

PIPER & MARBURY

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BALTIMORE, MARYLAND 21201

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CABLE 'PIPERMAR BAL'
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1200 NINETEENTH STREET, N.W.
WASHINGTON, D.C. 20036
202-861-3900

WRITER'S DIRECT NUMBER
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9-227A025

RECORDATION NO. 16049 E FILED 1425

AUG 15 1989 -3 05 PM

August 15, 1989

RECORDATION NO. 16049 D FILED 1425

**INTERSTATE COMMERCE COMMISSION
BY HAND**

AUG 15 1989 -3 05 PM
INTERSTATE COMMERCE COMMISSION

Aug 15 3 05 PM '89
RECEIVED UNIT

Ms. Noreta R. McGee, Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C.

Dear Ms. McGee:

Enclosed are an original, a counterpart and two copies of the documents described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

These documents consist of a Master Equipment Lease Agreement, a primary document, dated as of August 8, 1989, and entered into between PHH Financial Services, Inc. and Horsehead Industries, Inc. and Schedule 1 to the Master Lease Agreement, a secondary document to the Master Equipment Lease Agreement, dated as of August 8, 1989, and entered into between PHH Financial Services, Inc. and Horsehead Industries, Inc.

We request that these documents be cross-indexed to the documents recorded under Recordation No. 16049.

The names and addresses of the parties to the Master Equipment Lease Agreement and Schedule 1 are as follows:

Lessor: PHH Financial Services, Inc.
11333 McCormick Road
Hunt Valley, Maryland 21031

Lessee: Horsehead Industries, Inc.
204 East 39th Street
New York, New York 10016

Ruth M. Apparis
[Signature]

Ms. Noreta R. McGee

August 15, 1989

Page 2

The equipment covered by the above documents consists of 50 used railroad gondola cars identified by the manufacturer, car number and year built on Exhibit A attached hereto.

A fee of \$26.00 is enclosed. Please return an original of each document and any extra copies not needed by the Commission for recordation to the undersigned.

A short summary of the documents to appear in the index is as follows:

Master Equipment Lease Agreement between PHH Financial Services, Inc., 11333 McCormick Road, Hunt Valley, Maryland 21031 and Horsehead Industries, Inc., 204 East 39th Street, New York, New York 10016, dated August 8, 1989.

Schedule 1 to Master Equipment Lease Agreement between PHH Financial Services, Inc. and Horsehead Industries, Inc., 204 East 39th Street, New York, New York 10016, dated August 8, 1989 and covering 50 railroad gondola cars.

Very truly yours,

Randall D. Sones

Randall D. Sones

RDS:clg

cc: William F. Brown, Esquire

AUG 15 1989 -3 05 PM

INTERSTATE COMMERCE COMMISSION

Schedule No. 1

Lessor's Identification No. PHHFS-90-017

Attached to and hereby made a part of Equipment Lease dated as of August 8, 1989, between PHH Financial Services, Inc. ("Lessor") and Horsehead Industries, Inc. ("Lessee").

Equipment:

<u>Qty.</u>	<u>Make and Description</u>	<u>Model #</u>	<u>Serial #</u>	<u>Item Cost</u>
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Fifty (50) 40', 2200 Cubic Feet, 100 Ton Railroad Gondola Cars manufactured by Midwest Freight Car Company in 1976 per attached Equipment Listing (Exhibit A)

Original Location: Palmerton, PA and Bartlesville, OK

Latest Delivery Date: July 14, 1989

Acquisition Cost of Equipment: \$1,010,180.00

Term of Lease: Eighty-Four (84) Months

Commencement Date: September 30, 1989

Basic Rent: 1.7627% of the Acquisition Cost of Equipment, equal to \$17,806.44, payable monthly in advance

Interim Rent: .05876% of the Acquisition Cost of Equipment per day, payable from the placed-in-service date to, but not including, the Commencement Date.

Number of Rental Payments: Eighty-Four (84)

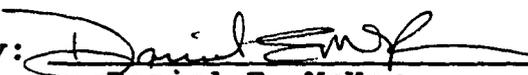
Lessors' Address for Rental Payments: P. O. Box 64575
Baltimore, Maryland 21264

Return Location: Within 250 miles of original equipment location.

Insurance: Physical loss or damage: An amount equal to the Acquisition Cost of the Equipment.
Comprehensive public liability and property damage: \$1,000,000 per occurrence.

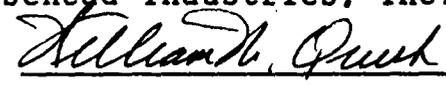
Dated as of September 30, 1989

PHH Financial Services, Inc.

By: 

Daniel E. McKew
Vice President

Horsehead Industries, Inc.

By: Title: SENIOR VICE PRESIDENTName: WILLIAM M. QUIRK

HORSEHEAD INDUSTRIES, INC.

SCHEDULE NO. 1

EQUIPMENT LISTING

The following Car numbers represent fifty (50) 40', 2200 cubic feet, 100 ton Gondolas manufactured by the Midwest Freight Car Company in 1978:

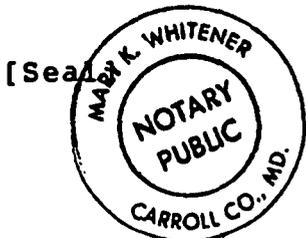
MQCX-2	MQCX-29
MQCX-3	MQCX-30
MQCX-4	MQCX-31
MQCX-5	MQCX-32
MQCX-7	MQCX-33
MQCX-8	MQCX-34
MQCX-9	MQCX-35
MQCX-10	MQCX-36
MQCX-11	MQCX-37
MQCX-12	MQCX-38
MQCX-13	MQCX-40
MQCX-15	MQCX-42
MQCX-16	MQCX-44
MQCX-17	MQCX-45
MQCX-18	MQCX-46
MQCX-19	MQCX-47
MQCX-20	MQCX-48
MQCX-21	MQCX-49
MQCX-22	MQCX-50
MQCX-23	MQCX-51
MQCX-24	MQCX-52
MQCX-25	MQCX-53
MQCX-26	MQCX-54
MQCX-27	MQCX-59
MQCX-28	MQCX-61

ACKNOWLEDGEMENT

State of Maryland

County of Baltimore, ss:

On this 9th day of August, 1989 before me personally appeared, Daniel E. McKew, to me personally known, who being by me duly sworn, says that he is the Vice President of PHH Financial Services, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Mary K. Whitener
Notary Public

My commission expires July 1, 1990

ACKNOWLEDGEMENT

State of New York
County of New York, ss:

On this 9th day of August, 1989 before me personally appeared, Walter M. Gunk, to me personally known, who being by me duly sworn, says that he is the Vice President of Horsehead Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Frances S. Burns
Notary Public

My commission expires 8/31/90

FRANCES S. BURNS
Notary Public, State of New York
No. 31-5536950
Qualified in New York County
Commission Expires August 31, 1990

Addendum A

Addendum A (the "Addendum") to Schedule 1 dated September 30, 1989 (the "Schedule") of the Equipment Lease Agreement dated as of August 8, 1989 (the "Lease"), by and between PHH FINANCIAL SERVICES, INC. ("Lessor") and HORSEHEAD INDUSTRIES, INC. ("Lessee"). Capitalized terms not otherwise defined herein have the meaning defined in the Lease.

The following supplements the terms and conditions of Schedule 1 of the Lease for equipment described in the Schedule (the "Equipment"):

1. Identification Marks. The Lessee will cause each item of Equipment to be kept numbered with the identifying number set forth on Exhibit A to the Schedule, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to a Lease Agreement Filed under the Interstate Commerce Act, Section 11303" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such item of Equipment and the rights of the Lessor under the Lease and the Schedule. The Lessee will not place any such item of Equipment in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced

or destroyed. The Lessee will not change the identifying number of any item of Equipment unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where the Lease and the Schedule / have been recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any authorized sublessee.

2. Compliance With Laws and Rules. The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of Equipment) with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange and other rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any item of Equipment, the Lessee

will conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or appliation of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under the Lease or the Schedule.

Lessee agrees to perform all record-keeping functions related to the use of the Equipment by Lessee in accordance with the interchange and other rules and regulations of the Association of American Railroads and the Interstate Commerce Commission. All record keeping performed by Lessee hereunder and a record of all payments, charges and correspondence related to the Equipment shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during Lessee's regular business hours. Lessee agrees to supply Lessor with such reports regarding the use of the Equipment and Lessee's obligations under the Schedule as Lessor may reasonably request.

3. Recording. The Lessee, at the expense of the Lessee, will cause the Lease and the Schedule and any required documents relating to the purchase of the Equipment by the Lessor and any assignment thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act prior to the delivery and acceptance hereunder of any item of Equipment. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor and will from time to time do and perform any other act

and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments, financing statements or other documents required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Equipment, or for the purpose of carrying out the intention of this Section and the Lessee will promptly furnish to the Lessor evidences of all such filing, registering, depositing and recording.

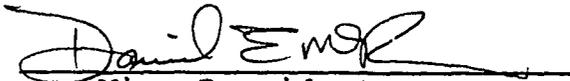
4. Purchase Option. Notwithstanding any provision of the Lease or Schedule to the contrary, provided that the lease term of the Equipment has not been terminated and that no Event of Default under the Lease has occurred and is continuing, Lessee shall have the option to purchase all or a portion of the Equipment at the end of the lease term thereof for an amount, payable in immediately available funds, equal to \$1.00.

5. Use of Equipment. Lessee shall not use the Equipment, nor allow it to be used, for any unlawful purpose, nor for the transportation of any property or material deemed extra hazardous except material normally needed and used in Lessee's business.

6. Except as herein amended or supplemented, the Lease and Schedule shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this
Addendum to be duly executed as of the date first above written.

PHH FINANCIAL SERVICES, INC.

By: 
Vice President

HORSEHEAD INDUSTRIES, INC.

By: 

Title: SENIOR VICE PRESIDENT

Name: WILLIAM M. QUIRK

ACKNOWLEDGEMENT

State of Maryland

County of Baltimore, ss:

On this 9th day of August, 1989 before me personally appeared, Daniel E. McKew, to me personally known, who being by me duly sworn, says that he is the Vice President of PHH Financial Services, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Mary K. Whitener
Notary Public

My commission expires July 1, 1990

ACKNOWLEDGEMENT

State of New York

County of New York. ss:

On this 5th day of August, 1989 before me personally appeared, William M. Grew, to me personally known, who being by me duly sworn, says that he is the Vice President of Horsehead Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Frances S. Burns
Notary Public

My commission expires 8/31/90

FRANCES S. BURNS
Notary Public, State of New York
No. 31-5536950
Qualified in New York County
Commission Expires August 31, 1990

Delivery and Acceptance Acknowledgment

Lessor's Identification No. PHHFS-90-017

Lessor: PHH Financial Services, Inc.

Equipment Lease Dated as of August 8, 1989

Schedule No. 1

Vendor: J. L. Gon 88-103, Inc.

Acceptance Date: September 30, 1989

The undersigned ("Lessee") hereby acknowledges that:

1. The Equipment leased under the above Equipment Lease and Schedule: (a) was selected by Lessee; (b) has been delivered to, inspected and unconditionally accepted by the Lessee, for purposes of this Lease, as of the above acceptance date; (c) is in good condition (operating and otherwise) and repair; (d) is in full compliance with the terms of said Lease; (e) is new personal property and no original use thereof has commenced prior to the date or dates specified in the foregoing paragraph 1(b); and (f) has been marked to show Lessor's interest in the manner requested by Lessor. The foregoing shall not constitute a waiver of Lessee's right to make warranty claims against the manufacturer or vendor with respect to the Equipment.

2. Unless otherwise specified on said Schedule, the Commencement Date under said Schedule is, and the obligation of the Lessee to pay rental with respect to said Equipment commences on, the date of this Acknowledgment.

3. In the event that the Lessee shall at any time hereafter have any problems with said Equipment, it will look solely to said Vendor for satisfaction and will nevertheless continue to pay rentals to Lessor free of any setoff, counterclaim or defense.

Lessee further certifies that (i) no event has occurred and is continuing that constitutes an Event of Default by Lessee under the Lease, (ii) no event has occurred and is continuing which, with the giving of notice, passage of time, or both would constitute such a default by Lessee under the Lease, and (iii) that there has not occurred any material adverse change in the financial or business condition of Lessee or any guarantor of Lessee's obligations to Lessor since the date of the last financial statements submitted to Lessor by Lessee or any such guarantor. Lessee further acknowledges and understands that, based upon the foregoing, Lessor will cause the balance of the purchase price for said Equipment to be paid to said Vendor.

Dated as of the 30th day of September, 1989.

Horsehead Industries, Inc.

By: William M. Quirk

Title: SENIOR VICE PRESIDENT

Name: WILLIAM M. QUIRK

ACKNOWLEDGEMENT

State of Maryland

County of Baltimore, ss:

On this 9th day of August, 1989 before me personally appeared, Daniel E. McKew, to me personally known, who being by me duly sworn, says that he is the Vice President of PHH Financial Services, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Mary K. Whitener
Notary Public

My commission expires July 1, 1990

ACKNOWLEDGEMENT

State of New York

County of New York, ss:

On this 8th day of August, 1989 before me personally appeared, William M. Smith, to me personally known, who being by me duly sworn, says that he is the Vice President of Horsehead Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Frances S. Burns
Notary Public

My commission expires 8/31/90

FRANCES S. BURNS
Notary Public, State of New York
No. 31-5536950
Qualified in New York County
Commission Expires August 31, 1990

Schedule of Stipulated Loss Values

Lessor's Identification No. PHHFS-90-017

Attached to and hereby made a part of Schedule No. 1 to Equipment Lease dated as of August 8, 1989, between PHH Financial Services, Inc. ("Lessor") and Horsehead Industries, Inc. ("Lessee").

The "Stipulated Loss Value" of any Equipment as of a particular date shall be an amount equal to the product of (x) the actual cost of such Equipment to Lessor, and (y) the percentage specified below opposite the aggregate number of full rental installments paid (other than installments paid prior to their due date) and/or then payable by Lessee to Lessor with respect to such Equipment.

<u>Date</u>	<u>Payment</u> <u>No.</u>	<u>Percentage</u>	<u>Date</u>	<u>Payment</u> <u>No.</u>	<u>Percentage</u>
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(See attached appendix)

Dated as of September 30, 1989

PHH Financial Services, Inc.

By: 
Daniel E. McKew
Vice President

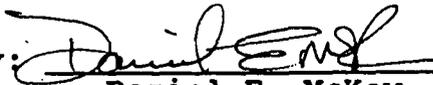
Horsehead Industries, Inc.

By: 
Title: SENIOR VICE PRESIDENT
Name: WILLIAM M. QUIRK

Appendix to Schedule of Stipulated Loss Values

<u>Date</u>	<u>Payment No.</u>	<u>Percentage</u>	<u>Date</u>	<u>Payment No.</u>	<u>Percentage</u>
Sep-89	1	104.0065%	Sep-93	49	52.2088%
Oct-89	2	101.6239%	Oct-93	50	50.9597%
Nov-89	3	100.7413%	Nov-93	51	49.7013%
Dec-89	4	99.8521%	Dec-93	52	48.4336%
Jan-90	5	98.9563%	Jan-94	53	47.1565%
Feb-90	6	98.0539%	Feb-94	54	45.8699%
Mar-90	7	97.1448%	Mar-94	55	44.5738%
Apr-90	8	96.2290%	Apr-94	56	43.2680%
May-90	9	95.3064%	May-94	57	41.9526%
Jun-90	10	94.3769%	Jun-94	58	40.6274%
Jul-90	11	93.4405%	Jul-94	59	39.2924%
Aug-90	12	92.4972%	Aug-94	60	37.9475%
Sep-90	13	91.5469%	Sep-94	61	36.5926%
Oct-90	14	90.5896%	Oct-94	62	35.2277%
Nov-90	15	89.6251%	Nov-94	63	33.8527%
Dec-90	16	88.6535%	Dec-94	64	32.4674%
Jan-91	17	87.6747%	Jan-95	65	31.0719%
Feb-91	18	86.6886%	Feb-95	66	29.6660%
Mar-91	19	85.6952%	Mar-95	67	28.2497%
Apr-91	20	84.6945%	Apr-95	68	26.8229%
May-91	21	83.6863%	May-95	69	25.3855%
Jun-91	22	82.6707%	Jun-95	70	23.9374%
Jul-91	23	81.6475%	Jul-95	71	22.4786%
Aug-91	24	80.6167%	Aug-95	72	21.0090%
Sep-91	25	79.5783%	Sep-95	73	19.5285%
Oct-91	26	78.5322%	Oct-95	74	18.0370%
Nov-91	27	77.4783%	Nov-95	75	16.5345%
Dec-91	28	76.4166%	Dec-95	76	15.0208%
Jan-92	29	75.3470%	Jan-96	77	13.4959%
Feb-92	30	74.2695%	Feb-96	78	11.9596%
Mar-92	31	73.1840%	Mar-96	79	10.4120%
Apr-92	32	72.0905%	Apr-96	80	8.8529%
May-92	33	70.9888%	May-96	81	7.2822%
Jun-92	34	69.8790%	Jun-96	82	5.6999%
Jul-92	35	68.7609%	Jul-96	83	4.1059%
Aug-92	36	67.6346%	Aug-96	84	0.0000%
Sep-92	37	66.4999%			
Oct-92	38	65.3567%			
Nov-92	39	64.2051%			
Dec-92	40	63.0450%			
Jan-93	41	61.8763%			
Feb-93	42	60.6988%			
Mar-93	43	59.5127%			
Apr-93	44	58.3178%			
May-93	45	57.1140%			
Jun-93	46	55.9012%			
Jul-93	47	54.6795%			
Aug-93	48	53.4487%			

PHH Financial Services, Inc.

By: 
 Daniel E. McKew
 Vice President

Horsehead Industries, Inc.

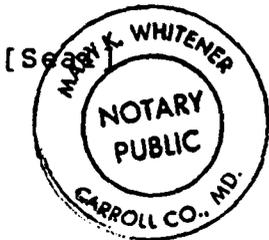
By: 
 Title: SENIOR VICE PRESIDENT
 Name: WILLIAM M. QUIRK

ACKNOWLEDGEMENT

State of Maryland

County of Baltimore, ss:

On this 9th day of August, 1989 before me personally appeared, Daniel E. McKew, to me personally known, who being by me duly sworn, says that he is the Vice President of PHH Financial Services, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Mary K. Whitener
Notary Public

My commission expires July 1, 1990

ACKNOWLEDGEMENT

State of New York

County of New York, ss:

On this 8th day of August, 1989 before me personally appeared, Luther M. Gluck, to me personally known, who being by me duly sworn, says that he is the President of Horsehead Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Frances S. Burns
Notary Public

My commission expires 8/31/90

FRANCES S. BURNS
Notary Public, State of New York
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