

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED  
STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING  
CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC,  
THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND  
ZOCHEM INC. (collectively, the "Debtors")**

**APPLICATION OF ZOCHEM INC.  
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, C. C-36, AS AMENDED**

**REPORT OF THE PROPOSED INFORMATION OFFICER  
RICHTER ADVISORY GROUP INC.**

**February 4, 2016**

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**I. INTRODUCTION**

1. On February 2, 2016 (the "**Petition Date**"), Horsehead Holding Corp. ("**Horsehead Holding**"), Horsehead Corporation, Horsehead Metal Products, LLC ("**Horsehead Metals**"), the International Metals Reclamation Company, LLC ("**INMETCO**") and Zochem Inc. ("**Zochem**", and collectively, the "**Debtors**"), commenced voluntary reorganization proceedings (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") by each filing a voluntary petition for relief under chapter 11 of title 11 of the *United States Code*, 11 U.S.C. 101-1532 (the "**Bankruptcy Code**").
2. Also on the Petition Date, the Debtors filed various motions for interim and/or final orders (the "**First Day Motions**" and the orders granted by the U.S. Court in respect

thereof, the “**First Day Orders**”) in the Chapter 11 Proceedings to permit the Debtors to continue to operate their business in the ordinary course. The First Day Motions included a motion for entry of an order authorizing Horsehead Holding to act as foreign representative on behalf of the Debtors for the within proceedings. As described in further detail below, that motion was amended at the hearing before the U.S. Court such that Zochem was appointed as the foreign representative of the Debtors.

3. Also on the Petition Date, Horsehead Holding, as the then proposed foreign representative, commenced an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (R.S.C. 1985, c. C-36, as amended) (the “**CCAA**”) for:
  - (a) an interim order (the “**Interim Stay Order**”) granting, *inter alia*, an interim stay of proceedings in respect of the property, business and directors and officers of the Debtors in Canada, and providing for the continuation of services required by the Debtors in Canada;
  - (b) an initial recognition order, *inter alia*: (i) declaring that Horsehead Holding is a “foreign representative” pursuant to Section 45 of the CCAA; (ii) declaring that the centre of main interest for the Debtors is the United States and the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings against the Debtors; and
  - (c) a supplemental order (the “**Supplemental Order**”) pursuant to section 49 of the CCAA, *inter alia*: (i) recognizing and giving full force and effect in Canada to certain of the First Day Orders; (ii) appointing Richter Advisory Group Inc.

(“**Richter**” or the “**Proposed Information Officer**”) as the information officer (the “**Information Officer**”) in respect of this proceeding; (iii) staying any proceeding, rights or remedies against or in respect of the Debtors, the business and property of the Debtors, the directors and officers of the Debtors, and the Information Officer; (iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Debtors; (v) granting a super-priority charge up to a maximum amount of \$100,000 over the Debtors’ property in Canada in favour of the Information Officer and its counsel as security for their professional fees and disbursements incurred in respect of these proceedings (the “**Administration Charge**”); and (vi) granting a super-priority charge over the Debtors’ property in Canada in favour of the DIP Agent (as defined in the Supplemental Order) (the “**DIP Lenders’ Charge**”).

4. On February 2, 2016, the Court granted the Interim Stay Order, a copy of which is attached hereto as Appendix “A”, and scheduled a hearing for the additional requested relief on Friday, February 5, 2016.
5. On February 4, 2016, the U.S. Court entered an amended Order (the “**Foreign Representative Order**”) authorizing Zochem (rather than Horsehead Holding) to act as foreign representative (in such capacity, the “**Foreign Representative**”) on behalf of the Debtors for the within proceedings and various other First Day Orders, as further described below.

6. Given the authorization of Zochem to act as Foreign Representative pursuant to the Foreign Representative Order, Zochem has requested an amendment to the style of cause of these proceedings and is seeking:
  - (a) an initial recognition order (the “**Initial Recognition Order**”), *inter alia*: (i) declaring that Zochem is a “foreign representative” pursuant to Section 45 of the CCAA; (ii) declaring that the centre of main interest for the Debtors is the United States and the Chapter 11 Proceedings are recognized as a “foreign main proceeding” under the CCAA; and (iii) granting a stay of proceedings against the Debtors; and
  - (b) the Supplemental Order.
7. Other than these proceedings (the “**CCAA Recognition Proceedings**”) and the Chapter 11 Proceedings, there are currently no other foreign proceedings in respect of the Debtors of which the Proposed Information Officer is aware.

## **II. PURPOSE**

8. The purpose of this report of the Proposed Information Officer (the “**Report**”) is to assist the Court in considering the proposed Foreign Representative’s request for the Initial Recognition Order and the Supplemental Order, and to provide the Court with certain background information concerning:
  - (a) the Debtors’ business and operations, including their organizational structure and debt structure;
  - (b) Zochem, the sole Canadian incorporated Debtor;

- (c) the Debtors' centre of main interest;
- (d) the events leading up to the Chapter 11 Proceedings and CCAA Recognition Proceedings;
- (e) the First Day Orders of the U.S. Court that the Debtors are seeking to have recognized pursuant to section 46 of the CCAA;
- (f) the proposed Administration Charge and DIP Lenders' Charge; and
- (g) the proposed initial activities and qualifications of the Information Officer.

### **III. TERMS OF REFERENCE**

9. In preparing this Report, Richter has relied solely on information and documents provided by the Debtors and their advisors, including unaudited financial information, declarations and affidavits of the Debtors' executives and other information provided in the Chapter 11 Proceedings (the "**Information**"). Based on its limited review and limited interaction with the Debtors and their advisors to date, nothing has come to Richter's attention that would cause it to question the reasonableness of the Information. However, Richter has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of the Information. Accordingly, Richter expresses no opinion or other form of assurance in respect of the Information.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

#### **IV. BACKGROUND**

##### **A. Corporate Overview and Organizational Structure**

11. The Proposed Information Officer understands that the Debtors are part of an integrated group that produces and recycles zinc and zinc-related materials. The Debtors operate through three business units: Horsehead Corporation and its subsidiaries (collectively, “**Horsehead**”), Zochem and INMETCO. Horsehead Corporation, Zochem and INMETCO are each subsidiaries of Horsehead Holding.
12. Horsehead is a recycler of electric arc furnace (“**EAF**”) dust, a zinc-containing waste generated by North American steel “mini-mills”. Horsehead uses the recycled EAF dust to produce specialty zinc and zinc-based products. Zochem is a producer of zinc oxide. INMETCO is a recycler of nickel-bearing wastes and nickel-cadmium batteries, and a producer of nickel-chromium-molybdenum-iron remelt alloy for the stainless steel and specialty steel industries.
13. Collectively, the Debtors hold a market-leading position in zinc production in the United States, zinc oxide production in North America, EAF dust recycling in North America and are a leading environmental service provider to the U.S. steel industry.
14. Horsehead Holding is a publicly-traded company. Its common shares are listed on the NASDAQ Stock Market under the ticker symbol ZINC.
15. A copy of an organizational chart for the Debtors is attached hereto as Appendix “B”. The jurisdiction of organization for each of the Debtors is as follows:

<b>Debtor</b>	<b>Jurisdiction of Organization</b>
Horsehead Holding	Delaware
Horsehead Corporation	Delaware
Horsehead Metals	North Carolina
INMETCO	Delaware
Zochem	Canada

16. Horsehead Holding has three indirect subsidiaries that are not Debtors: Horsehead Zinc Recycling, LLC (incorporated in South Carolina), Chestnut Ridge Railroad Corp. (incorporated in Delaware) and Thirty Ox, LLC (incorporated in North Carolina).
17. Zochem is the only Debtor that is incorporated in Canada. The Debtors, excluding Zochem, are referred to herein as the “**U.S. Debtors**”.

**B. Capital Structure – Debt Obligations**

18. As at the Petition Date, the Debtors’ consolidated long-term debt obligations totalled approximately \$420.7 million. The Debtors’ consolidated long-term debt obligations outstanding as of the Petition Date are outlined in the table below and detailed in the paragraphs that follow.

<b>Indebtedness</b>	<b>Principal Outstanding (\$ millions)</b>
Macquarie Credit Facility	\$ 27.2
10.50% Secured Notes	205.0
Zochem Secured Credit Facility	16.9
9.00% Unsecured Notes	40.0
3.80% Convertible Notes	100.0
Banco Bilbao Credit Facility	17.4
NMTC Loans	14.2
<b>Total</b>	<b>\$ 420.7</b>

19. Only the “Zochem Secured Credit Facility” is a pre-petition obligation of Zochem.
- (i) *The Macquarie Credit Facility*
20. On June 30, 2015, each of the U.S. Debtors entered into an \$80 million secured revolving credit facility (the “**Macquarie Credit Facility**”) as borrowers or guarantors with Macquarie Bank Limited (“**Macquarie**”). The Macquarie Credit Facility matures on May 15, 2017. Obligations arising under the Macquarie Credit Facility are secured by first priority liens (subject to certain permitted liens) on substantially all of the U.S. Debtors’ assets. Certain of the assets securing the U.S. Debtors’ obligations under the Macquarie Credit Facility also secure the U.S. Debtors’ obligations under the Senior Secured Notes (as defined and discussed below).
21. On the same date the U.S. Debtors’ entered into the Macquarie Credit Facility, the collateral agents for the Senior Secured Notes and the Macquarie Credit Facility also entered into an intercreditor agreement (the “**Intercreditor Agreement**”), which, among other things, assigned relative priority between Macquarie and holders of the Senior Secured Notes with regard to certain shared collateral. Pursuant to the Intercreditor Agreement, liens granted by the U.S. Debtors to secure the Macquarie Credit Facility are:

(a) senior to any liens granted by the U.S. Debtors to secure the Senior Secured Notes with respect to (i) all INMETCO assets, and (ii) certain personal property of Horsehead and its subsidiaries, including accounts receivables, inventory, cash and deposit accounts; and (b) junior to (i) any liens granted to secure the Senior Secured Notes with respect to real property, fixtures and equipment of Horsehead and its subsidiaries, and (ii) any liens granted on Horsehead Holding's assets.

22. As of the Petition Date, approximately \$27.2 million was outstanding under the Macquarie Credit Facility.

*(ii) The Senior Secured Notes*

23. In July 2012, Horsehead Holding completed a private placement of \$175 million of 10.50% senior secured notes due in 2017 (the "**Senior Secured Notes**") at an issue price of 98.188% of par. Proceeds from the Senior Secured Notes were used primarily for construction costs of a zinc processing facility located in Mooresboro, North Carolina (the "**Mooresboro Facility**"). On June 3, 2013, Horsehead Holding issued \$20 million of additional Senior Secured Notes at an issue price of 106.50% of par. It issued a further \$10 million of Senior Secured Notes at an issue price of 113.00% of par on July 29, 2014.

24. As of the Petition Date, approximately \$205.0 million of Senior Secured Notes are outstanding.

25. The Senior Secured Notes were issued by Horsehead Holding and guaranteed by each of the other U.S. Debtors, and obligations arising under the Senior Secured Notes are secured by the U.S. Debtors' existing and future property and assets. As described above, the relative priority of the liens securing the Senior Secured Notes and the Macquarie

Credit Facility are governed by the Intercreditor Agreement. In addition, the Senior Secured Notes are secured by a first-priority pledge from Horsehead Holding of 65% of Horsehead Holding's equity interest in Zochem.

*(iii) Zochem's Secured Credit Facility*

26. On April 29, 2014, Zochem, as borrower, and Horsehead Holding, as guarantor, entered into a \$20 million secured revolving credit facility (the "**Zochem Facility**") with PNC Bank, N.A., as agent ("**PNC**"). The Zochem Facility is 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 PNC Forbearance Agreement (as defined below), a mortgage on the Ontario Premises (as defined below). Horsehead Holding unconditionally guaranteed Zochem's obligations under the Zochem Facility, and pursuant to a Pledge Agreement dated as of April 29, 2014, pledged 65% of its equity interest in Zochem to PNC as additional collateral. As of the Petition Date, approximately \$16.9 million was outstanding under the Zochem Facility. The Proposed Information Officer understands PNC has assigned its position as lender under the Zochem Facility to an arm's length party, but that it remains the agent under the Zochem Facility.
27. The Proposed Information Officer notes that it has not conducted a security review of PNC's security with respect to Zochem's assets. The Interim U.S. DIP Order (as defined below) preserves the ability of certain parties to challenge the claims and collateral of, among other creditors of the Debtors, PNC for a specified period subject to certain terms and limitations as specified therein.

(iv) *Other Indebtedness of the U.S. Debtors*

28. As more fully described in the Declaration of James M. Hensler filed in the Chapter 11 Proceedings in support of the First Day Motions (the “**Hensler Declaration**”) (included as Exhibit “F” to the Affidavit of James M. Hensler sworn February 2, 2016, and filed in the within proceedings), the U.S. Debtors also have certain additional outstanding debt obligations, including approximately \$17.4 million under the Banco Bilbao Credit Facility (as defined in the Hensler Declaration), approximately \$40 million of Unsecured Notes (as defined in the Hensler Declaration), approximately \$100 million of Convertible Notes (as defined in the Hensler Declaration), and certain guarantees in respect of obligations of a non-Debtor indirect subsidiary of Horsehead Holdings under certain construction loan agreements. Zochem does not have any obligations in respect of the foregoing debt obligations.

**C. Overview of Zochem’s Business**

29. Zochem is a wholly-owned subsidiary of Horsehead Holding incorporated under the *Canada Business Corporations Act*.
30. The head office of Zochem is located in Pittsburgh, Pennsylvania, and operations are located at its registered office at 1 Tilbury Court, Brampton, Ontario (the “**Ontario Premises**”).
31. 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 ten years. Zochem has the capacity to produce approximately 72,000 tons of zinc oxide a year.

**D. Financial Position of Zochem**

32. As of November 30, 2015 (the date of the most recent unaudited financial statements of Zochem), Zochem had total assets with a book value of approximately \$79 million and total liabilities of approximately \$33 million (plus deferred income taxes of approximately \$2 million).
33. As noted above, Zochem's sole credit facility is the Zochem Facility with an outstanding amount owing as at the Petition Date of approximately \$16.9 million. In addition, as discussed in greater detail below, Zochem has agreed to pay PNC a forbearance fee of \$1 million in connection with the Zochem Facility.
34. As at February 1, 2016, Zochem's outstanding trade payables were approximately \$7.3 million.
35. As at the Petition Date, the Proposed Information Officer understands the Debtors (collectively) had approximately \$1.1 million of cash on hand. Based on discussions with the Debtors' advisors, the Proposed Information Officer understands the Debtors have collected various cash receipts since the Petition Date such that as at February 3, 2016: (i) the Debtors (collectively) had approximately \$5.0 million of cash on hand; and (ii) Zochem had approximately \$2.3 million cash on hand. The Interim U.S. DIP Order authorizes the use of this cash collateral in the Debtors' business. In the absence of such

authorization, the Proposed Information Officer understands such cash may not be available to the Debtors.

36. The Proposed Information Officer is advised by the Debtors' advisors that on February 3, 2016, one of Zochem's largest suppliers demanded pre-payment for future supply.

**E. Canadian Employees and Employee Benefit Programs**

37. As of December 31, 2015, Zochem had 19 salaried personnel and 25 hourly personnel. Approximately 25 of these employees are organized under Unifor and its Local 591-G-850 (successor by merger to the Communications, Energy and Paperworkers Union Local 591-G-850), whose collective labour agreement expires on June 30, 2016. Zochem uses ADP as its payroll service provider.
38. Zochem maintains separate pension plans for its salaried and hourly personnel, which have been closed to new members since July 1, 2012. Newer employees have joined Zochem's group RRSP. According to a report prepared by Corporate Benefit Analysis, Inc., the pensions were, collectively, overfunded as at December 31, 2015, though the salaried plan had an unfunded projected benefit obligation in the amount of CAD\$181,499. Neither plan has been wound up.
39. The Proposed Information Officer is advised by counsel to the Debtors that Zochem intends to make all required pension payments during the current 13-week budget period contemplated by the Proposed DIP Facility (as defined below).

**F. Zochem's Cash Management System**

40. Zochem uses a cash management system whereby:

- (a) all receipts flow into a collection account at PNC in the United States, in part via a lockbox maintained at PNC;
- (b) funds from the PNC collection account are transferred daily into an operating account at PNC in the United States; and
- (c) funds are then transferred, as the Debtors' treasury department in Pittsburgh determines is required, to a U.S. dollar operating account and a Canadian dollar operating account at Scotiabank in Canada to pay vendors and payroll, as applicable.

41. The Proposed Information Officer is advised by the Debtors' advisors that, notwithstanding the intended payout of the Zochem Facility, Zochem will be permitted to use its accounts with PNC for some further period of time following the Petition Date. The Proposed Information Officer has requested that the Debtors advise it of their intended course of action with respect to Zochem's cash management system and bank accounts moving forward.

## **V. CENTRE OF MAIN INTEREST**

42. The Debtors operate a highly integrated business managed out of the United States where the Debtors maintain their head office. Although Zochem's registered office is the Ontario Premises, the Proposed Information Officer understands:

- (a) all local functions associated with managing and operating the Ontario Premises are performed from the Debtors' Pittsburgh, Pennsylvania headquarters;

- (b) all internal and external communications, pricing decisions and business development decisions for Zochem are made from the head office in Pittsburgh;
- (c) Zochem's accounts receivable, accounts payable and treasury departments are located in Pittsburgh;
- (d) three out of four of Zochem's officers, and three out of four of its directors, are residents of Pennsylvania, and most of Zochem's officers are also officers of each of the other Debtors; and
- (e) Zochem's statutorily required one Canadian director (representing 25% of the board) is a partner at the law firm Aird & Berlis LLP, the Debtors' Canadian counsel.

43. Based on the foregoing, the Proposed Information Officer believes it is reasonable to conclude that the Debtors' (including Zochem's) "centre of main interest" is in the United States.

**VI. EVENTS LEADING TO THE CHAPTER 11 PROCEEDINGS AND CCAA RECOGNITION PROCEEDINGS**

44. The Proposed Information Officer understands the Debtors' financial position has been negatively impacted by low commodity prices coupled with weaker near-term global demand for zinc, as well as by operational challenges at their zinc processing facility located in Mooresboro, North Carolina.

45. On January 5, 2016, the U.S. Debtors received a notice of default due to, among other things, an over-advance position under the Macquarie Credit Facility. Macquarie

subsequently froze certain of the U.S. Debtors' bank accounts, including their main operating account, resulting in the U.S. Debtors being unable to access a material portion of their liquidity.

46. On January 6, 2016, PNC asserted an event of default arising under the Zochem Facility on account of, among other things, Zochem's failure to comply with a fixed charge covenant test as of November 30, 2015. On January 13, 2016, PNC froze certain of Zochem's bank accounts, and demanded immediate payment of all outstanding obligations. PNC's demand was accompanied by a notice of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act*.
47. Since these events, the Debtors and their advisors have engaged in ongoing negotiations with their lenders to obtain incremental access to liquidity. On January 14, 2016, Zochem and Horsehead Holdings entered into a forbearance agreement with PNC with respect to the Zochem Facility (the "**PNC Forbearance Agreement**"), pursuant to which PNC agreed to temporarily forbear from exercising its rights and remedies related to certain events of defaults. In consideration for the PNC Forbearance Agreement, Zochem and Horsehead Holdings agreed, among other things, to pay a forbearance fee to PNC of \$1 million, due and payable at the termination of the forbearance period, and to provide a mortgage on Zochem's then unencumbered Ontario Premises. The forbearance period in respect of the PNC Forbearance Agreement terminated on February 1, 2016.
48. The U.S. Debtors also entered into a 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 its rights and remedies related to certain events of default. In exchange, the U.S. Debtors agreed to, among other things, pay down borrowings under the Macquarie Credit Facility, pay a restructuring fee in the minimum amount of \$1 million in the event that obligations under the Macquarie Credit Facility are not paid, in full, by February 1, 2016, with the fee increasing over time. The forbearance period in respect of the Macquarie Forbearance terminated on February 1, 2016.

49. As noted above, on February 2, 2016, the Debtors commenced the Chapter 11 Proceedings (thereby obtaining an automatic stay of proceedings in the United States) and obtained the Interim Stay Order in Canada.

## **VII. THE PROPOSED DIP FACILITY**

50. As of the Petition Date, the Debtors total available cash balance was approximately \$1.1 million and they lacked sufficient funds to operate their business and to pay debts as they came due. Further, the Debtors did not have readily available sources of additional financing.
51. As noted above, the Debtors have collected certain receipts since the Petition Date such that their aggregate cash on hand is now \$5.0 million; however, in the absence of obtaining access to additional financing and the requested relief being granted, the Debtors, including Zochem, will be unable to operate their business and pay their debts as they fall due in the near term.
52. The Debtors, with the assistance of their advisors, began evaluating the Debtors' financing needs and funding alternatives in December 2015, and conducted a marketing

process to identify a solution to the Debtors' financing needs. The Debtors, with the assistance of their advisors, solicited debtor-in-possession ("**DIP**") financing from twenty-eight potential sources, including third party lenders, hedge funds and financial institutions. The Debtors also engaged in discussions with an ad hoc group of holders of the Senior Secured Notes (the "**Senior Noteholder Group**").

53. Including the Senior Noteholder Group proposal, the Debtors received term sheets from four potential sources of DIP financing and engaged in negotiations with each potential DIP lender. Ultimately, the Debtors selected the DIP financing proposed by the Senior Noteholder Group (the "**DIP Lenders**") as the best facility available to meet their needs.
54. The Debtors have advised that no other identified potential third party lender was willing to provide DIP financing with less than first priority security over all of the Debtors' assets, including all of the assets of Zochem. Further, the Proposed Information Officer is advised by the Debtors' advisors that the DIP Lenders' proposal provided the Debtors with the most liquidity to fund their operations and restructuring activities.

*(i) Proposed DIP Facility*

55. On February 3, 2016, the Debtors sought interim approval from the U.S. Court of a senior secured super priority DIP credit facility in the amount of \$90 million offered by the DIP Lenders (the "**Proposed DIP Facility**"). The Proposed DIP Facility contemplated that the liens granted in connection with the DIP Facility would be first-priority liens over a portion of the Debtors' assets (including all of the assets of Zochem and the assets of the Debtors subject to a first-priority lien in respect of the Senior Secured Notes), and

second-priority liens with respect to the assets of the U.S. Debtors that are presently subject to a first-priority lien in favour of Macquarie.

56. Under the Proposed DIP Facility, the maximum amount permitted to be advanced on an interim basis was \$40 million, and it was contemplated that all of the Debtors would be jointly and severally liable for all advances made. The contemplated uses of the initial \$40 million DIP advance were approximately \$18 million to pay out the Zochem Facility (including the \$1 million forbearance fee), with the balance of the advances being used to fund the operations and restructuring activities of the Debtors during the interim period (the “**Interim Period**”) until a final order approving the Proposed DIP Facility is sought from the U.S. Court in late February.

*(i) Amended Interim DIP*

57. At the hearing of the First Day Motions, the U.S. Court raised certain concerns with respect to the Proposed DIP Facility and its impact on Zochem, including the benefit to be derived by Zochem from a portion of the contemplated DIP advances during the Interim Period.
58. To address such concerns, the Debtors and the DIP Lenders agreed to certain interim amendments to the Proposed DIP Facility as follows:
- (a) the maximum liability of Zochem pursuant to the Proposed DIP Facility in the Interim Period would be capped at \$25 million (reduced from the prior contemplated maximum amount of \$40 million), with a maximum amount of \$38.5 million permitted to be advanced under the Proposed DIP Facility during the Interim Period;

- (b) the DIP Lenders would receive an additional 2% commitment fee (in addition to the already contemplated 2.5% commitment fee); and
  - (c) the previously unpledged 35% of the shares of Zochem held by Horsehead Holdings would be subject to the priority lien securing the Proposed DIP Facility and the respective “adequate protection” liens of each of Macquarie and the Senior Secured Noteholders (discussed in greater detail below).
59. In addition, the Debtors and DIP Lenders agreed that no repayments would be made on account of amounts advanced under the Proposed DIP Facility during the Interim Period.
60. On the basis of the foregoing changes, the U.S. Court approved the Proposed DIP Facility on an interim basis (the Order entered by the U.S. Court approving the Proposed DIP Facility on an interim basis, the “**Interim U.S. DIP Order**”). In so doing, the U.S. Court accepted certain testimony proffered by the Debtors as follows:
- (a) that Zochem is approximately break-even on a cash flow basis, and was projected to be approximately \$1 million dollars cash flow positive over the following 4 week period, not accounting for any disruption in its business;
  - (b) that the referenced break-even cash position did not take into account any bankruptcy related costs, all of which are allocated to Horsehead; and
  - (c) that the Debtors, in their business judgement, determined that it would not be prudent to operate the business on a break-even basis given these business pressures, and liquidity from the Proposed DIP Facility would be available to Zochem to provide a liquidity cushion for the first four weeks of this case.

61. The Proposed Information Officer understands the above noted changes to the Proposed DIP Facility were agreed to by the DIP Lenders for the Interim Period only, and that for purposes of seeking a final order from the U.S. Court approval may be sought on the terms originally contemplated, including that all borrowings and liabilities under the Proposed DIP Facility be secured by a first-priority charge on the assets of Zochem.
  
62. Additional material provisions of the Interim U.S. DIP Order include the following:
  - (a) in addition to not priming Macquarie's pre-petition liens, the Interim U.S. DIP Order grants an "adequate protection" lien in favour of Macquarie over substantially all the Debtors' assets (including all of the assets of Zochem) to secure payment of an amount equal to any diminution in the value of Macquaries' pre-petition collateral arising from, among other things, the Debtors' incurrence of DIP financing;
  
  - (b) the Interim U.S. DIP Order also grants an "adequate protection" lien in favour of holders of the Senior Secured Notes over substantially all the Debtors' assets (including all of the assets of Zochem) to secure payment of an amount equal to any diminution in the value of the pre-petition collateral relating to the Senior Secured Notes arising from, among other things, the Debtors' incurrence of DIP financing and the granting of the priming liens and claims with respect thereto;
  
  - (c) the Interim U.S. DIP Order also authorizes the Debtors to provide cash collateral in an amount not to exceed \$150,000 to PNC, as agent for the Zochem Facility, as security for indemnity and expense obligations of Zochem under the Zochem

Facility and grants adequate protection liens for such indemnity and expense obligations on the DIP collateral securing the Zochem Facility;

- (d) the Interim U.S. DIP Order provides certain rights for professional advisors to the Debtors (among others) upon the delivery of a specified notice upon an event of default under the Proposed DIP Facility that the Proposed Information Officer understands is designed to provide security to such professionals with respect to the payment of their fees and obligations in certain circumstances. In the event such a notice were to be delivered, the Debtors are obligated to fund a reserve for such professional fees (subject to a cap) from cash on hand, which reserve is to be held in trust for the benefit of such professionals; and
  - (e) following the giving of five (5) business days written notice to the Debtors and certain other parties of an event of default under the Proposed DIP Facility, unless the U.S. Court orders otherwise during such period, the automatic U.S. bankruptcy stay shall be terminated and the agent to the DIP Lenders shall be permitted to exercise all rights and remedies available to it.
63. The agreements relating to the Proposed DIP Facility (the “**DIP Documents**”) also contemplate the completion of certain “case milestones” as follows (the “**Milestones**”):
- (a) entry of the Interim U.S. DIP Order within three (3) days of the Petition Date;
  - (b) entry of an Order of this Court recognizing the Interim U.S. DIP Order within four (4) days of the Petition Date;

- (c) entry of an Order of the U.S. Court approving the Proposed DIP Facility (the “**Final U.S. DIP Order**”) within twenty-one (21) days of the Petition Date;
- (d) entry of an Order of this Court recognizing the Final U.S. DIP Order within twenty-three (23) days of the Petition Date;
- (e) filing of a plan of reorganization that is acceptable to the Required Lenders (as defined in the DIP Documents) and the Senior Noteholder Group, on the one hand, and the borrowers, on the other hand (an “**Acceptable Plan**”) and the filing of a disclosure statement with respect to the Acceptable Plan (the “**Disclosure Statement**”) with the U.S. Court within forty (40) days of the Petition Date;
- (f) entry by the U.S. Court of an order approving the Disclosure Statement within seventy-five (75) days of the Petition Date;
- (g) entry by this Court of an order recognizing the order approving the Disclosure Statement within seventy-seven (77) days of the Petition Date;
- (h) entry by the U.S. Court of an order confirming the Acceptable Plan within 115 days of the Petition Date;
- (i) entry by this Court of an order recognizing the order confirming the Acceptable Plan within 117 days of the Petition Date; and
- (j) consummation of the Acceptable Plan within 130 days of the Petition Date.

64. It is a condition of initial advances being made under the Proposed DIP Facility that both the Initial Recognition Order and Supplemental Order shall have been granted by this Court.
65. In addition to recognizing and giving effect to the Interim U.S. DIP Order, it is proposed that this Court grant a super-priority charge over the Debtors' property in Canada to secure the Proposed DIP Facility consistent with the liens and charges created by the Interim U.S. DIP Order.

**VIII. PROPOSED INFORMATION OFFICER'S OBSERVATIONS IN RESPECT OF THE PROPOSED DIP FACILITY**

66. As discussed above, as at the Petition Date Zochem's sole credit facility was the Zochem Facility with an outstanding amount owing of approximately \$16.9 million. A further \$1 million is due to PNC in respect of the forbearance fee. In addition, as at February 1, 2016, Zochem's trade payables totalled approximately \$7.3 million.
67. The Proposed Information Officer understands the Debtors currently have approximately \$5.0 million of cash on hand to fund their operations but that, absent the proposed relief being granted and advances under the Proposed DIP Facility being made, the ability to use such cash could be jeopardized and the Debtors will otherwise run out of liquidity and possibly be forced to cease operations.
68. It is estimated by the Debtors that up to \$38.5 million will be drawn under the Proposed DIP Facility in the Interim Period to be used as follows:

- (a) approximately \$18.5 million will be used to repay the Zochem Facility (including the \$1 million forbearance fee payable to PNC);
  - (b) approximately \$4 million will be used to pay fees associated with the Proposed DIP Facility; and
  - (c) approximately \$15.6 million will be used to finance the Debtors' operations and restructuring activities pursuant to an agreed upon budget, including payment of professional fees, utility deposits and certain critical materials and freight vendors.
69. The Proposed Information Officer was engaged on February 1, 2016, and has not had an opportunity to perform a liquidation analysis in respect of the assets of Zochem. However, it notes that the Debtors have indicated that:
- (a) Zochem's accounts receivable and inventory are valued at more than \$25 million; and
  - (b) they have received multiple expressions of interest from parties interested in acquiring Zochem for amounts materially in excess of the outstanding amounts under the Macquarie Credit Facility (i.e. materially in excess of approximately \$27 million).
70. In light of the concerns expressed by the U.S. Court, the maximum liability of Zochem with respect to the Proposed DIP Facility in the Interim Period has been capped at \$25 million. As approximately \$18.5 million of the DIP advances in the Interim Period will be used to repay the Zochem Facility and the related forbearance fee, the maximum

incremental priority obligation being incurred by Zochem in the Interim Period with respect to the Proposed DIP Facility is approximately \$6.5 million.

71. The Proposed Information Officer also notes that the Interim U.S. DIP Order cross-collateralizes, to a degree, certain pre-petition obligations of the U.S. Debtors over the assets of Zochem through the adequate protection liens described above.
72. Following the agreement of the Debtors and DIP Lenders to cap Zochem's liability for the Interim Period at \$25 million, the U.S. Court heard and accepted testimony proffered by the Debtors as to the benefit of the Proposed DIP Facility to Zochem, including the Debtors' determination that, in their business judgement, it would not be prudent to operate the business on a break-even basis given the business pressures it faced, and liquidity from the Proposed DIP Facility would be available to Zochem to provide a liquidity cushion for the first four weeks of this case.
73. Based on: (i) the Information received and reviewed by the Proposed Information Officer to date; (ii) the capping of Zochem's liability under the DIP Facility for the Interim Period at \$25 million; and (iii) the evidence outlined at paragraph 60 hereof, the Proposed Information Officer believes it is reasonable in the circumstances to recognize the Interim U.S. DIP Order and to grant the DIP Lender's Charge sought in connection therewith.

**IX. OTHER FIRST DAY ORDERS OF THE U.S. COURT FOR WHICH RECOGNITION IS SOUGHT**

74. In addition to the Interim U.S. DIP Order, Zochem is also seeking recognition of the following First Day Orders that have been entered by the U.S. Court in the Chapter 11

Proceedings, each of which is attached to the supplemental affidavit of Aaron Collins sworn February 4, 2016:

- (a) Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (b) the Foreign Representative Order;
- (c) Interim Order (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management Systems, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (d) Interim Order (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, Reimbursable Expenses, and Payroll Processing Fees, (B) Pay Withholding Obligations, (C) Continue Employee Benefits Programs, and (D) Continue Ordinary Course Incentive Programs for Non-Insiders, and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (e) Interim Order (I) Authorizing Debtors to (A) Pay Prepetition Claims of Shippers and Miscellaneous Lien Claimants, (B) Pay Section 503(B)(9) Claims, and (C) Grant Administrative Expense Priority to all Undisputed Obligations for Goods Ordered Prepetition and Delivered Postpetition and Satisfy Such Obligations in

the Ordinary Course of Business and (II) Granting Related Relief Filed by Horsehead Holding Corp.;

- (f) Interim Order (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Establishing Procedures for Determining Adequate Assurance of Payment, and (IV) Granting Related Relief Filed By Horsehead Holding Corp.;
- (g) Interim Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered Into Prepetition, (B) Honor Their Prepetition Insurance Premium Financing Agreements in the Ordinary Course of Business, and (II) Granting Related Relief Filed by Horsehead Holding Corp.;
- (h) Order (I) Authorizing, but not Directing, the Payment of Certain Prepetition Taxes, Governmental Assessments, and Fees, and (II) Granting Related Relief Filed By Horsehead Holding Corp.
- (i) Interim Order (I) Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors and (II) Granting Related Relief Filed By Horsehead Holding Corp.;
- (j) Interim Order (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock and (II) Granting Related Relief Filed by Horsehead Holding Corp.; and

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

75. The Foreign Representative Order authorizes Zochem to act as the Foreign Representative on behalf of the Debtors' estates in the CCAA Recognition Proceedings, and grants Zochem, in its capacity as a Foreign Representative, the power to act in any way permitted by applicable foreign law. In paragraph 3 of the amended Foreign Representative Order, the U.S. Court requests the aid and assistance of this Court to recognize the Chapter 11 Proceedings as a "foreign main proceeding" and Zochem as a "foreign representative" under the CCAA.

**X. PROPOSED CHARGES**

76. Pursuant to the proposed Supplemental Order, Zochem is seeking an Administration Charge and a DIP Lenders' Charge.

*(i) Administration Charge*

77. The draft Supplemental Order contemplates an Administration Charge in respect of the fees and disbursement of the Information Officer and its counsel in an amount not to exceed \$100,000. The Administration Charge is required to protect the Information Officer and its counsel in the event that their reasonable fees and expenses are unpaid. The Proposed Information Officer considers the amount of the proposed Administration Charge to be reasonable and appropriate in the circumstances. The Administration

Charge would rank in priority to any other security interests, trust, liens, charges and encumbrances on the Debtors' property in Canada, including the DIP Lenders' Charge.

(ii) *DIP Lenders' Charge*

78. As noted above, the draft Supplemental Order contemplates the granting of the DIP Lenders' Charge to secure amounts owing under the Proposed DIP Facility consistent with the liens and charges created by the Interim U.S. DIP Order. The proposed DIP Lenders' Charge would rank in priority to any other security interests, trust, liens, charges and encumbrances on the Debtors' property in Canada except for the Administration Charge.

**XI. PROPOSED INITIAL ACTIVITIES OF THE INFORMATION OFFICER**

79. The draft Supplemental Order provides that following its appointment, the initial activities of the Information Officer would include, *inter alia*:
- (a) publishing a notice of the Chapter 11 Proceedings and the CCAA Recognition Proceedings in The Globe and Mail, National Edition, as soon as practicable following the date of the Supplemental Order, if granted, once a week for two consecutive weeks;
  - (b) providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
  - (c) reporting to the Court with respect to the status of these proceedings and the Chapter 11 Proceedings at such times and intervals as the Information Officer deems appropriate, which reports may include information relating to the property

and business of the Debtors or such other matters as may be relevant to these proceedings; and

- (d) establishing a website at <http://www.richter.ca/en/folder/insolvency-cases/h/horsehead-holdings> to make available copies of the Orders granted in the CCAA Recognition Proceedings, reports of the Information Officer and other materials as the Court may order or the Information Officer deems appropriate.

## **XII. RICHTER'S QUALIFICATION TO ACT AS INFORMATION OFFICER**

- 80. Richter has significant experience in connection with proceedings under the CCAA, including in acting as a Monitor in various cases.
- 81. Paul van Eyk and Adam Sherman, the individuals at Richter with primary carriage of this matter, are certified Chartered Insolvency and Restructuring Professionals and are licensed trustees within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
- 82. Richter has consented to act as Information Officer should this Court approve the requested Supplemental Order.

## **XIII. PROPOSED INFORMATION OFFICER'S RECOMMENDATIONS**

- 83. The Proposed Information Officer believes the terms of the Initial Recognition Order relating to its proposed role as Information Officer are fair and reasonable, and consistent with the terms of appointments of information officers in other recognition proceedings under the CCAA.

84. In addition, based on: (i) the Information received and reviewed by the Proposed Information Officer to date; (ii) the capping of Zochem's liability under the DIP Facility for the Interim Period at \$25 million; and (iii) the evidence outlined at paragraph 60 hereof, the Proposed Information Officer believes it is reasonable in the circumstances to recognize the Interim U.S. DIP Order and to grant the DIP Lender's Charge sought in connection therewith.
  
85. Accordingly, the Proposed Information Officer respectfully recommends that this Court grant the relief requested by the Debtors in the Initial Recognition Order and the Supplemental Order.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 4<sup>th</sup> day of February, 2016.

**RICHTER ADVISORY GROUP INC.**  
**in its capacity as Proposed Information Officer**  
**of Horsehead Holding Corp. and Zochem Inc. *et al.***  
**and not in its personal capacity**



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**Adam Sherman, MBA, CIRP**  
Senior Vice-President



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**Pritesh Patel, CIRP, CFA, MBA**  
Vice-President

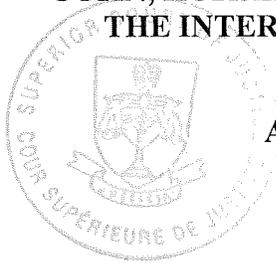
## APPENDIX "A"

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR. ) TUESDAY, THE 2<sup>ND</sup>  
 )  
JUSTICE NEWBOULD ) DAY OF FEBRUARY, 2016

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT WITH RESPECT TO HORSEHEAD HOLDING CORP., HORSEHEAD CORPORATION, HORSEHEAD METAL PRODUCTS, LLC, THE INTERNATIONAL METALS RECLAMATION COMPANY, LLC AND ZOICHEM INC. (collectively, the "Debtors")



APPLICATION OF HORSEHEAD HOLDING CORP.  
UNDER SECTION 46 OF THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT*

INTERIM ORDER  
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Horsehead Holding Corp. in its capacity as the proposed foreign representative (the "Foreign Representative") of the Debtors in respect of the proceedings commenced on February 2, 2016, in the United States Bankruptcy Court for the District of Delaware, under chapter 11 of title 11 of the United States Code (the "Foreign Proceeding"), for an Order substantially in the form enclosed in the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of James M. Hensler sworn February 2, 2016, and on hearing the submissions of counsel for the Foreign Representative, counsel to Richter Advisory Group Inc., in its capacity as proposed information officer (the "Proposed Information Officer"), counsel to PNC Bank, National Association, counsel to

the Ad Hoc Group of Senior Secured Noteholders and proposed Post-Petition Lenders (the “**DIP Lenders**”) and Cantor Fitzgerald Securities, as administrative agent (the “**DIP Agent**”), no one else appearing although duly served as appears from the affidavit of service of Daphne Porter sworn February 2, 2016, filed:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **STAY OF PROCEEDINGS**

2. **THIS COURT ORDERS** that from the date hereof until and unless otherwise ordered by the Court (the “**Stay Period**”) no proceeding or enforcement process in any court or tribunal in Canada (each, a “**Proceeding**” and, collectively, “**Proceedings**”) including, without limitation, a Proceeding taken or that might be taken against the Debtors under the *Bankruptcy and Insolvency Act*, R.S.C., 1985 c. B-3, as amended, or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended, shall be commenced or continued against or in respect of the Debtors or affecting their business in Canada (the “**Business**”) or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate in Canada, including all proceeds thereof (the “**Property**”), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

3. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, agency, governmental or quasi-governmental body, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against, in respect of or affecting the Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies in the Foreign

Proceedings, (ii) empower any of the Debtors to carry on any business in Canada which that Debtor is not lawfully entitled to carry on, or (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

#### **NO INTERFERENCE WITH RIGHTS**

4. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Debtors in Canada, except with leave of this Court.

#### **ADDITIONAL PROTECTIONS**

5. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use in Canada of their, among other things, their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices and charges for all such goods and services received after the date of this Order are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the relevant Debtor(s), or as may be ordered by this Court.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

6. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any

claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations until a plan of reorganization in respect of the Debtors, if one is filed in the Foreign Proceeding, is recognized by this Court and becomes effective in accordance with its terms, or unless otherwise ordered by this Court.

#### **NO SALE OF PROPERTY**

7. **THIS COURT ORDERS** that each of the Debtors is prohibited from selling or otherwise disposing of, outside the ordinary course of its business, any of its Property in Canada that relates to the Business and from selling or otherwise disposing of any of their other Property in Canada, provided however, that nothing herein shall prevent the Debtors from seeking approval in the Foreign Proceeding or from this Court to sell or otherwise dispose of the Property.

#### **SERVICE AND NOTICE**

8. **THIS COURT ORDERS** that that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

9. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors, the Foreign Representative is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the applicable

Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

**GENERAL**

10. **THIS COURT ORDERS** that any party may, from time to time, apply to this Court for such further or other relief as it may advise from time to time, including for directions in respect of the proper execution of this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Debtors and the Foreign Representative, and respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and the Foreign Representative, as may be necessary or desirable to give effect to this Order, or to assist the Debtors and the Foreign Representative, and their respective agents in carrying out the terms of this Order.

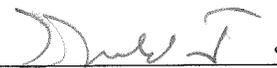
12. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtors, the Foreign Representative, the Proposed Information Officer and their respective counsel, to counsel to the DIP Lenders and DIP Agent, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

13. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. on the date of this Order.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:



FEB 02 2016

  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED,  
IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT WITH RESPECT  
TO THE DEBTORS, AND APPLICATION OF HORSEHEAD HOLDING CORP. UNDER SECTION 46 OF THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT***

Court File No. CV-16-11271-00CL

***ONTARIO*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INTERIM ORDER**

**AIRD & BERLIS LLP**  
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Toronto, ON M5J 2T9

**Sam Babe (LSUC # 49498B)**  
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*Lawyers for the Applicant*

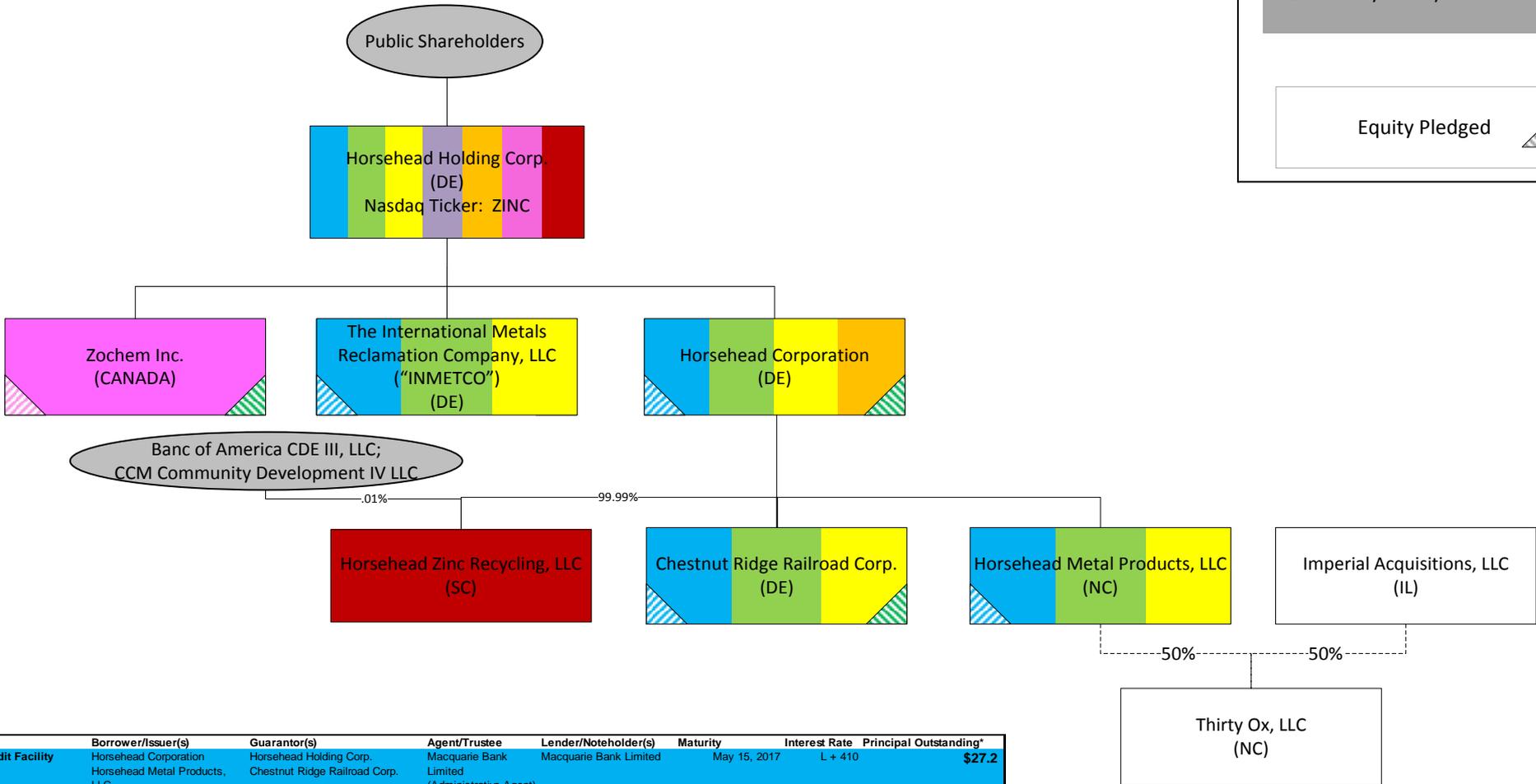
## APPENDIX "B"

# Horsehead Holding Corp. -- Corporate and Capital Structure Chart

**Key**

Borrower/Issuer/Guarantor

Equity Pledged



Loan	Borrower/Issuer(s)	Guarantor(s)	Agent/Trustee	Lender/Noteholder(s)	Maturity	Interest Rate	Principal Outstanding*
<b>Macquarie Credit Facility</b>	Horsehead Corporation Horsehead Metal Products, LLC INMETCO	Horsehead Holding Corp. Chestnut Ridge Railroad Corp.	Macquarie Bank Limited (Administrative Agent)	Macquarie Bank Limited	May 15, 2017	L + 410	<b>\$27.2</b>
<b>10.50% Senior Secured Notes</b>	Horsehead Holding Corp.	Horsehead Corporation Horsehead Metal Products, LLC INMETCO Chestnut Ridge Railroad Corp.	U.S. Bank, N.A. (Trustee and Collateral Agent)	Greywolf Capital Management; Other Unknown Noteholders	June 1, 2017	10.50%	<b>205.0</b>
<b>9.00% Senior Unsecured Notes</b>	Horsehead Holding Corp.	Horsehead Corporation Horsehead Metal Products, LLC INMETCO Chestnut Ridge Railroad Corp.	U.S. Bank, N.A. (Trustee)	Unknown	June 1, 2017	9.00%	<b>40.0</b>
<b>3.80% Convertible Senior Notes</b>	Horsehead Holding Corp.	None	U.S. Bank, N.A. (Trustee)	Unknown	July 1, 2017	3.80%	<b>100.0</b>
<b>Banco Bilbao Credit Facility</b>	Horsehead Corporation	Horsehead Holding Corp.	Banco Bilbao Vizcaya Argentaria, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	August 15, 2023	L + 320	<b>17.4</b>
<b>Zochem Credit Facility</b>	Zochem Inc.	Horsehead Holding Corp.	PNC Bank, N.A.	Poseidon Holdings II, LP	September 28, 2016	L + 250	<b>16.9</b>
<b>NMTC Loans</b>	Horsehead Zinc Recycling, LLC Horsehead Holding Corp.	N/A	N/A	CCM Community Development IV LLC; Banc of America CDE III, LLC	June 17, 2016	3.3-7.3%	<b>14.2</b>
<b>Total Funded Debt:</b>							<b>\$420.7</b>

\*All dollars in millions unless otherwise noted

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED,  
IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED  
STATES BANKRUPTCY COURT WITH RESPECT TO THE DEBTORS, AND  
APPLICATION OF HORSEHEAD HOLDING CORP. UNDER SECTION 46 OF  
THE *COMPANIES' CREDITORS ARRANGEMENT ACT***

Court File No. CV-16-11271-00CL

***ONTARIO*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**REPORT OF THE PROPOSED  
INFORMATION OFFICER**

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Lawyers for the Proposed Information Officer