ZLATOMIR VERGIEV, Individually And On Behalf Of All Others Similarly Situated, Plaintiff, v. CARLOS E. AGUERO, MICHAEL J. DRURY, CARY M. GROSSMAN, SEAN P. DUFFY, PAUL A. GARRETT, BRET R. MAXWELL, TOTAL MERCHANT LIMITED, and TM MERGER SUB CORP., Defendants.	SUPERIOR COURT OF NEW JERSEY LAW DIVISION UNION COUNTY DOCKET NO.: L-2276-15
AVI COOPER, Individually And On Behalf Of All Others Similarly Situated, Plaintiff, v. METALICO, INC., CARLOS E. AGUERO, MICHAEL J. DRURY, SEAN P. DUFFY, PAUL A. GARRETT, BRET R. MAXWELL, TOTAL MERCHANT LIMITED, and TM MERGER SUB CORP., Defendants.	SUPERIOR COURT OF NEW JERSEY LAW DIVISION UNION COUNTY DOCKET NO.: L-2469-15

NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT AND SETTLEMENT HEARING

TO: ALL PERSONS OR ENTITIES WHO HELD SHARES OF THE COMMON STOCK OF METALICO, INC. ("METALICO"), EITHER OF RECORD OR BENEFICIALLY, DURING THE PERIOD BEGINNING ON JUNE 15, 2015, THROUGH AND INCLUDING SEPTEMBER 11, 2015, THE DATE OF THE CONSUMMATION OF THE MERGER (AS DEFINED BELOW) (THE "CLASS PERIOD"), EXCLUDING DEFENDANTS AND THEIR RESPECTIVE SUCCESSORS-IN-INTEREST, SUCCESSORS, PREDECESSORS-IN-INTEREST, PREDECESSORS, REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, ESTATES, HEIRS, ASSIGNS, OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, ONLY IN THEIR CAPACITY AS SUCH (THE "CLASS"). MEMBERS OF THE CLASS ARE REFERRED TO HEREIN AS "CLASS MEMBERS."

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF A LAWSUIT AND CONTAINS IMPORTANT INFORMATION. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION.

IF YOU ARE A NOMINEE WHO HELD METALICO STOCK FOR THE BENEFIT OF ANOTHER DURING THE CLASS PERIOD, READ THE SECTION BELOW ENTITLED "NOTICE TO PERSONS OR ENTITIES THAT HELD OWNERSHIP ON BEHALF OF OTHERS."

The purpose of this Notice of Pendency of Class Action, Proposed Settlement and Settlement Hearing (this "Notice") is to inform you of, among other things, (i) the pendency of the above-captioned actions (the "Action") in the Law Division of the Superior Court of New Jersey, County of Union (the "Court"), (ii) the proposed settlement of the New Jersey Action (the "Settlement"), and (iii) a hearing to be held before the Court, in the Superior Court of New Jersey, Law Division, Courtroom 11th Floor - Tower, 2 Broad Street – Elizabeth, New Jersey 07207, on May 11, 2016, at 9:00 a.m. (the "Settlement Hearing").

The Settlement Hearing will be held to: (a) determine whether the Court should finally certify the Class for Settlement purposes only; (b) determine whether the proposed Settlement should be finally approved by the Court as fair, reasonable, adequate, and in the best interests of the Class on the terms and conditions set forth in the Stipulation of Settlement and Release (the "Stipulation");[1] (c) determine whether the Judgment as provided for in the Stipulation should be entered by the Court; (d) consider the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses; and (e) consider other such matters as the Court deems appropriate.

YOU ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE. If you are a member of the Class, this Notice informs you of how, if you so choose, to enter your appearance in the New Jersey Action in order to object to the proposed Settlement and have your objection heard at the Settlement Hearing.

This Notice describes the rights that you may have pursuant to the Settlement and what steps you may take, but are not required to take, in relation to the Settlement. The Parties believe that the terms of the Settlement are fair, reasonable, adequate, and in the best interests of the Class. They have concluded that further litigation of the New Jersey Action could be protracted and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially in a complex shareholder litigation like the Actions. The Parties therefore believe that it is desirable that the Actions be fully and finally settled in the manner described in the Stipulation. If the Court approves the Settlement, the Parties will ask the Court at the Settlement Hearing to enter a Final Order and Judgment (the "Judgment") dismissing the Actions with prejudice on the merits as to all Defendants and releasing claims in accordance with the terms of the Stipulation. The Court expressly retains its power to adjourn the Settlement Hearing without any further notice to the Class other than an announcement at the Settlement Hearing or any adjournment thereof and to approve the Stipulation with minor modification without further Notice to the Class.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE PENDENCY OF THE PROPOSED SETTLEMENT OF THIS ACTION AND OF A HEARING ON THE PROPOSED SETTLEMENT.

BACKGROUND TO THE ACTION

On June 15, 2015, Metalico and Total Merchant entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Total Merchant will acquire all outstanding shares of Metalico for $0.60 per share in cash (the "Merger").

Following the announcement of the Merger, four putative class action lawsuits challenging the Merger were filed in this Court: (1) *Lowinger v. Agüero et al.*, filed on June 22, 2015 (the "Lowinger Action"), (2) *Vergiev v. Agüero et al.*, filed on June 24, 2015 (the "Vergiev Action"); (3) *Cooper v. Metalico, Inc., et al*, filed on June 24, 2015 (the "Cooper Action"); and (4) *Solak v. Metalico, Inc. et al.*, filed on June 29, 2015 (the "Solak Action"), alleging that the Director Defendants breached their fiduciary duties to Metalico's stockholders in connection with the Merger, and additionally alleging that Metalico, Total Merchant, and/or the Merger Sub aided and abetted those breaches, seeking, among other things, an order enjoining the Merger.

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[1] Unless otherwise defined herein, all capitalized words contained herein shall have the same meanings as they have in the Stipulation.

Between June 19, 2015 and July 7, 2015, six additional putative class action lawsuits challenging the Merger were filed in the Delaware Court of Chancery: (1) *Detore v. Metalico, Inc. et al.*, No. 11177-VCL, filed on June 19, 2015; (2) *Pinto v. Metalico, Inc. et al.*, No. 11183-VCL, filed on June 22, 2015; (3) *Morales v. Metalico, Inc. et al.,* No. 11187-VCL, filed on June 22, 2015; (4) *Malkiel v. Metalico, Inc., et al.,* No. 11196-VCL, filed on June 24, 2015; (5) *Britten v. Metalico, Inc., et al.,* No. 11197-VCL, filed on June 24, 2015; and (6) *Arshad v. Agüero et al.,* No. 11259-VCL, (collectively the "Delaware Actions," and collectively with the New Jersey Action, the "Actions").

On June 29, 2015, Metalico filed with the U.S. Securities and Exchange Commission (the "SEC") a Preliminary Proxy Statement on Schedule 14A (the "Preliminary Proxy").

On July 7, 2015, Plaintiff Vergiev filed an Amended Class Action Complaint against Defendants that added allegations, among others, that the Preliminary Proxy omitted allegedly important information.

On July 10, 2015, the Court consolidated the Vergiev, Lowinger and Solak Actions under the caption *Vergiev v. Agüero, et al.*, No. L-2276-15; appointed the law firm of Faruqi & Faruqi, LLP as Lead Counsel for Plaintiffs and the law firm of Cohn Lifland Pearlman Herrmann & Knopf LLP as Liaison Counsel; and designated the July 7, 2015 Amended Class Action Complaint filed in the Vergiev Action as the Consolidated Amended Complaint.

After negotiations with counsel for Defendants, counsel for Plaintiffs in the Actions reached an agreement to work cooperatively and prosecute the discovery phase of the proceedings in this Court.

From July 13, 2015 to July 16, 2015, the Metalico Defendants produced in the New Jersey Actions more than 300 pages of highly confidential documents, including Metalico Board minutes, Metalico Board presentations, and forecasts and projections, which were then reviewed by Plaintiffs' counsel and consulting expert.

On July 27, 2015, the Parties executed a Stipulation and Proposed Protective Order governing the production and exchange of confidential and highly confidential information.

On July 29, 2015, Metalico filed with the SEC a Definitive Proxy Statement on Schedule 14A (the "Definitive Proxy").

Between July 30, 2015 and August 13, 2015, counsel for the Parties engaged in arm's-length discussions and negotiations concerning the potential resolution of the Actions, including the negotiation of various supplemental disclosures that Plaintiffs and their counsel demanded.

On July 30, 2015, Plaintiffs' counsel sent a demand letter to Defendants' counsel seeking certain modifications to the Merger Agreement and supplemental disclosures to the Definitive Proxy.

On July 31, 2015, Plaintiffs' counsel took the deposition of Director Defendant Paul A. Garrett.

On August 5, 2015, Plaintiffs' counsel took the deposition of Henry F. Owsley, Chief Executive Officer of the Gordian Group LLC ("Gordian"), the financial advisor to Metalico in connection with the Merger.

On August 7, 2015, counsel to Metalico and the Director Defendants sent a letter responding to Plaintiffs' counsel's July 30, 2015 demand letter, which response letter contained certain proposed supplemental disclosures to the Definitive Proxy.

On August 8, 2015, Plaintiffs' counsel sent an additional demand letter to Defendants' counsel seeking certain additional supplemental disclosures to the Definitive Proxy, in light of the discovery conducted to date.

On August 13, 2015, counsel to Metalico and the Director Defendants sent a letter responding to Plaintiffs' counsel's August 8, 2015 supplemental demand letter, which response letter contained certain additional proposed supplemental disclosures to the Definitive Proxy.

On August 13, 2015, Metalico and the Director Defendants produced hundreds of pages of additional discovery in the New Jersey Actions, including additional Metalico Board minutes and Metalico Board presentations.

Counsel for Plaintiffs in the Actions coordinated the review of those documents and discovery for the intended benefit of the Class.

On August 27, 2015, after extensive arm's-length negotiations regarding Plaintiffs' demands made in the July 30, 2015 and August 8, 2015 letters, counsel to all Parties reached an agreement in principle to settle the New Jersey Action and for the voluntary dismissal with prejudice of the Delaware Actions following approval of the proposed Settlement in the New Jersey Action.

As a result of the arm's-length settlement negotiations, on August 27, 2015, the Parties reached an agreement in principle and executed a Memorandum of Understanding (the "MOU"), a copy of which is attached hereto as Exhibit A, providing for the settlement and dismissal with prejudice of the Actions, subject to the execution of a formal stipulation and agreement of settlement.

On August 27, 2015, pursuant to the agreement in principle set forth in the MOU, Metalico caused to be filed with the U.S. Securities and Exchange Commission ("SEC") a Supplement #1 on Schedule 14A containing certain additional disclosures to the Definitive Proxy (the "Supplemental Disclosures").

On September 8, 2015, the Delaware Court of Chancery dismissed the Delaware Actions.

A special meeting of Metalico stockholders to approve the Merger was held on September 11, 2015 (the "Special Meeting"), at which meeting Metalico's stockholders voted in favor of adoption of the Merger Agreement.

The consummation date of the Merger was September 11, 2015.

On the basis of information available to them, including publicly available information, Plaintiffs and Plaintiffs' Counsel have concluded that the terms and conditions of the Settlement are fair, reasonable, adequate, and in the best interests of Plaintiffs and the Class, and have agreed to settle the claims raised, or that could have been raised, in the Action pursuant to the terms and conditions of the Stipulation, after considering: (i) the benefits that Plaintiffs and the other members of the Class will receive from the settlement, (ii) the attendant risks of litigation, (iii) the time and expenses that would be incurred by further litigation, and (iv) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation.

On March 4, 2016, the Court entered a Preliminary Approval and Scheduling Order (the "Preliminary Approval Order") providing for, among other things: (i) the scheduling of the Settlement Hearing; (ii) the preliminary certification, for Settlement purposes only, of the Action as a class action on behalf of the Class consisting of all record and beneficial owners of Metalico common stock during the Class Period, excluding Defendants, the officers, directors, affiliates, and family members of any of the Defendants, and any entity in which any Defendant has or had a controlling interest, and their respective successors-in-interest thereto; (iii) a stay of the Action pending a hearing on the Settlement; and (iv) an injunction against the commencement or prosecution of any action by any members of the Class asserting any of the Released Claims (as defined below) against any of the Released Parties (as defined below).

REASONS FOR THE SETTLEMENT

Plaintiffs and Plaintiffs' Counsel in the Actions have determined to enter into the Settlement because the Settlement provides for the Supplemental Disclosures. On the basis of the information available to them and in consideration of the strengths and weaknesses of their claims, Plaintiffs' Counsel have determined that the Settlement described herein is fair, reasonable, adequate, and in the best interests of the Plaintiffs and the Class.

Defendants have vigorously denied, and continue to vigorously deny all allegations of wrongdoing, fault, liability, or damage to any of the respective plaintiffs or the Class (the certification of which is considered only in connection with the contemplated Settlement); deny that they engaged in any improper behavior, wrongdoing, or committed any violation of law; deny that any disclosures in connection with the Merger (including the Definitive Proxy) are in any way deficient; believe that they acted properly at all times; believe that the Actions have no merit (both with respect to the requested injunctive relief and to damages); and maintain that they have committed no disclosure violations or any other breach of duty whatsoever in connection with the Merger or any public disclosures; but wish to settle solely to avoid the costs, disruption, and distraction of further litigation, and without admitting the validity of any allegations made in the Actions, or any liability with respect thereto (and such allegations being specifically denied), have concluded that it is desirable that the claims against them be settled and dismissed on the terms reflect in this Stipulation.

If you are a Class Member, you will be bound by any judgment entered in the Actions whether or not you actually receive this Notice.

SETTLEMENT TERMS

In consideration for the full settlement and release of the Released Claims against the Released Parties and the dismissal with prejudice of the New Jersey Actions, Defendants agree to provide, and have provided, supplemental disclosures in the Definitive Proxy concerning certain subject areas raised by Plaintiffs' Counsel, as filed by Metalico with the SEC on August 27, 2015, and attached hereto as Exhibit A (the "Supplemental Disclosures").

SETTLEMENT HEARING

The Settlement Hearing shall be held on May 11, 2016, at 9:00 a.m., in the Superior Court of New Jersey – Law Division, 2 Broad Street – Elizabeth, New Jersey 07207, in front of the Honorable Thomas J. Walsh, Courtroom 11th Floor Tower, to (a) determine whether to finally certify the Class for Settlement purposes only; (b) determine whether the proposed Settlement should be finally approved by the Court as fair, reasonable, adequate, and in the best interests of the Class; (c) determine whether the Judgment as provided for in the Stipulation should be entered by the Court; (d) consider the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses; and (e) consider other such matters as the Court deems appropriate.

The Court reserves the right to adjourn the Settlement Hearing or any adjournment thereof, including the consideration of the application for attorneys' fees, without further notice of any kind other than oral announcement at the Settlement Hearing or any adjournment thereof.

The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modification(s) as the Parties may consent to without further notice to the Class.

RIGHT TO APPEAR AND OBJECT

At the Settlement Hearing, any Class Member who desires to do so may appear personally or by counsel, provided that an appearance is filed and served as hereinafter provided, and show cause, if any, why the Settlement should not be approved as fair, reasonable, adequate, and in the best interest of the Class, why judgment should not be entered dismissing Plaintiffs' claims asserted against Defendants in the Action with prejudice against Plaintiffs and the Class, as determined by the Court, or why the Court should not grant Plaintiffs' Counsel's application for any award of attorneys' fees and expenses for their services herein; provided, however, that no Class Member or any other person opposing the Settlement or any matter related thereto shall be heard or entitled to contest the approval of the terms and conditions of the Settlement and, if approved, the Judgment to be entered thereon and the granting of attorneys' fees and expenses to Plaintiffs' Counsel, nor shall any papers or briefs submitted by any Class Members or any other person be received and considered, except by order of the Court for good cause shown, unless, no later than ten (10) calendar days prior to the Settlement Hearing, such person files with the Clerk of the Superior Court – Law Division, 2 Broad Street – Elizabeth, New Jersey 07207, the following: (a) a written and signed notice of intention to appear which states such person's name, address and telephone number and, if represented by counsel, the name, address and telephone number of such counsel, (b) proof of membership in the Class, (c) a written detailed statement of such person's specific objection to any matter before the Court, (d) the specific grounds for such objections and reasons for such person's desiring to appear and be heard, as well as all documents and writing such person desires this Court to consider, including any legal and evidentiary support, and (e) a list of all other class action matters that the objector and/or the objector's counsel has objected to in the last three years, identified by case name, docket number and the court in which the prior objections were filed. Any such filings with the Court shall also be served upon each of the following counsel (by regular mail, overnight mail or hand delivery) such that they are received no later than ten (10) calendar days prior to the Settlement Hearing:

Peter S. Pearlman
COHN LIFLAND PEARLMAN
HERRMANN & KNOPF LLP
Park 80 West – Plaza One
250 Pehle Avenue, Suite 401
Saddle Brook, New Jersey 07663

Steven M. Hecht
LOWENSTEIN SANDLER LLP
65 Livingston Avenue
Roseland, New Jersey 07068

Michael E. Waller
K&L GATES LLP
One Newark Center
Tenth Floor
Newark, NJ 07102

Unless the Court otherwise directs, no person shall be entitled to object to the approval of the Settlement, any judgment entered thereon, any award of attorneys' fees or expenses, or any other matter related to the Settlement, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described above. Any Class Member who fails to object in the manner described above and by the date required shall be deemed to have waived any objection (including any right of appeal) and shall be forever barred from raising such objections in this Action or any other action or proceeding. Any Class Member who objects to the Settlement will nevertheless be bound by any judgment entered in the Action. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

THE FINAL ORDER AND JUDGMENT

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate, and in the best interests of the Class, the parties to the Action will ask the Court to enter the Judgment, which will, among other things:

(a) Approve the Settlement as fair, reasonable, adequate, and in the best interests of the Class and direct consummation of the Settlement in accordance with its terms and conditions;

(b) Finally certify the New Jersey Action as a class action pursuant to New Jersey law on behalf of the Class and finally certify Plaintiffs in the New Jersey Action as the representatives for the Class and Plaintiffs' Counsel as class counsel for the Class;

(c) Determine that the requirements of the rules of the Court and due process have been satisfied in connection with this Notice;

(d) Upon the Effective Date of the Settlement, dismiss the Action with prejudice and grant the releases described below in accordance with the terms and conditions of the Stipulation;

(e) Upon the Effective Date of the Settlement, permanently bar and enjoin Plaintiffs and all members of the Class from instituting, commencing or prosecuting any of the Released Claims against any of the Released Parties;

(f) Award attorneys' fees and expenses, if any, to Plaintiffs' Counsel; and

(g) Reserve jurisdiction for purposes of effectuating the Settlement and for all matters pertaining to any award by the Court of attorneys' fees and expenses to Plaintiffs' Counsel.

Pursuant to an order of the Court, pending final determination of whether the Settlement should be approved, all proceedings in the New Jersey Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, have been stayed. Pursuant to an order of the Court, pending final determination of whether the Settlement should be approved, all Class Members are enjoined from commencing or prosecuting any of the Released Claims against any of the Released Parties in the New Jersey Action or any other action or forum.

RELEASES AND EFFECT OF THE RELEASES

The Stipulation provides that upon the Effective Date of the Settlement, as described in the Stipulation, and in consideration of the benefits provided by the Settlement:

(a) Plaintiffs and any and all other Class Members, on behalf of themselves and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns, and transferees, immediate and remote, and any person or entity acting on behalf of, or claiming under, any of them, and each of them, together with their predecessors in interest, predecessors, successors-in-interest, successors, and assigns, only in their capacity as such, shall be deemed to have, and by operation of law and of the Judgment shall have, fully and completely discharged, dismissed with prejudice, settled and released, and shall be permanently enjoined and barred from prosecuting, any and all Released Claims against any or all of the Released Parties.

(b) The Class is certified only in express connection with the Settlement.

“Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (as defined below), that any Plaintiff or any or all members of the Class ever had, now have, or may have, or otherwise could, can, or might assert, whether direct, derivative, individual, class, representative, legal, equitable (including, without limitation, for any breach of fiduciary duties) or of any other type, or in any other capacity, against any of the Released Parties, whether based on state, local, federal, foreign, statutory, regulatory, common or other law or rule (including but not limited to any claims under federal securities laws or state disclosure law or any claims that could be asserted derivatively on behalf of Metalico), which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or related to, directly or indirectly, any of the Actions or the subject matter of any of the Actions in any court, tribunal, forum or proceeding, including, without limitation, any and all claims which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the Merger or the Merger Agreement, (ii) any deliberations or negotiations in connection with the Merger or the Merger Agreement, including the process of deliberation or negotiation by Defendants, and any of their respective officers, directors, principals, partners or advisors, (iii) the consideration to be received by Class Members in connection with the Merger, (iv) the Registration Statement or any other disclosures made available or filed relating to the Merger, (v) the statutory or fiduciary obligations of the Released Parties (as defined below) in connection with the Merger, (vi) the fees, expenses, or costs incurred in prosecuting, defending, or settling the Actions, or (vii) any of the allegations in any complaint or amendment(s) thereto filed in any of the Actions; provided, however, the Released Claims shall not include any claims properly asserted by any Metalico stockholder for appraisal under Section 262 of the Delaware General Corporation Law.

“Released Parties” means (i) Metalico, Carlos E. Agüero, Michael J. Drury, Sean P. Duffy, Paul A. Garrett, Cary Grossman, Bret R. Maxwell, Total Merchant Limited and TM Merger Sub Corp., (ii) any person or entity which is, was or will be related to or affiliated with any or all of them or in which any or all of them has, had, or will have a controlling interest, and (iii) the respective past, present or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, control persons, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, shareholders, principals, officers, directors, managers, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, attorneys, personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates, of each and all of the foregoing.

“Unknown Claims” means any claim that any releasing party does not know or suspect exists in his, her or its favor at the time of the release of released claims as against the Released Parties, including without limitation those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the claims to be released pursuant to this paragraph, the Parties stipulate and agree that upon Final Approval of the Settlement, the Parties shall expressly and each member of the Class and each Released Party shall be deemed to have, and by operation of the Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

> “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

The Parties acknowledge, and the members of the Class and the Released Parties by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the released claims, but that it is the intention of Parties, and by operation of law the members of the Class and the Released Parties, to completely, fully, finally and forever extinguish any and all released claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Parties acknowledge, and the members of the Class and the Released Parties by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" in this paragraph was separately bargained for and was a material element of the Settlement and was relied upon by each and all of the Parties in entering into the Settlement Agreement.

APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

Plaintiffs intend to apply to the Court for an award of up to $525,000.00 for attorneys' fees for Plaintiffs' Counsel, inclusive of expenses, incurred in connection with the Actions (the "Fee Petition"), which shall be the only fee application made in the Actions. Metalico, or its successor-in-interest, or its insurer, has agreed to pay the amount awarded by the Court in accordance with the terms of the Stipulation and the members of the Class shall have no responsibility for the payment of any such fees and expenses. The Settlement, however, is not conditioned on the Court awarding such an amount – or any particular amount – of attorneys' fees, costs, and expenses.

The attorneys' fees and expense award will not reduce the amounts payable to stockholders in the Merger. Any failure by the Court to approve Plaintiffs' Counsel's request for attorneys' fees and expenses shall not affect the approval of the Settlement.

NOTICE TO PERSONS OR ENTITIES THAT HELD OWNERSHIP ON BEHALF OF OTHERS

Brokerage firms, banks, and/or other persons or entities who held shares of Metalico common stock during the Class Period as record holders for the benefit of others are directed to either (a) within seven (7) days request from Metalico Stockholder Settlement Notice Administrator, c/o KCC Class Actions, P.O. Box 40008, College Station, TX 77842-4008 sufficient copies of this Notice to forward to all beneficial owners of the stock and after receipt of the requested copies promptly forward such Notices to all such beneficial owners; or (b) within seven (7) days provide a list of the names and addresses of all beneficial owners of the stock to Metalico Stockholder Settlement Notice Administrator, c/o KCC Class Action Services, P.O. Box 40008, College Station, TX 77842-4008, after which Metalico Stockholder Settlement Notice Administrator, c/o KCC Class Action Services will promptly send copies of the Notice to such beneficial owners. Copies of this Notice may also be obtained by e-mailing Metalico Stockholder Settlement Notice Administrator, c/o KCC Class Action Services at MetalicoStockholderSettlement@kccllc.com, or by downloading a copy of the Notice from Metalico's website at www.metalico.com.

SCOPE OF THIS NOTICE AND ADDITIONAL INFORMATION

The foregoing description of the Settlement Hearing, the Actions, the terms of the proposed Settlement, and other matters described herein do not purport to be comprehensive. For a more detailed statement of the matters involved in the litigation, you may inspect the pleadings, the Stipulation, the orders entered by this Court, and other papers filed in the Action, unless sealed, at the Superior Court of New Jersey, Law Division, 2 Broad Street – Elizabeth, New Jersey 07207, during regular business hours of each business day. **PLEASE DO NOT WRITE TO OR CALL THE COURT**. Additional information, including a copy of the Stipulation, is available on Metalico's website: www.metalico.com. Inquiries or comments about the Settlement may be directed to the attention of Plaintiffs' Counsel as follows:

Peter S. Pearlman
COHN LIFLAND PEARLMAN
HERRMANN & KNOPF LLP
Park 80 West – Plaza One
250 Pehle Avenue, Suite 401
Saddle Brook, New Jersey 07663

Dated: March 18, 2016

____
Honorable Thomas J. Walsh, J.S.C.

Exhibit A

COHN LIFLAND PEARLMAN
HERRMANN & KNOPF LLP
Peter S. Pearlman (ATTNY#: 243551970)
Kelly M. Purcaro (ATTNY#: 017692009)
Park 80 West – Plaza One
250 Pehle Avenue, Suite 401
Saddle Brook, New Jersey 07663
Tel: (201) 845-9600
Fax: (201) 845-9423

Attorneys for Plaintiffs

ZLATOMIR VERGIEV, Individually And On Behalf Of All Others Similarly Situated, Plaintiff, v. CARLOS E. AGUERO, MICHAEL J. DRURY, CARY M. GROSSMAN, SEAN P. DUFFY, PAUL A. GARRETT, BRET R. MAXWELL, TOTAL MERCHANT LIMITED, and TM MERGER SUB CORP., Defendants.	SUPERIOR COURT OF NEW JERSEY LAW DIVISION UNION COUNTY DOCKET NO.: L-2276-15
AVI COOPER, Individually And On Behalf Of All Others Similarly Situated, Plaintiff, v. METALICO, INC., CARLOS E. AGUERO, MICHAEL J. DRURY, SEAN P. DUFFY, PAUL A. GARRETT, BRET R. MAXWELL, TOTAL MERCHANT LIMITED, and TM MERGER SUB CORP., Defendants.	SUPERIOR COURT OF NEW JERSEY LAW DIVISION UNION COUNTY DOCKET NO.: L-

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of August 27, 2015, by and among the following parties, through their undersigned counsel: (1) Zlatomir Vergiev, Robert Lowinger, Avi Cooper, John Solak, John Detore, Radovan Pinto, Charles Morales, Daniel Malkiel, David Britten, and Muhammad A. Arshad (the "Plaintiff Parties") who are plaintiffs in the Class Actions (as defined below); (2) defendants Metalico, Inc. ("Metalico"), Carlos E. Agüero, Michael J. Drury, Sean P. Duffy, Paul A. Garrett, Cary Grossman, and Bret R. Maxwell (the "Director Defendants"); and (3) Total Merchant Limited ("Total Merchant") and TM Merger Sub Corp. ("Merger Sub") (together the "Total Merchant Defendants"). Metalico, the Director Defendants and the Total Merchant Defendants are collectively referred to as the "Defendants" and the Defendants and Plaintiff Parties are collectively referred to as the "Parties."

WHEREAS, on June 15, 2015, Metalico and Total Merchant entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Total Merchant will acquire all outstanding shares of Metalico for $0.60 per share in cash (the "Merger");

WHEREAS, following the announcement of the Merger, four putative class action lawsuits challenging the Merger were filed in this Court: (1) *Lowinger v. Agüero et al.*, filed on June 22, 2015 (the "Lowinger Action"), (2) *Vergiev v. Agüero et al.*, filed on June 24, 2015 (the "Vergiev Action"); (3) *Cooper v. Metalico, Inc., et al*, filed on June 24, 2015 (the "Cooper" Action); and (4) *Solak v. Metalico, Inc. et al.*, filed on June 29, 2015 (the "Solak Action"), alleging that the Director Defendants breached their fiduciary duties to Metalico's stockholders in connection with the Merger, and additionally alleging that Metalico, Total Merchant, and/or the Merger Sub aided and abetted those breaches, seeking, among other things, an order enjoining the Merger (collectively the "New Jersey Actions");

WHEREAS, between June 19, 2015 and July 7, 2015, six additional putative class action lawsuits challenging the Merger were filed in the Delaware Court of Chancery: (1) *Detore v. Metalico, Inc*. et al., No. 11177-VCL, filed on June 19, 2015; (2) *Pinto v. Metalico, Inc. et al*., No. 11183-VCL, filed on June 22, 2015; (3) *Morales v. Metalico, Inc. et al.,* No. 11187-VCL, filed on June 22, 2015; (4) *Malkiel v. Metalico, Inc., et al.,* No. 11196-VCL, filed on June 24, 2015; (5) *Britten v. Metalico, Inc., et al.,* No. 11197-VCL, filed on June 24, 2015; and (6)

Arshad v. Agüero et al., No. 11259-VCL, (collectively the "Delaware Actions," and collectively with the New Jersey Actions, the "Actions");

WHEREAS, on June 29, 2015, Metalico filed with the U.S. Securities and Exchange Commission (the "SEC") a Preliminary Proxy Statement on Schedule 14A (the "Preliminary Proxy");

WHEREAS, on July 7, 2015, Plaintiff Vergiev filed an Amended Class Action Complaint against Defendants that added allegations, among others, that the Preliminary Proxy omitted to disclose allegedly important information;

WHEREAS, on July 10, 2015, the Court consolidated the Vergiev, Lowinger and Solak Actions under the caption *Vergiev v. Agüero, et al.*, No. L-2276-15; appointed the law firm of Faruqi & Faruqi, LLP as Lead Counsel for Plaintiffs and the law firm of Cohn Lifland Pearlman Herrmann & Knopf LLP as Liaison Counsel; and designated the July 7, 2015 Amended Class Action Complaint filed in the Vergiev Action as the Consolidated Amended Complaint;

WHEREAS, after negotiations with counsel for Defendants, counsel for Plaintiffs in the Actions reached an agreement to work cooperatively and prosecute the injunction phase of these proceedings in this Court;

WHEREAS, from July 13, 2015 to July 16, 2015, the Metalico Defendants produced in the New Jersey Actions more than 300 pages of highly confidential documents, including Metalico Board minutes, Metalico Board presentations, and forecasts and projections, which were then reviewed by Plaintiffs' counsel and consulting expert;

WHEREAS, on July 27, 2015, the Parties executed a Stipulation and Proposed Protective Order governing the production and exchange of confidential and highly confidential information;

WHEREAS, on July 29, 2015, Metalico filed with the SEC a Definitive Proxy Statement on Schedule 14A (the "Definitive Proxy");

WHEREAS, between July 30, 2015 and August 13, 2015, counsel for the Parties engaged in arm's-length discussions and negotiations concerning the potential resolution of the Actions, including the negotiation of various supplemental disclosures that Plaintiffs and their counsel demanded;

WHEREAS, on July 30, 2015, Plaintiffs' counsel sent a demand letter to Defendants' counsel seeking certain modifications to the Merger Agreement and supplemental disclosures to the Definitive Proxy;

WHEREAS, on July 31, 2015, Plaintiffs' counsel took the deposition of Director Defendant Paul A. Garrett;

WHEREAS, on August 5, 2015, Plaintiffs' counsel took the deposition of Henry F. Owsley, Chief Executive Officer of the Gordian Group LLC ("Gordian"), the financial advisor to Metalico in connection with the Merger;

WHEREAS, on August 7, 2015, counsel to Metalico and the Director Defendants sent a letter responding to Plaintiffs' counsel's July 30, 2015 demand letter, which response letter contained certain proposed supplemental disclosures to the Definitive Proxy;

WHEREAS, on August 8, 2015, Plaintiffs' counsel sent an additional demand letter to Defendants' counsel seeking certain additional supplemental disclosures to the Definitive Proxy, in light of the discovery conducted to date;

WHEREAS, on August 13, 2015, counsel to Metalico and the Director Defendants sent a letter responding to Plaintiffs' counsel's August 8, 2015 supplemental demand letter, which response letter contained certain additional proposed supplemental disclosures to the Definitive Proxy;

WHEREAS, on August 13, 2015, Metalico and the Director Defendants produced hundreds of pages of additional discovery in the New Jersey Actions, including additional Metalico Board minutes and Metalico Board presentations;

WHEREAS, counsel for Plaintiffs in the Actions coordinated the review of those documents and discovery for the intended benefit of the Class;

WHEREAS, on August 27, 2015, after extensive arm's-length negotiations regarding Plaintiffs' demands made in the July 30, 2015 and August 8, 2015 letters, counsel to all Parties reached an agreement in principle to settle the New Jersey Actions on the terms reflected herein and the voluntary dismissal with prejudice of the Delaware Actions following approval of the proposed Settlement in the New Jersey Actions, on the terms and conditions set forth herein;

WHEREAS, a special meeting of Metalico stockholders to approve the Merger is scheduled for September 11, 2015 (the "Special Meeting");

WHEREAS, Defendants state that they have denied, and continue to deny, all allegations of wrongdoing, fault, liability or damage to Plaintiffs or the Class (as defined below), deny that they engaged in any wrongdoing, deny that they committed any violation of law, deny that the price to be paid to Metalico stockholders in connection with the Merger is insufficient in any way, deny that they acted improperly in any way, believe that they acted properly at all times, believe the Actions have no merit, and maintain that they have committed no violations or breaches of duty whatsoever, but wish to enter into the Settlement (as defined below) solely because they consider it desirable that the litigation be settled and dismissed with prejudice in order to, among other things, (i) eliminate the burden, inconvenience, expense, risk and distraction of further litigation; and (ii) finally resolve and terminate all of the claims that were or could have been asserted against Defendants in the litigation;

WHEREAS, Plaintiffs' counsel represents that they have retained and consulted with a financial expert in connection with the prosecution of Plaintiffs' claims and reviewed with their expert both confidential discovery and non-confidential information prior to entry into this MOU;

WHEREAS, Plaintiffs and Plaintiffs' counsel represent that they brought their claims in good faith and continue to believe that their claims have legal merit, and that the entry by Plaintiffs into the MOU is not an admission as to the lack of any merit of any claims asserted; and

WHEREAS, Plaintiffs and Plaintiffs' counsel believe that the terms contained in this MOU are fair, reasonable and adequate to Metalico's stockholders and members of the Class (as defined below) and that it is reasonable to agree to the terms set forth in this MOU;

NOW, THEREFORE, as a result of the foregoing, and the negotiations among counsel for the Parties, the Parties agree as follows:

1. Supplemental Disclosures. In consideration for the Stipulation (as defined below), the settlement and dismissal with prejudice of the New Jersey Actions, the dismissal with prejudice of the Delaware Actions, and the releases contemplated by this MOU, Defendants agree to supplement the disclosures made to Metalico stockholders in the Definitive Proxy with additional disclosures as set forth in Exhibit A hereto (the "Supplemental Disclosures"). No additional disclosures will be sought beyond or in addition to the Supplemental Disclosures. Plaintiffs and Plaintiffs' counsel believe, based on the information available to

them, that the Definitive Proxy, with the addition of the Supplemental Disclosures, is adequate such that Metalico stockholders can make a meaningful decision regarding whether to vote for or against the Merger.

2. Stay of Class Actions; No Delay of Metalico Stockholders' Meeting. Pending the negotiation and execution of the Stipulation and Final Approval (as defined below) of the Stipulation and Settlement (as defined below), the Plaintiff Parties and their respective counsel agree (a) to stay the Actions, and (b) to not initiate or continue any proceedings or request for relief relating to the Merger, the Merger Agreement Definitive Proxy, other than proceedings incident to the settlement contemplated by this MOU. The Plaintiff Parties and their respective counsel also agree that they shall take no action seeking to enjoin, delay or otherwise disrupt the Special Meeting or the closing or effective date of the Merger. In addition, the Plaintiff Parties agree that Defendants may make amendments or modifications to the Merger Agreement prior to the closing or effective date of the Merger, and that the Plaintiff Parties will not challenge or object to any such amendments or modifications so long as they are not inconsistent with the material terms of the settlement contemplated by this MOU.

As used in this MOU, the term "Final Approval" means that the Court has entered a final order and judgment certifying the Class (as defined below), approving the Stipulation and Settlement, dismissing the New Jersey Actions with prejudice on the merits and with each of the parties to the New Jersey Actions to bear its own costs (except those costs set forth in Paragraph 6 below), providing for the release language set forth in Paragraph 5 below, and enjoining all members of the Class from prosecuting or continuing any Released Claim (as defined below) against any Released Party (as defined below), and that such final order and judgment is final and no longer subject to further appeal or review, whether by affirmance on or exhaustion of any possible appeal or review, writ of certiorari, lapse of time, or otherwise; provided, however, and notwithstanding any provision to the contrary in this MOU, Final Approval shall not include (and the Settlement is expressly not conditioned on) the approval of any attorneys' fees and expenses as addressed in Paragraph 6 below, and any appeal related thereto.

3. Challenges to the Settlement or Merger. The Parties agree to use their best efforts to prevent, stay or seek dismissal of, or to oppose entry of any interim or final relief in favor of any member of the Class in, any other litigation that would be barred by the releases contemplated by this MOU, and any other litigation against any of the Parties that challenges the Settlement, the Merger, or

any transactions contemplated thereby, or which otherwise involves, directly or indirectly, a Released Claim (as defined below).

4. Dismissal of the Delaware Actions. Within two (2) business days of the approval of the Settlement in the New Jersey Actions, the plaintiffs in the Delaware Actions shall dismiss the Delaware Actions with prejudice, pursuant to Delaware Court of Chancery Rule 41(a)(1). The plaintiffs in the Delaware Actions believe that their claims had substantial merit when filed and are dismissing those claims solely because they believe that the Supplemental Disclosures will provide substantial value to the stockholders of Metalico. Defendants acknowledge that although they believe that the Supplemental Disclosures are not material or required by the federal securities laws, state fiduciary law or any other applicable rule, statute, regulation or law, the pendency and prosecution of the Delaware Actions and the arm's-length negotiations between plaintiffs' counsel therein and Defendants' counsel nevertheless were a substantial and contributing cause of Defendants' agreement to make the Supplemental Disclosures.

5. Stipulation and Settlement. The parties to the New Jersey Actions will use their best efforts to, as promptly as practicable, agree upon and execute a Stipulation of Settlement (the "Stipulation") and such other documentation as may be required to effectuate the settlement of the New Jersey Actions contemplated herein (the "Settlement"), and obtain Final Approval and dismissal of the New Jersey Actions with prejudice upon the terms set forth herein. The Stipulation shall provide for the following terms, among others:

(a) The conditional certification of the New Jersey Actions, pursuant to New Jersey Court Rules 4:32-1(a), 4:32-1(b)(1), and 4:32-1(b)(2), of a non-opt-out class that includes any and all record holders and beneficial owners of common stock of Metalico who held or owned such stock at any time during the period beginning on and including June 15, 2015, through and including the date of consummation of the Merger (the "Class Period"), including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns and transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors, and assigns (the "Class"). Excluded from the Class are Defendants and their immediate family members, any entity in which any Defendant has a

controlling interest, and any successors-in-interest thereto. Certification of the Class is for settlement purposes only and is dependent on Final Approval (as defined below).

(b) A statement that the Defendants have denied and continue to deny all fault or liability, and have denied and continue to deny that they have committed, or aided or abetted in the commission of, any unlawful or wrongful act alleged in the New Jersey Actions or otherwise in relation to the Merger, the Merger Agreement or the Definitive Proxy; that the Defendants diligently and scrupulously complied with the federal securities laws, state fiduciary law and any other applicable rule, statute, regulation or law; and that the Defendants are entering into the Stipulation solely to avoid the substantial burden, expense, risk, inconvenience and distraction of continued litigation, including the risk of adversely affecting the Merger;

(c) A statement that the plaintiffs in the New Jersey Actions believe that their claims had substantial merit when filed and are settling these claims solely because they believe that the Supplemental Disclosures will provide substantial value to the stockholders of Metalico;

(d) A statement that counsel to plaintiffs in the New Jersey Actions believes that the terms of the Stipulation and the terms of the Merger are fair, reasonable, adequate, and in the best interest of all members of the proposed Class;

(e) Defendants' acknowledgement that although they believe that the Supplemental Disclosures are not material or required by the federal securities laws, state fiduciary law or any other applicable rule, statute, regulation or law, the pendency and prosecution of the New Jersey Actions and the arm's-length negotiations between plaintiffs' counsel therein and Defendants' counsel nevertheless were a substantial and contributing cause of Defendants' agreement to make the Supplemental Disclosures, which contain information sought in the Consolidated Amended Complaint in the New Jersey Actions;

(f) The full and complete discharge, dismissal with prejudice on the merits, settlement and release of, and a permanent injunction barring, any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest,

penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (as defined below), that any or all plaintiffs in the New Jersey Actions or any or all members of the Class ever had, now have, or may have, or otherwise could, can, or might assert, whether direct, derivative, individual, class, representative, legal, equitable, or of any other type or in any other capacity, against any of the Released Parties (as defined below), whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule, which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved or referred to in, or related to, directly or indirectly, the New Jersey Actions on, including, without limitation, any and all claims that are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the Merger or the Merger Agreement, (ii) any actions, deliberations, or negotiations in connection with the Merger or the Merger Agreement, including the process of deliberation or negotiation by each of Total Merchant and Metalico and any of their respective officers, directors, owners or advisors, (iii) the consideration to be received by Metalico stockholders in connection with the Merger, (iv) the Definitive Proxy including amendments thereto, and any other disclosures, public filings, periodic reports, press releases, registration statements, proxy statements, or other statements issued, made available or filed relating, directly or indirectly, to the Merger or the Merger Agreement, or (v) the fiduciary obligations of the Released Parties in connection with the Merger (each a "Released Claim" and collectively the "Released Claims"); provided, however, that the Released Claims shall not include (x) the right to enforce the Stipulation or Settlement or (y) claims solely for statutory appraisal

with respect to the Merger pursuant to Section 262 of the Delaware General Corporation Law by Metalico stockholders who properly perfect such claims for appraisal and do not otherwise waive their appraisal rights;

(g) That each of the following persons or entities is a "Released Party" and collectively are "Released Parties": (i) Metalico, Carlos E. Agüero, Michael J. Drury, Sean P. Duffy, Paul A. Garrett, Cary Grossman, Bret R. Maxwell, Total Merchant and Merger Sub; (ii) any person or entity that is, was, or will be related to or affiliated with any of the persons or parties referred to in the preceding clause or in which any such person or party has, had, or will have a controlling interest; and (iii) the respective past, present or future insurers, reinsurers, family members, spouses, and heirs, as well as the respective past or present trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, shareholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates, of any of the persons or parties referred to in the preceding clauses (i) and (ii);

(h) That "Unknown Claims" means any claim that any Plaintiff or any member of the Class does not know or suspect exists in his, her or its favor at the time of the release of the Released Claims as against the Released Parties, including without limitation those which, if known, might have affected the decision to enter into the Settlement. With respect to any of the Released Claims, the Parties stipulate and agree that upon Final Approval, each Plaintiff shall expressly, and each member of the Class shall be deemed to have, and by operation of the final order and judgment by the Court shall have, expressly waived, relinquished, and released any and all provisions, rights, and

benefits conferred by or under Cal. Civ. Code § 1542, or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH DEBTOR." The plaintiffs in the New Jersey Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of the plaintiffs in the New Jersey Actions, and by operation of law the members of the Class, to completely, fully, finally, and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The plaintiffs in the New Jersey Actions acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and was a key element of the Settlement and was relied upon by each and all of the Defendants in entering into the Stipulation;

(i) The Stipulation will contain and constitute a covenant by each member of the Class not to sue, and a bar and injunction against each member of the Class from suing, any Defendant or any other Released Party for any Released Claim;

(j) A release by Defendants, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns, or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, of the plaintiffs in the New Jersey Actions, the Class, and counsel for the Class from any and all claims arising out of or relating to their filing and prosecution of the New Jersey Actions; provided, however, that the release shall not

include the right of the Defendants to enforce the terms of the Stipulation and the Settlement;

(k) Entry of a judgment dismissing the New Jersey Actions with prejudice and, except as set forth in Paragraph 6 of this MOU, without costs to the plaintiffs in the New Jersey Actions or Defendants;

(l) That the failure of the parties to the New Jersey Actions to agree on a fee award or the Court to approve a request for attorneys' fees and expenses in whole or in part shall have no effect on the Stipulation or Settlement;

(m) That in the event the Settlement does not become final for any reason, Defendants reserve the right to oppose certification of any plaintiff class in future proceedings; and

(n) Such other terms and conditions not inconsistent with the foregoing that are customary for the settlement of actions of this type.

This MOU sets forth all of the material terms of the Settlement. The parties to the New Jersey Actions intend to memorialize as soon as practicable the Settlement in the Stipulation and such other documentation as may be required in order to obtain Final Approval and the dismissal of the New Jersey Actions with prejudice and on the merits. In the event of such parties' failure to agree in good faith on the form of such Stipulation and documentation, any party to the New Jersey Actions may seek the assistance of the Court in facilitating the consummation of the Settlement as provided in this MOU.

6. Attorneys' Fees; Notice. (a) Counsel to the plaintiffs in the Actions intends to petition this Court for an award of fees and expenses in connection with the Actions (the "Fee Application"). The parties to the Actions will attempt in good faith to agree promptly on a fee amount to be paid to such counsel. If such parties reach an agreement on a fee amount to be paid to such counsel, Defendants shall not oppose a Fee Application up to that agreed-upon amount. If such an agreement is not reached, Defendants reserve all rights to contest and oppose the amount of the Fee Application. The Fee Application shall be the sole application by any of the Plaintiff Parties for an award of fees or expenses in connection with any litigation concerning the Merger, the Merger Agreement, or the Definitive Proxy, and will not be deducted from the Merger consideration. No application for attorneys' fees or expenses shall be submitted in the Delaware Actions. No portion

of such fees and expenses shall be paid to plaintiffs in the New Jersey Actions or to any member of the Class, except as approved by the Court.

(b) Final resolution by the Court of the Fee Application shall not be a condition to the Settlement or entry of final judgment. Metalico and/or its insurers shall pay fees and expenses in the amount awarded by the Court as described above and in the manner directed by the Court.

(c) Provided that the Merger is consummated and Final Approval granted, any amount awarded by the Court in the New Jersey Actions shall be paid within ten (10) days after the entry of an order awarding attorneys' fees and expenses; provided, however, that such counsel shall have a joint and several obligation to refund to Metalico and/or its insurers, as the case may be, within ten (10) business days, all amounts received, if and when, as a result of any appeal and/or further proceeding on remand, or successful collateral attack, the fee or expense award is reduced or reversed, if the Settlement itself is voided as provided herein, or if the Settlement is reversed or vacated by any court.

(d) Any fees and expenses awarded and payable hereunder shall be paid by wire transfer to an account designated by counsel for plaintiffs in the New Jersey Actions. Released Parties shall have no responsibility for, and no liability with respect to, any fee and/or expense allocation among counsel to the Plaintiff Parties and/or any other person who may assert any claim thereto.

(e) Provided that the Merger is consummated and the Settlement is approved, counsel to Plaintiff Parties shall not seek, and Defendants shall not bear, any expenses, costs, damages, or fees alleged or incurred by the Plaintiff Parties, by any member of the Class, or by any of their attorneys, experts, advisors, agents, or representatives, other than as provided for in this Paragraph 6. It is expressly agreed by the Parties that this Paragraph 6 shall survive the closing of the Merger. Any failure of the Court to approve a request for attorneys' fees and expenses in whole or in part shall have no impact on the effectiveness of the Settlement.

(f) Metalico (or its successor) shall be responsible for providing notice of the Settlement to the Class in a form and manner to be negotiated with counsel for plaintiffs in the New Jersey Actions and approved by the Court, and Metalico and/or its insurers shall pay all reasonable costs and expenses incurred in providing notice of the Settlement to the members of the Class.

(g) Notwithstanding anything else contained in this MOU, no fees or

expenses that may otherwise be payable pursuant to this MOU, the Stipulation, or the Settlement shall be payable or paid prior to, or in the absence of: (i) consummation of the Merger, (ii) an award or approval of such fees or expenses by the Court, and (iii) dismissal with prejudice of the New Jersey Actions and Delaware Actions.

7. Conditions. The consummation of the Settlement is conditioned upon the fulfillment of each of the following:

(a) Dismissal with prejudice of the Delaware Actions pursuant to a notice of dismissal filed under Delaware Court of Chancery Rule 41(a)(1), without the award of any damages, costs, fees, or the grant of any further relief;

(b) The drafting, execution, and filing of a definitive Stipulation and such other documentation related to the Settlement as may be necessary or appropriate in a form mutually acceptable to the parties to the New Jersey Actions;

(c) Preliminary approval by the Court of the form and manner of a notice of settlement, which shall set forth the details of the Settlement to potential Class members;

(d) The consummation of the Merger;

(e) Dismissal with prejudice of the New Jersey Actions, without the award of any damages, costs, fees or the grant of any further relief, except for such award of fees and expenses that the Court may make pursuant to Paragraph 6 of this MOU;

(f) The Court's Final Approval of the Stipulation and Settlement; and

(g) Final certification, pursuant to New Jersey Court Rules 4:32-1(a), 4:32-1(b)(1), and 4:32-1(b)(2), of a non-opt-out class that includes any and all record and beneficial holders of Metalico common stock, their respective successors in interest, successors, predecessors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns, or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors and successors and assigns, who held Metalico common stock at any time

between and including June 15, 2015 and the effective date of the Merger, but excluding Defendants, their subsidiaries or other affiliates, their assigns, members of their immediate families, officers of Metalico, and the legal representatives, heirs, successors, or assigns of any such excluded person.

(h) The entry by the Court of a final judgment reflecting such approval, dismissing with prejudice of the New Jersey Actions, enjoining of all members of the Class from asserting any of the Released Claims, approving of the grant of a release by the Class to the Released Parties of the Released Claims, and such judgment including such dismissal being finally affirmed on appeal or not being subject to appeal (or further appeal) by lapse of time or otherwise.

Except as may otherwise be agreed by the Parties, this MOU and any Stipulation shall be null and void and of no force and effect in the event that any of the foregoing conditions is not met, or if, for any reason, the Court fails to grant the Final Approval. In any such event and except as may otherwise be agreed by the Parties: (i) this MOU and any Stipulation and all negotiations, transactions and proceedings connected with them shall not be deemed to prejudice in any way the respective positions of the Parties, and the Parties shall be restored to their respective positions as they existed prior to execution of this MOU; (ii) the provisions contained in this MOU and all negotiations, discussions and proceedings in connection with this MOU shall not be deemed a presumption, concession or an admission by any Party of any fault, liability or wrongdoing or lack of any fault, liability or wrongdoing, as to any facts or claims alleged or asserted in the New Jersey Actions, or any other actions or proceedings, and shall not be interpreted, construed, deemed, invoked, offered or received in evidence or otherwise used by any person in the New Jersey Actions, or in any other action or proceeding, whether civil, criminal or administrative, except in connection with any proceeding to enforce the terms of the Settlement; (iii) the Defendants shall not be obligated to pay any of the fees or expenses provided for in Paragraph 6 of this MOU (other than, if already incurred, the notice costs addressed in Paragraph 6(f) of this MOU); and (iv) the conditional certification of the Class as provided for herein shall be vacated and of no further force and effect, and the Defendants shall not be precluded from challenging whether the case can proceed as a class action.

8. <u>Effect of Certain Future Events on MOU</u>. If any action that would be barred by the releases contemplated by this MOU is commenced against any of the Defendants in any court prior to the Final Approval, and if such Defendant's

motion to dismiss such action is not granted, or such Defendant's motion to stay such action is not granted in contemplation of dismissal after the Final Approval, then such Defendant, at his, her, or its sole option, prior to the Final Approval, may withdraw from this MOU; provided, however, that such Defendant has first given five (5) business days notice to each of the counsel listed below so as to be received by such counsel the following day after notice is given. The MOU shall remain binding as to any Defendant not so withdrawing.

9. Representations. (a) Each of the undersigned attorneys affirms that he or she has been duly empowered and authorized by his or her client(s) to enter into this MOU and the Stipulation.

(b) Plaintiffs and Plaintiffs' counsel represent and warrant that Plaintiffs are stockholders of Metalico and have been stockholders at all relevant times and that none of Plaintiffs' claims or causes of action, or any claims Plaintiffs could have alleged, have been assigned, encumbered or in any manner transferred in whole or in part.

(c) Counsel to the Parties signing this MOU respectively represent and warrant that they have read this MOU.

10. Headings. The headings in this MOU are solely for the convenience of the Parties and their counsel; the headings shall not be deemed to be a part of this MOU and shall not be considered in construing or interpreting this MOU.

11. Counterparts. This MOU may be executed in two or more counterparts, all of which shall be considered one and the same agreement, and shall become effective upon complete execution. Signed signature pages of this MOU may be delivered by telecopier, facsimile or e-mail, which will constitute complete delivery without any necessity for delivery of originally signed signature pages in order for this to constitute a binding agreement.

12. Governing Law. This MOU, and the Stipulation and Settlement contemplated by it, and any dispute arising out of or relating in any way to this MOU, the Stipulation or the Settlement, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to conflict of laws principles. Each of the Parties (a) agrees that all claims in respect of any suit, action, or proceeding arising out of or relating to this MOU, the Settlement, and/or the Stipulation shall be brought, heard, and determined exclusively in the Court (provided that, in the event that

subject matter jurisdiction is unavailable in the Court, then all such claims shall be brought, heard, and determined exclusively in any other state or federal court sitting in New Jersey), (b) agrees that it shall not attempt to deny or defeat such venue selection by motion or other request for leave from such court, (c) agrees not to bring any action or proceeding arising out of or relating to this MOU, the Settlement or the Stipulation in any other court, and (d) EXPRESSLY WAIVES ANY CLAIM THAT ANY SUCH ACTION OR PROCEEDING IS SUBJECT (IN WHOLE OR IN PART) TO A JURY TRIAL, AND AGREES NOT TO PLEAD OR OTHERWISE MAKE SUCH CLAIM. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding brought in accordance with this paragraph. Each of the Parties further agrees to waive any bond, surety, or other security that might be required of any other party with respect to any such action or proceeding, including any appeal thereof. Each of the Parties further consents and agrees that process in any such suit, action, or proceeding may be served on such Party by certified mail, return receipt requested, addressed to such Party or such Party's registered agent in the state of its incorporation or organization, or in any other manner provided by law.

13. Entire Agreement; Amendments; Admissibility. This MOU constitutes the entire agreement among the Parties to this MOU with respect to the subject matter hereof, supersedes all written or oral communications, agreements or understandings that may have existed prior to the execution of this MOU, and may be modified or amended only by a writing signed by the Parties hereto. This MOU shall be binding upon and inure to the benefit of the Parties and their respective agents, executors, heirs and assigns, provided that no Party shall assign or delegate its rights or responsibilities under this MOU without the prior written consent of the other Parties. The Released Parties who are not Parties hereto shall be third party beneficiaries under this MOU entitled to enforce this MOU in accordance with its terms. This MOU may be executed in multiple counterparts by any of the Parties hereto, including by facsimile or by email in PDF format, and so executed shall constitute one agreement. This MOU and the Stipulation shall not be admissible in evidence except to enforce their terms.

14. Discovery Materials. Plaintiffs agree that within ten (10) days of the Settlement becoming final, they will return to the producing party or destroy all discovery material produced by any of Defendants.

15. Retention of Jurisdiction. The Court shall retain jurisdiction over any dispute concerning this MOU, the Stipulation, or the Settlement.

16. Binding Effect. This MOU shall be binding upon, and inure to the benefit of, the Parties, who are clients of the counsel executing this MOU, and their respective agents, executors, heirs, successors, affiliates, and assigns.

IN WITNESS WHEREOF, the Parties, through their undersigned counsel, have executed this MOU effective as of the date first set forth above.

[Signatures Appear On The Following Pages]

Dated: August 27, 2015

LOWENSTEIN SANDLER LLP

By:

Steven M. Hecht (ATTY#: 035981992)
65 Livingston Ave
Roseland, NJ 07068
Tel: (973) 597-2380

Attorneys for Metalico, Inc. and the Director Defendants

Dated: August 27, 2015

K&L GATES LLP

By:

Michael E. Waller (ATTY#: 031921990)
One Newark Center, Tenth Floor
Newark, NJ 07102
Tel.: (973) 848-4132
Fax: (973) 848-4001

Peter N. Flocos
Joanna Diakos Kordalis
599 Lexington Avenue
New York, NY 10022-6030
Tel.: (212) 536-4025
Fax: (212) 536-3901

Attorneys for Defendants Total Merchant Limited and TM Merger Sub Corp.

Dated: August 27, 2015

LOWENSTEIN SANDLER LLP

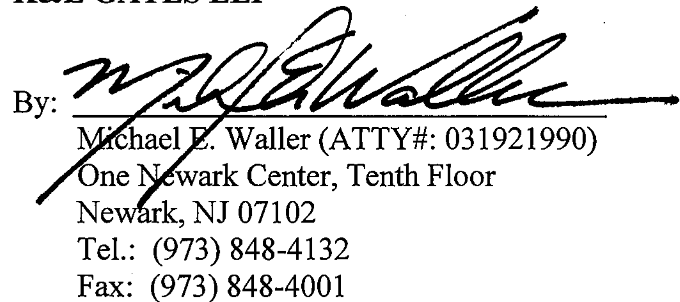
By:________________________________

Steven M. Hecht (ATTY#: 035981992)
65 Livingston Ave
Roseland, NJ 07068
Tel: (973) 597-2380

Attorneys for Metalico, Inc. and the Director Defendants

Dated: August 27, 2015

K&L GATES LLP



By:

Michael E. Waller (ATTY#: 031921990)
One Newark Center, Tenth Floor
Newark, NJ 07102
Tel.: (973) 848-4132
Fax: (973) 848-4001

Peter N. Flocos
Joanna Diakos Kordalis
599 Lexington Avenue
New York, NY 10022-6030
Tel.: (212) 536-4025
Fax: (212) 536-3901

Attorneys for Defendants Total Merchant Limited and TM Merger Sub Corp.

Dated: August 27, 2015

COHN LIFLAND PEARLMAN HERRMANN & KNOPF LLP

By: ______________________

Peter S. Pearlman (ATTNY#: 243551970)
Kelly M. Purcaro (ATTNY#: 017692009)
Park 80 West – Plaza One
250 Pehle Avenue, Suite 401
Saddle Brook, New Jersey 07663
Tel.: (201) 845-9600
Fax: (201) 845-9423

Attorneys for Plaintiff Zlatomir Vergiev and Liaison Counsel for the Class

FARUQI & FARUQI, LLP
Juan E. Monteverde
Innessa S. Melamed
369 Lexington Avenue, 10th Fl.
New York, NY 10017
Tel.: (212) 983-9330
Fax: (212) 983-9331

Attorneys for Plaintiff Zlatomir Vergiev and Lead Counsel for the Class

Dated: August 27, 2015

BRODSKY & SMITH, LLC

By: ______________________

Evan J. Smith
1400 Kings Highway N., Suite 601
Cherry Hill, NJ 08034
Tel. (856) 79507250

Attorneys for Plaintiff Avi Cooper

Dated: August 27, 2015

COHN LIFLAND PEARLMAN HERRMANN & KNOPF LLP

By: ______________________________

Peter S. Pearlman (ATTNY#: 243551970)
Kelly M. Purcaro (ATTNY#: 017692009)
Park 80 West – Plaza One
250 Pehle Avenue, Suite 401
Saddle Brook, New Jersey 07663
Tel.: (201) 845-9600
Fax: (201) 845-9423

Attorneys for Plaintiff Zlatomir Vergiev and Liaison Counsel for the Class

FARUQI & FARUQI, LLP
Juan E. Monteverde
Innessa S. Melamed
369 Lexington Avenue, 10th Fl.
New York, NY 10017
Tel.: (212) 983-9330
Fax: (212) 983-9331

Attorneys for Plaintiff Zlatomir Vergiev and Lead Counsel for the Class

Dated: August 27, 2015

BRODSKY & SMITH, LLC

By: ______________________________

Evan J. Smith
1400 Kings Highway N., Suite 601
Cherry Hill, NJ 08034
Tel. (856) 79507250

Attorneys for Plaintiff Avi Cooper

Dated: August 27, 2015

POMERANTZ LLP

By: Gustavo F. Bruckner (with permission)
Gustavo F. Bruckner
Anna Karin F. Manalaysay
600 Third Avenue, 20th Floor
New York, NY 10016
(212) 661-1100

Attorneys for Plaintiff David Britten

Dated: August 27, 2015

RIGRODSKY & LONG, P.A.

By: Brian D. Long
Seth D. Rigrodsky (#3147)
Brian D. Long (#4347)
Gina M. Serra (#5387)
Jeremy J. Riley (#5791)
2 Righter Parkway, Suite 120
Wilmington, DE 19803
(302) 295-5310

Attorneys for Plaintiff Daniel Malkiel

Dated: August 27, 2015

KIRBY McINERNEY LLP

By: ______________________
J. Brandon Walker
Melissa A. Fortunato
825 Third Avenue, 16th Floor
New York, New York 10022
(212) 371-6600

Attorneys for Plaintiffs Charles J. Morales and Cinda C. Morales

Dated: August 27, 2015

LEVI & KORSINSKY, LLP

By: Shane T. Rowley (with permission)
Shane T. Rowley
30 Broad Street, 24th Floor
New York, NY 10004
(212) 363-7500

Attorneys for Plaintiff John Detore

Dated: August 27, 2015

KAHN SWICK & FOTI, LLC

By: Michael J. Palestina
Michael J. Palestina
206 Covington Street
Madisonville, LA 70447
Tel: (504) 455-1400

Attorneys for Plaintiff
Radovan Z. Pinto

Dated: August 27, 2015

JOHNSON & WEAVER, LLP

By: W. Scott Holleman
W. Scott Holleman
99 Madison Avenue, 5th Floor
New York, NY 10016
(212) 802-1486

Attorneys for Plaintiff
Muhammad A. Arshad

Exhibit

A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

METALICO, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials: ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

This definitive additional material should be read in conjunction with the Definitive Proxy Statement on Schedule 14A (the "Definitive Proxy Statement") filed with the Securities and Exchange Commission (the "SEC") by Metalico, Inc., a Delaware corporation (the "Company" or "Metalico"), on July 27, 2015, which should be read in its entirety. Defined terms used but not defined herein have the meanings set forth in the Definitive Proxy Statement.

As previously disclosed on pages 12, 13 and 48 of the Definitive Proxy Statement, certain litigation was instituted relating to the Agreement and Plan of Merger, dated as of June 15, 2015, as amended by the First Amendment to Agreement and Plan of Merger, dated as of June 26, 2015 (as so amended, the "Merger Agreement"), by and among Total Merchant Limited, a Samoan limited company ("Parent"), TM Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"), and the Company, providing for the merger (the "Merger") of Merger Sub with and into the Company. Since the announcement of the execution of the Merger Agreement on June 16, 2015, six putative stockholder class action complaints have been filed in the Court of Chancery of the State of Delaware: (1) *John Detore v. Metalico, Inc. et al.*, No. 11177, filed on June 19, 2015; (2) *Radovan Pinto v. Metalico, Inc. et al.*, No. 11183, filed on June 22, 2015; (3) *Charles Morales v. Metalico, Inc. et al.*, No. 11187, filed on June 22, 2015; (4) *Daniel Malkiel v. Metalico, Inc., et al.*, No. 11196, filed on June 24, 2015; (5) *David Britten v. Metalico, Inc., et al.*, No. 11197, filed on June 24, 2015; and (6) *Muhammad A. Arshad v. Carlos E. Agüero et al.*, No. 11259, filed on July 7, 2015; collectively referred to as the "Delaware Complaints." In addition, four putative stockholder class action complaints have been filed in the Superior Court of New Jersey, Chancery Division, Union County: (1) *Robert Lowinger v. Carlos E. Agüero et al.*, filed on June 22, 2015, (2) *Zlatomir Vergiev v. Carlos E. Agüero et al.*, filed on June 24, 2015 (the "Vergiev Action"); (3) *Avi Cooper v. Metalico, Inc., et al*, filed on June 24, 2015; and (4) *John Solak v. Metalico, Inc. et al.*, filed on June 29, 2015, collectively referred to as the "New Jersey Complaints." The New Jersey Complaints have been consolidated into the Vergiev Action (the "Consolidated Action"), and the plaintiff in the Consolidated Action has filed an Amended Complaint (the "Amended Consolidated Complaint" and, collectively with the Delaware Complaints, the "Complaints").

On August 27, 2015, the defendants entered into a memorandum of understanding (the "MOU") with the plaintiffs providing for the settlement of the New Jersey Complaints and the dismissal of the Delaware Complaints. Under the MOU, and subject to court approval and definitive documentation and other conditions, the plaintiffs and the putative class agreed to settle the New Jersey Complaints and release the named defendants and their affiliates, agents and advisors from all claims in the New Jersey Complaints and any potential claim related to (i) the Merger or the Merger Agreement, (ii) any deliberations in connection with the Merger or the Merger Agreement, including the process of deliberation or negotiation by the defendants, and any of their respective officers, directors, principals, partners or advisors, (iii) the consideration to be received by class members in connection with the Merger, (iv) the Definitive Proxy Statement, or any other disclosures made available or filed relating the Merger, or (v) the fiduciary obligations of the defendants and certain related persons in connection with the Merger. Such release is subject to certain exceptions.

While the Company believes that no supplemental disclosure is required under applicable laws, in order to avoid the risk of the putative stockholder class actions delaying or adversely affecting the Merger and to minimize the expense of defending such actions, the Company has agreed, pursuant to the terms of the MOU, to make certain supplemental disclosures related to the proposed Merger, all of which are set forth below. The MOU contemplates that the parties will enter into a stipulation of settlement. The stipulation of settlement will be subject to customary conditions, including court approval following notice to the Company's stockholders. In the event that the parties enter into a stipulation of settlement, a hearing will be scheduled at which the Superior Court of New Jersey, Union County will consider the fairness, reasonableness, and adequacy of the settlement. If the settlement is finally approved by the court, it will resolve and release all claims in all actions that were or could have been brought challenging any aspect of the proposed Merger, the Merger Agreement and any disclosure made in connection therewith, pursuant to terms that will be disclosed to stockholders prior to final approval of the settlement. In addition, in connection with the settlement, the parties contemplate that plaintiffs' counsel will file a petition in the Superior Court of New Jersey, Union County for an award of attorneys' fees and expenses to be paid by the Company or its successor. The settlement is, and the payment by the Company of any successor fees will be, contingent on, among other things, the consummation of the merger. There can be no assurance that the Superior Court of New Jersey, Union County will approve the settlement contemplated by the MOU. In the event that the settlement is not approved and such conditions are not satisfied, the defendants will continue to vigorously defend against the allegations in the Complaints, which the defendants believe are without merit.

SUPPLEMENT TO DEFINITIVE PROXY STATEMENT

In connection with the settlement of the class action lawsuits as set forth in this definitive additional material, the Company has agreed to make these supplemental disclosures to the Definitive Proxy Statement. These disclosures should be read in connection with the Definitive Proxy Statement, which should be read in its entirety. To the extent that information herein differs from or updates information contained in the Definitive Proxy Statement, the information contained herein supersedes the information contained in the Definitive Proxy Statement. Defined terms used but not defined herein have the meanings set forth in the Definitive Proxy Statement.

The following disclosure supersedes and replaces the first full paragraph on page 21 of the Definitive Proxy Statement under the heading "Background to the Merger":

On February 23, 2015, Adam Weitsman, a competitor and stockholder of the Company who, according to a Schedule 13D and amendments filed with the U.S. Securities and Exchange Commission, had begun accumulating his position in our stock on January 6, 2015, publicly announced an unsolicited non-binding offer for our remaining outstanding common stock at a price of $0.78 per share, subject to negotiation and due diligence. Mr. Weitsman has had business and personal relationships with certain of the Company's executives and other personnel, in some cases spanning many years. He has communicated with those persons with varying degrees of frequency over the years, primarily through text message and occasionally through telephone calls and in-person encounters. The nature of these communications ranged from discussions regarding the sale and purchase of metals between the Company and Mr. Weitsman's affiliated companies, industry news and the state of the scrap metal market, to potential direct equity investments by Mr. Weitsman in the Company, various types of business combinations of the Company with Mr. Weitsman's affiliated companies, Mr. Weitsman's desire to obtain a seat on our board, and the acquisition by Mr. Weitsman of our stock. These informal communications continued up to and during the period immediately after February 23, 2015, and decreased significantly after late March, 2015.

The following disclosure supersedes and replaces the second last full paragraph on page 23 of the Definitive Proxy Statement under the heading "Background to the Merger":

On April 16, 2015, Mr. Agüero was contacted by Huang Chung Sheng, chairman and principal stockholder of Ye Chiu Metal Recycling, Ltd (referred to herein as "Ye Chiu"), an Asian corporation publicly traded on the Shanghai Stock Exchange. The Company is a long-time supplier of aluminum zorba to Ye Chiu through its California based U.S. subsidiary. Mr. Huang is also the principal and controlling stockholder of Total Merchant Limited (referred to herein as "Total Merchant"), a privately held Samoan investment firm. He expressed interest in a transaction involving our equity. Prior to April 16, 2015, there had been no material contacts between any executives or personnel of the Company and Mr. Huang, Ye Chiu, Total Merchant, or any of their respective affiliates, other than contacts with Ye Chiu's U.S. subsidiary with respect to the above-described supply by the Company of aluminum zorba.

The following disclosure supersedes and replaces the fifth full paragraph on page 24 of the Definitive Proxy Statement under the heading "Background to the Merger":

On April 22, 2015, at the request of Total Merchant, we prepared an outline of a proposal we could consider for the sale of the Company. The outline did not address valuations or prices but identified the elements of our capital structure that would need to be addressed in an acquisition (i.e., outstanding debt, conversion rights under the New Series Convertible Notes, prepayment premiums and outstanding stock). The outline also specifically provided for, among other customary items, (i) the purchase of all our issued and outstanding stock for a price to be determined based on fair market value with an appropriate control premium, (ii) the requirement of the Company's receipt of a fairness opinion from a recognized investment bank, (iii) the requirement of various legal and regulatory approvals, (iv) various other customary closing conditions including our satisfaction with the purchasing entity's ability to finance the transaction, the refinancing of our senior secured debt, and the purchase or refinancing of our outstanding New Series Convertible Notes, and (v) the approval of our senior lenders and each party's organizational governing bodies as a condition to the submission of the transaction to our stockholders.

The following disclosure supersedes and replaces the last paragraph on page 27 and the beginning of page 28 of the Definitive Proxy Statement under the heading "Background to the Merger":

During a board meeting on June 10, 2015 at the offices of Lowenstein in New York, New York, representatives of Gordian presented Gordian's financial analyses of the offer, and representatives of Lowenstein reviewed at length the proposed terms of the transaction and the provisions of the merger agreement, the proposed voting agreement to be entered into among the Company, Mr. Agüero and Total Merchant (referred to herein as the "Voting Agreement"), and the proposed amendment to our rights plan and responded to questions from our board. In addition, Lowenstein informed our board that Total Merchant was requesting an employment arrangement between Mr. Agüero and Total Merchant (referred to herein as the "Employment Letter"), which was requested by Total Merchant to become effective after the consummation of the Merger and the terms of which were to be proposed by Total Merchant in the next few days. Mr. Agüero did not discuss with Total Merchant his continued personal employment until after the June 10, 2015 board meeting**.** Thereafter, our board directed management, Gordian and Lowenstein to continue their respective discussions of the merger agreement with K&L Gates and the buyer, with attention to specified open issues.

The following disclosure supersedes and replaces the disclosure set forth under the heading "*Discounted Cash Flow Analysis*" in its entirety:

Gordian performed a discounted cash flow analysis, which is used to estimate the present value of unlevered after-tax free cash flows of a company on a standalone basis. Gordian's analysis began with June 2015 through the fiscal year ended December 31, 2019. These projections did not factor in any potential recession or other potential downturn in the economy and, with management's concurrence, Gordian assumed that the final year of the forecast period represented "peak of cycle" performance.[2] Gordian used the projections prepared by the Company, which included a Base Case and an Upside Case that incorporated the assumption that scrap margins would recover more rapidly than in the Base Case. The unlevered after-tax free cash flows for these two cases are summarized below:

Forecast ($ millions)	**2015E June - Dec**	**2016E FY**	**2017E FY**	**2018E FY**	**2019E FY**
Base Case	$ (0.46)	$ 0.78	$ 6.73	$ 8.32	$ 10.02
Upside Case	1.24	1.94	7.91	9.53	11.24

Unlevered after-tax free cash flow was calculated by subtracting from EBITDA (i) capital expenditures, (ii) changes in non-financial working capital and (iii) cash taxes at a rate of 37% of EBIT. Gordian then identified a range of implied enterprise values by calculating the present value of unlevered free cash flows through December 31, 2019 and a terminal value. Gordian calculated the terminal value based on a perpetual growth rate of 2.0% to 4.0%. Gordian selected the terminal year growth rates in part based on expectations for global GDP growth as prepared by the OECD. Global growth was incorporated due to the fact that steel and scrap steel are globally traded commodities whose demand is reliant upon global economic growth**.** Gordian did not incorporate the Company's net operating loss ("NOL") carryforward in this analysis because the NOL would likely be subject to limitations due to ownership changes in any recapitalization of the Company, causing uncertainty in the determination of annual limitations. Gordian did note that it valued any potential value of the NOL to be less than $5 million.

The unlevered free cash flows were discounted to a present value using a discount rate range of 12.0% to 14.0% which was selected by Gordian based on its professional judgment and experience, and is representative of Metalico's weighted average cost of capital, or WACC. Gordian calculated this WACC range based on an analysis of Metalico's Peer Group companies identified below using the capital asset pricing model. In selecting the WACC, Gordian used (i) a cash adjusted unlevered beta of 1.15 (the median of the Peer Group companies), (ii) an equity risk premium of 5.50%, (iii) a size premium of 5.83%, (iv) a company-specific premium of 1.5%, (v) an effective tax rate of 37%, (vi) a risk free rate of 2.09%, and (vii) a cost of debt of 5.64% (based on the median cost of debt of the Peer Group companies). Gordian then applied a debt to equity ratio of 25%/75%, again based upon a review of the

[2] As previously noted, the scrap steel industry is subject to multi-year cycles. Because the Company's projections include five years of continued growth, the final year of the projections is assumed to be representative of the high point of the cycle for the industry.

Peer Group companies. This resulted in a WACC of approximately 14.2%, which Gordian expanded to a range of values. Gordian used a discount range with a high end that was generally equivalent to Metalico's WACC based on its professional judgment and experience and for purposes of conservatism.

The range of enterprise values for Metalico under the Base Case and Upside Case is presented below:

	Enterprise Value		TML
Forecast ($ millions)	**Low**	**High**	**Offer**[3]
Base Case	$ 82.2	$ 1 00.2	$ 115.2
Upside Case	93.2	115.2	

The following disclosure supersedes and replaces the disclosure set forth under the heading "*Peer Group Company Analysis*" in its entirety:

Gordian performed an analysis of public Peer Group companies in order to determine an implied enterprise value for Metalico based on similar companies that are publicly traded. Gordian selected the Peer Group by identifying companies that, in its professional judgment, share similar business characteristics with Metalico and have similar operating statistics including total revenues, market capitalization, geographic coverage, and profitability, among other items. Based on this review, Gordian selected the following companies:

- Commercial Metals Company
- Industrial Services of America, Inc.
- Schnitzer Steel Industries, Inc.
- Sims Metal Management Limited
- Steel Dynamics, Inc.

The companies selected for comparative purposes in Gordian's analysis are not identical or directly comparable to Metalico. All but one of the Peer Group companies listed above have significantly larger operations than Metalico and also engage in the production and fabrication of ferrous and non-ferrous products. Therefore, assessing the Peer Group company analysis output from a purely quantitative standpoint (i.e. taking the mean and median results and simply multiplying by the relevant Metalico data point) is not a meaningful method of analysis in-and-of itself. A Peer Group analysis requires a detailed evaluation of multiple data points and takes into account differences in operating characteristics and financial attributes, among other items, that could have a significant impact on the public trading values of the companies to which Metalico is being compared.

Gordian noted that compared to the Peer Group companies, Metalico is significantly smaller than all but one of the selected Peer Group. Additionally, Metalico has generally lower gross margins and EBITDA margins, as seen in the chart below. Consequently, Gordian used EBITDA and EBIT multiples based on the low to median values in the Peer Group when calculating an implied value.

Peer Group - LTM Operating Metrics		**Revenue**	**Gross Margin**	**EBITDA Margin**
Commercial Metals Company		$ 6,896.5	11.4%	6.5%
Industrial Services of America, Inc.		$ 109.9	NM	NM
Schnitzer Steel Industries, Inc.		$ 2,324.5	8.4%	3.6%
Sims Metal Management Limited		$ 6,939.1	10.0%	2.4%
Steel Dynamics Inc.		$ 8,973.3	11.0%	9.7%
Metalico Inc.		**$ 419.3**	**5.9%**	**1.8%**
Peer Group	**Mean**		**10.2%**	**5.6%**
	Median		**10.5%**	**5.0%**

---

[3] Enterprise value for the Transaction is determined by adding (i) payments to stockholders of sixty cents per share, (ii) principal amount of total debt outstanding as of May 31, 2015, (iii) prepayment premiums on the convertible notes as contemplated in the exchange agreement, and (iv) $5 million to account for the pre-purchase of materials by the California-based U.S. subsidiary of Ye Chiu.

Gordian analyzed the ratios of total enterprise value to Adjusted EBITDA and enterprise value to EBIT for each of the selected Peer Group companies for fiscal year 2014 and forecasted 2015. Gordian also incorporated the ratio of total enterprise value to the average of 2008-2014 and 2012-2014 and to peak earnings to account for the cyclicality in the scrap, steel and metals industries. Forecasted 2015 Adjusted EBITDA and EBIT for each comparable company was based on the publicly available consensus estimate of equity research analysts. Gordian obtained these estimates from CapitalIQ and used data provided by Bloomberg to confirm the consistency of the forecasts. Actual results were calculated based on public financials and other publicly available information. For Metalico, Gordian incorporated the 2015 Base Case forecast provided by our management.

For purposes of this analysis, total enterprise value is defined as total market capitalization as of May 31, 2015 plus total debt, plus minority interest, less cash and cash equivalents (which includes short term and other liquid investments). Adjusted EBIT is defined as net income plus interest, taxes, and any one-time, non-recurring or non-cash items or charges. Depreciation and amortization are then added to Adjusted EBIT to calculate Adjusted EBITDA.

Using these calculations, Gordian observed the following ranges for the enterprise value to Adjusted EBITDA and enterprise value to Adjusted EBIT multiples of the Peer Group companies:

	EBITDA Multiples		
Metric	**Low**	**Median**	**High**
2015 Consensus Estimates	6.4x	8.1x	9.4x
2014 Actual	7.6x	9.0x	12.8x
3-year Average	7.5x	8.8x	11.4x
7-year Average	4.7x	8.8x	11.3x
Peak (2008 - 2014)	2.2x	3.2x	7.5x

	EBITDA Multiples		
Metric	**Low**	**Median**	**High**
2015 Consensus Estimates	8.8x	12.6x	95.0x
2014 Actual	13.5x	20.4x	44.6x
3-year Average	13.9x	17.3x	29.5x
7-year Average	8.2x	18.9x	31.3x
Peak (2008 - 2014)	2.7x	4.0x	9.3x

Based on its review of the Peer Group companies and using its professional judgment, Gordian applied an implied enterprise value to Adjusted EBITDA multiple for Metalico of 6.4x-8.1x in 2015, 7.6x-9.0x in 2014, 7.5x - 8.8x in the 2012-2014 period, 4.7x-8.8x in the 2008-2014 period, and 2.2x-3.2x in the peak year. Gordian calculated Adjusted EBITDA for Metalico based on the projections prepared by our management and made certain adjustments totaling $1 million as estimated by management to account for one-time items that were primarily related to the merger transaction and other non-operating expenses including legal and advisory fees. This resulted in an implied range of enterprise values for Metalico of approximately $40 million - $230 million. The results by data point are presented below:

	Implied Enterprise Value		**TML**
Peer Group – EBITDA ($ million)	**Low**	**High**	**Offer**
2015 Consensus Estimates	$ 41.4	$ 52.7	$ 115.2
2014 Actual	106.8	127.4	
3-year Average	119.1	139.9	
7-year Average	124.6	230.9	
Peak	94.8	142.4	

Based on its review of the Peer Group companies and using its professional judgment, Gordian applied an implied enterprise value to Adjusted EBIT multiple for Metalico of 8.8x-12.6x in 2015, 13.5x-20.4x in 2014, 13.9x-17.3x in the 2012-2014 period, 8.2x-18.9x in the 2008-2014 period, and 2.7x-4.0x for the peak year. This resulted in an implied range of enterprise values for Metalico of approximately $10 million - $250 million. Importantly, Metalico's actual 2014 Adjusted EBIT and expected 2015 Adjusted EBIT are negative and, consequently, enterprise values cannot be calculated based on these multiples. The results by data point are presented below:

	Implied Enterprise Value		TML
Peer Group – EBITDA ($ million)	**Low**	**High**	**Offer**
2015 Consensus Estimates	NM	NM	$ 115.2
2014 Actual	NM	NM	
3-year Average	12.5	15.4	
7-year Average	110.5	254.3	
Peak	89.1	131.7	

The following disclosure supersedes and replaces the disclosure set forth under the heading "*Implied Per Share Value Based on Peer Group Companies and DCF*" in its entirety:

After determining its range of implied enterprise values under the peer company and discounted cash flow analysis, Gordian calculated an implied per share value of Metalico. Total equity value was calculated by starting with enterprise value and then subtracting Metalico's net debt (total debt plus prepayment penalties less cash and equivalents) as of May 31, 2015. Net debt was calculated by taking actual balances as of May 31, 2015 and then making pro forma adjustments by adding (i) $3 million of "trapped" cash that is held by our 33 facilities and used to pay suppliers on a daily basis and (ii) $5 million to account for pre-purchases of materials made by the California based U.S. subsidiary of Ye Chiu to provide us with near term liquidity. Gordian calculated net debt to be $69.0 million, which is before any premiums or prepayment penalties on the Series B Convertible Notes. This calculation resulted in an implied equity value for Metalico. A per share value was determined using our outstanding shares as of May 31, 2015 of 73.4 million.

Based on the implied per share price under the calculation in the preceding paragraph, adjustments were made to incorporate the full contractual dilutive impact of Metalico's Series B Convertible notes if the share price was greater than the Series B conversion price. Additionally, the prepayment premiums associated with our Series A notes and senior secured credit facility were assumed to be paid consistent with the full contractual terms of the notes and/or loans. A summary of the ranges of the fully diluted share price under the Peer Group and discounted cash flow is summarized below[4]:

	Implied Enterprise Value		TML
Peer Group	**Low**	**High**	**Offer**
EBIT			**$ 0.60**
2015 Consensus Estimates	$ —	$ —	
2014 Actual	—	—	
3-year Average	—	—	
7-year Average	0.52	2.05	
Peak (2008 - 2014)	0.23	0.75	
EBITDA			
2015 Consensus Estimates	$ —	$ —	
2014 Actual	0.47	0.70	
3-year Average	0.61	0.84	
7-year Average	0.67	1.81	
Peak	0.31	0.87	
DCF			
Base Case	$ 0.15	$ 0.40	
Upside Case	0.30	0.59	

4 The 2015 Consensus Estimates value per share represent the Base Case for both EBITDA and EBIT. Incorporating the Upside Case would also have resulted in an implied value per share of zero.

The following disclosure supersedes and replaces the disclosure set forth under the heading "*Summary of the Company's Projections*" in its entirety:

The Company does not as a matter of course publicly disclose long-term forecasts or internal projections of its future performance, revenues, earnings, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, certain non-public, unaudited, stand-alone financial projections prepared by management of the Company were made available to Gordian in connection with its analyses described under "Opinion of Gordian Group, LLC" that begins on page 30.

A summary of the projections is provided below. The projections were not prepared with a view toward public disclosure. The projections are included in this proxy statement because they were, among other items, relied upon by Gordian in its analyses described under "Opinion of Gordian Group, LLC" beginning on page 30. The projections are not an indication that the Company, the board, Parent, any advisor (including Gordian) to or representative of any of the foregoing, or any other recipient of this information considered the projections to be material or necessarily predictive of actual future results, and the projections should not be relied upon as such.

Management's internal financial forecasts and the assumptions upon which the projections were based are subjective in many respects and thus subject to interpretation. Although presented with numerical specificity in the summary below, the projections are based upon a significant number of estimates and assumptions made by management with respect to, among other matters, commodity prices, industry performance, general business, economic, market and financial conditions and other matters, many of which are difficult to predict, are subject to significant economic and competitive uncertainties, and are beyond the Company's control. In addition, since the projections cover multiple years, such information by its nature becomes less reliable with each successive year. As a result, there can be no assurance that the estimates and assumptions made in preparing the projections will prove accurate, that the projected results will be realized or that actual results will not materially vary from the projections. Additionally, the scrap recycling industry is cyclical and the projections assume that the Company's performance will continue to improve without interruption over the next five years.

The projections were not meant to comply with U.S. Generally Accepted Accounting Principles ("GAAP"), the published guidelines of the SEC regarding financial projections and the use of non-GAAP measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections and forecasts. The projections include financial metrics that were not prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP and non-GAAP financial measures as used by the Company may not be comparable to similarly titled GAAP measures in the Company's historical financial statements or similarly titled amounts used by other companies.

Neither the Company's independent registered public accounting firm nor any other independent registered public accounting firm has examined, compiled or performed any procedures with respect to the projections, and, accordingly, neither the Company's independent registered public accounting firm nor any other public accounting firm expresses an opinion or any other form of assurance with respect to the projections. Reports of the Company's independent registered public accounting firm that are incorporated by reference into this proxy statement relate solely to the Company's historical financial information. They do not extend to the prospective financial information and should not be read to do so.

The projections are forward-looking statements and were based on numerous variables and assumptions that are inherently uncertain. You are encouraged to review the Company's most recent SEC filings for a description of the Company's reported results of operations and financial condition during the fiscal year ended December 31, 2014 and for the first and second quarters of 2015. See "Special Note Regarding Forward-Looking Statements" beginning on page 15 of this proxy statement and "Where You Can Find More Information" beginning on page 81 of this proxy statement. The projections reflect assumptions that are difficult to predict and subject to change and may not reflect current prospects for the Company's business, changes in general business or economic conditions including recessions or expansions, or any other transaction or event that has occurred or that may occur and that was not anticipated when the projections were prepared. There can be no assurance that the projections will be realized or that the Company's future financial results will not materially vary from the projections.

No one has made or makes any representation regarding the information included in the projections. Readers of this proxy statement are advised not to rely unduly, if at all, on the projections. Some or all of the assumptions that have been made regarding, among other things, the timing of certain occurrences or effects, may have changed since the date the projections were prepared. The Company has not updated and does not intend to update or otherwise revise or reconcile the projections to reflect circumstances existing after the date when made or to reflect the occurrence or non-occurrence of future events, even if any or all of the assumptions on which the projections were based are shown to be in error. Except as may be required by applicable securities laws, the Company does not intend to make publicly available any update or other revision to these management projections, even in the event that any or all of the assumptions are shown to be in error. The Company has made no representation to Parent or Merger Sub in the merger agreement or otherwise concerning the projections.

Management provided Gordian with two sets of forecasts in the projections: (i) a Base Case that assumes modest growth in scrap margins over the five year forecast period and (ii) an Upside Case that assumes a larger and more rapid increase in scrap margins. Management believes that the primary drivers of the Company's financial performance are unit volume and margin forecasts and therefore, these were the primary drivers of the projections.

The following summary is derived from the projections:

($ millions) **Upside Case Forecast**	**2015E** **June - Dec**	**2016E** **FY**	**2017E** **FY**	**2018E** **FY**	**2019E** **FY**
Revenue	$ 244.1	$ 408.4	$ 428.5	$ 449.6	$ 471.7
Adjusted EBITDA	11.5	19.0	21.5	24.2	27.1
EBIT	2.4	3.7	5.9	8.3	10.9
Income Taxes	–	(1.4)	(2.2)	(3.1)	(4.0)
Depreciation & Amortization	9.1	15.3	15.6	15.9	16.2
Change in Working Capital	(6.5)	(7.7)	(3.4)	(3.6)	(3.8)
Capital Expenditures	(3.8)	(8.0)	(8.0)	(8.0)	(8.0)
Unlevered Free Cash Flow	1.2	1.9	7.9	9.5	11.2

($ millions) **Base Case Forecast**	**2015E** **June-Dec**	**2016E** **FY**	**2017E** **FY**	**2018E** **FY**	**2019E** **FY**
Revenue	$244.1	$ 408.4	$ 428.5	$ 449.6	$ 471.7
Adjusted EBITDA	9.8	17.1	19.6	22.3	25.1
EBIT	0.7	1.9	4.1	6.4	8.9
Income Taxes	–	(0.7)	(1.5)	(2.4)	(3.3)
Depreciation & Amortization	9.1	15.3	15.6	15.9	16.2
Change in Working Capital	(6.5)	(7.7)	(3.4)	(3.6)	(3.8)
Capital Expenditures	(3.8)	(8.0)	(8.0)	(8.0)	(8.0)
Unlevered Free Cash Flow	(0.5)	0.8	6.7	8.3	10.0

Unlevered after-tax free cash flow was calculated by subtracting from EBITDA (i) capital expenditures, (ii) changes in non-financial working capital and (iii) cash taxes at a rate of 37% of EBIT. EBITDA is calculated by adding depreciation and amortization expenses to EBIT.

Of note, the projections rely upon the assumption that the Company has the necessary sources of liquidity to fund operations on a go forward basis - whether it be from the current secured lenders or an alternative financing source - and is not subject to the liquidity constraints the Company encountered in the first half of 2015. These liquidity constraints are discussed in more detail under "Background of the Merger" beginning on page 19. The Company's expectations for future financial performance would likely be significantly worse than as presented in the projections if the Company had not been able to enter into to the forbearance agreements with its lenders and obtain the $5 million in material pre-purchases from the California-based U. S. subsidiary of Ye Chiu.

IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the Merger, the Company filed the Definitive Proxy Statement and related materials with the SEC on July 27, 2015 and commenced mailing the Definitive Proxy and form of proxy to the stockholders of the Company. Stockholders of the Company are urged to read the Definitive Proxy Statement and the other relevant materials because they contain important information about the Company, the Merger and related matters. STOCKHOLDERS ARE URGED TO CAREFULLY READ THE DEFINITIVE PROXY STATEMENT AND THE OTHER RELEVANT MATERIALS BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED MERGER. The Definitive Proxy Statement and other relevant materials, and any and all documents filed by the Company with the SEC, may also be obtained for free at the SEC's website at www.sec.gov.

If you have any questions about the Definitive Proxy Statement, the special meeting or the Merger or need assistance with the voting procedures, you should contact our proxy solicitor at:

Alliance Advisors LLC
200 Broadacres Drive, 3rd Floor
Bloomfield, NJ 07003
Telephone: (855) 973-0093
Banks and Brokers Call: (973) 873-7721