Consequences to Non-U.S. Holders of Certain Allowed Claims Entitled to Vote.

The following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions to non-U.S. Holders of certain Allowed Claims Entitled to Vote. The discussion does not include (a) any tax consideration for non-U.S. Holders of Banco Bilbao Credit Agreement Claims, or (b) any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to non-U.S. Holders are complex. Each non-U.S. Holders should consult its own tax advisor regarding the U.S. federal, state, local, and the foreign tax consequences of the consummation of the Plan to such non-U.S. Holders and the ownership and disposition of the New Common Equity, as applicable.

Whether a non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is generally determined in the same manner as set forth above in connection with U.S. Holders.

(a) Gain Recognition.

Any gain realized by a non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met, or (ii) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral pursuant to a reorganization under the IRC as described above, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

(b) Accrued Interest.

Payments to a non-U.S. Holder that are attributable to accrued but untaxed interest generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the non-U.S. Holder is not a U.S. person, unless:

- the non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of Reorganized Horsehead's stock entitled to vote;
- the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized Horsehead (each, within the meaning of the IRC);
- the non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the IRC; or
- such interest is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States (in which case, provided the non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued but untaxed interest. For purposes of providing a properly executed IRS

Form W-8BEN or W-BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

2. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of Shares of New Common Equity.

(a) Dividends on New Common Equity.

Any distributions made with respect to New Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized Horsehead's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the holder's basis in its shares. Any such distributions in excess of a non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange. Dividends paid with respect to New Common Equity held by a non-U.S. Holder that are not effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-BEN-E (or a successor form) upon which the non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Common Equity held by a non-U.S. Holder that are effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

(b) Sale, Redemption, or Repurchase of New Common Equity.

A non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New Common Equity unless:

- such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

- such gain is effectively connected with such non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States); or

- the Reorganized Debtors are or have been during a specified testing period a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If the first exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to

earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

3. FATCA.

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Common Equity), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include New Common Equity). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S. source interest or dividends that occurs after December 31, 2018.

Each non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such non-U.S. Holder's ownership of New Common Equity.

F. *Information Reporting and Backup Withholding.*

The Debtors and any other withholding party will withhold all amounts required by law to be withheld from payments of interest (or original issue discount). The Debtors and any other responsible party will comply with all applicable reporting requirements of the IRC. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28%, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of non-U.S. Holder, such non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such non-U.S. Holder's eligibility for an exemption). Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal income tax liability and may entitle such Holder to a refund from the IRS; provided, that the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-U.S., OR OTHER TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE XI.
RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Holders of Allowed Claims than would

otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated as of: July [●], 2016

Horsehead Holding Corp. (for itself and all Debtors)

By: _____
Name: Timothy D. Boates
Title: Chief Restructuring Officer of the Debtors

Prepared by:

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Co-Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Debtors' Joint Plan of Reorganization of
Pursuant to Chapter 11 of the Bankruptcy Code

EXHIBIT B

Financial Projections

EXHIBIT C

Liquidation Analysis

EXHIBIT D

Valuation Analysis

EXHIBIT E

Debtors' Corporate Structure as of the Petition Date

EXHIBIT F

UPA

EXHIBIT C

JOINDER AGREEMENT

JOINDER

The undersigned Transferee Plan Sponsor is executing and delivering this Joinder, dated as of [_____ __], 2016, to that certain Unit Purchase and Support Agreement, dated as of July 7, 2016 (as amended, modified, restated or supplemented from time to time in accordance with its terms, the "***UPA***"), by and among Horsehead Holding Corp. (the "***Company***"), and the Plan Sponsors thereto, in connection with the transfer of ownership of Votable Claims and Emergence Equity Purchase rights with respect thereto held by [TRANSFERRING PLAN SPONSOR] to the undersigned Transferee Plan Sponsor. Capitalized terms used herein but not defined herein have the meanings set forth in the UPA.

By executing and delivering this Joinder, the undersigned Transferee Plan Sponsor hereby (i) agrees to become a party to, to be bound by, and to comply with all of the terms, conditions and obligations of the UPA in the same manner as if the undersigned were an original signatory to the UPA as a Plan Sponsor; (ii) represents and warrants to the Company such representations and warranties as set forth in Article V of the UPA as of the date hereof; and (iii) provides the below address for purposes of notices under Section 10.4 of the UPA (which address will be added to and will supplement Schedule 5 of the UPA) and the below Purchase Percentage, Emergence Equity Units, and Votable Claims for purposes of the UPA (which amounts will adjust Schedules 2 and 3 of the UPA with respect to the undersigned Transferee Plan Sponsor and with respect to the undersigned Transferring Plan Sponsor).

[TRANSFEREE PLAN SPONSOR]

By: _____
Name: _____
Title: _____

Address: _____
_____
_____

Purchase Percentage: _____
Emergence Equity Units: _____
Votable Claims: _____

ACKNOWLEDGED AND AGREED:

[TRANSFERRING PLAN SPONSOR]

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF NEW LIMITED LIABILITY COMPANY AGREEMENT

LIMITED LIABILITY COMPANY AGREEMENT

OF

HORSEHEAD HOLDING LLC

A DELAWARE LIMITED LIABILITY COMPANY

THE SECURITIES ISSUED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS AND, AS SUCH, THEY MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS THE SECURITIES HAVE BEEN QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS SUCH QUALIFICATION AND REGISTRATION IS NOT LEGALLY REQUIRED. TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT ARE FURTHER SUBJECT TO THE RESTRICTIONS, TERMS AND CONDITIONS SET FORTH HEREIN.

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LIMITED LIABILITY COMPANY AGREEMENT

OF

HORSEHEAD HOLDING LLC

A DELAWARE LIMITED LIABILITY COMPANY

THIS LIMITED LIABILITY COMPANY AGREEMENT of Horsehead Holding LLC, a Delaware limited liability company (the "**Company**"), dated as of [●], 2016, is entered into by and among the Company, each Investor Member, each other Person who beneficially owns any Common Shares as of the date hereof, each Person receiving any Common Shares on the date hereof and each other Person who from time to time beneficially owns any Common Shares or other Equity Interests of the Company and is deemed a party to this Agreement in accordance with the provisions herein (collectively, the Investor Members and each such other Person, the "**Members**," and, individually, a "**Member**"). Capitalized terms used in this Agreement and not otherwise defined have the meaning set forth in Article 1 hereto.

W I T N E S S E T H :

WHEREAS, the Company is the result of a conversion, effective as of the date hereof, of Horsehead Holding Corp., a Delaware corporation ("**Horsehead Debtor**"), to a limited liability company pursuant to Section 18-214 of the Delaware Limited Liability Company Act, Del. Code title. 6, Section 18-101, et seq., as amended from time to time (the "**Act**"), effected by filing a certificate of conversion (the "**Certificate of Conversion**") and a certificate of formation (the "**Certificate of Formation**") with the Delaware Secretary of State on the date hereof;

WHEREAS, (a) on February 2, 2016, Horsehead Debtor, and certain of its debtor affiliates (collectively with Horsehead Debtor, the "**Debtors**") commenced jointly administered proceedings styled *In re Horsehead Holding Corp. et al.* under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") and (b) on February 5, 2016, the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") recognized the Chapter 11 Proceedings as foreign main proceedings (the "**Recognition Proceedings**") in proceedings commenced under Part IV of the Companies' Creditors Arrangement Act (the "**CCAA**");

WHEREAS, on [•], 2016, the Debtors filed with the Bankruptcy Court the Chapter 11 Plan of Reorganization (the "**Plan**") and [filed the Plan with the Canadian Court][1];

WHEREAS, on [•], 2016, the Bankruptcy Court entered an order confirming the Plan and [the Canadian court recognized the confirmation order of the Bankruptcy Court];

WHEREAS, pursuant to the Plan, all Equity Interests of Horsehead Debtor issued and outstanding immediately prior to the date hereof have been cancelled, discharged and terminated;

[1] NTD: Subject to comment from Canadian bankruptcy counsel.

WHEREAS, the Company made an election to be treated as a corporation for federal income tax purposes;

WHEREAS, pursuant to the Plan and as of the Effective Date, each Member is automatically deemed to have accepted the terms of this Agreement (in its capacity as a Member of the Company) and is automatically deemed to be a party hereto as a Member without any further action and as if, and with the same effect as if, such Member had delivered a duly executed counterpart signature page to this Agreement; and

WHEREAS, the Members wish for this Agreement to constitute the limited liability company agreement of the Company in accordance with the Act, and to provide for, among other things, the management of the business and affairs of the Company, the allocation of profits and losses among the Members, the respective rights and obligations of the Members to each other and to the Company, and certain other matters.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed by and among the parties hereto as set forth in this Agreement.

ARTICLE 1

DEFINITIONS

As used in this Agreement, the following terms have the meanings set forth below:

"**Act**" has the meaning set forth in the recitals hereof.

"**Additional Capital Commitment**" has the meaning set forth in the Plan.

"**Additional Capital Contribution**" has the meaning set forth in Section 3.01(b).

"**Additional Capital Commitment Units**" has the meaning set forth in the Plan.

"**Additional Member**" means any additional member admitted to the Company pursuant to Section 9.01(a).

"**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control or shares a common investment adviser with, such first Person.

"**Agreement**" means this Limited Liability Company Agreement, including all exhibits and schedules hereto, as it may be amended, supplemented or restated from time to time in accordance with its terms.

"**Associate**" has the meaning set forth in Rule 12b-2 under the Exchange Act.

"**Authorized Representative**" has the meaning set forth in Section 11.02.

"**Bankruptcy**" of a Member means (a) the filing by a Member of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other Federal or state insolvency law, or a Member's filing an answer consenting to or acquiescing in any such petition, (b) the making by a Member of any assignment for the benefit of its creditors or (c) the expiration of sixty (60) calendar days after the filing of an involuntary petition under Title 11 of the United States Code, an application for the appointment of a receiver for the assets of a Member, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other Federal or state insolvency law; provided that the same shall not have been vacated, set aside or stayed within such sixty (60) day period.

"**beneficially own**", "**beneficial ownership**" and similar phrases shall have the meaning ascribed to such terms in Section 13(d) of the Exchange Act.

"**Bankruptcy Court**" has the meaning set forth in the recitals.

"**Board**" has the meaning set forth in Section 4.01(a).

"**Board Supermajority**" has the meaning set forth in Section 4.01(g).

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized by law to close.

"**Capital Contribution**" has the meaning set forth in Section 3.01(b).

"**Certificate of Conversion**" has the meaning set forth in the recitals.

"**Certificate of Formation**" has the meaning set forth in the recitals.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Commission**" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"**Common Shares**" means the Shares representing limited liability company Equity Interests in the Company as the Company may issue from time to time in accordance with the terms of this Agreement and that are denominated as Common Shares.

"**Company**" has the meaning set forth in the recitals to this Agreement.

"**Confidential Information**" means information (whether written or oral) relating to or concerning the business or affairs of the Company or any of its Subsidiaries, that is proprietary, confidential or otherwise not known to or available to the public generally (other

than as a result of a breach of this Agreement or any other duty or obligation of any Member or Authorized Representative thereof).

"**control,**" including the correlative terms "**controlling**," "**controlled by**" **and** "**under common control with**," means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"**Damages**" has the meaning set forth in Section 4.05(a).

"**Debtors**" has the meaning set forth in the recitals.

"**Director**" means a member of the Board.

"**Distribution**" means each distribution in respect of Common Shares made by the Company to a Member, whether in cash, property or Equity Interests of the Company and whether pursuant to Article 6 of this Agreement, by liquidating distribution, redemption, repurchase or otherwise; provided that, unless otherwise determined by the Board, any recapitalization or exchange or conversion of Equity Interests of the Company, redemption or repurchase of Equity Interests of the Company in exchange for other Equity Interests in the Company and any subdivision (by Share split or otherwise) or any combination (by reverse Share split or otherwise) of any outstanding Shares or other Equity Interests of the Company, in each of the foregoing cases, that is accomplished on a *pro rata* basis among all holders of Equity Interests in the Company in proportion to their respective Share Percentage Interests, shall not be deemed a Distribution.

"**Drag-Along Member**" has the meaning set forth in Section 8.02(a).

"**Drag-Along Notice**" has the meaning set forth in Section 8.02(a).

"**Effective Date**" means the date of consummation of the transactions contemplated by the Plan.

"**Employee**" means an employee of the Company or any of its Subsidiaries.

"**Entity**" means any general partnership, limited partnership, limited liability company, unlimited liability company, corporation, joint venture, trust, business trust, cooperative, association or other entity.

"**Equity Interest**" means (a) any shares of capital stock of a corporation, (b) any general or limited partnership interest in any partnership, (c) any membership or other ownership interest in any limited liability company, (d) any equity security of or other ownership interest in any other legal entity, (e) any phantom equity or equity appreciation or similar rights, (f) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing entity, (g) any subscriptions, calls, warrants, options, or commitments of any kind or character relating to, or entitling any Person or entity to purchase or otherwise acquire membership interests or Shares, capital stock, or any other equity securities, (h) any securities (whether debt or equity securities) convertible into or exercisable or

exchangeable for partnership interests, membership interests or Shares, capital stock, or any other equity securities or (i) any other interest classified as an equity security of a Person. For the avoidance of doubt the Common Shares are Equity Interests of the Company.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"**Exit Transfer**" has the meaning set forth in Section 8.02(a).

"**Exit Transferees**" has the meaning set forth in Section 8.02(a).

"**Exiting Members**" has the meaning set forth in Section 8.02(a).

"**Fiscal Quarter**" means the three (3) consecutive calendar month period commencing on the first day of the Fiscal Year, and each three (3) consecutive calendar month period in such Fiscal Year commencing on the day immediately following the end of the preceding Fiscal Quarter.

"**Fiscal Year**" has the meaning set forth in Section 2.08.

"**Fully Exercising Rights Holder**" has the meaning set forth in Section 8.04(b).

"**Fund Indemnitee**" has the meaning set forth in Section 4.05(f).

"**Fund Indemnitor**" has the meaning set forth in Section 4.05(f).

"**GAAP**" means United States generally accepted accounting principles as in effect from time to time.

"**Governmental Authority**" means a nation or government, a state or other political subdivision of it, an entity exercising executive, legislative, judicial, regulatory or administrative functions of or relating to government (including a government authority, agency, department, board, commission or instrumentality of any government, or a tribunal), any other regulatory body, an arbitrator of competent jurisdiction or a self-regulatory organization (including a stock exchange).

"**Greywolf Member**" collectively means Greywolf Event Driven Master Fund and Greywolf Strategic Master Fund SPC, LTD. – MSP2.

"**Horsehead Debtor**" has the meaning set forth in the recitals to this Agreement.

"**Hotchkis and Wiley Member**" collectively means Hotchkis and Wiley High Yield Fund, Hotchkis and Wiley Capital Income Fund, San Diego County Employees Retirement Association, Santa Barbara County Employees Retirement System, National Elevator Industry Pension Plan, Texas County and District Retirement System, University of Dayton and its Affiliates.

"**HSR**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Indemnified Parties**" has the meaning set forth in Section 4.05(a).

"**Independent Director**" has the meaning set forth in 4.01(b)(iv).

"**Indemnity Obligations**" has the meaning set forth in Section 4.05(e).

"**Initial 10% Member**" means each Member holding at least ten percent (10%) of the then outstanding Shares as of the Effective Date.

"**Initial Capital Contributions**" has the meaning set forth in Section 3.01(a).

"**Initial Public Offering**" means an initial underwritten public offering of Common Shares with a value in excess of $100,000,000 in gross proceeds by the Company pursuant to an effective registration statement filed by the Company with the Commission (other than on Forms S-4 or S-8 or successors to such forms) under the Securities Act.

"**Interested Transaction**" has the meaning set forth in Section 4.06.

"**Investor Director**" has the meaning set forth in Section 4.01(b).

"**Investor Members**" means the Greywolf Member, the Lantern Member and the MAK Capital Member.

"**Lantern Member**" means [Lantern Asset Management].

"**Liens**" means pledges, claims, liens (statutory or otherwise), charges, mortgages, deeds of trust, hypothecations, leases, subleases, occupancy agreements, title retention agreements, adverse interests, title defects, charges, options, warrants, rights of first refusal, rights of first offer, preemptive rights, voting trusts or agreements, proxies, easements, encroachments, licenses, rights of way, servitudes, restrictions, covenants, burdens, encumbrances and security interests of any kind or nature whatsoever.

"**Liquidation Event**" means the liquidation or dissolution of the Company.

"**Liquidator**" has the meaning set forth in Section 10.03(b).

"**MAK Capital Member**" means [MAK Capital Fund L.P or MAK-ro Capital Master Fund LP].

"**Maintenance Capital Expenditures**" means that level of capital expenditures required to maintain the Company's Mooresboro, North Carolina facility in good working order in the ordinary course of business consistent with past practice, but in no event shall such amount be in excess of $5 million during any fiscal year.

"**MEIP**" means the management equity incentive plan of the Company adopted as of the date hereof pursuant to the Plan.

"**Member**" means each Person admitted to the Company as a Member whose name is set forth on Schedule I hereto as a Member as of the date hereof, and any other Person admitted as an additional or substituted Member in accordance with the terms hereof, solely (a) for so long as such Person remains a Member and (b) in such Person's capacity of a holder of Shares or other Equity Interests.

"**Member Parties**" has the meaning set forth in Section 4.05(e).

"**Merger**" has the meaning set forth in Section 8.02(a).

"**New Holding Company**" has the meaning set forth in Section 4.01(h)(iii).

"**New Issuance Shortfall**" has the meaning set forth in Section 8.04(b).

"**New Securities**" means any Equity Interests of the Company or any of its Subsidiaries, whether now authorized or not, and rights, options or warrants to purchase such Equity Interests; provided, however, that the term "New Securities" does not include securities issued or issuable (a) pursuant to any management or equity incentive plan or award or other similar compensation plan or award, including the MEIP, approved by the Board, (b) pursuant to the Plan or upon the exercise of any security issued pursuant to the Plan, (c) by the Company or any of its subsidiaries in connection with any *pro rata* stock dividend or subdivision of securities (including any subdivision or stock split) or any *pro rata* combination of securities (including any reverse stock split), (d) pursuant to the Additional Capital Commitment, or (e) as consideration for any acquisition by the Company of the stock, assets, properties or business of any Person (including through a merger, consolidation or other business combination involving the Company that has been approved by the Board; provided that such Person is neither a Member nor a Relative or Affiliate of a Member, current or former director of the Company or any of its Subsidiaries, or, if a Member or Relative or Affiliate of a Member or current or former director of the Company or any of its Subsidiaries, such acquisition is approved by a majority of the Independent Directors (for the avoidance of doubt in any instance where this Agreement calls for a specified approval which includes a majority of Independent Directors, if there are two (2) or fewer Independent Directors then on the Board, such approval shall require all of the Independent Directors) as well as being approved in accordance with the provisions of Section 4.06.

"**New Securities Notice**" has the meaning set forth in Section 8.04(b).

"**Non-Purchasing Holder**" has the meaning set forth in Section 8.04(b).

"**Non-Selling Members**" has the meaning set forth in Section 8.03.

"**Notice of Intent**" has the meaning set forth in Section 8.03(a).

"**Oversubscription Pro Rata Share**" has the meaning set forth in Section 8.04(b).

"**Partial Exit Transfer**" has the meaning set forth in Section 8.03.

"**Permitted Transfer**" means:

(a) in the case of any Member who is an individual, a Transfer of Common Shares or other Equity Interests of the Company to a trust or estate planning-related entity for the sole benefit of such Member or such Member's Relatives;

(b) in the case of any Member that is a partnership (i) a Transfer of Common Shares or other Equity Interests of the Company by such Member to its limited, special or general partners or their equivalents as a distribution by such partnership to its partners or equivalents, (ii) a Transfer of Common Shares or other Equity Interests of the Company made to any Affiliate of such Member or (iii) a Transfer of either Common Shares or other Equity Interests of the Company or of Equity Interests in such Member by any limited partner of such Member; or

(c) in the case of any Member that is a corporation, company or limited liability company, (i) a Transfer of Common Shares or other Equity Interests of the Company by such Member to its stockholders or members, as the case may be, as a distribution by such Person to its stockholders or members, as the case may be, (ii) a Transfer of Common Shares or other Equity Interests of the Company made to any Affiliate of such Member or (iii) a Transfer of either Common Shares or other Equity Interests of the Company or of Equity Interests in such Member by any non-controlling stockholder or non-managing member of such Member.

"**Permitted Transferee**" shall mean any Transferee of a Member that received Common Shares or other Equity Interests of the Company by means of a Permitted Transfer in accordance with the terms of this Agreement.

"**Person**" means any individual or Entity and, where applicable based on the context, the legal representatives, successors in interest and permitted assigns of such Person.

"**Plan**" has the meaning set forth in the recitals.

"**Preemptive Rights Holders**" has the meaning set forth in Section 8.04(a).

"**Pro Rata Share**" has the meaning set forth in Section 8.04(a).

"**Regulations**" means the regulations issued by the U.S. Department of the Treasury under the Code (whether in proposed, final or temporary form), as amended.

"**Relative**" means with respect to each Member, such Member's spouse, former spouse, child, stepchild, parent, parent of spouse, sibling or grandchild or a trust, family limited partnership or other similar legal entity for the benefit of such Member or any of the foregoing.

"**Restricted Common Shares**" means all Common Shares other than Common Shares issued pursuant to section 1145 of the Bankruptcy Code or otherwise pursuant to an effective registration statement.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"**Share Percentage Interest**" means, with respect to any Member at any relevant time, the percentage obtained by dividing (a) the aggregate number of all of such Member's Common Shares at such time by (b) the aggregate number of the then-outstanding Common Shares at such time.

"**Shares**" means the Common Shares and any other Equity Interests of the Company issued pursuant to the terms of this Agreement.

"**Subsidiary**" means with respect to any Person, (a) any corporation, partnership or other Entity of which shares of capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other similar managing body of such corporation, partnership or other Entity are at the time owned or controlled, directly or indirectly, by such Person, or (b) the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries by such Person.

"**Tag-Along Acceptance Period**" has the meaning set forth in Section 8.03(d).

"**Tag-Along Member**" has the meaning set forth in Section 8.03(d).

"**Tax Advances**" has the meaning set forth in Section 7.09(a)).

"**Taxes**" means any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, and similar governmental charges of any sort whatsoever (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto).

"**Transfer**" means to transfer, sell, assign, pledge, hypothecate, give, create a security interest in or Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way encumber or dispose of, directly or indirectly and whether or not voluntarily, any Common Shares or other Equity Interests of the Company (or any beneficial interest in Common Shares or other Equity Interests of the Company), and for purposes of Section 8.02, includes any Merger.

"**Transferee**" means any Person to whom a Member has Transferred Common Shares pursuant to a Transfer.

"**Unpurchased New Securities**" has the meaning set forth in Section 8.04(b).

"**Unpurchased New Securities Share**" has the meaning set forth in Section 8.04(b).

"**UPA**" has the meaning set forth in the Plan.

"**Warrants**" has the meaning set forth in the Plan.

ARTICLE 2

ORGANIZATION

2.01 Formation of Company. The Company was formed pursuant to the Act by means of a Certificate of Conversion and Certificate of Formation on the date hereof. The Members hereby agree to continue the Company, which was formed pursuant to the provisions of the Act on the Effective Date, and hereby agree that the Company shall be governed by the terms and conditions of this Agreement and, except as otherwise provided herein, the Act. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

2.02 Name. The name of the Company shall be "Horsehead Holding LLC". The business of the Company shall be conducted under such name or under such other names as the Board may deem appropriate and the Board may (without the consent of any Member) change the Company's name at any time and from time to time in accordance with the provisions of the Act and upon notice to the other Members.

2.03 Office; Agent for Service of Process. The address of the Company's registered office in Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The name and address of the registered agent in Delaware for service of process are The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The Company shall maintain a principal place of business and office(s) at such place or places as the Board may from time to time designate. The Company shall provide prompt written notice to the Members of any change in the Company's principal place of business.

2.04 Effective Date; Term. This Agreement is entered into, and is effective as of the Effective Date. The Company commenced on the date of the original certificate of incorporation of Horsehead Debtor, and the term of the Company shall continue until the dissolution of the Company in accordance with the provisions of Article 10 hereof or as otherwise provided by law.

2.05 Purpose and Scope. The purpose of the Company is to engage in any lawful business, operations or activities permitted under the Act and any other applicable law or regulation. The Company is empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein, for the protection and benefit of the Company, and relating to asset management, unless otherwise agreed to in writing by the Members.

2.06 Filings; Authorized Persons. The Members shall execute and deliver such documents and perform such acts consistent with the terms of this Agreement as may be necessary to comply with the requirements of law for the formation, qualification and operation of a limited liability company, the ownership of property and the conduct of business under the laws of the State of Delaware and each other jurisdiction in which the Company shall own property or conduct business. [●] was designated as an "authorized person," within the meaning

of the Act, solely to execute, deliver and file the Certificate of Conversion applicable to and the Certificate of Formation of the Company, and the execution, delivery and filing of such Certificate of Conversion and such Certificate of Formation by [●] on [●], 2016 is hereby ratified.

2.07 Admission of Members.

(a) On the Effective Date and pursuant to the Plan, each of the Members has converted, or is deemed to have converted, directly or indirectly, to or for the benefit of the Company, such shares of common stock in Horsehead Debtor, for newly authorized and issued Common Shares of the Company, as set forth on Schedule I attached hereto opposite such Member's name. Pursuant to the Plan, (i) all Equity Interests issued by Reorganized Holdings prior to the effective time of the Certificate of Conversion on the Effective Date are hereby cancelled and extinguished and of no further force or effect, (ii) each Member consents to such cancellation and extinguishment, and (iii) each Member is automatically deemed to have accepted the terms of this Agreement (in its capacity as a Member of the Company) and is automatically deemed to be a party hereto as a Member as if, and with the same effect as if, such Member had delivered a duly executed counterpart signature page to this Agreement, in each case, without any further action by any party. After giving effect to the transactions set forth in this Section 2.07(a), each Member holds the Units set forth on Schedule I opposite such Member's name. Notwithstanding anything to the contrary contained herein, no further approval of the Board, any Member or any other Person shall be required with respect to the foregoing

(b) No additional Person shall be admitted as a Member other than in connection with (i) a Transfer of Shares, (ii) the exercise of a Warrant or (iii) the issuance of New Securities in compliance with the terms of this Agreement, but only if such Person has also complied with all the restrictions and conditions imposed by this Agreement on such Transfer, exercise or issuance, including, without limitation, those conditions and restrictions set forth in Article 8, and those conditions imposed by this Agreement on a Person seeking to become an Additional Member, including those set forth in Article 9. A Person so consented to be admitted as a Member shall be so admitted upon furnishing to the Board an acceptance, in form satisfactory to the Board, of all the terms and conditions of this Agreement, and such other documents as the Board shall require.

(c) The name of each Member shall be listed on Schedule I attached hereto. The Board shall cause Schedule I to be updated from time to time as necessary to accurately reflect the information required to be included therein. Any amendment or revision to Schedule I made in accordance with this Agreement shall not be deemed an amendment to this Agreement. Any reference in this Agreement to Schedule I shall be deemed to be a reference to Schedule I as amended and in effect from time to time.

2.08 Fiscal Year. The fiscal year of the Company shall be the twelve month period ending on December 31 of each calendar year (such period, along with any relevant portion thereof, "**Fiscal Year**"). The Board may change the Fiscal Year of the Company from time to

time, in accordance with applicable law, and will promptly give written notice of any such change to the Members.

ARTICLE 3

CAPITAL CONTRIBUTIONS; INTERESTS

3.01 Capital Contributions.

(a) Initial Capital Contributions. As of the Effective Date, the Members have made (or have been deemed to have made) initial capital contributions to the Company in the amounts set forth on Schedule I hereto (taking into consideration and as of immediately following and giving effect to the consummation of the Additional Capital Commitment (if the Additional Capital Commitment is effective as of the Effective Date) and the other transactions contemplated by the Plan to take place on the Effective Date) (collectively, the "**Initial Capital Contributions**"). No interest shall accrue on any Capital Contribution except as otherwise provided in this Agreement, and no Member shall have the right to withdraw or be repaid any Capital Contribution.

(b) Additional Capital Contributions. Except as otherwise set forth in the Additional Capital Commitment Subscription Agreements, no Member shall be obligated to make any Additional Capital Contribution to the Company. Except in accordance with Section 8.04, no Member shall be permitted to make an Additional Capital Contribution (other than the Additional Capital Commitment). All amounts paid to the Company by a Member as additional equity capital (other than Initial Capital Contributions, but including the capital commitment paid in the Additional Capital Commitment (when and as paid)) shall be deemed to be an additional capital contribution (collectively, the "**Additional Capital Contribution**" and, together with the Initial Capital Contributions, the "**Capital Contributions**") by such Member for the purposes of this Agreement, and Schedule I shall be amended at the time of such Additional Capital Contribution.

(c) Class of Shares; Ownership, Issuance and Redemption of Shares. The Company is authorized to issue up to [●] Common Shares (subject to adjustment and increase for any Common Shares to be issued in connection with the Additional Capital Commitment). [____] are reserved for issuance in connection with the MEIP; and [____] are reserved for issuance upon exercise of the Warrants.

(d) Exercise of Warrants. Upon exercise of any Warrant, a Warrant holder shall be issued the number of Common Shares to which it is entitled under the terms of the Warrant and shall be admitted to the Company as a Member. Each Warrant holder upon exercise is automatically deemed to have accepted the terms of this Agreement as a Member of the Company and is automatically deemed to be a party hereto as a Member upon exercise of any Warrant as if, and with the same effect as if, such Member had delivered a duly executed counterpart signature page to this Agreement, in each case without any further action by any party, and Schedule 1 shall be amended at the time of such exercise to reflect the issuance of the Common Shares for which such Warrant was

exercised, provided, however, that the Company may require any such Warrant holder to execute a counterpart signature page to this Agreement upon such exercise.

3.02 Allocation of Equity Interests. In consideration of the Initial Capital Contributions and in accordance with the Plan, each Member has been allocated and hereby confirms acceptance, as of the Effective Date, of the Common Shares set forth against such Member's name in Schedule I and the Company hereby confirms that such Common Shares are duly and validly issued limited liability company interests, free and clear of Liens and of any other encumbrances. Nothing herein shall prohibit the Company from (in the Board's discretion) issuing a certificate or certificates evidencing such Member's Equity Interests in the Company (in accordance with the terms of the Act) but in no event shall the Company be required to issue any certificates evidencing Equity Interests in the Company unless the Board decides that issuing such certificates is appropriate.

3.03 Voting Rights; Written Consents. Except to the extent expressly provided in this Agreement or as required by applicable law, Members (in their capacities as such) shall not be entitled to any vote, consent or approval rights; provided, however, that whenever any vote, consent or approval is expressly required of the Members by this Agreement or the Act, the vote consent or approval of Members holding at least a majority of the Common Shares held by all Members shall be required, unless a greater percentage is otherwise expressly specified. Any action required or permitted to be taken at a meeting may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by the Members holding a majority of the Common Shares held by all Members (or any such greater percentage as is otherwise required with respect to the action); provided, however, that prompt notice of the taking of an action by less than unanimous written consent shall be given by the Company to those Members who did not sign such consent. Notwithstanding the foregoing or anything in this Agreement to the contrary, any transactions involving the sale of all or substantially all of the assets of the Company and its Subsidiaries, fifty percent (50%) or more of the voting power of the Common Shares or other Equity Interests of the Company, fifty percent (50%) or more of the economic value, taken as a whole, of the Company and its Subsidiaries, or a merger, consolidation or other business combination in which the Company or its applicable Subsidiary will not be the surviving entity (a "Sale Transaction"), shall require (i) if such Sale Transaction is to be approved within six (6) months of the date of this Agreement, a vote of Members of the Company holding at least three-fourths ($3/4^{th}$) of the number of then outstanding Common Shares, (ii) if such Sale Transaction is to be approved at a time after six (6) months of the date of this Agreement, but within twelve (12) months of the date of this Agreement, a vote of Members of the Company holding at least two-thirds (2/3rds) of the number of then outstanding Common Shares and (iii) if such Sale Transaction is to be approved after the twelve (12) month anniversary of the date of this Agreement, a vote of Members of the Company holding at least a majority of the number of then outstanding Common Shares.

3.04 Withdrawals. Except as explicitly provided herein, no Member shall have any right (a) to withdraw as a Member from the Company, (b) to withdraw from the Company all or any part of such Member's Capital Contributions, (c) to receive property other than cash in return for such Member's Capital Contribution or (d) to receive any Distribution from the Company, except in accordance with the terms of this Agreement.

3.05 Liability of the Members Generally. Except as explicitly provided in the Act, no Member shall be liable for any debts, liabilities, contracts or obligations of the Company or any of its Subsidiaries whatsoever. Each of the Members acknowledges that its Capital Contributions are subject to the claims of any and all creditors of the Company to the extent provided by the Act and other applicable law.

ARTICLE 4

MANAGEMENT

4.01 Management; Board of Directors.

(a) Management. The Board of Directors of the Company (the "**Board**") shall have the authority of "manager" for purposes of the Act. The management, operation and control of the business and affairs of the Company shall be vested exclusively in the Board, except as otherwise expressly provided for in this Agreement or as required by applicable law. Subject to any consent rights specifically provided to the Members in this Agreement, the Board shall have full and complete power, authority and discretion for, on behalf of and in the name of the Company, to enter into and perform all contracts and other undertakings that it may deem necessary or advisable to carry out any and all of the objects and purposes of the Company. A Director acting individually will not have the power to bind the Company. The power and authority of the Board may be delegated by the Board to a committee of Directors, to any officer of the Company or to any other Person engaged to act on behalf of the Company. For so long as any Greywolf Director, Lantern Director, or MAK Capital Director, respectively, is serving on the Board, then at least one (1) Greywolf Director, Lantern Director, and MAK Capital Director, respectively, shall be invited to serve on each committee of Directors upon formation thereof and, if there is any material change in the powers or authority delegated to such committee, each such Investor Director shall be invited to serve on such committee to the extent any such Investor Director is not already serving thereon.

(b) Board Composition and Voting. Each Investor Member shall vote all Common Shares or other Equity Interests of the Company entitled by their terms to vote on such matters owned by such Investor Member or over which such Investor has voting control, and shall take all other necessary or desirable actions within his, her or its control (including in his, her or its capacity as a Member (including attending all meetings of Members in person or by proxy for purposes of obtaining a quorum and executing all written consents in lieu of meetings, as applicable), Director, member of a Board committee, officer of the Company or otherwise), and the Company shall take all necessary or desirable actions within its control, to ensure that the Board shall initially be composed of at least six (6) Directors, consisting of:

(i) for so long as the Greywolf Member, together with its Affiliates and Permitted Transferees, owns at least 30% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), three (3) individuals

designated by the Greywolf Member (each a "**Greywolf Director**"), each of whom for the initial Board will be designated by the Greywolf Member prior to the date hereof; provided, however, that (A) at such time as the Greywolf Member together with its Affiliates and Permitted Transferees, owns less than 30%, but 20% or more of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the Greywolf Member shall only be entitled to designate two (2) Greywolf Directors, (B) at such time as the Greywolf Member together with its Affiliates and Permitted Transferees, owns less than 20%, but 15% or more of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the Greywolf Member shall only be entitled to designate one (1) Greywolf Director, and (C) at such time as the Greywolf Member together with its Affiliates and Permitted Transferees, owns less than 15% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the Greywolf Member shall cease to have the right to designate any Greywolf Director pursuant to this Section 4.01(b)(i);

(ii) for so long as the Lantern Member, together with its Affiliates and Permitted Transferees, owns at least 20% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), two (2) individuals designated by the Lantern Member (each, a "**Lantern Director**"), each of whom for the initial Board will be designated by the Lantern Member prior to the date hereof; provided, however, that (A) at such time as the Lantern Member together with its Affiliates and Permitted Transferees, owns less than 20%, but 15% or more of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the Lantern Member shall only be entitled to designate one (1) Lantern Director and (B) at such time as the Lantern Member together with its Affiliates and Permitted Transferees, owns less than 15% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the Lantern Member shall cease to have the right to designate any Lantern Director pursuant to this Section 4.01(b)(ii); and

(iii) for so long as the MAK Capital Member, together with its Affiliates and Permitted Transferees, owns at least 15% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), one (1)

individual designated by the MAK Capital Member (the "**MAK Capital Director**" and, together with the Greywolf Directors and the Lantern Director, the "**Investor Directors**"), who for the initial Board will be designated by the MAK Capital Member, prior to the date hereof; provided, however, that at such time as the MAK Capital Member, together with its Affiliates and Permitted Transferees, owns less than 15% of the outstanding Common Shares (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction), the MAK Capital Member, shall cease to have the right to designate a MAK Capital Director pursuant to this Section 4.01(b)(iii);

(iv) subject to Section 4.01(e)(ii), the number of remaining Directors, if any, shall be selected by the vote of a majority of the issued and outstanding Common Shares owned by the Members or otherwise provided in this Agreement.

Notwithstanding the foregoing, either on the date of this Agreement or no later than 135 days after the date of this Agreement the number of Directors constituting the Board shall be increased to eight (8) Directors and the additional two (2) Directors shall be individuals each of whom is (A) not an Affiliate or Associate of the Company or any of its Subsidiaries or any Member and (B) a person with experience and expertise in the industry in which the Company operates (each, an "**Independent Director**"), who shall be selected by the vote of a majority of the issued and outstanding Common Shares owned by the Members and who shall serve until such time as his or her respective successors shall have been selected in accordance with Section 4.01(b)(iv) or as otherwise provided in this Agreement so long as such individual meets the criteria for an Independent Director set forth above; provided, however, that if, at the time an Independent Director is to be selected pursuant to Section 4.01(b)(iv), any Member or any "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of Members, together with its Affiliates, owns, or is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act, or any successor provision, but only as a result of a written contract, arrangement, understanding, or agreement) of, more than 50% of the outstanding Common Shares, then such Independent Director shall be selected by the vote of two-thirds or more of the outstanding Common Shares. With respect to the initial two (2) individuals to be designated to serve as Independent Directors, interviews with potential Independent Director candidates will be set up at a time and location mutually agreed by the Investor Members, and each Investor Member who wishes shall be entitled to participate in such interviews. If the number of Directors that an Investor Member has the right to designate to the Board is decreased pursuant to Section 4.01(b)(i), (ii) or (iii), then the Board may remove such Director or Directors, as the case may be, from the Board by a vote of three (3) or more Directors, not including the Investor Director(s) that such Investor Member has lost the right to designate. Any vacancy created by such removal shall be filled in the manner prescribed by Section 4.01(b)(iv).

(c) Board Observers. Any Initial 10% Member (other than any Investor Member so long as such Investor Member has a right to designate an Investor Director pursuant to Section 4.01(b)) who owns at least ten percent (10%) or more of the then outstanding Common Shares may designate one (1) observer to the Board; provided,

however, that, so long as the Hotchkis and Wiley Member owns the same or greater percentage (in each case, (x) excluding any securities issued or issuable pursuant to the MEIP or the Warrants and (y) as adjusted for any share splits, Equity Interest distributions, recapitalizations or similar transaction) of Common Shares as it holds on the Effective Date, it shall have the right to appoint an observer in the same manner as an Initial 10% Member. The Company shall give each observer prior written notice of every meeting of the Board at the same time and in the same manner as notice is given to the Directors and all such observers shall have the rights to attend meetings of the Board. The Company shall provide each observer with copies of all written materials and other information given to the Directors in connection with such meetings or otherwise (including, without limitation, all resolutions proposed to be adopted by written consent in lieu of a meeting of the Board and all information provided to the Directors in connection therewith) at the same time such materials or information is given to the Directors. In the case of telephonic meetings, the observers shall be given the opportunity to participate in such telephonic meetings. Notwithstanding the foregoing, the Company may exclude observers from having access to any notices, materials or information, and the portions of any meetings, in each case to the extent that such exclusion is reasonably necessary to preserve the Company's attorney-client privilege. For the avoidance of doubt, no observer shall be entitled to vote on any matter before the Board, and no observer shall be considered a Director for any purpose of this Agreement. The Company shall not pay the observers any fee, but shall reimburse the observers for reasonable travel and other out of pocket expenses incurred by the observers, related to him or her serving in such capacity as an observer or in performing his or her duties in connection herewith.

(d) Company Action. The Company shall take all necessary and desirable actions within its control (including calling special Board and stockholder meetings) to effectuate the provisions of this Section 4.01.

(e) Removal; Vacancies.

(i) Except as provided in the penultimate sentence of Section 4.01(b), an Investor Director may be removed at any time as a Director with or without cause upon the written request of the Investor Member that appointed such Investor Director. In the event that a vacancy is created on the Board at any time due to the death, disability, retirement, resignation or removal of an Investor Director, then, subject to Section 4.01(b), the Investor Member that designated such Investor Director shall have the right to designate an individual to fill such vacancy. Each Investor Member shall vote all its Common Shares or other Equity Interests of the Company entitled by their terms to vote for Directors, and shall take all other necessary or desirable actions within its control in furtherance of the provisions of this Section 4.01(e)(i) (including attending all meetings of Members in person or by proxy for purposes of obtaining a quorum and executing all written consents in lieu of meetings, as applicable), and the Company shall take all necessary or desirable actions within its control, to remove or replace from the Board such Investor Director upon, and only upon, such written request or affirmative vote, as applicable. Except as provided in this Section 4.01(e)(i),

unless the applicable Investor Member shall otherwise consent in writing, no other Investor Member shall take any action to cause the removal of an Investor Director.

(ii) Each Director (other than an Investor Director) may be removed at any time as a Director (A) with or without cause upon the affirmative vote a majority of the issued and outstanding Common Shares owned by the Members or (B) with cause upon the affirmative vote of a majority of the Board; provided, however, that, if (1) an Independent Director is being removed by the holders of the Common Shares and (2) any Member or any "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of Members, together with its Affiliates, owns, or is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act, or any successor provision, but only as a result of a written contract, arrangement, understanding, or agreement) of, more than 50% of the outstanding Common Shares, then such removal shall require the affirmative vote of two-thirds or more of the outstanding Common Shares. Subject to the first sentence of this Section 4.01(e)(ii), each Investor Member shall vote all Common Shares or other Equity Interests of the Company entitled by their terms to vote on such matters owned by such Investor Member or over which such Investor Member has voting control, and shall take all other necessary or desirable actions within his, her or its control (including in his, her or its capacity as a Member (including attending all meetings of Members in person or by proxy for purposes of obtaining a quorum and executing all written consents in lieu of meetings, as applicable), Director, member of a Board committee, officer of the Company or otherwise) so that each Director other than an Investor Director shall hold his or her office until his or her death or until his or her successor shall have been duly elected and qualified. In the event that a vacancy is created on the Board at any time due to the death, disability, retirement, resignation or removal of a Director other than an Investor Director, then such vacancy shall be filled in accordance with the provisions of Section 4.01(b)(iv).

(f) Resignation. A Director may resign at any time from the Board by delivering his or her written resignation to the Board. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Board's acceptance of a resignation shall not be necessary to make it effective. Any vacancy created by such resignation shall be filled in the manner prescribed by Section 4.01(b).

(g) Subsidiary Boards of Directors. The Company (in its capacity as the direct or indirect equityholder of each other subsidiary of the Company) shall cause the Persons constituting the Board to be appointed as the sole members of the board of directors (or similar governing body) of each of the Subsidiaries of the Company; provided, however, that a vote of two-thirds of the Board (a "**Board Supermajority**") may determine to admit additional members to the board of directors (or similar governing body) of any particular Subsidiary.

(h) Board Meetings; Quorum; Vote Required.

(i) Board Meetings. The Board shall schedule regular meetings at least once every Fiscal Quarter (or such other frequency as may reasonably be determined by the Board) to be held at a location reasonably agreeable to the members of the Board. Any meetings of the Board may be held by, and any member of the Board may attend any Board meeting by, telephonic conference call or other electronic communication where the members of the Board can hear each other. Special meetings of the Board (other than regularly scheduled quarterly meetings) may be called by two (2) or more members of the Board. All meetings shall be held upon not less than five (5) calendar days' notice by mail or not less than forty eight (48) hours' notice delivered personally or by telephone, facsimile or electronic mail. Each notice (other than regularly scheduled quarterly meetings) shall specify the general purpose of the applicable meeting. Notice of a meeting need not be given to any member of the Board who signs a waiver of notice or consent to holding the meeting, or who attends the meeting without protesting the lack of notice to such member of the Board.

(ii) Quorum. The quorum in a meeting of the Board shall be (A) at any time the number of Directors constituting the Board consists of six (6) Directors, at least three (3) members of the Board and (B) at any time the number of Directors constituting the Board consists of eight (8) Directors, at least five (5) members of the Board, in each of case (A) and (B) at least one (1) of whom must be a Greywolf Director, at least one (1) of whom must be a Lantern Director and at least one (1) of whom must be the MAK Capital Director, in each case, at all times that the Greywolf Member, the Lantern Member or the MAK Capital Member, as applicable, is entitled to appoint a Director pursuant to Section 4.01(b); provided, however, if at any particular meeting a quorum is not present because of the absence of a Greywolf Director, a Lantern Director or a MAK Capital Director, then at any subsequent meeting of the Board within seven (7) days where the same matters are among those scheduled for discussion, a quorum shall not require the Investor Director who was absent from such previous meeting(s) of the Board. Any action to be taken by the Board may be taken by telephonic conference call or other electronic communication where the members of the Board can hear each other, in-person meeting, or written consent; provided, however, that any written consent of the Board must be executed by all members of the Board in order to be valid and effective.

(iii) Vote Required. Except as otherwise expressly provided in this Agreement, all action taken by the Board shall require the affirmative vote of a majority of the members of the Board eligible to vote thereon. In any matter that is to be voted on by members of the Board, the members of the Board may vote in person or by telephone. Notwithstanding the foregoing, (1) any decision by the Board to commit any amount in excess of Maintenance Capital Expenditures to the Company's facility located in Mooresboro, North Carolina, shall require a vote of at least three-fourths ($3/4^{th}$) of the Board, (2) any decision by the Board to (A) issue any New Securities or (B) form any parent company or holding

company of the Company (other than as a result of a Sale Transaction entered into in compliance with the terms of this Agreement) (such company, a "**New Holding Company**"), shall require a vote of a Board Supermajority and (3) any decision by the Board to call the Additional Capital Commitment shall require a vote of at least three-fourths ($3/4^{th}$) of the Board and be subject to the terms of the UPA, the satisfaction of each of the conditions set forth in the UPA and the satisfaction of the following conditions:

(1) the Additional Capital Commitment Units will be issued (if at all) at a price per unit equal to the lower of (x) a value per unit implied by a total equity value of the Company and its Subsidiaries equal to $235,450,000; and (y) if, and only if, the spot price of zinc listed on the London Metals Exchange has been below $0.80/lb for ten (10) consecutive Business Days prior to the date of issuance of the applicable ACC Call Notice (as defined in the UPA), the fair market value of such units at the time of issuance (as determined by a nationally recognized independent valuation firm selected in good faith by the Board); provided, however, that such fair market value shall in no event be less than seventy-five percent (75%) of $277,000,000; and

(2) the Company shall not have spent, or committed to spend, any money on operating or improving its Mooresboro facility unless and until it has first called all of the Additional Capital Commitment Units for such purpose, and the Additional Capital Commitment Units shall only be called and shall be used exclusively for such purpose.

(i) Director Expenses. The Company shall reimburse members of the Board for all reasonable out-of-pocket travel expenses incurred in connection with attending the meetings of the Board.

(j) Committees of the Board. The Board shall be authorized to designate an audit committee, a compensation committee and such other committees as it shall determine, each consisting of two (2) or more Directors, to serve at the pleasure of the Board, prescribe the manner in which proceedings of such committees shall be conducted and delegate the authority which such committees shall have.

4.02 Liability Insurance. The Company will maintain directors & officers insurance and errors & omissions coverage for its Board members, committee members and management personnel on terms and conditions reasonably determined by the Board.

4.03 Officers.

(a) The Board may appoint individuals as officers ("**Officers**") of the Company as the Board deems advisable with the duties and responsibilities set forth by the Board. No Officer need be a Member or a Director. An individual can be appointed to more than one office. Officers appointed by the Board shall have the authority to bind the Company to the extent authorized by the Board.

(b) Subject to the terms of any employment agreement between the Company or a Subsidiary and such Officer, the Board may remove any Officer, for any reason or for no reason, at any time. Subject to the terms of any employment agreement between the Company or a Subsidiary and such Officer, any Officer may resign at any time by giving written notice to the Board, and such resignation shall take effect at the date of the receipt of that notice or any later time specified in that notice; provided, however, that unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. A vacancy in any office because of death, resignation, removal or otherwise shall be filled in the manner prescribed in this Agreement for regular appointments to that office.

(c) Subject to the terms of any employment agreement between the Company or a Subsidiary and such Officers, the Officers shall be entitled to receive compensation from the Company as determined by the Board.

(d) Under the direction of and, at all times, subject to the authority of the Board, the Chief Executive Officer shall have general supervision over the day-to-day business, operations and affairs of the Company. The Chief Executive Officer shall have such other powers and perform such other duties as may from time to time be prescribed by the Board or this Agreement.

(e) Any Chief Financial Officer appointed by the Board shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Company, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and Interests. The Chief Financial Officer shall have the custody of the funds and securities of the Company, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company. The Chief Financial Officer shall have such other powers and perform such other duties as may from time to time be prescribed by the Chief Executive Officer or the Board.

(f) Any Secretary appointed by the Board shall (i) keep the minutes of the meetings of the Members and the Board in one or more books provided for that purpose, (ii) see that all notices are duly given in accordance with the provisions of this Agreement and as required by law, (iii) be custodian of the company records, (iv) keep a register of the addresses of each Member which shall be furnished to the Secretary by such Member, and (v) in general perform all duties incident to the office of a secretary of a company. The Secretary shall have such other powers and perform such other duties as may from time to time be prescribed by the Chief Executive Officer or the Board.

4.04 Exculpation.

(a) To the fullest extent permitted by law (including Section 18-1101(b), (c), (d), and (e) of the Act), each Member agrees that:

(i) notwithstanding any duty otherwise existing at law or in equity, and notwithstanding any other provision of this Agreement, no Member or

Director shall owe any duty (including fiduciary duties) to the Company, any of the Members or any other Person that is a party to or is otherwise bound by this Agreement, in connection with any act or failure to act, whether hereunder, thereunder or otherwise; provided, however, that this clause (i) shall not eliminate the implied contractual covenant of good faith and fair dealing; provided, further, however, that no Director shall serve as a director or officer for, or otherwise act as an advisor to, any portfolio company in direct or indirect competition with the Company, and

(ii) no Director or Member shall have any personal liability to the Company, any of the Members, or any other Person that is a party to or is otherwise bound by this Agreement for monetary damages in connection with any act or failure to act, or breach, whether hereunder, thereunder or otherwise; provided, however, that this paragraph (ii) shall not limit or eliminate liability for any act or omission that constitutes (A) a bad faith violation of the implied contractual covenant of good faith and fair dealing or (B) willful misconduct.

(b) If any provision of Section 4.04(a) is held to be invalid, illegal or unenforceable, the duties and personal liability of the Directors to the Company, any of the Members or any other Person that is a party to or is otherwise bound by this Agreement shall be eliminated to the greatest extent permitted under the Act.

(c) Other than with respect to the Board to the extent to which Section 4.04(a) is applicable (unless Sections 4.04(a) and (b) are held to be invalid, illegal or unenforceable, in which case this Section 4.04(c) shall apply to the Directors), subject to applicable law, no such Director shall be liable, in damages or otherwise, to the Company, the Members or any of their Affiliates for any act or omission performed or omitted by any of them (including, without limitation, any act or omission performed or omitted by any of them in reliance upon and in accordance with the opinion or advice of experts, including, without limitation, of legal counsel as to matters of law, of accountants as to matters of accounting, or of investment bankers or appraisers as to matters of investment advice, appraisal advice, or valuation), except for any act or omission with respect to which a court of competent jurisdiction has issued a final, nonappealable judgment that such Director committed fraud, was grossly negligent or engaged in willful misconduct.

(d) The Members expressly acknowledge that the Board is acting on behalf of the Company. The Board shall not be obligated to consider the separate interest of any Member or other Person (including the tax consequences to any Member or other Person) in deciding, pursuant to its authority granted under this Agreement, whether to cause the Company to take (or decline to take) any actions that are in the interest of the Company. The Directors shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Members in connection with such decisions; provided, however, that neither this Section 4.04(d) shall limit or eliminate liability for any act or omission that constitutes (A) a bad faith violation of the implied contractual covenant of good faith and fair dealing or (B) willful misconduct.

(e) Notwithstanding anything to the contrary herein, all Officers of the Company shall be subject to all fiduciary and other duties under applicable law to the Company and the Members (but not any creditor of the Company). Without limiting the generality of the foregoing, each officer of the Company shall have fiduciary duties to the Company and the Members (but not any creditor of the Company) to the same extent that officers of a Delaware corporation would have to such corporation and its stockholders.

(f) The provisions of this Section 4.04 are for the benefit of the Directors, Members, Officers, their heirs, successors, assigns and administrators, all of whom are third party beneficiaries of this Section 4.04, and shall not be deemed to create any rights for the benefit of any other Persons.

4.05 Indemnification.

(a) To the fullest extent permitted by applicable law, the Company shall and does hereby agree to indemnify and hold harmless against any liabilities and pay all judgments and claims against each Director, each Officer, each Member, any Affiliate of any of the foregoing Persons, each employee of the Company, and each of the foregoing Persons' respective officers, directors, employees, stockholders, partners (limited and/or general), managers, members, consultants and agents (in each case in their respective capacities as such) (the "**Indemnified Parties**"), each of which shall be a third party beneficiary of this Agreement solely for purposes of this Section 4.05 from and against claims, liabilities, damages, losses, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated (collectively, "**Damages**") incurred by them or by the Company for any act or omission taken or suffered by the Indemnified Parties (including, without limitation, any act or omission taken or suffered by any of them in reliance upon and in accordance with the opinion or advice of experts, including, without limitation, of legal counsel as to matters of law, of accountants as to matters of accounting, or of investment bankers or appraisers as to matters of valuation) in connection with the business or operation of the Company or any of its Subsidiaries (including in connection with such Indemnified Party serving as an officer, director, manager, employee or agent of any other Entity at the request of the Board), including costs and reasonable attorneys' fees and any amount expended in the settlement of any claims or loss or damage, except to the extent such liability arose out of an act or omission by such Person which constitutes gross negligence, bad faith or willful misconduct. Notwithstanding the foregoing, the Company shall not be obligated to indemnify any Indemnified Party pursuant to this Section 4.05 for such Indemnified Party's obligations under any other agreement with the Company or any of its Subsidiaries.

(b) The satisfaction of any indemnification obligation pursuant to Section 4.05(a) hereof shall be from and limited to assets of the Company and its Subsidiaries (including insurance and any agreements pursuant to which the Company, the Directors, Officers or employees are entitled to indemnification) and no Member, in such capacity, shall be subject to personal liability.

(c) Expenses reasonably incurred by an Indemnified Party in defense or settlement of any claim that is reasonably expected to be subject to a right of indemnification hereunder shall be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of such Indemnified Party to repay such amount to the extent that it shall be determined upon final adjudication after all possible appeals have been exhausted that such Indemnified Party is not entitled to be indemnified hereunder.

(d) Without limitation of Section 4.02, to the extent reasonably determined by the Board, the Company may purchase and maintain insurance on behalf of one or more Indemnified Parties and other Persons against any liability which may be asserted against, or expense which may be incurred by, any such Person in connection with the Company's activities, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) The Company further agrees that with respect to any Indemnified Party who is employed, retained or otherwise associated with, or appointed or nominated by, any of the Members or any of their Affiliates and who acts or serves as a member of the Board, a member of any committee of the Board, director, officer, fiduciary, employee, consultant, advisor or agent of, for or to the Company or any of its Subsidiaries, that the Company or such Subsidiaries, as applicable, shall be primarily liable for all indemnification, reimbursements, advancements or similar payments (the "**Indemnity Obligations**") afforded to such Indemnified Party acting in such capacity or capacities on behalf or at the request of the Company or such Subsidiary, whether the Indemnity Obligations are created by law, organizational or constituent documents, contract (including this Agreement) or otherwise. Notwithstanding the fact that any of the Members or any of their Affiliates, other than the Company (such Persons, together with its and their heirs, successors and assigns, the "**Member Parties**"), may have concurrent liability to an Indemnified Party with respect to the Indemnity Obligations, the Company hereby agrees that in no event shall the Company or any of its Subsidiaries have any right or claim against any of the Member Parties for contribution or have rights of subrogation against any Member Parties through an Indemnified Party for any payment made by the Company or any of its Subsidiaries with respect to any Indemnity Obligation. In addition, the Company hereby agrees that in the event that any Member Parties pay or advance an Indemnified Party any amount with respect to an Indemnity Obligation, the Company will, or will cause its Subsidiaries to, as applicable, promptly reimburse such Member Parties for such payment or advance upon request. The Company and the Indemnified Parties agree that, notwithstanding anything to the contrary herein, the Member Parties are express third-party beneficiaries of the terms of this Section 4.05.

(f) Certain Indemnitees that are directors, officers, employees, stockholders, partners, limited partners, members, equityholders, managers, or advisors of any Member or any of such Member's Affiliates (each such Person, a "**Fund Indemnitee**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by or on behalf of such Member and/or its Affiliates (collectively, the "**Fund Indemnitors**"). Notwithstanding anything to the contrary in this Agreement or otherwise: (i) the Company is the indemnitor of first resort (*i.e.*, the Company's

obligations to each Fund Indemnitee are primary and any obligation of the Fund Indemnitors to advance Damages or to provide indemnification for such Damages incurred by each Fund Indemnitee are secondary), (ii) the Company shall be required to advance the full amount of Damages incurred by each Fund Indemnitee and will be liable for the full amount of all such Damages paid in settlement to the extent legally permitted and as required by this Agreement, without regard to any rights each Fund Indemnitee may have against the Fund Indemnitors, and (iii) the Company irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. Notwithstanding anything to the contrary in this Agreement or otherwise, no advancement or payment by the Fund Indemnitors on behalf of a Fund Indemnitee with respect to any claim for which such Fund Indemnitee has sought indemnification or advancement of Damages from the Company shall affect the foregoing and the Fund Indemnitors will have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Indemnitee against the Company. The Fund Indemnitors are express third party beneficiaries of the terms of this Section 4.05(f).

4.06 Transactions with Affiliates Except as otherwise expressly permitted under this Agreement, the Company shall conduct, and shall cause each of its Subsidiaries to conduct, all transactions with its Affiliates and Members (other than wholly-owned Subsidiaries of the Company), current or former directors of the Company or any of its Subsidiaries, or any Relative or Affiliate of any of the foregoing (including, without limitation, any loan or other extension of credit from any such Person to the Company or any of its Subsidiaries) (each, an "**Interested Transaction**") on terms that are fair and reasonable and no less favorable to the Company or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate, Member, current or former director of the Company or any of its Subsidiaries, or Relative or Affiliate of any of the foregoing, and in compliance with all applicable laws. Any such Interested Transaction must be approved by both a majority of the members of the Board (not including any Director nominated by a Member with an interest in such Interested Transaction) and by a majority of the Independent Directors.

4.07 Limited Liability Company Opportunity.

(a) Each Member, and the Company, acknowledges and affirms that the Members and their Affiliates and Associates may have, and may continue to, participate, directly or indirectly, in investments in assets and businesses which are, or will be, suitable for the Company or competitive with the Company's business.

(b) Notwithstanding any other provision of this Agreement to the contrary (and to the fullest extent permitted by applicable laws), each Member, individually and on behalf of the Company, and the Company, expressly (i) waives any conflicts of interest or potential conflicts of interest that exist or arise as a result of any such investments and agrees that no Member, Director nor any of their respective Affiliates or Associates, nor any of the foregoing Persons' respective directors, officers, members, managers, partners or representatives, shall have liability to any other Member or any Affiliate or Associate thereof, or to the Company, its Subsidiaries or any of their

respective Affiliates or Associates, with respect to such conflicts of interest or potential conflicts of interest, (ii) acknowledges and agrees that any Member or Director and any of their respective Affiliates and Associates, and any of the foregoing Persons' respective directors, officers, members, managers, partners or representatives, may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Company, its Subsidiaries and their respective Affiliates and Associates, (iii) acknowledges and agrees that no Member nor any of their respective Affiliates or Associates, nor any of the foregoing Persons' respective directors, officers, members, managers, partners or representatives (including any Director) will have any duty to disclose to the Company or any other Person any such business opportunities, whether or not competitive with the Company's business and whether or not the Company might be interested in such business opportunity for itself (except to the extent that such representative is an officer, consultant or employee of the Company or its Subsidiaries), (iv) agrees that the terms of this Section 4.07 to the extent that they modify or limit a duty or other obligation (including fiduciary duties), if any, that a Member or a Director may have to the Company or any other Person under the Act or other applicable law, rule or regulation, are reasonable in form, scope and content; and (v) waives to the fullest extent permitted by the Act any duty or other obligation, if any, that a Member or Director may have to the Company or another Person, pursuant to the Act or any other applicable law, rule or regulation, to the extent necessary to give effect to the terms of this Section 4.07.

4.08 Change in Corporate Form. Prior to any (a) conversion of the Company from a limited liability company to any other corporate form or (b) election by the Company to no longer be treated as a corporation for federal income tax purposes, the affirmative vote of both a Board Supermajority and Members of the Company holding three-fourths (3/4th) of the number of then outstanding Common Shares shall be required to approve any such conversion or election.

ARTICLE 5

REPORTING REQUIREMENTS

5.01 Reporting Requirements.

(a) The Company shall furnish to each Member, in accordance with GAAP, to the extent applicable:

(i) for the first three Fiscal Quarters of each year, as soon as available, and in any event within [forty-five (45)] days after the end of each such Fiscal Quarter, the consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income, members' equity and cash flows of the Company and its consolidated Subsidiaries for such Fiscal Quarter and for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year in reasonable detail; and

(ii) for each Fiscal Year, as soon as available, and in any event within [one hundred and five (105)] days after the end of each Fiscal Year, the audited consolidated financial statements of the Company and its consolidated Subsidiaries (including a balance sheet, statement of income and statement of cash flows, together with the notes thereto) as at the end of such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year in reasonable detail and a report thereon by the Company's certified independent accountants.

(b) The Company shall provide quarterly reports to the Members summarizing the results of the Company's operations and the financial performance of the Company for the prior fiscal quarter and year-to-date.

(c) The Company shall make the information and reports to be provided pursuant to Sections 5.01(a) and 5.01(b) hereof available to the Members and potential transferees of a Member's Shares, which access shall be provided by posting such information and reports on an online data system, such as intralinks, with a 'click-through' confidentiality agreement.

(d) In no event shall any financial information required to be furnished pursuant to Sections 5.01(a) and 5.01(b) be required to include any information required by, or to be prepared or approved in accordance with, or otherwise be subject to, any provision of Section 404 of the Sarbanes-Oxley Act of 2002 or any rules, regulations, or accounting guidance adopted pursuant to that section.

(e) The current accounting firm of the Company is [●]. The Board (or a duly authorized committee thereof) shall retain the current accounting firm or select a new accounting firm for the Company annually. Any new accounting firm shall be selected from among the following "big four" nationally recognized accounting firms: KPMG, PriceWaterhouseCoopers, Deloitte & Touche or Ernst & Young.

ARTICLE 6

DISTRIBUTIONS

6.01 Distributions Generally. Except as otherwise provided herein, the Company shall make distributions at such times and in such amounts as the Board determines in its sole discretion. Any such distributions made with respect to the Common Shares shall be made to the Members *pro rata* in proportion to their respective Share Percentage Interest.

6.02 Restricted Distributions. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not make a Distribution to any Member if such Distribution would violate the Act or other applicable law (but shall use commercially reasonable efforts to make such Distribution in a manner that does not violate the Act or any other applicable law).

ARTICLE 7

ACCOUNTING AND TAX MATTERS

7.01 Books and Records. The Company shall keep or cause to be kept books and records reflecting all of the Company's activities and transactions in accordance with GAAP, to the extent applicable. Each Member, and their respective agents and representatives shall be afforded access to the Company's books and records for any proper purpose reasonably related to its status as a Member (as reasonably determined by the Board), at any reasonable time during regular business hours upon reasonable notice to the Company. The Company shall preserve all books and records kept pursuant to this Section 7.01 for a period of three (3) years after the date of dissolution of the Company. Notwithstanding anything contained herein, the Board shall have the right to limit the access to any sensitive information (financial or otherwise) regarding the Company of any Member who the Board reasonably determines is, or is affiliated with or related to, a competitor of the Company.

7.02 Tax Returns. The Company shall use commercially reasonable efforts to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required state and local tax returns in each jurisdiction in which the Company owns property or does business.

ARTICLE 8

TRANSFERS AND WITHDRAWALS

8.01 Transfers of Equity Interests. No holder of any Common Shares or other Equity Interests in the Company shall Transfer all or any part of the economic or other rights that comprise any such Common Share or other Equity Interest except for such Transfers made in accordance with the Securities Act, applicable blue sky laws and this Agreement.

(a) Securities Restrictions; Legends.

(i) [Each certificate (if any) representing Common Shares issued subject to this Agreement shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LIMITED LIABILITY COMPANY AGREEMENT DATED AS OF [ ], 2016 (AS AMENDED FROM TIME TO TIME). ANY PURCHASER OR TRANSFEREE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE WILL BE SUBJECT TO SUCH AGREEMENT. A COPY OF SUCH AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

(ii) Each certificate (if any) representing Restricted Common Shares subject to this Agreement shall be further stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN ACCORDANCE WITH AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR IN ACCORDANCE WITH AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE CONSTITUENT DOCUMENTS OF THE COMPANY;

(2) IN CONNECTION WITH ANY RESALE OR TRANSFER PURSUANT TO AN EXEMPTION UNDER THE SECURITIES ACT, SHALL, PRIOR TO SUCH TRANSFER OR SALE, FURNISH TO THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."]

(iii) Each Member agrees, prior to any Transfer of any Common Shares or other Equity Interests of the Company, to give two (2) Business Days written notice to the Company of such Member's intention to effect such Transfer and to comply in all other respects with the provisions of this Article 8. Each such notice shall describe the manner and circumstances of the proposed Transfer. Each Member agrees that it will, prior to any Transfer of Restricted Common Shares, deliver to the Company a letter from such Member's proposed Transferee informing the Company whether or not such Transferee is an "accredited investor" (as such term is defined in Rule 501 of the Securities Act). Upon request by the Company, the Member delivering a notice with respect to Restricted Common Shares shall deliver a written opinion, addressed to the

Company, from counsel for the Member holding such Restricted Common Shares, stating that in the opinion of such counsel (which opinion and counsel shall be reasonably satisfactory to the Company) such proposed Transfer of Restricted Common Shares does not involve a transaction requiring registration or qualification of such shares under the Securities Act provided, however, that the Company shall not have the right to request any such opinion and shall not be entitled to object to such Transfer if the Member has held the Restricted Common Shares proposed to be Transferred for at least one (1) year and the Member is not an "affiliate" of the Company as such term is defined under Rule 405 of the Securities Act, it being understood and agreed that any Member who is not entitled to nominate or has not nominated an Investor Director and otherwise owns less than ten percent (10%) of the outstanding Common Shares and other Equity Interests of the Company shall not be an "affiliate" for this purpose. It is understood and agreed that the right to nominate or the nomination of an Investor Director or ownership of ten percent (10%) or more of the outstanding Common Shares and other Equity Interests of the Company shall not presumptively establish that a Member is an "affiliate" for purposes of the previous sentence. Such Member holding such Restricted Common Shares shall be entitled to effect a Transfer of such shares in accordance with the terms of the notice delivered to the Company, if the Company does not reasonably object to such Transfer and request such opinion within two (2) Business Days after delivery of such notice, or, if it reasonably requests such opinion, does not reasonably object to such Transfer within two (2) Business Days after delivery of such opinion. The Company may only object to such Transfer of Restricted Common Shares if in its reasonable opinion the proposed Transfer involves a transaction requiring registration or qualification of such shares under the Securities Act. Each certificate or other instrument evidencing any transferred Common Shares shall bear the legend or legends set forth above in Section 8.01(a), as applicable. Notwithstanding the foregoing, a Member holding Restricted Common Shares may Transfer all or a portion of its Restricted Common Shares to a Permitted Transferee without complying with the terms of this Section 8.01(a)(iii) so long as such Member provides written notice of such Transfer to the Company within three (3) Business Days after the effective date of the Transfer and the other terms of this Agreement have been satisfied.

(b) Except for any Transfer of Shares on the effective date of a public offering of the Company's securities pursuant to this Agreement, no Transfer shall be permitted if (i) as a result of such Transfer, the Company would be reasonably likely to be subject to reporting obligations under the Exchange Act or otherwise required to make any filing with the Commission or (ii) the proposed transferee or any of its Affiliates is a direct or indirect competitor of the Company or any of its Subsidiaries. Any attempted Transfer that is prohibited by this Section 8.01(b) shall be null and void and shall not be effective to Transfer any Common Shares or other Equity Interests of the Company, but only to the minimum extent necessary to prevent the Transfer from being prohibited by this Section 8.01(b).

8.02 Drag-Along Obligations.Except for a Permitted Transfer, if any Member or Members holding more than fifty percent (50%) of the voting power of the Common Shares or other Equity Interests of the Company (individually or collectively, the "**Exiting Members**"), acting together or pursuant to a common plan, understanding or arrangement (i) enter into an agreement to Transfer to any Person, in a *bona fide* arm's-length transaction to one or more third parties none of which is an Affiliate or Associate of any Exiting Member, all the Common Shares or other Equity Interests of the Company beneficially owned by such Exiting Members, (ii) request that the Company or any subsidiary thereof consolidate or merge with any Person which is not an Affiliate or Associate of any Exiting Member in a *bona fide* arm's-length transaction (in a consolidation or merger in which (A) Members receive cash or securities of any other Person upon such consolidation or merger and (B) such Person and/or its Affiliates become the beneficial owner of more than fifty percent (50%) of the voting power of the Common Shares or other Equity Interests of (x) the Company or (y) any Subsidiary or Subsidiaries of the Company owning, controlling or otherwise constituting a majority of the consolidated assets of the Company and its Subsidiaries taken as a whole (based on value) (a "**Merger**")) or (iii) request that the Company sell all or substantially all the assets of the Company and its Subsidiaries, to a Person which is not an Affiliate or Associate of any Exiting Member in a *bona fide* arm's-length transaction in which Members receive cash or securities of such other Person upon completion of such transaction (the Person referred to in clause (i), clause (ii) or clause (iii) being referred to herein as "**Exit Transferees**" and any of the transactions referred to in clause (i), clause (ii) or clause (iii) being referred to herein as an "**Exit Transfer**"; provided, that in no event shall an Exit Transfer be deemed to include any transaction effected solely for the purpose of changing, directly or indirectly, the form of organization or the organizational structure of the Company or any of its Subsidiaries), then, subject to the terms (including the limitations) of this Section 8.02, such Exiting Members may elect to require that each other Member (each, a "**Drag-Along Member**") Transfer to such Exit Transferees all the Common Shares and other Equity Interests of the Company beneficially owned by such Drag-Along Member, on terms and conditions that are no less favorable than those applicable to the Exiting Members and that comply with the limitations set forth in Section 8.02(d) (in the case of clause (i) and/or that each Drag-Along Member vote (or consent in writing, as the case may be) in favor of the Merger or sale of assets (in the case of clause (ii) or clause (iii)). The Exiting Members shall exercise the rights in Section 8.02(a) by providing to the Company written notice of any Exit Transfer (the "**Drag-Along Notice**") setting forth the terms of the proposed Exit Transfer (including the identity of the counterparties thereto) and the proposed closing date. The Company shall provide each Drag-Along Member with a copy of the Drag-Along Notice within three (3) Business Days of receipt from the Exiting Member.

(c) All Transfers pursuant to this Section 8.02 shall be consummated contemporaneously at the principal offices of the Company on the later of (i) a Business Day not less than fifteen (15) or more than sixty (60) days after the Drag-Along Notice is delivered to Drag-Along Members or (ii) no later than the fifth Business Day following the expiration or termination of all waiting periods under HSR or any other applicable regulatory regime, to the extent applicable to such Transfer, or at such other time or place as the Exiting Members and the Exit Transferees may agree. The certificates or other

instruments, if any, evidencing the Common Shares or other Equity Interests of the Company Transferred pursuant to the Exit Transfer shall be duly endorsed for transfer, and delivered on such closing date against payment for the purchase price of such Common Shares or other Equity Interests of the Company, together with all other documents which are necessary to effect such Transfer.

(d) All Drag-Along Members shall execute and deliver any documents reasonably requested by the Exiting Members, including any agreement containing representations, warranties, covenants, and indemnification obligations (each of which shall be several and neither joint nor joint and several obligations and shall be no more extensive or adverse to any Drag-Along Member than those applicable to the Exiting Members) on the part of the Exiting Members and each Drag-Along Member, provided, however, that the indemnification obligation of each Drag-Along Member (i) shall be limited to the percentage of such consideration that is equal to any comparable percentage limitation with respect to the consideration payable to the Exiting Members, in the case of representations and warranties made by such Drag-Along Member (which shall be limited to customary representations regarding its existence, authority to participate in such Exit Transfer, due execution, ownership of its Common Shares or other Equity Interests of the Company and ability to Transfer such Common Shares or other Equity Interests of the Company free and clear of all Liens and other encumbrances, as applicable), (ii) shall be computed *pro rata* based on the aggregate consideration payable to all Members, in the case of representations and warranties made by the Company, and (iii) shall not under any circumstances exceed in the aggregate the net proceeds actually paid to such Drag-Along Member upon completion of the transaction. Any documented and reasonable costs and expenses incurred directly in connection with the Exit Transfer by the Exiting Members shall be paid out of the gross proceeds of the Exit Transfer to the extent permissible by the terms and conditions of such Exit Transfer, and, if so permissible, no Drag-Along Member shall have any direct liability for any such costs and expenses. No Drag-Along Member shall be required to agree to any restrictive covenant in connection with any Exit Transfer. In addition, the Drag-Along Members shall not exercise any rights of appraisal or dissenters rights that such Member may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with any Exit Transfer that complies with the provisions of this Section 8.02 or any other proposal that is necessary or desirable to consummate the Exit Transfer that complies with the provisions of this Section 8.02. Any consideration, including escrow or holdbacks, applicable to such Drag-Along transaction shall be applied *pro rata* based on the aggregate consideration payable to all Members.

(e) In no manner shall Section 8.02(a)-(d) or anything else in this Agreement, be construed to grant to any Member any dissenters rights or appraisal rights or give any Member any right to vote in any Exit Transfer structured as a merger or consolidation (it being understood that the Members hereby expressly waive rights under Section 18-210 of the Delaware Act (entitled "Contractual Appraisal Rights") and any similar right in all circumstances). This Section 8.02(e) and any waiver of dissenters rights, appraisal rights or similar rights provided by a Member hereunder, shall survive and continue in full force and effect with respect to each Member following the consummation of an Exit Transfer.

(f) Notwithstanding anything to the contrary contained herein, (A) each Drag-Along Member shall be treated equally and on a *pro rata* basis with each other Drag-Along Member and the Exiting Members, and (B) no Exiting Member shall be entitled, directly or indirectly, to receive a control premium or an extra or special benefit with respect to (i) its Common Shares not shared on a *pro rata* basis by all other holders of Common Shares and (ii) its other Equity Interests of the Company not shared on a *pro rata* basis by all other holders of such class of Equity Interests of the Company.

8.03 Tag-Along Rights. Except for a Permitted Transfer, if (X) Exiting Members propose an Exit Transfer and do not require each other Member to Transfer the Common Shares beneficially owned by such Members to the Exit Transferees, or (Y) any Member or Members (such Member or Members shall be deemed to be "Exiting Member" for purposes of this Section 8.03), acting together or pursuant to a common plan, understanding or arrangement, elect to enter into an agreement to Transfer to any Person, in a *bona fide* arm's-length transaction to one or more third parties none of which is an Affiliate of any Exiting Member, fifty percent (50%) or more of the outstanding Common Shares (any such Transfer pursuant to clause (X) or (Y), a "**Partial Exit Transfer**"), the Members who are not Exiting Members in such Partial Exit Transfer (the "**Non-Selling Members**") shall have the right to participate in such Partial Exit Transfer on the following terms:

(a) The Exiting Members shall give the Company prompt written notice (the "**Notice of Intent**"), setting forth the terms of each proposed Partial Exit Transfer (including the identity of the counterparties thereto) and the proposed closing date.

(b) The Company shall deliver the Notice of Intent to each Non-Selling Member within three (3) Business Days of receipt from the Exiting Members.

(c) In connection with any Partial Exit Transfer, each Non-Selling Member shall have the right, in its sole discretion, to participate in such Partial Exit Transfer on the same terms and conditions as those applicable to the Exiting Members, including, in the case of an Exit Transfer pursuant to Section 8.02(a)(ii) or Section 8.02(a)(iii) that each Non-Selling Member vote (or consent in writing, as the case may be) in favor of the Merger or sale of assets.

(d) The Non-Selling Members must exercise their "tag-along" rights by giving written notice to the Exiting Members within twenty (20) days of the delivery of a Notice of Intent by the Company to the Non-Selling Members (the "**Tag-Along Acceptance Period**"), and, in the case of a Partial Exit Transfer specified in clause (Y) of Section 8.03 above, specifying the number of Common Shares that such Non-Selling Member desires to include in the Partial Exit Transfer. Each Non-Selling Member exercising these "tag-along rights" is referred to as a "**Tag-Along Member**." The Exiting Members shall attempt to obtain inclusion in the Partial Exit Transfer of the entire number of Common Shares which the Tag-Along Members beneficially own and are seeking to include. In the event the Exiting Members shall be unable to obtain the inclusion of such entire number of Common Shares in such Partial Exit Transfer, the number of Common Shares to be sold in the Partial Exit Transfer by the Exiting Members and each Tag-Along Member shall be reduced on a *pro rata* basis according to

the proportion which the number of Common Shares which each such party beneficially owns bears to the total number of Common Shares beneficially owned by all such parties.

(e) All Transfers of Common Shares pursuant to this Section 8.03 shall be consummated contemporaneously at the principal offices of the Company on the later of (i) a Business Day not less than ten (10) or more than sixty (60) days after the last day of the Tag-Along Acceptance Period or (ii) no later than the fifth Business Day following the expiration or termination of all waiting periods under HSR, to the extent applicable to such Partial Exit Transfer, or at such later time or place as the Exiting Members and the Exit Transferees may agree. The certificates or other instruments, if any, evidencing the Common Shares Transferred pursuant to the Partial Exit Transfer shall be duly endorsed for transfer, and delivered on such closing date against payment for the purchase price of such Common Shares, together with all other documents which are necessary to effect such Partial Exit Transfer. No party to this Agreement shall Transfer any of its Common Shares to any prospective Transferee if such prospective Transferee declines to allow a Tag-Along Member to participate in a Partial Exit Transfer.

(f) All Tag-Along Members shall execute and deliver any documents reasonably requested by the Exiting Members, including any agreement containing representations, warranties, covenants, and indemnification obligations (each of which shall be several and neither joint nor joint and several obligations and shall be no more extensive or adverse to any Tag-Along Member than those applicable to the Exiting Members) on the part of the Exiting Members and each Tag-Along Member so electing to participate; provided, however, that the indemnification obligation of each Tag-Along Member shall solely consist of and (i) shall be limited to the percentage of such consideration that is equal to any comparable percentage limitation with respect to the consideration payable to the Exiting Members, in the case of representations and warranties made by such Tag-Along Member (which shall be limited to customary representations regarding its existence, authority to participate in such Partial Exit Transfer, due execution, ownership of its Common Shares and ability to Transfer such Common Shares free and clear of all Liens and other encumbrances, as applicable), and (ii) shall be computed *pro rata* based on the aggregate consideration payable to the Exiting Members and all Tag-Along Members, in the case of representations and warranties made by the Company, and (iii) shall not under any circumstances exceed in the aggregate the net proceeds actually paid to such Tag-Along Member upon completion of the transaction. Any documented and reasonable costs and expenses incurred directly in connection with the Partial Exit Transfer by the Exiting Members shall be paid out of the gross proceeds of the Partial Exit Transfer to the extent permissible by the terms and conditions of such Partial Exit Transfer, and, if so permissible, no Tag-Along Member shall have any direct liability for any such costs and expenses. No Tag-Along Member shall be required to agree to any restrictive covenant in connection with any Partial Exit Transfer. In addition, the Tag-Along Members shall not exercise any rights of appraisal or dissenters rights that such Member may have (whether under applicable law or otherwise) or could potentially have or acquire in connection with any Partial Exit Transfer or any other proposal that is necessary or desirable to consummate the Partial Exit Transfer. Any consideration, including escrow or holdbacks, applicable to such

Tag-Along transaction shall be applied *pro rata* based on the aggregate consideration payable to the Exiting Members and all Tag-Along Members.

8.04 Preemptive Rights to Purchase New Securities.

(a) Grant. Subject to the provisions of this Section 8.04, each Preemptive Rights Holder shall have the right to purchase such Preemptive Rights Holder's Pro Rata Share of all or any part of any New Securities that the Company or any Subsidiary thereof may from time to time issue after the date of this Agreement. A Preemptive Rights Holder's "**Pro Rata Share**" for purposes of this right shall mean a fraction, the numerator of which is the number of Common Shares owned by such Preemptive Rights Holder immediately prior to the issuance of the New Securities and the denominator of which is the total number of shares of Common Stock then outstanding. The "**Preemptive Rights Holders**" are each Member of the Company. Notwithstanding the foregoing, any Preemptive Rights Holder may assign its rights under this Section 8.04 to any of its Affiliates upon written notice to the Company.

(b) Procedure. The Company shall give each Preemptive Rights Holder at least twenty (20) days prior written notice, of the Company's intention to issue New Securities (the "**New Securities Notice**"), describing the type and amount of New Securities to be issued to any Person and the price and the general terms and conditions upon which the Company proposes to issue such New Securities. Each Preemptive Rights Holder may purchase any or all of such Preemptive Rights Holder's Pro Rata Share of such New Securities and may elect to purchase more than such Preemptive Rights Holder's Pro Rata Share in the event that another Preemptive Rights Holder does not elect to purchase its full Pro Rata Share of an issuance of New Securities (a "**New Issuance Shortfall**"), by delivering to the Company, within ten (10) Business Days after the date of mailing of any such New Securities Notice by the Company, a written notice specifying (i) such number of New Securities which such Preemptive Rights Holder desires to purchase and (ii) whether such Preemptive Rights Holder desires to purchase more than its Pro Rata Share of New Securities in the event of a New Issuance Shortfall and, if so, the maximum amount of the unsubscribed-for New Securities (the "**Unpurchased New Securities**") such Preemptive Rights Holder desires to purchase (an "**Unpurchased New Securities Share**"), for the price and upon the general terms and conditions specified in the New Securities Notice. If any Preemptive Rights Holder fails to notify the Company in writing within such ten (10) Business Day period of its election to purchase any or all of such Preemptive Rights Holder's full Pro Rata Share of an offering of New Securities (a "**Non-Purchasing Holder**"), then such Non-Purchasing Holder will forfeit the right hereunder to purchase that part of such Preemptive Rights Holder's Pro Rata Share of such New Securities that such Preemptive Rights Holder did not agree to purchase. If a New Issuance Shortfall occurs, the Unpurchased New Securities shall be allocated to each Preemptive Rights Holder that has elected to purchase its Pro Rata Share of New Securities and that has elected to purchase Unpurchased New Securities in the event of a New Issuance Shortfall (each, a "**Fully Exercising Rights Holder**") in the amount of their Unpurchased New Securities Share. In the event that the Company is unable to allocate to each Fully Exercising Right Holder its respective Unpurchased New Securities Share due to the aggregate amount of the

Unpurchased New Securities Shares equaling more than the amount of the Unpurchased New Securities, then the Unpurchased New Securities shall be allocated to each Fully Exercising Rights Holder based on its Oversubscription Pro Rata Share. A Fully Exercising Rights Holder's "**Oversubscription Pro Rata Share**" shall mean a fraction, the numerator of which is the number of Common Shares owned by such Fully Exercising Rights Holder immediately prior to the issuance of the New Securities and the denominator of which is the total number of Common Shares owned by all of the Fully Exercising Rights Holders immediately prior to the issuance of the New Securities.

(c) Failure To Exercise. In the event that the Preemptive Rights Holders fail to exercise in full the purchase right within the ten (10) Business Day period following delivery of the New Securities Notice, then the Company will have sixty (60) days thereafter to sell the New Securities with respect to which the Preemptive Rights Holders' rights hereunder were not exercised or to enter into an agreement for the sale of the New Securities (in which event the Company shall have forty-five (45) days from the date of the execution of such agreement to sell the New Securities). Any sale of the New Securities shall be at a price and upon terms and conditions not more favorable to the purchasers thereof than specified in the New Securities Notice to the Preemptive Rights Holders. In the event that the Company has not issued and sold the New Securities within the deadlines set forth in this Section 8.04(c), then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Preemptive Rights Holders pursuant to this Section 8.04.

(d) Notwithstanding anything to the contrary herein, the Company may issue New Securities to any Person (a "**Purchasing Holder**"), without first complying with the foregoing provisions of this Section 8.04; provided, however, that (i) the Board has determined in good faith that the delay caused by compliance with the foregoing provisions of this Section 8.04 in connection with such New Securities would be reasonably likely to adversely affect the Company and its Subsidiaries; (ii) the notice provided by the Company for such issuance of New Securities shall contain a reasonably detailed summary of all material terms and conditions of the New Securities (including the type of each such New Securities, the amount of each, and the price per Common Share or other Equity Interest) to be issued therein, and the Company shall provide such notice to each Preemptive Rights Holder as soon as reasonably practicable but in any event at least two (2) Business Days prior to the date of such issuance of New Securities; and (iii) the subscription or purchase agreement pursuant to which the Purchasing Holder acquires such New Securities shall require that the Purchasing Holder sell, free and clear of all liens and encumbrances, to each Preemptive Rights Holder who so elects by written notice to the Company in accordance with this paragraph, up to such Preemptive Rights Holder's Pro Rata Share of such New Securities, at the same per-Share price paid by the Purchasing Holder and otherwise on the terms and conditions that would have applied if the Company first complied with the foregoing provisions of this Section 8.04 (including Section 8.04(a)) with respect to such issuance of New Securities. Each Preemptive Rights Holder may elect to exercise all or any portion of its rights under this paragraph by giving written notice to the Company within the later of (i) ten (10) Business Days after its receipt of the notice from the Company of such issuance of New Securities or (ii) three (3) Business Days after the date of the consummation of the issuance of New Securities.

All payments shall be delivered by exercising Preemptive Rights Holders to the Company not later than the date specified by the Company in the New Securities Notice. The parties hereto hereby acknowledge that the intent of this paragraph is to enable each Preemptive Rights Holder to effectively exercise its rights under the foregoing provisions of this Section 8.04, with respect to any issuance of Company Interests pursuant to this paragraph.

8.05 Effect of Prohibited Transfers. Any Transfer in contravention of any of the provisions of this Agreement shall be void and of no effect, and shall not bind nor be recognized by the Company.

8.06 Records. In the event of a Transfer of Shares and the admission of any transferee of Shares as a Member of the Company, (a) the Board shall promptly amend the books and records of the Company to reflect such Transfer and admission, (b) in the event that the Transferred Share is represented by a certificate and the transferee thereof requests the same, the Board shall cause the Company to issue a new certificate evidencing such Shares so Transferred to such transferee and (c) if applicable, the Board shall cause the Company to issue one or more new certificates to the transferor Member for that number and class of Shares held by such Member that are not being so Transferred.

8.07 Withdrawal of Members. No Member shall have the right to withdraw from the Company except on the terms and subject to the conditions set forth in this Agreement. In the event of a voluntary withdrawal, the withdrawing Member shall provide at least thirty (30) calendar days' prior written notice of withdrawal, and such withdrawal shall become effective upon the last Business Day of the calendar month following the end of such notice period (or, if such date is the last Business Day of a month, then upon such date). In the event of a withdrawal resulting from a termination of such Member's association with the Company, then the date of termination shall be the effective date of withdrawal. The effective date of withdrawal for any other reason shall be determined by the consent of the Board, in its discretion. Notwithstanding the foregoing, nothing in this Section 8.07 shall limit or otherwise affect any rights that a Member may have to transfer Common Shares or other Equity Interests of the Company pursuant to this Agreement (including pursuant to this Article 8).

8.08 Registration Rights. The Members shall have the registration rights, and Transfers shall be subject to the terms and conditions, set forth on Annex A attached hereto and hereby made part of this Agreement by reference as if it was set forth in full in this Section 8.08.

ARTICLE 9

ADDITIONAL MEMBERS

9.01 Admission of Additional Members.

(a) Additional Members. Subject to the provisions of Article 8, one or more additional members (each, an "**Additional Member**") may be admitted to the Company as a Member in connection with a Transfer of a Member's Common Shares or other Equity Interests of the Company or upon the exercise of a Warrant.

(b) Execution of Documents. Each Additional Member shall execute and deliver a counterpart of this Agreement, whereby such Additional Member becomes a party to this Agreement, as well as any other documents that may be required by the Board. Upon execution and delivery of a counterpart of this Agreement and subject to prior receipt of all approvals required by this Agreement in respect thereof, such Person shall be admitted as an Additional Member. Each such Additional Member shall thereafter be entitled to all the rights and subject to all the obligations of Members as set forth herein with respect to the Equity Interests in the Company acquired by such Additional Member and Schedule I shall be updated accordingly.

ARTICLE 10

DISSOLUTION; LIQUIDATION

10.01 Dissolution. This Section 10.01 sets forth the exclusive events which will cause the dissolution of the Company. The provisions of Section 18-801 of the Act that apply unless the limited liability company agreement otherwise provides shall not become operative. The Company shall be dissolved upon the first to occur of the following events, but the legal existence of the Company shall not terminate until all its property has been distributed and the Certificate of Formation of the Company cancelled in the manner required by the Act:

(a) upon a vote of at least three-fourths ($3/4^{th}$) of the Board to dissolve the Company; or

(b) a dissolution is required under Section 18-801(a)(4) of the Act or there is entered a decree of judicial dissolution under Section 18-802 of the Act.

Each Member hereby agrees not to seek a judicial dissolution of the Company.

10.02 Final Accounting. Upon the dissolution of the Company, a proper accounting shall be made from the date of the previous accounting to the date of dissolution.

10.03 Liquidation.

(a) Dissolution of the Company shall be effective as of the date on which the event occurs giving rise to the dissolution and all Members shall be given prompt notice thereof in accordance with Section 11.01 hereof, but the Company shall not terminate until the assets of the Company have been distributed as provided for in Section 10.03(c) hereof. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business, assets and affairs of the Company shall continue to be governed by this Agreement.

(b) Upon the dissolution of the Company, a Person or Entity appointed by a vote of at least three-fourths ($3/4^{th}$) of the Board shall act as the liquidator (the "**Liquidator**") of the Company to wind up the Company. The Liquidator shall have full power and authority to sell, assign and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like

manner. The Liquidator shall have the power to employ, engage and dismiss, on behalf of the Company, any Person to assist in such wind-up and liquidation.

(c) The Liquidator shall distribute all proceeds from liquidation in the following order of priority:

(i) first, to creditors of the Company (including creditors who are Members) in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and

(ii) thereafter, to the Members in accordance with the provisions of Article 6.

(d) The Liquidator shall determine whether any assets of the Company shall be liquidated through Sale or shall be distributed in kind. A Distribution in kind of an asset to a Member shall be considered, for the purposes of this Article 10, a Distribution in an amount equal to the fair market value of the assets so distributed as determined by the Liquidator in its sole discretion.

10.04 Cancellation of Certificate of Formation. Upon the completion of the Distribution of Company assets as provided in Section 10.03 hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Formation and shall take such other actions as may be necessary or appropriate to terminate the Company.

ARTICLE 11

GENERAL PROVISIONS

11.01 Notices

. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (b) delivered by a reputable overnight courier service or (c) transmitted by hand delivery or by facsimile or e-mail addressed as follows:

If to the Company:

Horsehead Holding Corp.
4955 Steubenville Pike, Suite 405
Pittsburgh, PA 15205
Facsimile: 412.788.1812
Attention: [ ]
E-Mail: [ ]

with a copy (which shall not constitute notice) to:

[_____]
[_____]

[_____]
Attention: [_____

If to a Member, to such Member's address as set forth on Schedule I,

or, in each case, such other address as may be specified in writing to the party giving notice in accordance with this Section 11.01. Such notices, requests, demands and other communications shall be deemed to have been received:

(i) if mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, on the fifth (5^{th}) Business Day after mailing;

(ii) if delivered by a reputable overnight courier service, the date actually delivered by such courier service (or, if such date is not a Business Day, on the next subsequent Business Day);

(iii) if sent by email upon such transmission (so long as written notice of such transmission is sent within three (3) days thereafter by another delivery method hereunder confirming such transmission) (or, if such date of transmission is not a Business Day, on the next subsequent Business Day);

(iv) if transmitted by hand delivery, (A) on the day of delivery (if delivered on prior to 5:00 p.m. Eastern Time on a day that is a Business Day) or (B) in all other cases, on the next Business Day after the date of such hand delivery; and

(v) if delivered by facsimile, upon receipt by the sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety to the recipient's facsimile number (or, if such date of transmission is not a Business Day, on the next subsequent Business Day).

11.02 Confidentiality. While and after ceasing to be a Member, each Member agrees to keep confidential, not to disclose to any Person, and not to use (other than for the benefit of the Company or any of its Subsidiaries) any Confidential Information (other than disclosure to such Member's agents, accountants, legal counsel, advisors or representatives responsible for matters relating to the Company and who need to know such Confidential Information in order to perform such responsibilities in each case on a confidential basis (each such Person being hereinafter referred to as an "**Authorized Representative**")); provided, however, that such Member or any of its Authorized Representatives may make such disclosure to the extent that (i) the Confidential Information is disclosed in connection with the preparation or filing of such Member's tax returns or financial statements, in each case on a confidential basis, (ii) the Confidential Information being disclosed is otherwise generally available to the public, in each case on a confidential basis (except to the extent such disclosure has resulted from a breach of this provision or any other confidentiality restriction), (iii) such disclosure is required by (and only to the extent required by) any governmental body, agency, official or authority having jurisdiction over such Member or Authorized Representative, (iv) such disclosure, based upon

the advice of legal counsel of such Member or Authorized Representative, is otherwise required by law or statute or (v) the Board has given its prior consent thereto. Prior to making any disclosure described in clause (iv) of this Section 11.02, each Member shall notify the Company of such disclosure and of such advice of counsel. Each Member shall use all commercially reasonable efforts to cause each of its Authorized Representatives to comply with the obligations of such Member under this Section 11.02. In connection with any disclosure described in clauses (iii) or (iv) above, the disclosing Member shall use all commercially reasonable efforts to cooperate with the Company in seeking any protective order or other appropriate arrangement as the Board may request. Notwithstanding the foregoing, nothing in this Section 11.02 will prevent any Member or its Affiliates from (A) complying with their respective accounting or compliance reporting obligations under applicable law or rule of any Governmental Authority, including any reporting obligations arising under the Exchange Act, as amended, or any obligation to comply with ordinary course regulatory exams not targeted specifically at information relating to the Company or any of its Subsidiaries, (B) from utilizing Confidential Information to enforce their rights under any contract or (C) from communicating with such Member's or its Affiliates' existing or potential investors on a confidential basis solely with respect to (v) the industry and general description of the applicable Member's investment, (w) year of investment by the applicable Member, (x) the amount of any Capital Contributions made by the applicable Member, (y) the amount of any Distributions received by the applicable Member, and (z) the internal rate of return, investment multiple or other similar financial metrics, as calculated by the applicable Member or its Affiliates, with respect to the applicable Member's investment in the Company.

11.03 Fees and Expenses. Other than as expressly set forth herein, in the UPA, or in the Plan, each of the parties shall pay its own fees and expenses in connection with negotiating, drafting and executing this Agreement.

11.04 Certain Member Representations and Warranties.

(a) Each Member hereby represents as of the date on which it acquires any Equity Interest in the Company, that, with respect to such Equity Interest: (i) it is acquiring or has acquired such Equity Interest for purposes of investment only, for its own account (or a trust account if such Member is a trustee), and not with a view to resell or distribute the same or any part thereof and (ii) no other Person has any interest in such Equity Interest or in the rights of such Member under this Agreement other than, if applicable, a spouse having community property or similar interest under applicable law. Each Member also represents that it has the business and financial knowledge, sophistication and experience necessary to acquire its Equity Interest in the Company on the terms contemplated herein and that it has the ability to bear the risks of such investment (including the risk of sustaining the complete loss of all its Capital Contributions) without the need for the investor protections provided by the registration requirements of the Securities Act; provided, however, that this sentence shall not have any other effect on any other representations or warranties given or made by any other Person. Each Member further represents that it is an "accredited investor" (as such term is defined by Rule 501 under Regulation D of the Securities Act).

(b) Each Member hereby represents and covenants that such Member, as applicable, is not subject to any restrictions or prohibitions under any other agreement, understanding, or arrangement, including without, limitation, any non-competition or non-solicitation provision, or under any applicable law, rule, or regulations or judicial or similar ruling that would limit or restrict the ability of such Member to hold an Equity Interest in the Company or serve as an officer or employee of the Company or any of its Subsidiaries.

11.05 Amendments. Neither this Agreement nor any provision hereof may be amended, modified, waived or supplemented in any manner, whether by course of conduct or otherwise, except with the consent of the Company and the Members who beneficially own at least two-thirds (2/3rd) of the issued and outstanding Common Shares held by the Members. In addition to the consent required under the foregoing sentence, in order to effect any amendment of, modification of, waiver of or supplement to the provisions of this Agreement that: (i) would adversely affect an individual Member disproportionately as compared to any other Member, shall require the prior written consent of such Member; (ii) would provide any right to any Member not shared proportionally by all Members, shall require the prior written consent of each other Member; (iii) would amend, modify, supplement or rescind, or would have the effect thereof, Section 4.01, Section 4.05, Section 4.06, Section 4.07, Section 4.08, Section 8.01(a), Section 8.02, Section 8.03, or Section 8.04 or, to the extent applying to Section 4.01, Section 4.05, Section 4.06, Section 4.07, Section 4.08, Section 8.01(a), Section 8.02, Section 8.03, or Section 8.04, this Section 11.05, shall require the prior written consent of each Investor Member, or (iv) would amend, modify, supplement or rescind, or would have the effect thereof, Section 8.03 or Section 8.04 or, to the extent applying Section 8.03 or Section 8.04, this Section 11.05, shall require the prior written consent of Members that are not Investor Members representing at least a majority of the issued and outstanding Common Shares held by such Members. In addition, in the event the Board determines to create a New Holding Company pursuant to Section 4.01(h)(iii), the certificate of incorporation, by-laws, limited liability company agreement or other similar document providing for the governance of such New Holding Company shall contain provisions providing the holders of Equity Interests of such New Holding Company substantially the same protections as are set forth in Section 4.01, Section 4.05, Section 4.06, Section 4.07, Section 4.08, Section 8.01(a), Section 8.02, Section 8.03, Section 8.04 and Section 11.05 of this Agreement. No failure or delay by a party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11.06 Specific Performance. The parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction pursuant to Section 11.11, in addition to any other remedy to which they are entitled at law or in equity.

11.07 Termination This Agreement shall terminate upon the first to occur of (a) the closing of an Initial Public Offering and effectiveness of that certain registration rights

agreement referred to in Article 14 of Annex A hereto or (b) the closing of a transaction that would constitute an Exit Transfer.

11.08 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

11.09 Construction; Headings. Whenever the feminine, masculine, neuter, singular or plural shall be used in this Agreement, such construction shall be given to such words or phrases as shall impart to this Agreement a construction consistent with the Equity Interest of the Members entering into this Agreement. Where used herein, the term "Federal" shall refer to the U.S. Federal government. As used herein, (a) "or" shall mean "and/or" and (b) "including" or "include" shall mean "including without limitation." Any reference in this Agreement to $ shall mean U.S. dollars. The headings and captions herein are inserted for convenience of reference only and are not intended to govern, limit or aid in the construction of any term or provision hereof. Unless the context otherwise requires, any reference to an "Article," "Section," "Schedule" or "Annex" shall be deemed to refer to an article or section of this Agreement, or a schedule or annex to this Agreement, as applicable. It is the intention of the parties that every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party (notwithstanding any rule of law requiring an Agreement to be strictly construed against the drafting party), it being understood that the parties to this Agreement are sophisticated and have had adequate opportunity and means to retain counsel to negotiate the provisions of this Agreement. All thresholds and percentages of Equity Interests in Company contained herein, whether with respect to the number or value of such Equity Interests, shall be subject to adjustment to give effect to any Equity Interests in the Company issued as a result of any split, dividend paid in Equity Interests of the Company, reclassification, reorganization, merger, consolidation or similar event affecting the Equity Interests of the Company.

11.10 Severability. Any term or provision of this Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity, legality or enforceability of any of the terms or provisions of this Agreement in any other jurisdictions, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it valid, enforceable and legal within the requirements of any applicable law, and in the event such term or provision cannot be so limited, this Agreement shall be construed to omit such invalid, unenforceable or illegal provisions.

11.11 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware, but not including the choice of law rules thereof. Each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and

obligations arising hereunder, whether in contract, tort or otherwise, brought by the other party(ies) hereto or its successors or assigns shall be brought and determined exclusively in the Delaware Court of Chancery, or in the event that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware, and each party to this Agreement hereby submits to and accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each party to this Agreement further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the delivery of copies thereof in the manner set forth in Section 11.01. Each party to this Agreement hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing in this Section 11.11 shall be deemed to constitute a submission to jurisdiction, consent or waiver with respect to any matter not specifically referred to herein. No course of dealing between the Company, or its Subsidiaries, and the Member (or any of them) or any delay in exercising any rights hereunder will operate as a waiver of any rights of any party to this Agreement. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.12 Waiver of Action for Partition. Each of the Members irrevocably waives during the term of the Company any right that such Member may have to maintain an action for partition with respect to the property of the Company.

11.13 Successors and Assigns. Subject to Section 9.01 and Article 8, all of the terms and provisions of this Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective Permitted Transferees under this Agreement, if any; provided, that no party hereto may Transfer its Equity Interests in the Company (or any portion thereof or any beneficial interest therein), rights, Shares or obligations hereunder except in accordance with the terms of this Agreement.

11.14 Entire Agreement. This Agreement, together with the UPA, constitutes the entire agreement among the parties with respect to the subject matter hereof and thereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof.

11.15 No Third-Party Beneficiaries. It is understood and agreed among the parties that this Agreement and the covenants made herein are made expressly and solely for the benefit of the parties hereto, and that, other than the Persons specified in Section 4.04 or Section 4.05, no Person shall be entitled or be deemed to be entitled to any benefits or rights hereunder, nor be authorized or entitled to enforce any rights, claims or remedies hereunder or by reason hereof.

11.16 Other Instruments and Acts. After the date hereof, the Members agree to execute any other instruments or perform any other acts that are or may be necessary or as the Board may reasonably request to effectuate and carry on the Company created by this Agreement; provided, however, that no Member shall be obligated to execute any instruments or perform any acts that conflict with this Agreement, result in the waiver of any of such Member's rights under this Agreement, or alter any of such Member's obligations under this Agreement.

11.17 Binding Agreement. This Agreement shall be binding upon the transferees, successors, assigns, and legal representatives of the Company and the Members.

11.18 Remedies and Waivers. No delay or omission on the part of any party to this Agreement in exercising any right, power or remedy provided by law or provided hereunder shall impair such right, power or remedy or operate as a waiver thereof. The single or partial exercise of any right, power or remedy provided by law or provided hereunder shall not preclude any other or further exercise of any other right, power or remedy. The rights, powers and remedies provided hereunder are cumulative and are not exclusive of any rights, powers and remedies provided by law.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.**]**

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

COMPANY:

HORSEHEAD HOLDING LLC

By: _____
Name:
Title:

Schedule I

List of Members

Name and Address of Member	Initial Capital Contribution in respect of Common Shares	Number of Common Shares	Share Percentage Interest
	[●]	[●]	[●]%
	[●]	[●]	[●]%
Total:	**$[●]**	[●]	**100%**

Annex A

Registration Rights

ARTICLE 1.
References; Definitions

Unless the context otherwise requires, any reference to a "Article" or "Section" contained in this Annex A shall be deemed to refer to an article or section of this Annex A, as applicable. Capitalized terms used in this Agreement and not otherwise defined have the meaning set forth in the Limited Liability Company Agreement of Horsehead Holding LLC to which this Annex A is attached. As used in this Annex A, the following terms have the meanings set forth below:

"**5% Member**" means each Member holding at least five percent (5%) of the outstanding Shares as of the measurement date.

"**Federal Income Tax**" means any Tax imposed under Subtitle A of the Code or any other provision of United States federal income tax law (including the Taxes imposed by Sections 11, 55, 59A, and 1201(a) of the Code), and any interest, additions to Tax or penalties applicable or related to such Tax.

"**FINRA**" means the Financial Industry Regulatory Authority.

"**Piggyback Member**" means (i) the Greywolf Member and its Affiliates who are Members, (ii) the Lantern Member and its Affiliates who are Members, (iii) the MAK Capital Member and its Affiliates who are Members, and (vi) each Member holding at least ten percent (10%) of the then-outstanding Shares, in each case, solely to the extent such Member is an "accredited investor" (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act).

"**Qualified Public Offering**" means a *bona fide* firm commitment underwritten public offering of the equity interests of the Company pursuant to an effective registration statement filed under the Securities Act in which the net proceeds (after deducting any underwriters' discounts and commissions) received by the Company in such offering are at least $[50,000,000].

"**Registrable Securities**" means all Shares held by the Members whether acquired on or after the date hereof, including (i) the Shares acquired upon the exercise of preemptive rights and (ii) any and all Shares or other equity interests issued or issuable with respect to Registrable Securities by way of shares, stock or other equity interest split, division, dividend or similar transaction or reorganization or in connection with any combination of Shares, stock, or other equity interests, recapitalization, merger, consolidation or other reorganization; provided, however, that Registrable Securities, once issued, shall cease to be Registrable Securities (a) upon the sale or disposal thereof pursuant to an effective Registration Statement, (b) upon the sale thereof to the public pursuant to Rule 144 (or successor rule) under

the Securities Act, (c) upon the sale thereof in a private transaction in which the transferor's rights under this Agreement are not validly assigned in accordance with the terms of this Agreement or when such Registrable Securities are proposed to be sold or distributed by a Person not entitled to the registration rights under this Agreement or (d) when such Registrable Securities cease to be outstanding.

"**Registration Statement**" means any registration statement filed pursuant to the Securities Act.

"**Securities**" means "securities" as defined in Section 2(a)(1) of the Securities Act and includes, with respect to any Person, such Person's capital stock or other equity interests or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such Person's capital stock.

ARTICLE 2.
Demand Registration Right.

2.01 At any time prior to or after a Qualified Public Offering, each Member or group of Members, collectively holding an aggregate of fifty percent (50%) or more of the outstanding Shares, on a fully diluted basis (collectively, the "**Initiating Members**"), may make a written request (specifying the intended method of disposition and the amount of Registrable Securities (as defined herein) proposed to be sold) that the Company effect, and the Company shall use its reasonable best efforts to effect, a public offering of its Securities (a "**Demand Registration**") consisting of all or a portion of the Registrable Securities collectively held by such Members (subject to Section 5.01). The Company shall not be obligated to effect a Demand Registration if the Registrable Securities requested by the Initiating Member to be registered have (x) at any time prior to a Qualified Public Offering, an estimated aggregate public offering price (before deduction of any underwriting discounts and commissions) of less than [$75 million] or (y) at any time after a Qualified Public Offering, an estimated aggregate public offering price (before deduction of any underwriting discounts and commissions) of less than $[50 million]. If the Board, in its good faith judgment, determines that any registration of the Registrable Securities should not be made or continued because it would materially interfere with any material financing, acquisition, corporate reorganization or merger or other material transaction involving the Company (a "**Valid Business Reason**"), the Company may (x) postpone filing a Registration Statement relating to a Demand Registration until such Valid Business Reason no longer exists, but in no event for more than one hundred and eighty (180) days, and (y) in case a Registration Statement (as defined herein) has been filed relating to a Demand Registration, if the Valid Business Reason has not resulted from actions taken by the Company, the Company, upon the approval of a majority of the Board, acting in good faith, may cause such Registration Statement to be withdrawn and its effectiveness terminated; provided, however, that a new Registration Statement is filed within one hundred and eighty (180) days thereafter, or may postpone amending or supplementing such Registration Statement, but in no event for more than one hundred and eighty (180) days; provided, however, that if the registration of Registrable Securities is postponed pursuant to clause (x), the Company shall not be permitted to register under the Securities Act any equity Securities of the Company owned by other Members of the Company during any such postponement. The Company shall give written notice of its determination to postpone or withdraw a Registration Statement and of the fact that the Valid

Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Company may not postpone or withdraw a filing under this ARTICLE 2 more than once in any twelve (12) month period. For the avoidance of doubt, any postponement or withdrawal of a Registration Statement shall not constitute a Demand Registration.

2.02 The Company shall use its reasonable best efforts to cause such Demand Registration to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriter selected for such offering shall be the Company Underwriter (as defined herein). In connection with any Demand Registration under this ARTICLE 2 involving an underwritten offering, none of the Registrable Securities held by an Initiating Member making a request for inclusion of such Registrable Securities shall be included in such underwritten offering unless such Initiating Member accepts the terms of the offering as agreed upon by the Company and the Company Underwriter, such terms to be in an underwriting agreement in customary form, and then only in such quantity as will not, in the opinion of the Company Underwriter, jeopardize the success of such offering.

ARTICLE 3.
Piggyback Registration Right.

3.01 Within ten (10) Business Days following receipt by the Company of a request from the Initiating Members to effect a Demand Registration, the Company shall give written notice of such request to each Piggyback Member (the "**Non-Initiating Members**"), which shall describe the anticipated filing date, the proposed registration and distribution, and offer the Non-Initiating Members the opportunity to register their *pro rata* share of Registrable Securities (an "**Incidental Registration**") in such registration. Following the receipt of such notice, each Non-Initiating Member shall be entitled, by delivery of a written request to the Company delivered no later than ten (10) Business Days following receipt of notice from the Company, to include all or any portion of their Registrable Securities in such Demand Registration (subject to Section 5.01). The right of each Non-Initiating Member to have Registrable Securities included in a Demand Registration pursuant to this Section 3.01 shall be conditioned upon each Non-Initiating Member entering into (together with the Initiating Member) an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Company (the "**Company Underwriter**"). Subject to ARTICLE 5, the Company shall use its reasonable best efforts (within ten (10) Business Days of the notice provided for above) to cause the Company Underwriter to permit the Non-Initiating Member to participate in the Incidental Registration to include its Registrable Securities in such offering on the same terms and conditions as the Registrable Securities being sold for the account of the Initiating Members.

3.02 In connection with an offering by the Company or the Successor Corporation for its own account or for the benefit of any Member (other than a registration statement on Form S-4 or S-8 or any successor thereto), the Company shall give written notice to all of the Members within ten (10) Business Days of the proposed offering. Following the receipt of such notice, each Member (together with its Affiliates and Permitted Transferees) shall be entitled, by delivery of a written request to the Company delivered no later than ten (10) days following receipt of notice from the Company, to include all or any portion of its Registrable Securities in such offering (subject to Section 5.02). The right of each Member to have Registrable Securities

included in an offering pursuant to this Section 3.02 shall be conditioned (if an underwritten offering) upon each Member entering into (together with the Company) an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Company. Subject to ARTICLE 5, the Company shall use its reasonable best efforts (within ten (10) Business Days of the notice provided for above) to cause the Company Underwriter to permit the Members to participate in a registration pursuant to this Section 3.01 to include its Registrable Securities in such offering on the same terms and conditions as the Registrable Securities being sold for the account of the Company or any other Member.

ARTICLE 4.
Effective Demand Registration.

The Company shall use its reasonable commercial efforts to cause any Demand Registration to become effective not later than ninety (90) days after it receives a request under Section 2.01 hereof and to remain effective for the lesser of (i) the period during which all Shares registered in the Demand Registration are sold and (ii) ninety (90) days, provided, however, that a registration shall not constitute a Demand Registration if (x) after such Demand Registration has become effective, such registration or the related offer, sale or distribution of Registrable Securities thereunder is interfered with by any stop order, injunction or other order or requirement of the Commission or other Governmental Authority for any reason not solely attributable to the Initiating Member and such interference is not thereafter eliminated or (y) the conditions specified in the underwriting agreement, if any, entered into in connection with such Demand Registration are not satisfied or waived, other than by reason of a failure by the Initiating Member. Subject to the exceptions described in ARTICLE 2 and this ARTICLE 4, the Company shall only be obligated to effect an aggregate of three (3) Demand Registrations under this Agreement.

ARTICLE 5.
Cutback.

5.01 If the Company Underwriter, in connection with a Demand Registration, shall advise the Company in writing on or before the date five (5) days prior to the date then scheduled for such offering that, in its opinion, the amount of Registrable Securities requested to be included in such Demand Registration exceeds the amount which can be sold in such offering without adversely affecting the distribution of the Registrable Securities being offered, then the Company will reduce the Registrable Securities to be included in such offering *pro rata* based on the number of Registrable Securities owned by each such Initiating Member and Non-Initiating Member.

5.02 If the Company Underwriter, in connection with an offering by the Company or the Successor Corporation for its own account or for the benefit of any Member (other than a Demand Registration or a registration statement on Form S-4 or S-8 or any successor thereto) shall advise the Company in writing on or before the date five (5) days prior to the date then scheduled for such offering that, in its opinion, the amount of Registrable Securities requested to be included in such offering exceeds the amount which can be sold in such offering without adversely affecting the distribution of the Registrable Securities being offered, then, the Company will reduce the Registrable Securities to be included in such offering by (i) first only

including the Registrable Securities (or portion thereof) being sold for the account of the Company as advised can be included by the Company Underwriter and (ii) second, to the extent that all Registrable Securities being sold for the account of the Company can be included, then only including the total number of Registrable Securities of the Members in such offering as advised can be included by the Company Underwriter (in addition to all such Registrable Securities being sold for the account of the Company) with each such Member entitled to include its *pro rata* share based on the number of Registrable Securities owned and proposed to be included by such Member.

ARTICLE 6.
Form S-3 Registration.

6.01 S-3 Registration. Following a Qualified Public Offering and upon the Successor Corporation becoming eligible for use of Form S-3 (or any successor form thereto) under the Securities Act in connection with a public offering of its securities, in the event that the Successor Corporation shall receive from any 5% Member (together with its Affiliates and Permitted Transferees) (the "**S-3 Initiating Member**") a written request that the Successor Corporation register, under the Securities Act on Form S-3 (or any successor form then in effect) (an "**S-3 Registration**"), all or a portion of the Stock (as defined herein) owned by such S-3 Initiating Member, the Successor Corporation shall give written notice of such request to all of the other Members (other than S-3 Initiating Member) at least ten (10) Business Days before the anticipated filing date of such Form S-3, and such notice shall describe the proposed registration and offer such other Members the opportunity to register the number of shares of Stock as each other Member may request in writing to the Successor Corporation, given within ten (10) Business Days after their receipt from the Successor Corporation of the written notice of such registration. If requested by the S-3 Initiating Member, such S-3 Registration shall be for an offering on a continuous basis pursuant to Rule 415 under the Securities Act. The Successor Corporation shall use its reasonable best efforts to (x) cause such registration pursuant to this Section 6.01 to become and remain effective as soon as practicable, but in any event not later than forty-five (45) days after it receives a request therefor and (y) include in such offering the Stock of the other Members (other than S-3 Initiating Member) (the "**S-3 Non-Initiating Members**") who have requested in writing to participate in such S-3 Registration on the same terms and conditions as the Stock of the S-3 Initiating Member.

6.02 Delay of S-3 Registration. If the Board has a Valid Business Reason, the Successor Corporation may (x) postpone filing a Registration Statement relating to a S-3 Registration until such Valid Business Reason no longer exists, but in no event for more than ninety (90) days, and (y) in case a Registration Statement has been filed relating to a S-3 Registration, if the Valid Business Reason has not resulted from actions taken by the Successor Corporation, the Successor Corporation, upon the approval of a majority of the Board acting in good faith, may cause such Registration Statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such Registration Statement. The Successor Corporation shall give written notice to the Members of its determination to postpone or withdraw a Registration Statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Successor Corporation may not postpone or withdraw a filing due to a Valid Business Reason more than once in any

twelve (12) month period. The Successor Corporation shall not be required to effect any registration pursuant to this ARTICLE 6, (i) within ninety (90) days after the effective date of any other Registration Statement of the Successor Corporation, (ii) if Form S-3 is not available for such offering by the S-3 Initiating Member, (iii) if the Registrable Securities requested by the S-3 Initiating Member to be registered have an estimated aggregate public offering price of less than $[5,000,000], or (iv) the plan of distribution with respect to the Registrable Securities to be included in such S-3 Registration is to be conducted pursuant to an underwritten public offering.

6.03 Cutback. If the Successor Corporation in connection with any S-3 Registration shall advise the S-3 Initiating Member and S-3 Non-Initiating Member in writing on or before the date five (5) Business Days prior to the date then scheduled for such offering that, in its good-faith opinion, the amount of Stock requested to be included in such S-3 Registration exceeds the amount which can be sold in such offering without adversely affecting the distribution of the Stock being offered, then the Successor Corporation may reduce the Registrable Securities to be included in such S-3 Registration, (i) *pro rata* based on the Percentage Ownership owned by each S-3 Initiating Member and the S-3 Non-Initiating Members or (ii) as otherwise may be agreed upon among the S-3 Initiating Member and the S-3 Non-Initiating Members.

ARTICLE 7.
Holdback Agreements.

7.01 To the extent not inconsistent with applicable law and requested (i) by the Company, the Successor Corporation, the Initiating Member or the S-3 Initiating Member, as the case may be, in the case of a non-underwritten public offering and (ii) by the underwriter, in the case of an underwritten public offering, each Member agrees not to effect any public sale or distribution of any Registrable Securities or of any securities convertible into or exchangeable or exercisable for such Registrable Securities, including a sale pursuant to Rule 144 under the Securities Act, or offer to sell, contract to sell (including any short sale), grant any option to purchase or enter into any hedging or similar transaction with the same economic effect as a sale of Registrable Securities, in each case, during the one-hundred eighty (180) day period (or such lesser period as the underwriter may agree) beginning on the effective date of the registration statement (except as part of such registration) for such public offering (such period of time, the "**Holdback Period**"); provided, however, that the Holdback Period shall be the same with respect to all Members.

7.02 The Company agrees not to effect any public sale or distribution of any of its securities, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to registrations on Form S-4 or S-8 or any successor thereto), during the period beginning on the effective date of any Registration Statement filed pursuant to ARTICLE 2 in which the Members are participating and ending on the earlier of (i) the date on which all Registrable Securities on such registration statement are sold and (ii) one hundred and eighty (180) days (or such lesser period as the underwriter may agree) after the effective date of such registration statement (except as part of such registration).

ARTICLE 8.
Registration Procedures.

8.01 Whenever registration of Registrable Securities has been requested pursuant to ARTICLE 2, ARTICLE 3 or ARTICLE 6, the Company or Successor Corporation, as applicable, shall use its reasonable best efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of distribution thereof as promptly as practicable, and in connection with any such request, the Company shall, as expeditiously as possible (as used in this ARTICLE 8, the term Company shall also include Successor Corporation and Registrable Securities shall also include Stock, as the case may be):

(a) prepare and file with the Commission a Registration Statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of such Registrable Securities in accordance with the intended method of distribution thereof, and cause such Registration Statement to become effective; provided, however, that (x) before filing a Registration Statement or prospectus or any amendments or supplements thereto, the Company shall provide counsel selected by the Members ("**Members' Counsel**") with an adequate and appropriate opportunity to review and comment on such Registration Statement and each prospectus included therein (and each amendment or supplement thereto) to be filed with the Commission, subject to such documents being under the Company's control, and (y) the Company shall promptly notify the Members' Counsel and each seller of Registrable Securities of any stop order issued or threatened by the Commission and promptly take all action required to prevent the entry of such stop order or to remove it if entered;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the lesser of (x) one hundred and twenty (120) days and (y) such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold; provided, however, that if the S-3 Initiating Member has requested that an S-3 Registration be for an offering on a continuous basis pursuant to Rule 415 under the Securities Act, then the Company shall keep such Registration Statement effective until all Registrable Securities covered by such Registration Statement have been sold; and shall comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) furnish to each seller of Registrable Securities, prior to filing a Registration Statement, a reasonable number of copies of such Registration Statement as is proposed to be filed, and thereafter such number of copies of such Registration Statement, each amendment and supplement thereto (in each case, including all exhibits thereto), and the prospectus included in such Registration Statement (including each preliminary prospectus) and any prospectus filed under Rule 424 under the Securities Act as each such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(d) register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as any seller of Registrable Securities may

request, and to continue such qualification in effect in such jurisdiction for as long as permissible pursuant to the laws of such jurisdiction, or for as long as any such seller requests or until all of such Registrable Securities are sold, whichever is shortest, and do any and all other acts and things which may be reasonably necessary or advisable to enable any such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 8.01(d), (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;

(e) notify each seller of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Company shall promptly prepare a supplement or amendment to such prospectus and furnish to each seller of Registrable Securities a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) enter into and perform customary agreements (including an underwriting agreement in customary form with the Company Underwriter) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities, including causing its officers to participate in "road shows" and other information meetings organized by the Company Underwriter;

(g) upon execution of confidentiality agreements in form and substance reasonably satisfactory to the Company, which shall be consistent with the due diligence and disclosure obligations under securities laws applicable to the Company and the Members, make available at reasonable times for inspection by any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Members' Counsel and any attorney, accountant or other agent retained by any managing underwriter, all financial and other records, pertinent corporate documents and properties of the Company and its Subsidiaries (collectively, the "**Records**") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its Subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Person in connection with such Registration Statement;

(h) if such sale is pursuant to an underwritten offering, obtain "cold comfort" letters dated the effective date of the Registration Statement and the date of the closing

under the underwriting agreement from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as Members' Counsel or the managing underwriter reasonably requests;

(i) furnish, at the request of any seller of Registrable Securities on the date such securities are delivered to the underwriters for sale pursuant to such registration or, if such securities are not being sold through underwriters, on the date the Registration Statement with respect to such securities becomes effective, an opinion, dated such date, of counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and to the seller making such request, covering such legal matters with respect to the registration in respect of which such opinion is being given as the underwriters, if any, and such seller may reasonably request and are customarily included in such opinions;

(j) comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the Registration Statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the Registration Statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(k) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed provided that the applicable listing requirements are satisfied;

(l) keep Members' Counsel advised as to the initiation and progress of any registration under ARTICLE 2, ARTICLE 3 or ARTICLE 6 under this Annex A;

(m) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA; and

(n) take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.

ARTICLE 9.
Seller Information.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish, and such seller shall furnish, to the Company such information regarding the distribution of such securities as the Company may from time to time reasonably request in writing.

ARTICLE 10.
Notice to Discontinue.

Each Member agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 8.01(e), such Member shall forthwith discontinue

disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Members' receipt of the copies of the supplemented or amended prospectus contemplated by Section 8.01(e) and, if so directed by the Company, such Member shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Members' possession, of the prospectus covering such Registrable Securities which is current at the time of receipt of such notice. If the Company shall give any such notice, the Company shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement (including the period referred to in Section 8.01(b)) by the number of days during the period from and including the date of the giving of such notice pursuant to Section 8.01(e) to and including the date when sellers of such Registrable Securities under such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by and meeting the requirements of Section 8.01(e).

ARTICLE 11.
Registration Expenses.

The Company shall pay all expenses arising from or incident to its performance of, or compliance with, this Agreement, including (i) Commission, stock exchange and FINRA registration and filing fees, (ii) all fees and expenses incurred in complying with securities or "blue sky" laws (including reasonable fees, charges and disbursements of counsel to any underwriter incurred in connection with "blue sky" qualifications of the Registrable Securities as may be set forth in any underwriting agreement), (iii) all printing, messenger and delivery expenses, (iv) the fees, charges and expenses of counsel to the Company and of its independent public accountants and any other accounting fees, charges and expenses incurred by the Company (including any expenses arising from any "cold comfort" letters or any special audits incident to or required by any registration or qualification) and, in an amount not exceeding $[100,000], the reasonable legal fees, charges and expenses of a single counsel to the Members incurred by such Members participating in any registration as a group, and (v) any liability insurance or other premiums for insurance obtained in connection with any Demand Registration or piggy-back registration thereon, Incidental Registration or S-3 Registration pursuant to the terms of this Agreement, regardless of whether such Registration Statement is declared effective. All of the expenses described in the preceding sentence of this ARTICLE 11 are referred to herein as "**Registration Expenses**" The holder of Registrable Securities sold pursuant to a Registration Statement shall bear the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of such Members' Registrable Securities and, subject to clause (iv) above, shall bear the fees and expenses of their own counsel.

ARTICLE 12.
Indemnification; Contribution.

12.01 Indemnification by the Company. The Company shall indemnify and hold harmless each Member, its partners, directors, officers, Affiliates and each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Member from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending

against any claim or alleged claim) (each, a "**Liability**" and collectively, "**Liabilities**"), arising out of or based upon any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, prospectus or preliminary prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (or in the case of any prospectus, under the circumstances such statements were made), except insofar as such Liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission contained in such Registration Statement, preliminary prospectus or final prospectus in reliance and in conformity with information concerning any Member furnished in writing to the Company by such Member expressly for use therein, including the information furnished to the Company pursuant to Section 12.02. The Company shall also provide customary indemnities to any underwriters of the Registrable Securities, their officers, directors and employees and each Person who controls such underwriters (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Members.

12.02 Indemnification by the Members. In connection with any Registration Statement in which any Member is participating pursuant to ARTICLE 2, ARTICLE 3 or ARTICLE 6 of this Annex A, each Member shall promptly furnish to the Company in writing such information with respect to such Member as the Company may reasonably request or as may be required by law for use in connection with any such Registration Statement or prospectus and all information required to be disclosed in order to make the information previously furnished to the Company by such Member not materially misleading or necessary to cause such Registration Statement not to omit a material fact with respect to such Member necessary in order to make the statements therein not misleading. Each Member agrees to indemnify and hold harmless the Company, its partners, directors, officers, Affiliates, any underwriter retained by the Company and each Person who controls the Company or such underwriter (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) from and against any and all Liabilities arising out of or based upon any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, prospectus or preliminary prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (or in the case of any prospectus, under the circumstances such statements were made), but if and only to the extent that such Liability arises out of or is based upon any untrue statement or alleged omission or alleged untrue statement or omission contained in such Registration Statement, preliminary prospectus or final prospectus in reliance and in conformity with information concerning such Member furnished in writing by such Member expressly for use therein, provided, however, that the total amount to be indemnified by each Member pursuant to this Section 12.02 shall be limited to such Members' *pro rata* portion of the net proceeds (after deducting the underwriters' discounts and commissions) received by such Member in the offering to which the Registration Statement or prospectus relates.

12.03 Conduct of Indemnification Proceedings. Any Person entitled to indemnification under this ARTICLE 12 (the "**Registration Statement Indemnified Party**") agrees to give prompt written notice to the indemnifying party (the "**Registration Statement Indemnifying**

Party") after the receipt by the Registration Statement Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Registration Statement Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure so to notify the Registration Statement Indemnifying Party shall not relieve the Registration Statement Indemnifying Party of any Liability that it may have to the Registration Statement Indemnified Party hereunder (except to the extent that the Registration Statement Indemnifying Party is prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure). If notice of commencement of any such action is given to the Registration Statement Indemnifying Party as above provided, the Registration Statement Indemnifying Party shall be entitled to participate in and, to the extent it may wish, jointly with any other Registration Statement Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Registration Statement Indemnified Party. The Registration Statement Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Registration Statement Indemnified Party unless (i) the Registration Statement Indemnifying Party agrees to pay the same, (ii) the Registration Statement Indemnifying Party fails to assume the defense of such action with counsel reasonably satisfactory to the Registration Statement Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Registration Statement Indemnifying Party and the Registration Statement Indemnified Party and the Registration Statement Indemnified Party has been advised by such counsel that either (x) representation of such Registration Statement Indemnified Party and the Registration Statement Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (y) there may be one or more legal defenses available to the Registration Statement Indemnified Party which are different from or additional to those available to the Registration Statement Indemnifying Party. In any of such cases, the Registration Statement Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Registration Statement Indemnified Party, it being understood, however, that the Registration Statement Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Registration Statement Indemnified Parties. No Registration Statement Indemnifying Party shall be liable for any settlement entered into without its written consent. No Registration Statement Indemnifying Party shall, without the consent of such Registration Statement Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Registration Statement Indemnified Party is a party and indemnity has been sought hereunder by such Registration Statement Indemnified Party, unless such settlement includes an unconditional release of such Registration Statement Indemnified Party from all liability for claims that are the subject matter of such proceeding.

12.04 Contribution. If the indemnification provided for in this ARTICLE 12 from the Registration Statement Indemnifying Party is held by a court of competent jurisdiction to be unavailable to an Registration Statement Indemnified Party hereunder in respect of any Liabilities referred to herein, then the Registration Statement Indemnifying Party, in lieu of indemnifying such Registration Statement Indemnified Party, shall contribute to the amount paid or payable by such Registration Statement Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Registration Statement Indemnifying Party on the one hand and Registration Statement Indemnified Party on the other

in connection with the statements or omissions which resulted in such Liabilities, as well as other relevant equitable considerations. The relative fault of such Registration Statement Indemnifying Party and Registration Statement Indemnified Party shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Registration Statement Indemnifying Party or Registration Statement Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the Liabilities referred to above shall be deemed to include, subject to the limitations set forth in Sections 12.01, 12.02 and 12.03, any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding; provided, however, that the total amount to be contributed by any Member shall be limited to the net proceeds (after deducting the underwriters' discounts and commissions) received by the Member in the offering.

12.05 Fraud. The parties hereto agree that it would not be just and equitable if contribution pursuant to Section 12.04 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE 13.
Initial Public Offering.

13.01 Notwithstanding any other provision of the Limited Liability Company Agreement of Horsehead Holding LLC to which this Annex A is attached, in connection with an Initial Public Offering of the Company, all Members shall and shall cause their Affiliates to take all necessary or desirable actions in connection with the consummation of such transaction (i) to, as the Board may reasonably request, (x) convert the Company to a corporate form in a Tax-free transaction (except to the extent of taxable income or gain required to be recognized by a Member in an amount that does not exceed the amount of cash or any property or rights (other than stock) received by such Member upon the consummation of such transaction and/or any concurrent transaction) in which the proportionate equity interests of the Members in the successor are the same as their respective interests in the Company, or (y) accomplish the foregoing by effecting a transaction that is treated as the contribution of the Registrable Securities of the Company into a newly formed "shell" corporation pursuant to Section 351 of the Code, with the result that each Member shall hold capital stock of such surviving corporation or business entity (in each case, the "**Successor Corporation**"), and (ii) to cause the Successor Corporation to assume all of the obligations of the Company under this Annex A.

13.02 The Company and the Board will use their respective best efforts to perform any conversion or restructuring contemplated in this ARTICLE 13 in the most Tax efficient manner for the Members, including any Members that are treated as corporations for Federal Income Tax purposes. Upon the unanimous vote of the Board that such action is necessary to preserve the benefits of "tacking" under Rule 144 of the Securities Act, such conversion or merger may be structured to occur without any action on the part of any Member, and each Member hereby consents in advance to any action that the Board shall deem necessary to accomplish such result.

13.03 In connection with an Initial Public Offering, all of the outstanding Shares of the Company shall automatically convert into shares of common stock of the Successor Corporation (the "**Stock**") immediately prior to the consummation of the Initial Public Offering or at such other time as the Board may determine.

13.04 In the event that the Company determines to permit sales of shares of Stock held by Members in connection with an Initial Public Offering, all Members shall have the right to include in such offering a *pro rata* number of such Member's Shares.

ARTICLE 14.
Registration Rights Agreement.

The Company and each of the Members acknowledge and agree that in connection with and effective upon the consummation of a transaction referenced in ARTICLE 13, the Company and each of the Members will enter into a registration rights agreement on substantially the terms and conditions set forth in this Annex A.