

# Aquamarine Fund

February 13, 2016

## **Re: Horsehead Holdings: Formation of a Committee to Protect Shareholder Interest in the Bankruptcy Case**

Dear Shareholder in Horsehead Holdings,

As you know, Horsehead filed a bankruptcy petition at the beginning of February. The way things appear to be going, equity will be wiped out unless we take action.

I plan to ask the authorities to appoint a shareholders committee and I need your support.

Without going into too much detail right now, here are some of the salient points in the petition.

- As of the last audited balance sheet, Horsehead showed assets in excess of \$1 billion and equity in excess of \$400 million and more than \$30 million of cash
- The event that threw Horsehead into bankruptcy was not that it had run out of cash, but a technical default on a small line of credit from Macquarie Bank. Macquarie froze Horsehead's bank accounts which triggered the bankruptcy.
- The zinc price has recovered substantially and the prospects of a further recovery are high.

In other words, we believe that there is enormous value in the equity of Horsehead Holdings – but it won't survive the bankruptcy unless we do something.

The best way to protect shareholder value is to have a seat at the table in the bankruptcy case. And the way to do that is to ask for a shareholder committee to be appointed.

### ***However***

There is no rule that a shareholder committee must be appointed – and in most cases, they are not.

So we have to petition for a shareholder committee – and make the most compelling case we can. I am in the midst of preparing this petition. If we succeed, the shareholder committee will have legal counsel appointed by the court, with the expenses paid by Horsehead. It will not cost the shareholders anything.

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## ***But I need your help:***

In making their decision about the shareholder committee, the court and the other parties involved need to see that there is substantial shareholder support.

So your support of this petition will be a key factor in getting the shareholder committee appointed – which in turn will materially affect the value shareholders are likely to recover.

If you are a shareholder and would like to lend your support, this is what you need to do:

Write an email to me at: [zinc@aquamarinefund.com](mailto:zinc@aquamarinefund.com) stating:

1. Your name
2. How many shares you own
3. The approximate date that they were acquired
4. Your support for the creation of a shareholders committee to protect the interests of the shareholders

This is our best chance of protecting our equity interest and benefitting from the enormous upside that exists on the other side of this bankruptcy filing.

But time is of the essence. The case is running at lightning speed and we must move very quickly – or we will lose this crucial opportunity.

Thank You.



Guy Spier  
Manager, The Aquamarine Fund.