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20201

JUL 31 1996 9:05AM

20201 A, B, C

JUL 31 1996 9:05AM

RECEIVED
SURFACE TRANSPORTATION BOARD
JUL 31 9 05 AM '96

July 30, 1996

Mr Vernon A Williams
Secretary
Surface Transportation Board
Washington, D.C 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Lease Agreement, dated as of July 31, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of each of the following secondary documents related thereto. Trust Indenture and Security Agreement, dated as of July 31, 1996, a Lease and Indenture Supplement No. 1, dated July 31, 1996 and a Bill of Sale, dated July 31, 1996.

The names and addresses of the parties to the enclosed documents are

Lease Agreement

Lessor: First Security Bank, National Association
79 South Main Street
Salt Lake City, Utah 84111

Lessee A.E Staley Manufacturing Company
2200 E Eldorado Street
Decatur, Illinois 52525

Trust Indenture and Security Agreement

Owner Trustee	First Security Bank, National Association 79 South Main Street Salt Lake City, Utah 84111
Indenture Trustee	Wilmington Trust Company 1100 Market Street Wilmington, Delaware 19890

Lease and Indenture Supplement No 1

Owner Trustee	First Security Bank, National Association 79 South Main Street Salt Lake City, Utah 84111
Indenture Trustee	A E Staley Manufacturing Company 2200 E Eldorado Street Decatur, Illinois 52525

Bill of Sale

Seller	The Bank of New York, as Trustee 48 Wall Street New York, New York 10005
Buyer.	First Security Bank, National Association 79 South Main Street Salt Lake City, Utah 84111

A description of the railroad equipment covered by the enclosed documents is

Tank railcars, Power Flo railcars and Aluminum hopper railcars bearing STSX, SSPX and STLX reporting marks and road numbers set forth on Schedule I to the Lease and Indenture Supplement No 1

Also enclosed is a check in the amount of $84 00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of each of the enclosed documents to the undersigned

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

7/31/96

Robert W. Alvord
Alvord And Alvord
918 Sixteenth Street, NW., Ste. 200
Washington, DC., 20006-2973

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/31/96 **at** 9:05AM **, and assigned recordation number(s).** 20201,20201-A, 20201-B and 20201-C.

Sincerely yours,

Vernon A. Williams

Vernon A. Williams
Secretary

Enclosure(s)

$ 84.00 **The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.**

Signature Janice McFarland

RECORDATION NO. 20201
JUL 31 1996 9:03 AM
INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

dated as of July 31, 1996

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity
but solely as Owner Trustee,
as Lessor

and

A. E. STALEY MANUFACTURING COMPANY
as Lessee

RAILCAR EQUIPMENT

(STALEY RAILCAR TRUST 1996-1)

CERTAIN RIGHTS, TITLE AND INTEREST COVERED HEREBY HAVE BEEN ASSIGNED TO WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, UNDER A TRUST INDENTURE AND SECURITY AGREEMENT DATED AS OF JULY 31, 1996. NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF. THIS IS NOT THE ORIGINAL COUNTERPART.

THIS LEASE AGREEMENT (OR MEMORANDUM HEREOF) HAS BEEN FILED WITH THE SURFACE TRANSPORTATION BOARD PURSUANT TO 49 U.S.C. §11301 AND DEPOSITED IN THE OFFICE OF THE REGISTRAR GENERAL OF CANADA PURSUANT TO SECTION 105 OF THE CANADA TRANSPORTATION ACT

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Exhibit A -- Form of Lease and Indenture Supplement

LEASE AGREEMENT dated as of July 31, 1996, by and between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as trustee under the Trust Agreement, and A.E. STALEY MANUFACTURING COMPANY, a Delaware corporation.

Lessor and Lessee agree as follows

SECTION 1. Definitions. Except as otherwise expressly provided, all capitalized terms used in this Lease shall have the meanings set forth in Appendix A hereto.

SECTION 2. Purchase and Lease, Term (a) Purchase and Lease. Effective on each Closing Date, if the conditions set forth in Section 4 of the Participation Agreement have been satisfied, (i) Lessor shall purchase from the Seller the Railcars described in the relevant Bills of Sale (which Railcars shall have the specifications set forth in Schedule 4 hereto), and through Lessee acting as Lessor's agent, shall accept or shall have accepted delivery and title to and care, custody and control of such Railcars, (ii) Lessor shall be deemed to have tendered delivery of such Railcars to Lessee hereunder and Lessee shall be deemed to have accepted delivery thereof hereunder, (iii) Lessor shall lease such Railcars to Lessee and Lessee shall lease such Railcars from Lessor under this Lease for the Rent and the Lease Term hereinafter described and upon the terms and conditions herein set forth and (iv) Lessor and Lessee shall conclusively evidence that such Railcars have been made subject to this Lease by executing and delivering a Lease and Indenture Supplement substantially in the form attached as Exhibit A hereto covering the Railcars so leased on such Closing Date.

(b) Lease Term. The Basic Term for each Railcar shall commence on the applicable Basic Term Commencement Date and shall continue until 11:59 p.m. (New York City time) on the applicable Basic Term Expiration Date (the "Basic Term"; the Basic Term and any Renewal Terms for each Railcar actually entered into hereunder being referred to herein as the "Lease Term" for such Railcar).

SECTION 3. Rent. (a) Basic Rent. Subject to any adjustments required by Section 3(e) of this Lease, Lessee agrees to pay to Lessor (i) on each Payment Date during the Basic Term, Basic Rent for each Railcar in an amount equal to Lessor's Cost for such Railcar multiplied by the percentage listed opposite the relevant Payment Date in Schedule 2 hereto, and (ii) for any Renewal Term, Basic Rent payable on such dates and in such amounts as is provided in Section 4(a) of this Lease. The parties hereto agree that Basic Rent shall be paid in advance or in arrears, as the case may be, as set forth on Schedule 2 hereto; provided, however, that the amount of Basic Rent due on the Rent Payment Date occurring on or next succeeding the Third Closing Date shall be reduced by an amount equal to the earnings, if any, on Permitted Investments held pursuant to Section 3 4 of the Trust Agreement.

(b) Supplemental Rent. In addition to its obligation to pay Basic Rent hereunder, Lessee shall pay to Lessor or such other Person entitled thereto any and all Supplemental Rent (whether provided for herein or in any other Operative Document) as and when the same shall become due and owing, including without limitation the following:

(i) to the extent permitted by Applicable Law, interest at a rate per annum equal to the Past Due Rate on any part of any installment of Rent not paid when due (or received by Indenture Trustee too late on any day when due to permit timely distribution by Indenture Trustee to the Loan Certificate Holders on said date) for the period from and including the date due to but excluding the date paid,

(ii) the Make-Whole Amount, if any, payable with respect to the Loan Certificates;

(iii) fees and expenses of Owner Trustee and Indenture Trustee; and

(iv) amounts due and owing pursuant to Sections 18 and 19 of the Participation Agreement.

(c) Manner of Payment; Unconditional Payment. All Rent (other than Excluded Payments) shall, so long as the Lien of the Indenture shall not have been satisfied, be paid by Lessee to Indenture Trustee and thereafter, by Lessee to Lessor All Rent shall be payable in immediately available funds at the place where payment is required to be made at or before 11:00 a.m. (New York City time) on the due date. Except as specifically provided in this Lease, Lessee's obligation to pay Rent shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including (i) any setoff, counterclaim, recoupment, offset, defense or other right which Lessee may have against Lessor, Indenture Trustee, any Participant or any other Person for any reason whatsoever, (ii) any unavailability of any Railcar after its delivery and acceptance by Lessee hereunder, for any reason, including any lack or invalidity of title or any other defect in title, condition, design, operation, merchantability or fitness for use of such Railcar, (iii) any loss or destruction of, or damage to, any Railcar or interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever and for whatever duration, (iv) any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against Lessor, Indenture Trustee, Lessee, any Participant or any other Person, (v) the requisitioning, seizure or other taking of title to or use of any Railcar by any government or governmental authority or otherwise, whether or not by reason of any act or omission of Lessor, Lessee, any Participant or Indenture Trustee, or any other deprivation or limitation of use of such Railcar in any respect or for any length of time, whether or not resulting from accident and whether or not without fault on the part of Lessee, (vi) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any other Operative Document, (vii) the lack of right, power or authority of Lessor or any other Person to enter into this Lease or any other Operative Document, (viii) any ineligibility of such Railcar for any particular use, whether due to any failure of Lessor, Lessee, Indenture Trustee, any Participant or any other Person to comply with any Applicable Law or governmental regulation or otherwise, (ix) any event of force majeure or any frustration, (x) any legal requirement, (xi) any Liens or rights of others with respect to any Railcar, (xii) any right conferred by Applicable Law to a rebate of Rent, or (xiii) any other cause, circumstance or happening, whether similar or dissimilar to the foregoing, any present or future Applicable Law to the contrary notwithstanding Lessee hereby waives, to the extent permitted by Applicable Law, any and all rights which it may now have or which at any time

hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. All obligations of Lessee under this Lease shall be performed at its own cost, expense and risk, unless otherwise expressed Each payment of Rent made by Lessee shall be final, and Lessee will not seek to recover all or any part of such payment from Indenture Trustee, any Loan Certificate Holder, Lessor or any Participant for any reason whatsoever, except to the extent a court determines that the recipient was not entitled to receive the same Nothing in this Section 3 or in Section 5 shall be construed as (a) a warranty by Lessee of the value of Lessor's or Owner Participant's interest in the Railcars or the Trust Estate upon termination of the Lease Term or of the useful life of the Railcars or (b) a prohibition of or restriction against an assertion of any claim or cause of action by Lessee with respect to Lessor, Indenture Trustee, any Participant or any other Person in an independent action.

(d) Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease or in any other Operative Document, in all events the amounts payable by Lessee under this Lease shall be at least sufficient to pay the amounts then due on the Loan Certificates. The amount of each Basic Rent payment payable hereunder shall at all times be at least sufficient to pay, on each Payment Date, payments then due on the Loan Certificates and, after taking into account any Basic Rent payable on such date (during any period when Basic Rent is payable in arrears), the amounts of Stipulated Loss Value payable hereunder with respect to any Railcar shall at all times be at least sufficient to pay in full the portion of the principal of and accrued interest on the Loan Certificates attributable to such Railcar. In no event shall the foregoing covenant or any other provision of this Lease be construed as a guaranty by Lessee of any amounts due and owing under the Loan Certificates.

(e) Other Adjustments. Subject to Section 3(d), the Basic Rent, Stipulated Loss Value percentages and Early Buyout Prices shall be adjusted upward or downward (i) on or prior to the six month anniversary of the applicable Closing Date if any of the assumptions set forth in Schedule 3 hereto shall prove to be incorrect, and (ii) on or prior to the applicable Closing Date with respect to the Basic Rent, Stipulated Loss Value percentages and Early Buyout Price for the Equipment Lot to be leased by Lessor to Lessee on such Closing Date, to reflect any Tax Law Change; provided that no such Tax Law Change shall result in any adjustment hereunder unless the party seeking such adjustment shall have provided written notice of such change prior to such Closing Date. Such adjustments shall maintain Owner Participant's Net Return in the case of adjustments to Basic Rent and Owner Participant's nominal after-tax yield component of Net Return in the case of adjustments to Stipulated Loss Value percentages and Early Buyout Price, after giving effect to the changed factors taken into account in such adjustments and shall minimize to the extent possible, consistent with the foregoing, the after-tax net present value of the payments of Basic Rent to be paid through the Early Buyout Date and of the Early Buyout Price.

(f) Determination of Adjustments. Any adjustment pursuant to Section 3(e) shall initially be computed by Owner Participant, which shall employ a computer optimization program which results in Basic Rent (and, where applicable, Loan Certificate amortization payment) structures similar to those in effect on the relevant Closing Date (any such adjustment to be calculated in a manner consistent with the assumptions and calculation method previously used by

Owner Participant). All adjustments to Basic Rent shall comply with Rev Proc 75-21 and Rev Proc 75-28, and with Section 467 of the Code as in effect on the relevant Closing Date, in each case to the extent such requirements were interpreted and satisfied on the relevant Closing Date The results of such computation by Owner Participant shall promptly be delivered to Lessee, and, if requested by Lessee, the Owner Participant and Lessee shall confer in an effort to obtain agreement concerning the appropriateness of such adjustments. If Lessee and Owner Participant are unable to agree as to the appropriateness of any such adjustment, Lessee may, within 20 Business Days after the receipt of the results of an adjustment, request that the Verifying Accountant verify, after consultation with Owner Participant and Lessee, the accuracy of such adjustment in accordance with Section 3(e), and Lessee and Lessor (on behalf of Owner Participant) hereby agree to provide the Verifying Accountant with all information and materials as shall be reasonably necessary or desirable in connection therewith. In no event shall the Verifying Accountant be permitted to review the documents, programs or procedures used to calculate Owner Participant's internal rate of return, except to the extent necessary to make its verification. Prior to the selection of any Verifying Accountant, such Verifying Accountant shall execute a confidentiality agreement with respect to the subject matter of its review and agree to return to Owner Participant any materials of Owner Participant used by such Verifying Accountant in the course of such verification or the performance of any duties in accordance with this Lease. If the Verifying Accountant confirms that such adjustment is in accordance with Section 3(e), it shall so certify to Lessee, and such certification shall be final, binding and conclusive on Lessee, Owner Participant and Lessor If the Verifying Accountant concludes that such adjustment is not in accordance with Section 3(e), it shall so certify to Lessee and Owner Participant, and Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 3(f), until the Verifying Accountant shall certify to Lessee that such adjustment is in accordance with Section 3(e). Lessee and Owner Participant shall instruct the Verifying Accountant to complete its computation and deliver its certification within ten (10) Business Days after each request therefor. The final determination of any recalculation or adjustment hereunder shall be set forth in an amendment to this Lease, provided, however, that neither the failure of the Lessee or Lessor to execute and deliver such amendment nor the failure of Owner Participant to consent to such amendment shall affect the validity and effectiveness of any such recalculation or adjustment. The reasonable fees of the Verifying Accountant shall be paid by Lessee within 10 days after demand, except that Owner Participant shall pay such fees, costs and expenses if the final determination differs from Owner Participant's original adjustment such that (A) the net present value (calculated at a discount rate equal to the interest rate payable on the Loan Certificates) of the adjusted Basic Rent is 10 or more basis points lower than the net present value (calculated at such rate) of the Basic Rent set forth in Owner Participant's original adjustment or (B) the adjusted Stipulated Loss Values vary by more than one percent of the Stipulated Loss Values set forth in Owner Participant's original adjustment. If Lessee fails to notify Owner Participant that it requires verification of a proposed adjustment within the 20 Business Day period set forth in the third sentence of this Section 3(f), the original adjustment proposed by Owner Participant shall be final, binding and conclusive upon Lessee, Owner Participant and Lessor.

SECTION 4. Renewal Terms; Redelivery, Early Buyout Option, Purchase Options

(a) Renewal Terms Provided that no Lease Default shall have occurred and be continuing, Lessee shall be entitled to renew this Lease pursuant to the following terms and conditions with respect to all, but not less than all, Railcars of any Type then subject to this Lease on the last day of the Basic Term, for one Renewal Term, which shall be for two years (the "Fair Market Value Renewal Term"), and shall commence at the end of the Basic Term:

(i) In order to renew this Lease for the Fair Market Value Renewal Term, Lessee shall provide Lessor with a notice electing such renewal at least 180 (but not more than 365) days prior to the end of the Basic Term and specifying the Type or Types of Railcars that Lessee elects to re-lease.

(ii) Basic Rent during the Fair Market Value Renewal Term for any Type of Railcars shall be Fair Market Rent in respect of such Type of Railcars. The Stipulated Loss Value for such Railcars shall be equal to the Fair Market Value of such Railcars on the first day of the Fair Market Value Renewal Term (the "Renewal Term Commencement Date") and decreasing on a straight-line basis during the Renewal Term to the estimated Fair Market Value of such Railcars at the end of the Renewal Term.

(iii) All provisions of this Lease shall be applicable during the Fair Market Value Renewal Term, except that the Basic Rent and Stipulated Loss Value payable during the Fair Market Value Renewal Term shall be those specified in this Section 4(a).

(iv) The Lessee's ability to renew this Lease for the Fair Market Value Renewal Term is subject to credit review and approval by the Owner Participant at such time.

(b) Redelivery; Storage. Lessee shall assemble and redeliver possession of the Railcars then subject to this Lease and not purchased by Lessee in accordance with the terms of this Lease at the expiration of the Lease Term or any applicable storage period provided herein, to not more than three locations for each Type of Railcars. Each such location shall be the location of major industrial plants in the United States used in Lessee's business or major rail interchange points in the United States on the lines of the carriers most commonly used by Lessee (the "Redelivery Locations") as Lessee shall designate by notice to Lessor not less than 90 days prior to the expiration or termination of the Lease Term. Lessee shall continue to insure and bear the risk of loss of any Railcar in accordance with this Lease until so redelivered. Any failure of Lessee to redeliver a Railcar as herein provided on or before 90 days after the end of the Lease Term shall constitute an Event of Loss with respect to such Railcar. Lessee will, at the request of Lessor made at least 60 days prior to the end of the relevant Lease Term, or any Renewal Term, store each Railcar to be redelivered free of charge but at Lessor's risk at the Redelivery Locations for a period commencing on the date of the actual delivery thereof to such Redelivery Locations and terminating on a date not

later than 60 days after such redelivery. During such period, Lessee will upon 20 days' prior written notice from Lessor, or as soon thereafter as is reasonably practicable, at Lessee's expense move all or a portion of such Railcars as designated by Lessor in such notice to a major interchange point in the United States on the lines of the carriers most commonly used by Lessee then in existence and designated by Lessor Upon such move, Lessee's storage obligation with respect thereto shall end. To the extent that any maintenance records are kept by Lessee with respect to any Railcar returned pursuant to this Section 4(b), upon the written request of Lessor, such maintenance records shall be delivered to Lessor or its designee upon the return of such Railcar

(c) Early Buyout Option. Provided that no Event of Default shall have occurred and be continuing, on the applicable Early Buyout Date Lessee shall be entitled to purchase pursuant to the following terms and conditions all, but not less than all, Railcars of any Type or Types then subject to this Lease as follows:

(i) In order to purchase any such Railcars, Lessee shall provide Lessor and Indenture Trustee with a notice electing such purchase at least 90 (but not more than 365) days prior to the date of purchase and specifying the Type or Types of Railcars that Lessee elects to purchase.

(ii) The purchase price shall be an amount equal to the Early Buyout Price Upon payment of such purchase price and the payment by Lessee, without duplication, of (i) all other Rent due and payable hereunder with respect to such Railcars on or before such purchase date (including the Basic Rent becoming due and payable in arrears on such purchase date), (ii) all other amounts due and owing under the Operative Documents, (iii) all costs associated with the buyout (including, without limitation, all sales, use, transfer or similar taxes, if any, imposed or assessed on the sale of the Railcars to the Lessee), and (iv) the Make-Whole Amount, if any, due under the Loan Certificates, Lessor shall transfer all its right, title and interest in and to such Railcars to Lessee, "as is", "where is", without any representation, recourse or warranty on the part of Lessor except that such Railcars shall be free and clear of all Lessor's Liens.

(iii) Following payment by Lessee of all amounts to be paid pursuant to Section 4(c)(ii), the Lease Term shall end with respect to such Railcars without any further action by Lessor or Lessee and Lessee's obligation to pay further Basic Rent with respect to such Railcars shall terminate.

(d) Purchase Options. Provided that no Event of Default shall have occurred and be continuing on the last day of the Basic Term (or last day of any Renewal Term, if Lessee exercised its options to renew), Lessee shall be entitled to purchase on such date pursuant to the following terms and conditions all, but not less than all, Railcars of any Type or Types then subject to this Lease as follows:

(i) In order to purchase any such Railcars, Lessee shall provide Lessor with a notice electing such purchase at least 180 (but not more than 365) days prior to the date of purchase and specifying the Type or Types of Railcars that Lessee elects to purchase.

(ii) For Railcars purchased at the end of the Basic Term or any Renewal Term, the purchase price shall be the then Fair Market Value for the Railcars. Upon payment of such purchase price and the payment by Lessee, without duplication, of (i) all other Rent payable hereunder with respect to such Railcars due and payable on or before such purchase date (including the Basic Rent becoming due and payable in arrears on such purchase date), (ii) all other amounts due and owing under the Operative Documents, and (iii) all costs associated with the buyout (including, without limitation, all sales, use, transfer or similar taxes, if any, imposed or assessed on the sale of the Railcars to the Lessee), Lessor shall transfer all its right, title and interest in and to such Railcars to Lessee, "as is", "where is", without any representation, recourse or warranty on the part of Lessor except that such Railcars shall be free and clear of all Lessor's Liens.

(e) Extension of Lease Term. Upon the expiration of the Lease Term for any Railcar such Lease Term shall be extended for the period, if any (not greater than 90 days), necessary for the return of such Railcar pursuant to Section 4(b) In addition to any other remedy Lessor may be entitled to for failure by Lessee to timely redeliver each Railcar on or prior to the expiration of the Lease Term, Lessee shall pay holdover rent for the first 90 days following the expiration of the Lease Term at the greater of (i) 50% of the Average Rent for such Railcar paid during the Basic Term and (ii) Fair Market Rent of such Railcar, and after such 90 day period such Railcar will be deemed to have sustained an Event of Loss pursuant to Section 4(b). For so long as the Railcars are not returned to Lessor, or any Railcar so returned is not in the condition required by this Lease, Lessee's obligations under this Lease, including its obligation to pay Rent (in the amount set forth in this paragraph) and any other amounts due under this Lease, will continue until the Railcars have been returned to and accepted by Lessor.

(f) Time Is of the Essence. The provisions of this Section 4 must be fulfilled in a timely manner and time is of the essence in connection with the performance of each party's obligations under this Section 4.

SECTION 5. Disclaimer of Warranties. (a) No Representation or Warranty LESSEE ACKNOWLEDGES THAT (i) THE RAILCARS ARE OF THE SIZE, CAPACITY, DESIGN AND MANUFACTURE SELECTED BY LESSEE, (ii) THE RAILCARS ARE SUITABLE FOR LESSEE'S PURPOSES, (iii) NONE OF LESSOR, INDENTURE TRUSTEE NOR EITHER PARTICIPANT IS A MANUFACTURER OR DEALER IN SUCH PROPERTY AND NONE OF THEM HAS INSPECTED THE RAILCARS PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE, AND (iv) EACH RAILCAR IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS NOW IN EFFECT OR HEREAFTER ADOPTED. LESSOR LEASES AND LESSEE TAKES EACH RAILCAR "AS IS", "WHERE IS" AND WITH ALL FAULTS. LESSEE ACKNOWLEDGES THAT NONE OF LESSOR, INDENTURE TRUSTEE NOR EITHER PARTICIPANT MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED,

AND WAIVES, AS BETWEEN ITSELF AND LESSOR, INDENTURE TRUSTEE AND EITHER PARTICIPANT, ANY AND ALL RIGHTS OR CLAIMS AS TO THE DESIGN, OPERATION OR CONDITION OF THE RAILCARS OR AS TO THE VALUE, CONDITION, DESIGN OR MERCHANTABILITY OF THE RAILCARS, OR AS TO THE FITNESS OF THE RAILCARS FOR ANY PARTICULAR USE OR PURPOSE, AS TO THE QUALITY OF MATERIAL OR WORKMANSHIP OR CONFORMITY TO THE SPECIFICATIONS OF ANY PURCHASE ORDER RELATING THERETO, OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR, EXCEPT AS SET FORTH IN SECTION 5(b) OR AS OTHERWISE PROVIDED IN THE OPERATIVE DOCUMENTS, ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE RAILCARS AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL LESSOR, INDENTURE TRUSTEE OR ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO LESSEE FOR ANY CONSEQUENTIAL DAMAGES. The provisions of this Section 5 have been negotiated and, except as provided above, are intended to be a complete exclusion and negation of any representation or warranty, express or implied, by Lessor, Indenture Trustee or either Participant in any capacity with respect to any Railcar or any part thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect or otherwise.

(b) Title. Notwithstanding Section 5(a), Lessor represents and warrants that on the applicable Closing Date it will have whatever title to the Railcars was conveyed to it on such date by the relevant Seller, free and clear of Lessor's Liens

SECTION 6. Use and Operation of Railcars; Certain Agreements. (a) During the Lease Term, so long as no Event of Default has occurred and is continuing, Lessee has the exclusive right to possession, control and full use of the Railcars leased hereunder and may use such Railcars in the general operation of the Lessee's business, except (i) that Lessee shall use each Railcar only in the manner for which it was designed and intended, (ii) that such Railcars shall not be used or operated in any manner contrary to any Applicable Law and (iii) that such Railcars shall be operated primarily on domestic routes in the United States of America and subject to the terms and conditions of Section 6(b) hereof in Canada and Mexico. Nothing in this Section 6 shall be deemed to constitute permission by Lessor to any Person which acquires possession of any Railcars to take any action inconsistent with the terms and provisions of this Lease or any other Operative Documents. The rights of any Person which acquires possession of any Railcar pursuant to this Section 6 shall be under and subordinate to the rights of Lessor hereunder.

(b) Lessee shall not locate or use any Railcar outside of the United States if such location or use would cause a breach by the Lessee of any representation or warranty made by it in the Tax Indemnification Agreement. Subject to the preceding sentence, Lessee shall have the right (i) to locate or use at any one time not more than 20% of the Railcars then subject to this Lease in Canada, and (ii) to locate or use at any one time not more than 20% of the Railcars then subject to this Lease in Mexico, provided that (A) if Mexico has established a national filing or recordation

system to protect the lessors of railcars, Lessee (at its sole cost and expense) shall have made all filings necessary to register the Railcars in Mexico, (B) no Lease Default shall have occurred and be continuing and (C) Lessor (at the direction of Owner Participant) shall not have notified Lessee that the consolidated tangible net worth of the Guarantor and the Lessee is less than $300,000,000 as determined by the most recent financial statements (whether internal or accountant prepared) delivered by Lessee to Owner Participant pursuant the Operative Documents, provided, that if Lessor shall have notified Lessee that it is not in compliance with the requirements of this clause (C), Lessee shall not be in breach of this Section 6(b) unless Lessee shall not have removed all Railcars from Mexico within 30 days after receipt of such notice from Lessor. Lessor and Lessee agree that if Mexico establishes a national filing or recordation system which is determined by Owner Participant in its sole judgment to provide substantially similar protection to lessors of railcars as the system then in effect in the United States or in Canada, Lessee shall no longer be required to comply with the requirements of clause (C) of the preceding sentence. Lessee further agrees that no Railcar shall be located or used in Mexico for more than 90 consecutive days.

SECTION 7. Maintenance; Return Condition. (a) Maintenance. Lessee, at its own expense and risk, shall throughout the Lease Term maintain and repair the Railcars so as to keep the Railcars in as good operating condition as when originally delivered under this Lease, ordinary wear and tear excepted, in accordance with maintenance standards at least equal to good commercial maintenance practices and current industry standards of maintenance employed by prudent and financially responsible owners and operators of railcars of types similar to the Railcars, and at least equal to the standard of maintenance employed by the Lessee on similar equipment owned or leased by it. Notwithstanding the foregoing, Lessee shall ensure that at all times each Railcar will be (i) in compliance with any and all Applicable Laws and industry regulations, (ii) in good operating condition, with no major mechanical or other defects, and mechanically suitable for interchange on the lines of Class I Railroads in revenue service, (iii) in compliance with any manufacturers' warranties imposed by the applicable Manufacturer of such Railcars, and (iv) in compliance with any maintenance requirements contained in policies of insurance maintained by the Lessee pursuant to Section 11 hereof. Lessee shall maintain or cause to be maintained all records, logs and other documents relating to the operation, movement, storage, loading, use or maintenance of each Railcar as are customarily maintained by owners, lessees or other users of railroad rolling stock or as may be required by Applicable Law, and will maintain such records and logs on a nondiscriminatory basis and in accordance with Lessee's normal record keeping procedures. Lessee agrees that it will not discriminate against any Railcar with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease.

(b) Return Condition. At the time of return, Railcars so being returned shall be free and clear of all Liens (except any Lessor's Liens) and shall (i) be in the same operating condition as when originally delivered, ordinary wear and tear excepted, (ii) have attached or fixed thereto any Improvements title to which has vested in the Lessor pursuant to Section 9(b) and have removed therefrom, at the Lessor's request and at the Lessee's expense, any other part or Severable Improvement, title to which has vested in the Lessee, except to the extent that Lessor has exercised its right to purchase such Severable Improvement pursuant to Section 9(b), (iii) be free from

accumulations or deposits and (iv) otherwise be in the condition required by this Section 7 The obligations and covenants of Lessee shall continue in effect after the expiration or termination of the Lease Term with respect to each Railcar until Lessee shall have fully complied with all such obligations and covenants with respect to each such Railcar

SECTION 8. Inspection. Lessor, Owner Participant, Indenture Trustee and Loan Participant, or their duly authorized representatives (and during a period which any Railcar is stored pursuant to Section 4(b), any prospective purchaser or user of such Railcar), may inspect (during normal business hours (Monday through Friday, between 8:00 a.m. and 4:00 p.m., local time)), and at such other time as may be mutually agreeable upon reasonable notice and at their own risk and expense, the Railcars, maintenance and use records relating thereto and any records, logs or other documents maintained pursuant to the requirements of the penultimate sentence of Section 7(a), and Lessee shall make the foregoing available to each such party (and will provide copies of any such documents to any such party upon their reasonable request), but none of Lessor, Owner Participant, Loan Participant or Indenture Trustee shall have any duty to inspect any Railcar or any records relating thereto. In exercising such right of inspection, Lessor, Owner Participant, Indenture Trustee, Loan Participant and their duly authorized representatives shall not unreasonably interfere with Lessee's normal business operations, shall abide by all Lessee's rules and regulations regarding safety and operation and shall not unreasonably interfere with any repairs or maintenance or the use and operation of the Railcars.

SECTION 9. Improvements. (a) Improvements. Lessee shall, at its cost and expense, make such Improvements to the Railcars as shall be required in order to comply with Section 7. In addition, Lessee may make such other Improvements to the Railcars as Lessee may deem desirable but only to the extent that (i) in the case of Severable Improvements, such Severable Improvements are readily removable without causing material damage to the Railcars and without materially impairing their fair market value, utility or remaining economic life of the Railcars at the end of the Lease Term therefor (determined as if such Improvements had not been made), (ii) in the case of Nonseverable Improvements, such Nonseverable Improvements do not diminish the fair market value, utility or remaining economic life of the Railcars at the end of the Lease Term therefor, and (iii) such Improvements would not cause such Railcars to become "limited use property" within the meaning of Revenue Procedure 76-30 promulgated by the Internal Revenue Service.

(b) Title; Removal of Severable Improvements. Title to each Nonseverable Improvement shall without further act vest in Lessor. Title to each Severable Improvement shall without further act vest or remain, as the case may be, in Lessee, and, provided no Event of Default shall then have occurred and be continuing, Lessee at its own expense and risk may remove any Severable Improvement from a Railcar at any time during or at the expiration of the Lease Term for such Railcar if (i) such Severable Improvement constitutes an addition, and not a replacement of or a substitution for any part originally incorporated or installed in or attached to such Railcar at the time of delivery thereof hereunder or any part in replacement of or substitution for any such original part, (ii) such Severable Improvement is not required pursuant to the terms of Section 9(a), (iii) such Severable Improvement can be removed without diminishing or impairing the value, utility or remaining economic life which such Railcar would have had at the time of removal had such

Improvement not been effected by Lessee, assuming that such Railcar is otherwise maintained in the manner required by this Lease, and (iv) Lessee repairs any damage to such Railcar caused by such removal At the expiration of the Lease Term, any Severable Improvement not so removed shall without further act become the property of Lessor, free and clear of all rights of Lessee. With respect to each Severable Improvement, Lessor shall have the right at the expiration date of the Lease Term (i) to purchase such Severable Improvements (unless proprietary to Lessee) from Lessee for the fair market value thereof, as reasonably determined by Lessor or (ii) to require Lessee to remove such Severable Improvements.

(c) Removal of Property; Replacements. Lessee may, in the ordinary course of maintenance or repair of any Railcar, remove any item of property constituting a part of such Railcar, and, unless the removal of such item is required by Section 7, Lessee shall replace such item as promptly as possible by an item of property that is free and clear of all Liens (other than Permitted Liens) and in as good operating condition as, and with a value, utility and useful life at least equal to, the item of property being replaced, assuming such item was in the condition required by this Lease. Any item of property removed from such Railcar as provided in the preceding sentence shall remain the property of Lessor free and clear of all rights of Lessee until replaced in accordance with the terms of the preceding sentence, but shall then without further act become the property of Lessee. Any such replacement property shall without further act become the property of Lessor and be deemed part of such Railcar for all purposes hereof.

(d) Identification Marks. Lessee shall cause each Railcar to be kept numbered with the identifying number set forth in Schedule 1 to the Lease and Indenture Supplement executed and delivered on each Closing Date. In addition, if at any time during the Term of this Lease, Lessor or Indenture Trustee shall reasonably determine that the provisions of Applicable Law require that the Railcars be marked with a legend in order to protect the title of Lessor and the rights of Lessor and Indenture Trustee under the Operative Documents, and if Lessor or Indenture Trustee so advises Lessee in writing, then Lessee shall (as soon as practical after receipt of such notice but subject to the operational and maintenance procedures then employed by Lessee with respect to the Railcars), mark each Railcar in letters not less than one inch in height with the words "Ownership subject to a Trust Indenture and Security Agreement filed with the Surface Transportation Board" or other appropriate words designated by Lessor or Indenture Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law or reasonably deemed necessary or advisable by Lessor or by Indenture Trustee. Lessee will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee will not permit the identifying number of any Railcar to be changed except in accordance with a Lease amendment or statement of new identifying numbers to be substituted therefor, which Lease amendment or statement shall have been previously filed, recorded or deposited with Lessor and Indenture Trustee and in all public offices where this Lease has been filed, recorded or deposited. Except as provided above, Lessee will not allow the name of any Person to be placed on the Railcars (other than that of the Manufacturer of such Railcars) as a designation that might reasonably be interpreted as a claim of ownership; but Lessee may cause the Railcars to be lettered with the names or initials or other insignia customarily used by Lessee, its permitted sublessee or any of their respective Affiliates on railroad equipment used by it or its sublessee of the same or a similar type

SECTION 10. Liens (a) Liens. None of Lessee, any sublessee or any other Person shall directly or indirectly have any right, power or authority to and shall not create, assume, incur or permit to exist any Lien on or with respect to any Railcar, other than Permitted Liens Lessee shall notify Lessor promptly of the imposition of any such Lien (other than Lessor's Liens) and shall at its own cost and expense promptly cause the same to be discharged, dismissed or removed, and in any event within 180 days after Lessee first knows of the existence thereof. Notwithstanding the foregoing, Lessee shall have the right to contest any such Lien in good faith by appropriate proceedings, diligently prosecuted or appealed, so long as such Lien does not involve (i) any material risk of a sale, forfeiture or loss of such Railcar or (ii) any risk of the imposition of criminal liability on Lessor, Indenture Trustee or any Participant.

(b) Release of Liens. Lessee agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any Liens that are not Permitted Liens or Lessor's Liens. In the event that any Railcar shall be attached, levied upon or taken into custody, or detained or sequestered, by virtue of any proceeding in any court or tribunal, or by any governmental or other authority on account of any such Lien, Lessee shall cause such Railcar to be released and all such Liens to be promptly discharged (except to the extent that the same shall be contested by Lessee in good faith by appropriate proceedings diligently prosecuted or appealed, so long as such Lien does not involve (i) any material risk of a sale, forfeiture or loss of such Railcar or (ii) any risk of the imposition of criminal liability on Lessor, Indenture Trustee or any Participant. Lessee shall protect, save and keep harmless Owner Participant, Lessor, Indenture Trustee and the Loan Certificate Holders and their respective successors and permitted assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including reasonable legal fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term for any Railcar) against the Owner Participant, Lessor, Indenture Trustee or any Loan Certificate Holder in any way relating to or arising out of any such Liens that are not Permitted Liens or Lessor's Liens.

SECTION 11. Insurance. (a) Lessee shall at all times after the First Closing Date, at its own expense, carry and maintain or cause to be carried and maintained (i) property insurance with respect to each Railcar subject to this Lease (subject to a deductible of not greater than $250,000 per occurrence) and (ii) public liability insurance with respect to third party personal and property damage (subject to a deductible or self insurance retention level not to exceed $1,000,000 per occurrence), in such amounts, against such risks, with such insurance companies of recognized responsibility and creditworthiness, and, in any event, in amounts not less than and against such risks so as to be at least equal to the insurance, if any, maintained by Lessee with respect to similar types of railcars owned or leased by Lessee, and in any event, such public liability insurance shall be in the amount of $100,000,000 in excess of any retention or deductible maintained by Lessee, and property insurance shall be in an amount at least equal to the Stipulated Loss Value of such Railcar. Lessor, Owner Participant, Loan Participant and Indenture Trustee shall be named additional insureds (with respect to the first $5,000,000 of public liability insurance or, if and when available under Lessee's then current risk management program on a commercially reasonable basis, with respect to the first $25,000,000 of public liability insurance) and loss payee on each such policy; provided, however, that so long as any Loan Certificates remain outstanding, Indenture Trustee shall

be the sole loss payee under any such policies with respect to amounts payable on account of the Railcars

(b) So long as no Event of Default has occurred and is continuing, the proceeds of any insurance for damage to any Railcar not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Railcar in accordance with Section 7, if such repair shall not have already been paid for by Lessee, or, if already paid by Lessee, to reimburse Lessee for its payment of such repair, and any balance remaining after compliance with Section 7 shall be paid over to or retained by Lessee.

(c) Lessee will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained hereunder shall or may be suspended or impaired and will not suffer or permit any Railcar to be used in a manner not permitted under the insurance policies, if any, maintained hereunder without first covering such Railcar for such use.

(d) All policies with respect to public liability insurance will provide that, if such insurance is canceled, substantially changed in respect of coverage affecting the interest of Lessor, Owner Participant, Loan Participant and Indenture Trustee or allowed to lapse for non-payment of premiums, such cancellation, change or lapse shall not be effective for 30 days after receipt by Lessor, Owner Participant, Loan Participant and Indenture Trustee of notice from such insurers of such cancellation, change or lapse or, if such policies do not so provide, that such insurers or an independent broker agrees to endeavor to provide 30 days' notice of such cancellation, change or lapse. Lessee agrees to furnish to Lessor, Owner Participant, Loan Participant and Indenture Trustee prompt notice of any cancellation or material adverse change in the public liability insurance coverage provided pursuant to this Section 11

(e) Any Participant, Indenture Trustee or Lessor may, but shall not be required to, at its own expense provide additional insurance on or with respect to the Railcars or the operation thereof unless such insurance would conflict with, prevent Lessee from carrying or otherwise limit any insurance maintained by Lessee pursuant to this Section 11, and the proceeds of such insurance shall be payable as provided therein. Any insurance so maintained by Indenture Trustee, Lessor or any Participant shall provide by its terms that the insurer shall have no rights of subrogation against Lessee with respect to claims thereunder. Nothing in this Section 11(e) shall be deemed to limit the Lessor's rights under Section 22 hereof.

(f) To the extent available and customarily obtained by Lessee with respect to equipment which is similar to the Railcars and which is owned by or leased to Lessee, Lessee shall arrange for the policies of insurance carried by or on behalf of Lessee in accordance with this Section 11 to:

(i) provide that in respect of the respective interests of Lessor, Indenture Trustee, Owner Participant and Loan Participant in such policies the insurance shall not be invalidated by any action or inaction of Lessee or any additional insured (other than such additional insured, as to such additional insured) and shall insure Lessor's, Indenture

Trustee's, Owner Participant's and Loan Participant's interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee or any additional insured (other than such additional insured, as to such additional insured),

(ii) provide that, if such insurance is canceled for any reason whatsoever, or any substantial change is made in the policy which affects the coverage certified hereunder to Lessor, Indenture Trustee, Owner Participant or Loan Participant, or if such insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective as to Lessor, Indenture Trustee, Owner Participant or Loan Participant for 30 days after receipt by Lessor, by Indenture Trustee, by Owner Participant or by Loan Participant, respectively, of notice from such insurers of such cancellation, change or lapse;

(iii) provide that none of Lessor, Indenture Trustee, Owner Participant or Loan Participant shall have any obligation or liability for premiums, commissions, assessments or calls or advances in connection with such insurance;

(iv) provide that the insurers shall waive (A) any rights of set-off, counterclaim or any other deduction, whether by attachment or otherwise, which they may have against Lessor, Indenture Trustee, Owner Participant or Loan Participant and (B) the rights of subrogation against Lessor, Indenture Trustee, owner Participant and Loan Participant;

(v) be primary without right of contribution from any other insurance which may be carried by Lessor, Indenture Trustee, Owner Participant or Loan Participant with respect to its interests as such in the Railcars; and

(vi) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

(g) Lessee will arrange to have delivered to Lessor, each Participant and Indenture Trustee on or prior to each Closing Date a certificate of a Responsible Officer of Lessee to the effect that the insurance required hereunder has been obtained and is in full force, together with certificates of insurance signed by the insurer or an independent insurance broker of national reputation evidencing same. Lessee shall furnish annually on or before April 30 of each year to Lessor and Indenture Trustee, a certificate of a Responsible Officer setting forth all insurance maintained by Lessee pursuant to this Section 11 and describing such policies, if any, including the amounts of coverage, any deductible amounts, the names of the insurance providers and a general description of each such policy's terms.

SECTION 12 Loss, Requisition or Seizure (a) Requisition. A taking of any Railcar for use by any Governmental Body shall not terminate this Lease with respect to such Railcar, but Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such Railcar, including its liability for payment of Rent, unless and until such taking

becomes an Event of Loss, at which time the provisions of Section 12(b) shall apply So long as such taking shall not have become an Event of Loss, all payments received by Lessor or Lessee for use of such Railcar as a result of such taking during the Lease Term shall be paid over to or retained by Lessee unless an Event of Default shall have occurred and be continuing, in which event such payments shall be paid over to and held by Lessor as security for the performance by Lessee of its obligations under this Lease Provided no Event of Default shall have occurred and be continuing, after an Event of Loss with respect to a Railcar, all payments received by Lessor or Lessee for use of such Railcar under this Section 12(a) shall be paid over to or retained by Lessee if Lessee has made payment to Lessor for any such Railcar as provided in Section 12(b) or has provided Lessor with a substitute Railcar as provided in Section 12(c). If an Event of Default shall have occurred and be continuing, all such payments shall be paid over to and held by Lessor as security for the performance by Lessee of its obligations under this Lease.

(b) Event of Loss; Payment. After an Event of Loss, if Lessee shall not have exercised its option to substitute a Railcar as provided in Section 12(c), Lessee shall pay to Lessor on or prior to the first Payment Date following such Event of Loss, unless such first Payment Date shall occur less than 60 days after such Event of Loss, in which event on the second Payment Date after such Event of Loss (x) the Stipulated Loss Value for any Railcar which has suffered an Event of Loss and for which Stipulated Loss Value has not theretofore been paid, computed as of the appropriate Payment Date (or, in the case of clause (vii) of the definition of Event of Loss, the higher of the then applicable Stipulated Loss Value for such Railcar as of the end of the Lease Term therefor and the Fair Market Value thereof, which amount shall be due and payable on the 91st day following the termination of the then applicable Lease Term) plus (y) all other unpaid Rent and all other amounts due and payable for such Railcar accrued to the date of such payment of Stipulated Loss Value (or any greater amount required to be paid by the provisions of this sentence), except that no payment of Basic Rent for such Railcar shall be made on such date if Basic Rent is then being paid in advance. Upon the payment in full of such Stipulated Loss Value and such other amounts, the Lease Term for such Railcar shall end, Lessee's obligation to pay further Basic Rent therefor shall terminate, Lessor will transfer to Lessee, "as is", "where is", and without recourse or warranty (except as to the absence of Lessor's Liens), all of Lessor's right, title and interest in and to such Railcar and Lessee or its designee shall be subrogated to all rights that Lessor shall have with respect to such Railcar and shall have the right to abandon such Railcar to underwriters on behalf of Lessor as well as itself (in which case Lessor, at Lessee's expense, shall execute or cause to be executed such documents and take such other action as Lessee shall require to effect the surrender to the insurance underwriters of such Railcar). All payments received by Lessor or Lessee from any insurer or Governmental Body or otherwise as compensation for an Event of Loss with respect to a Railcar shall be applied to pay the Stipulated Loss Value of such Railcar, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value, and the balance, if any, of such payments shall be paid to Lessee.

(c) Event of Loss; Substitution. (i) After an Event of Loss if Lessee shall not have exercised its option to pay to Lessor all amounts due and owing for any such Railcar as provided in Section 12(b), Lessee shall on or prior to the first Payment Date following such Event of Loss, unless such first Payment Date shall occur less than 60 days after such Event of Loss, in

which case on or prior to the second Payment Date after such Event of Loss (the "Substitution Date"), convey or cause to be conveyed to Lessor, to be leased by Lessor to Lessee hereunder in replacement of the Railcar or Railcars which sustained such Event of Loss, good and marketable title to a replacement Railcar or Railcars (each a "Replacement Railcar"), such Replacement Railcar or Railcars to be of a Type then subject to this Lease, and having the same or greater fair market value, utility and remaining useful life as the Railcar or Railcars so replaced (assuming such replaced Railcar or Railcars were in the condition and repair required under the terms of this Lease immediately prior to the Event of Loss) and such substitution shall not result in a default or Event of Default hereunder.

(ii) On or prior to the Substitution Date, Lessee, at its own expense, shall have duly authorized and executed or obtained (where appropriate) and shall deliver to Lessor the documents listed below and such documents shall be in full force and effect on the Substitution Date:

(A) a full warranty bill of sale for such Replacement Railcar or Railcars from Lessee to Lessor;

(B) a Lease and Indenture Supplement covering such Replacement Railcar or Railcars in form for filing in all public offices wherein this Lease and the Indenture shall have been filed;

(C) an appraisal with respect to such Replacement Railcar or Railcars in form and substance reasonably satisfactory to Lessor; and

(D) an opinion of counsel to Lessee, reasonably satisfactory in form and substance to Lessor and Indenture Trustee, to the effect that the bill of sale executed pursuant hereto is an effective instrument of conveyance of ownership of the Replacement Railcar or Railcars and that the Lease and Indenture Supplement referred to herein is a valid and binding obligation of Lessee enforceable in accordance with its terms and that no other action except as shall have been taken is necessary to protect the rights of Lessor and Indenture Trustee in the Replacement Railcar or Railcars to the same extent as existed in the replaced Railcar or Railcars.

Upon substitution of any Railcar pursuant to this Section 12(c), the Lease Term for such Railcar shall end, Lessee's obligation to pay further Basic Rent therefor shall terminate, Lessor will transfer to Lessee, "as is", "where is", and without recourse or warranty (except as to the absence of Lessor's Liens), all of Lessor's right, title and interest in and to such Railcar and Lessee or its designee shall be subrogated to all rights that Lessor shall have with respect to such Railcar and shall have the right to abandon such Railcar to underwriters on behalf of Lessor as well as itself (in which case Lessor, at Lessee's expense, shall execute or cause to be executed such documents and take such other action as Lessee shall require to effect the surrender to the insurance underwriters of such Railcar). All payments received by Lessor or Lessee from any insurer or Governmental Body or otherwise as

compensation for an Event of Loss with respect to a Railcar that has been substituted shall be paid to Lessee

SECTION 13. Right to Quiet Enjoyment So long as no Event of Default hereunder shall have occurred and be continuing, Lessor shall not take, cause or permit to be taken any action arising by, through or under it which would interfere with Lessee's rights under this Lease, including the right to possession and use of the Railcars

SECTION 14. Assignment and Sublease (a) Assignment If no Event of Default has occurred and is continuing, Lessee may, without the prior consent of Lessor or Indenture Trustee, assign or transfer all of its rights and obligations under this Lease and the other Operative Documents to any entity which is an Affiliate of Lessee, so long as (A) such assignee or transferee shall have duly assumed the obligations of Lessee under this Lease and the other Operative Documents by one or more written instruments reasonably satisfactory to Lessor and Indenture Trustee, (B) Lessee shall remain primarily liable for the obligations of the assignee or transferee under the Operative Documents, (C) the Guarantee shall remain in full force and effect and (D) such assignment or transfer will not cause an Event of Default. Any assignment done in violation of this Section 14(a) shall be void.

(b) Sublease. Lessee may, so long as no Event of Default shall have occurred and be continuing, enter into a sublease for any Railcar, provided that (i) such sublease or arrangement shall be expressly subject and subordinate to the terms of this Lease and the Indenture, including the rights of Lessor and Indenture Trustee to void such sublease in the exercise of their rights to repossession of the relevant Railcars hereunder and thereunder, (ii) such sublease or arrangement shall not have a term which extends beyond the expiration of the applicable Lease Term and shall require that the sublessee use the Railcars for the purpose for which they were designed and intended, and (iii) Lessee shall remain fully liable for all its obligations under this Lease and the other Operative Documents to the same extent as if such sublease were not in effect.

Any such sublease shall include appropriate provisions which expressly prohibit any further subleasing of such Railcars. Lessee shall give Lessor and Indenture Trustee prompt notice of any sublease entered into pursuant to this Section 14(b) that has a term in excess of one year. Lessor shall bear no withholding tax risk or any other cost associated with any sublease.

(c) Indenture. Lessee hereby specifically consents to the Indenture and the mortgage, pledge and assignment effected or to be effected thereby. Lessee agrees to deliver any further consents and acknowledgments with respect to any such mortgage, pledge or assignment as Lessor or Indenture Trustee may reasonably request.

SECTION 15. Events of Default. Each of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any Order of any court or any Order, rule or regulation of any Governmental Body or other Applicable Law):

(a) Lessee shall fail to make any payment of Basic Rent or Supplemental Rent (to the extent such Supplemental Rent constitutes payment of any Make-Whole Amount on the Loan Certificates) before the end of the fifth Business Day after the same shall become due, or

(b) Lessee shall fail to make any other payment required hereunder or under the Tax Indemnification Agreement other than those covered in clause (a) above before the end of the thirtieth day after Lessee shall have received written demand for such payment from Lessor or Indenture Trustee; or

(c) Lessee shall fail to maintain any of the insurance required by Section 11(a), or

(d) Lessee or Guarantor shall fail to perform or observe or shall otherwise breach any other covenant, condition or agreement to be performed or observed by it hereunder or under any other Operative Document (other than the Tax Indemnification Agreement) to which it is a party and such failure or breach shall continue unremedied for a period of 30 days after Lessee or Guarantor shall have received notice thereof from Lessor or Indenture Trustee; except that, such failure shall not constitute an Event of Default so long as Lessee or Guarantor, as the case may be, is diligently curing such failure using commercially reasonable efforts and such failure is of such a nature that it cannot be cured within such 30 day period, then such failure shall not constitute an Event of Default for an additional 150 days; or

(e) any representation or warranty made by Lessee or Guarantor herein or in any Operative Document (other than the Tax Indemnification Agreement) shall fail at any time to be correct as of the date made in any material respect and such failure shall not have been cured on or prior to 30 days after Lessee or Guarantor shall have received written notice thereof from Lessor or Indenture Trustee; except that, so long as Lessee or Guarantor, as the case may be, is diligently curing such failure using commercially reasonable efforts and such failure is of such a nature that it cannot be cured within such 30 day period, then such failure shall not constitute an Event of Default for an additional 150 days; or

(f) Lessee or Guarantor shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against Lessee or Guarantor in any such proceeding, or Lessee or Guarantor shall by voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(g) a receiver, trustee, liquidator or custodian of Lessee or Guarantor or of a substantial part of its respective property shall be appointed by court order and such order shall remain in effect for more than 90 days, or Lessee or Guarantor shall be adjudicated bankrupt or insolvent or any of their respective properties shall be sequestered by court order and such order

shall remain in effect for more than 90 days, or a petition shall be filed against Lessee or Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 90 days after such filing; or Lessee or Guarantor makes a general assignment for the benefit of its creditors; or Lessee or Guarantor admits in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due, or

(h) the Guarantee shall cease to be in full force and effect as an enforceable instrument or Guarantor (or any Person at its authorized direction or on its behalf) shall assert in writing that the Guarantee is unenforceable in any material respect.

SECTION 16. Action Following an Event of Default. Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, Lessor or its agent may, at its option, do one or more of the following, as Lessor in its sole discretion shall so elect, to the extent permitted by and subject to compliance with any mandatory requirements of Applicable Law then in effect:

(a) Redelivery and Retaking. By notice in writing to Lessee, Lessor may terminate this Lease, whereupon all right of Lessee to the possession and use of the Railcars shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may cause Lessee, at Lessee's expense, to, and Lessee hereby agrees that it will, promptly redeliver the Railcars, or cause the Railcars to be redelivered, to Lessor with all reasonable dispatch and in the same manner and in the same condition as if the Railcars were being redelivered in accordance with all the provisions of Sections 4(b) and 7(b) and all obligations of Lessee under said Sections and this Lease shall apply to such redelivery, provided that Lessor shall have the right to store each such redelivered Railcar at Redelivery Locations selected by Lessor free of charge and at Lessee's risk for a period commencing on the date of the actual delivery thereof to such Redelivery Locations and terminating on a date 365 days after the actual delivery of the last Railcar to such Redelivery Locations and Lessee shall be obligated, upon ten days prior notice from Lessor, or its agents, delivered from time to time during such storage period, to transport, at Lessee's cost and risk, the number of Railcars designated in such notice or notices to any interchange points in the United States on the lines of the carriers most commonly used by Lessee then in existence and as Lessor may designate in such notice or notices; or Lessor, without further notice, may, but shall be under no obligation to, retake the Railcars wherever found and irrespective of whether Lessee, any sublessee or any other Person is in possession of the Railcars or any of them, and for that purpose Lessor may enter upon any premises where any such Railcar is and may take immediate possession thereof and remove the same, and may use and employ in connection with such removal any services, aids, equipment, trackage and other facilities of Lessee. The exercise by Lessor of its remedies under this Section 16(a) shall be without prejudice and in addition to any of Lessor's other remedies referred to below in this Section 16.

(b) Liquidated Damages. Provided Lessor shall not have exercised any remedies under Section 16(c), Lessor, by written notice to Lessee specifying a payment date not earlier than

10 days from the date of such notice, may require Lessee to pay to Lessor, and Lessee hereby agrees that it will pay to Lessor on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of any further Basic Rent payments hereunder with respect to any Railcar, all Basic Rent (if payable in arrears) for such Railcar due and payable on the Payment Date occurring on or before the payment date specified in such notice, plus any Supplemental Rent then due, plus an amount equal to the Stipulated Loss Value for such Railcar computed as of the Payment Date immediately preceding the payment date specified in such notice (or as of such payment date if such payment date is a Payment Date), together with interest on all such amounts at the Past Due Rate for the period, if any, from the Payment Date as of which such Stipulated Loss Value shall be computed to and including the date of actual payment; if Lessee shall have made the foregoing payments in full, Lessor shall thereafter pay over to Lessee, as and when from time to time received, the net proceeds of any sale, lease or other disposition of such Railcar (after deducting all costs and expenses whatsoever incurred by Lessor, Owner Participant and Indenture Trustee in connection therewith and all other amounts which may become payable by Lessor, Owner Participant or Indenture Trustee with respect thereto) up to the amount of such Stipulated Loss Value actually paid.

(c) Alternate Liquidated Damages. Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any options, rights or remedies under Section 16(a) or 16(d), Lessor, in lieu of exercising its rights under Section 16(b) with respect to any Railcar, may, by notice to Lessee specifying a Payment Date which is not earlier than 10 days after the date of such notice, demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on such Payment Date, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of Basic Rent for any Railcar due after such Payment Date, all unpaid Basic Rent for such Railcar due and payable on or prior to such Payment Date (if payable in arrears), plus any Supplemental Rent then due, plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Past Due Rate for the period from the Payment Date specified in such notice to the date of actual payment):

(i) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the Payment Date specified in such notice over the Fair Market Rate thereof, as reasonably determined by Lessor, for the remainder of the useful life of such Railcar after discounting such Fair Market Rent semiannually to present worth as of such Payment Date at a rate equal to 8.50% per annum;

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of such Railcar computed as of the Payment Date specified in such notice over the Fair Market Value thereof, reasonably determined by Lessor, as of such Payment Date; or

(iii) an amount equal to the excess, if any, of the present value of the Rent remaining to be paid for the remainder of the applicable Term over the present value of Fair Market Rent for the remainder of such Term with each such present value to be calculated using a discount rate equal to 8.50% per annum

(d) Sale; Use. Lessor or its agents may sell any Railcar at public or private sale, by such advertisement or publication, if any, as Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Lease Term, in the absence of the termination of Lessee's rights to such Railcar) to others or keep idle such Railcar, all on such terms and conditions and at such place or places as Lessor may in its sole discretion determine and all free and clear of any rights of Lessee and of any claim of Lessee in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to Lessee except to the extent specifically provided above.

(e) Other Remedies. Lessor may exercise any other right or remedy, not inconsistent with the foregoing, that may be available to it at law or in equity or by statute or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Rent payable hereunder before, during or after the exercise of any of the foregoing remedies, which Supplemental Rent shall include, on an After-Tax Basis, all reasonable legal fees and other costs and expenses incurred by Lessor, Owner Participant, any Loan Certificate Holder and Indenture Trustee by reason of the occurrence of any Event of Default or by reason of the exercise by Lessor, Owner Participant, any Loan Certificate Holder or Indenture Trustee of any remedy hereunder, including any redelivery or retaking of such Railcar in accordance with this Section 16 or the placing of such Railcar in the condition required by the terms of Sections 4(b) and 7(b). Except as specifically provided herein, no remedy referred to in this Section 16 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Section 16 or which may otherwise be available at law or in equity or by statute. To the extent permitted by Applicable Law, the rights of Lessor and the obligations of Lessee under this Section 16 shall be effective and enforceable regardless of the pendency of any proceeding which has or might have the effect of preventing Lessor and Lessee from complying with the terms of this Lease. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Default.

SECTION 17. Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and any such notice shall become effective upon the earlier of actual receipt or five Business Days after being deposited in the mails, certified or registered, with appropriate postage prepaid for first-class mail or, if delivered by hand or courier service or in the form of facsimile transmission (with evidence of delivery attached thereto), when received, and shall be addressed (i) if to any party to the Participation Agreement, to the respective addresses set forth in Schedule I or II, as the case may be, to the Participation Agreement or (ii) in the case of any addressee, to such other address as any such addressee may designate by notice given to the parties hereto.

SECTION 18. Further Assurances, Perfection of Security Interests. Each party hereto shall promptly and duly execute and deliver to the other party or Indenture Trustee such further documents and assurances and take such further action as may from time to time be reasonably

requested in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessee, Lessor and Indenture Trustee hereunder and under the Indenture Upon termination of this Lease (by expiration or otherwise), Lessor shall, upon Lessee's request and at Lessee's expense, execute and deliver to Lessee or Indenture Trustee such further documents and assurances and take such further actions as Lessee may reasonably request in order to satisfy the lien of the Indenture. Lessee will at all times cause to be kept filed and refiled any required financing and continuation statements and cause to be taken such other actions as in the opinion of counsel to Lessor, Indenture Trustee or Owner Participant are required by law in order fully to perfect, preserve and protect the lien of the Indenture. Lessee will pay or cause to be paid all taxes, fees and other charges in connection with such filing and refiling.

SECTION 19. Successor Trustees. Lessee agrees that in the case of the appointment of any successor trustee pursuant to the terms of the Trust Agreement or the Indenture, such successor trustee shall, upon written notice by such successor trustee to Lessee, succeed to all the respective rights, powers and title of Lessor hereunder or to all the rights and powers of Indenture Trustee hereunder, as the case may be, and shall be deemed to be the owner or mortgagee, respectively, of the Railcars for all purposes hereof, without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor trustee shall not exhaust the right to appoint and designate further successor trustees pursuant to the Trust Agreement or the Indenture, but such right may be exercised repeatedly as long as this Lease shall be in effect.

SECTION 20. Indenture Trustee. The provisions of this Lease that require or permit action by, the payment of any moneys to, the consent or approval of, the furnishing of any instrument or information to, or the performance of any other obligation to, Indenture Trustee shall not be effective after the lien of the Indenture has been released in accordance with Section 10.1 of the Indenture and Indenture Trustee has given Lessee and Lessor written notice thereof.

SECTION 21. Warranty Enforcement. For so long as no Event of Default has occurred and is continuing, Lessor constitutes Lessee as the agent and attorney-in-fact of Lessor for the purpose of exercising and enforcing, and with full right, power and authority to exercise and to enforce, to the exclusion of Lessor and all Persons claiming through or under Lessor, all of the right, title and interest of Lessor in, under and to all manufacturer's warranties in respect of the Railcars. Lessor shall execute and deliver any instruments reasonably requested by Lessee to enable Lessee to enforce such rights.

SECTION 22. Lessor's Right To Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of the terms of this Lease or any of its agreements contained herein, Lessor or Indenture Trustee may, subject to Section 4.3 of the Indenture, on behalf of Lessee and upon notice to Lessee, but shall not be obligated to, itself make such payment, perform such agreement or remedy such failure to perform or comply. The amount of any such payment and the amount of the reasonable expenses of Lessor or Indenture Trustee incurred in connection with such payment or performance, together with

interest thereon, to the extent permitted by Applicable Law, at the Past Due Rate, shall be deemed Supplemental Rent, payable promptly by Lessee to Lessor or Indenture Trustee upon demand

SECTION 23 Filings Prior to the delivery and acceptance of any Railcar, Lessee will, at its sole expense, (i) cause this Lease (or a memorandum thereof), the Indenture and the relevant Lease and Indenture Supplement to be (a) duly filed and recorded with the Surface Transportation Board in accordance with 49 U S C. 11301 and (b) deposited in the office of the Registrar General of Canada pursuant to Section 90 of the Canadian Act (and all necessary action shall have been taken for publication of notice of such deposit in the Canada Gazette in accordance with such Section 90) and (ii) cause financing statements under the Uniform Commercial Code to be filed against Lessor in respect of the security interest created by the Indenture in all places reasonably specified by Indenture Trustee or Loan Participant as necessary or desirable to perfect such security interest. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, deposit, register and record (and will refile, redeposits reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor or Indenture Trustee for the purpose of protecting Lessor's title to, or Indenture Trustee's security interest in, any Railcar and this Lease, and in connection with any such action will deliver to Lessor and Indenture Trustee proof of such filings. Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording, rerecording, depositing and redepositing.

SECTION 24. Miscellaneous. (a) Amendments and Waiver. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the party or parties to be charged and Indenture Trustee No failure or delay of any party in exercising any power or right under this Lease shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(c) Currency. All amounts and moneys referred to in this Lease shall refer to lawful money of the United States of America.

(d) Exculpation of Owner Trustee. It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Lessor or Owner Trustee are made and intended not as personal representations, warranties, covenants, undertakings and agreements by Trust Company, or for the purpose or with the intention of binding Trust Company personally, but are made and intended for the purpose of binding only the Trust Estate, and this Lease is executed and delivered by Trust Company not in its own right but solely in the exercise of the powers expressly conferred upon it as Owner Trustee under the Trust Agreement, and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against Trust Company on account of this Lease or on account of any representation, warranty, covenant,

undertaking or agreement of Lessor or Owner Trustee, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by Lessee and by all Persons claiming by, through or under it, and that all recourse against Trust Company under this Lease shall be limited to the Trust Estate Nothing herein shall be interpreted to relieve Trust Company from any personal liability expressly assumed by it in any Operative Document

(e) Table of Contents; Headings The section and paragraph headings in this Lease and the index preceding this Lease are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease.

(f) Counterparts. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(g) Chattel Paper. No security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart that contains the receipt therefor executed by the Indenture Trustee on or immediately following the signature page hereof.

(h) Severability Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(i) Governing Law. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of Illinois (excluding the laws applicable to conflicts or choice of law), including all matters of construction, validity and performance.

(j) Lease Not Conveyance to Lessee. This Lease shall be construed as an agreement of lease and nothing herein shall be construed as conveying to Lessee any right, title or interest in or to any Railcar, except as lessee only.

(k) True Lease. It is the intent of the parties that this Lease shall be a true lease for purposes of Illinois law and the Bankruptcy Code and not a "conditional sale", and that the Owner Participant (through its interest in Lessor) shall at all times be considered to be the owner of each Railcar for the purposes of all federal, state, city and local income taxes or for franchise taxes measured by income, and that this Lease conveys to Lessee no right, title or interest in any Railcar except as lessee. Nothing contained in this Section 24(k) shall be construed to limit Lessee's use or operation of any Railcar or constitute a representation, warranty or covenant by Lessee as to any tax consequences.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Lease to be duly executed in its corporate name by its officers, thereunto duly authorized, executed and delivered all as of the date first above written

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee,

By _____

Name Nancy M. Dahl
Title Vice President

A E STALEY MANUFACTURING COMPANY

By _____

Name
Title

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Lease to be duly executed in its corporate name by its officers, thereunto duly authorized, executed and delivered all as of the date first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee,

By_____

Name:
Title:

A. E. STALEY MANUFACTURING COMPANY

By_____

Name: Dennis P. Seffernick
Title: Assistant Treasurer

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 29th day of July, 1996, before me personally appeared Nancy M. Dahl, to me personally known who, being by me duly sworn, says that SHE is ~~Vice President~~ of FIRST SECURITY BANK, NATIONAL ASSOCIATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and Nancy M. Dahl acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARY PUBLIC
JANICE BRYANT
405 South Main 2nd Flr.
S.L.C., UT 84111
COMMISSION EXPIRES
SEPT. 14, 1997
STATE OF UTAH

[Notarial Seal]

Janice Bryant
NOTARY PUBLIC

My Commission Expires:

STATE OF ILLINOIS)
) SS.
COUNTY OF MACON)

On this 26th day of July, 1996, before me personally appeared Dennis P. Seffernick to me personally known who, being by me duly sworn, says that he is Assistant Treasurer of A.E. STALEY MANUFACTURING COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

"OFFICIAL SEAL"
Catherine S. Burcham
Notary Public, State of Illinois
My Comission Expires 10/16/99

Catherine S Burcham
NOTARY PUBLIC

[Notarial Seal]

My Commission Expires. 10/16/99

SCHEDULE 1
to Lease

STIPULATED LOSS VALUE

[Intentionally Omitted]

SCHEDULE 2
to Lease

RENT

[Intentionally Omitted]

SCHEDULE 3
to Lease

ASSUMPTIONS

[Intentionally Omitted]

SCHEDULE 4
to Lease

SPECIFICATIONS

200 Covered Hopper Railcars:

5450 cubic feet capacity covered hopper railcars manufactured between August-November, 1996 by the Railcar Division of Trinity Industries and having AAR mechanical designation LO, AAR Car Type Code C114, marked with road numbers STLX5300-STLX5499, inclusive

250 Tank Railcars

19636 gallon capacity tank cars manufactured by the Railcar Division of Trinity Industries between December 1995-April 1996 and having US Department of Transportation Specification number DOT211A100W1, marked with road numbers STSX3150-STSX3399, inclusive

150 Power Flo Railcars.

5125 cubic feet capacity Power Flo, 15 psi pressure discharge railcars manufactured between July-November, 1995 by the Railcar Division of Trinity Industries and having AAR mechanical designation LO, AAR Car Type Code C614, marked with road numbers SSPX1082-SSPX1231, inclusive

280 Aluminum Hopper Railcars:

5400 cubic feet capacity aluminum covered hopper railcars manufactured by Johnstown America Corporation between May-July, 1996 and having AAR mechanical designation LO, AAR Car Type Code C114, marked with road numbers STLX7000-STLX7279, inclusive

APPENDIX A

Definitions

The following terms have the following meanings (and such meanings shall be equally applicable to both the singular and the plural forms of the terms herein defined) Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time in accordance with the applicable provisions of the Operative Documents

"Act" shall mean 49 U S C 10101 et seq., as amended, including without limitation 49 U S C § 11301 as implemented by regulations at 49 C.F R. Part 1177

"Additional Amount" shall have the meaning set forth in Section 2(d) of the Participation Agreement.

"Affiliate" of any Person shall mean any other Person directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with, such Person For purposes of this definition, "control" when used with respect to any specified Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Affiliated Group" shall mean an affiliated group of corporations, within the meaning of Section 1504 of the Code, filing or that will file a consolidated Federal income tax return.

"After-Tax Basis" shall mean, with respect to any payment received or accrued by any Person, the amount of such payment supplemented by a further payment or payments so that the sum of all such payments, after deduction of all Taxes (after taking into account any credits or deductions or other Tax benefits arising therefrom and from the underlying payment, to the extent such are currently utilized) resulting from the receipt or accrual of such payments imposed by any Taxing Authority, shall be equal to the payment received or accrued.

"Aggregate Lessor's Cost" shall have the meaning set forth in Section 1(a) of the Participation Agreement.

"Aluminum Hopper Cars" shall mean the aluminum hopper railcars of the type described in the specifications attached as Schedule 4 to the Lease

"Applicable Amount" shall mean [intentionally omitted]

"Applicable Law" shall mean all applicable laws (foreign or domestic), treaties, ordinances, Orders of any court, arbitrator or Governmental Body and laws, rules, regulations, Orders, directives, interpretations, licenses and permits of any Governmental Body, including all rules and regulations of the United States Department of Transportation, the Federal Railroad

Administration and the Surface Transportation Board and the then applicable Interchange Rules and Supplements thereto of the Mechanical Division, Association of American Railroads

"Applicable Principal Installment" shall mean, at any Payment Date with respect to any Railcar, the product (expressed in dollars) of (x) such Railcar's Applicable Amount multiplied by (y) the percentage set forth on Schedule X to the Indenture for such Payment Date under the column headed "Principal Payment Per" with respect to each Railcar of the same Type

"Applicable Unpaid Principal Amount" shall mean, at any date with respect to any Railcar, the sum of all Applicable Principal Installments with respect to such Railcar for all Payment Dates occurring on or after such date of determination.

"Assumed Amount" shall have the meaning set forth in Section 21(a) of the Participation Agreement.

"Assumed Loan Guarantee" shall have the meaning set forth in Section 21(a)(ii) of the Participation Agreement.

"Assumed Obligations" shall have the meaning set forth in Section 21(a)(i)(A) of the Participation Agreement

"Assumption Agreement" shall have the meaning set forth in Section 17(b)(i) of the Participation Agreement.

"Assumption Notice" shall have the meaning set forth in Section 21(a) of the Participation Agreement.

"Auditors" shall mean Coopers & Lybrand, L.L.P. or such other firm of auditors of recognized standing as the Guarantor may nominate.

"Average Rent" for a Railcar shall mean an amount equal to all Basic Rent due for such Railcar during its Basic Term divided by the number of Payment Dates during such Basic Term (or over any shorter averaging period used to satisfy the "initial period" requirement of Section 4.08(2) of Rev Proc. 75-28).

"Bankruptcy Code" shall mean the Bankruptcy Code of 1978, as amended

"Basic Rent" shall have the meaning set forth in Section 3(a) of the Lease.

"Basic Term" shall have the meaning set forth in Section 2(b) of the Lease

"Basic Term Commencement Date" shall mean (i) as to the Equipment Lot delivered on the First Closing Date, July 31, 1996, (ii) as to the Equipment Lot delivered on the

Second Closing Date, September 30, 1996 and (iii) as to the Equipment Lot delivered on the Third Closing Date, December 30, 1996.

"Basic Term Expiration Date" shall mean (i) as to the Equipment Lot delivered on the First Closing Date, January 30, 2015, (ii) as to the Equipment Lot delivered on the Second Closing Date, March 29, 2015 and (iii) as to the Equipment Lot delivered on the Third Closing Date, March 29, 2015.

"Beneficiary" shall have the meaning set forth in the introductory paragraph of the Guarantee

"Bills of Sale" shall have the meaning set forth in Section 4(d)(vii) of the Participation Agreement.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which banks are required or authorized to close in either Salt Lake City, Utah or the city in which the Corporate Trust Office is located.

"Canadian Act" shall have the meaning set forth in Section 4(g) of the Participation Agreement.

"Claim" shall have the meaning set forth in Section 18(a) of the Participation Agreement.

"Class I Railroad" shall have the meaning set forth in 49 C F R. Part 1201.

"Closing Date" shall have the meaning set forth in Section 2(a) of the Participation Agreement

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commitment" shall have the meaning set forth in Section l(b) of the Participation Agreement.

"Corporate Trust Office" shall mean the principal office of the Indenture Trustee located at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration or such other office at which the Indenture Trustee's corporate trust business shall be administered and which the Indenture Trustee, shall have specified by notice in writing to the Lessee, the Owner Trustee, the Owner Participant and each Loan Certificate Holder.

"Covered Hopper Cars" shall mean the 5,450 cubic feet corn gluten covered hopper railcars of the type described in the specifications attached as Schedule 4 to the Lease

"Dollars" and **"$"** shall mean lawful currency of the United States of America

"Early Buyout Date" shall mean, (i) as to the Equipment Lot delivered on the First Closing Date, July 29, 2012, (ii) as to the Equipment Lot delivered on the Second Closing Date, September 29, 2012 and (iii) as to the Equipment Lot delivered on the Third Closing Date, June 29, 2012

"Early Buyout Option" shall mean Lessee's right to purchase Railcars of one or more Types on the applicable Early Buyout Date in accordance with Section 4(c) of the Lease

"Early Buyout Price" shall mean [intentionally omitted]

"Early Purchase Railcars" shall have the meaning set forth in Section 21(a) of the Participation Agreement.

"Equipment" shall mean as of any date, collectively, the Railcars

"Equipment Lot" shall mean, with respect to each Closing Date, that portion of the Railcars described on Schedule 4 to the Lease to be sold to the Owner Trustee and leased to the Lessee, as described on the Bill or Bills of Sale delivered by the Seller and the Lease and Indenture Supplement or Supplements entered into and delivered by Lessee and Lessor on such Closing Date

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time

"Event of Loss" shall mean with respect to any Railcar any of the following events: (i) such Railcar suffers an actual or constructive total loss in the reasonable opinion of a Responsible Officer of the Lessee, (ii) such Railcar becomes worn out or suffers destruction or damage beyond economic repair or is rendered permanently unfit for commercial use by the Lessee, in each case in the reasonable opinion of a Responsible Officer of the Lessee, (iii) title to such Railcar is taken, condemned or requisitioned by any governmental authority, (iv) such Railcar is taken, condemned or requisitioned for use by (a) the United States government for a period exceeding the lesser of one year and the remaining Lease Term therefor or (b) any other Governmental Body for a period exceeding the lesser of 180 days and the remaining Lease Term therefor, (v) such Railcar is lost, stolen or otherwise disappears for a period in excess of the lesser of 120 days and the balance of the Lease Term, (vi) the use of such Railcar in the normal course of interstate rail transportation shall have been prohibited for a continuous period in excess of 120 days as a result of any rule, regulation, order or other action by the United States government or any agency or instrumentality thereof unless the Lessee has undertaken and is diligently pursuing actions necessary to permit such use, or (vii) the Lessee has not redelivered such Railcar in accordance with Section 4(b) of the Lease on or before 90 days after the end of the Lease Term therefor The date of such Event of Loss shall be the date of the event giving rise thereto, except that for purposes of clauses (iv), (v), (vi) and (vii) above, no Event of Loss shall be deemed to have occurred until the end of the applicable period specified therein.

"Excluded Payments" shall mean (i) indemnity payments and interest in respect thereof paid or payable by the Lessee or the Guarantor in respect of the Trust Company or the Owner Participant pursuant to Sections 18 and 19 of the Participation Agreement, (ii) proceeds of public liability insurance (or any similar payment from a Governmental Body) in respect of the Equipment payable to, or as a result of losses suffered by, the Trust Company or the Owner Participant, (iii) proceeds of insurance maintained with respect to the Equipment by or for the benefit of the Owner Participant (whether directly or through the Owner Trustee) in excess of that required to be maintained by the Lessee under Section 11 of the Lease, provided that no such insurance impairs or reduces coverage under any insurance required to be maintained by the Lessee under said Section 11, (iv) payments required to be made by the Lessee or the Guarantor to the Owner Participant under the Tax Indemnification Agreement, (v) Transaction Costs paid or payable to the Trust Company or the Owner Participant pursuant to Section 11(a) of the Participation Agreement, and (vi) any right to enforce the payment of any amount described in clauses (i) through (v) above and the proceeds thereof.

"Fair Market Rent" or **"Fair Market Value"** for any Railcar shall mean the rent for or sale value of such Railcar (excluding any Severable Improvements title to which has vested in Lessee) that would be obtained in an arm's-length transaction between an informed and willing owner or seller and an informed and willing lessee or buyer, each under no compulsion to lease or sell or buy, which determination shall be made (i) without deduction for any costs of removal of such Railcar from the location of current use and (ii) on the assumption that such Railcar is (a) free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Sections 4(b) and 7(b) of the Lease (but otherwise on an "as is" basis) and (b) interchangeable under the rules of the Association of American Railroads and other Applicable Law

"Fair Market Value Renewal Term" shall mean the period of any extension of a Basic Term as provided in Section 4(a) of the Lease

"First Closing Date" shall have the meaning set forth in Section 2 of the Participation Agreement.

"Foreign Taxing Authority" shall have the meaning set forth in Section 19(b)(iii) of the Participation Agreement.

"GAAP" shall mean generally accepted accounting principles in effect in the United States of America at the time of application thereof.

"Governmental Action" shall mean all authorizations, consents, approvals, waivers, exceptions, variances, franchises, permissions, permits and licenses of, and filings and declarations with, Governmental Bodies

"Governmental Body" shall mean any Federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

"Guarantee" shall mean the Guarantee dated as of July 31, 1996, by the Guarantor

"Guarantor" shall mean Staley Holdings, Inc , a Delaware corporation, and its successors and permitted assigns

"Improvement" shall mean an improvement, structural change, modification or addition to any Railcar made after the Closing Date

"Indebtedness" shall mean any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent

"Indemnitee" shall have the meaning set forth in Section 18(b) of the Participation Agreement.

"Indenture" or **"Trust Indenture"** shall mean the Trust Indenture and Security Agreement dated as of July 31, 1996, between the Owner Trustee and the Indenture Trustee, including any Lease and Indenture Supplement and each other supplement from time to time entered into pursuant thereto

"Indenture Default" shall mean an event which with notice or lapse of time or both would become an Indenture Event of Default.

"Indenture Document" shall mean the Lease, each Lease and Indenture Supplement, the Guarantee, and the Bills of Sale.

"Indenture Estate" or **"Trust Indenture Estate"** shall mean the "Indenture Estate" as defined in the Granting Clause of the Indenture.

"Indenture Event of Default" shall have the meaning specified in Section 4.2 of the Indenture.

"Indenture Trustee" shall mean Wilmington Trust Company, a Delaware banking corporation, and its successors and permitted assigns, not in its individual capacity except as expressly stated in the Operative Documents, but solely as indenture trustee under the Trust Indenture.

"Indenture Trustee's Liens" shall mean the Liens referred to in the first sentence of Section 11(e) of the Participation Agreement.

"Institutional Investor" shall mean any insurance company, bank, savings and loan association, trust company, investment company, char table foundation, employee benefit plan (as defined in ERISA) or other institutional investor or financial institution

"Interim User Agreement" shall have the meaning set forth in the second recital of the Participation Agreement

"Lease" shall mean the Lease Agreement dated as of July 31, 1996, by and between the Owner Trustee and the Lessee, including Lease and Indenture Supplement No 1 thereto and each other Lease and Indenture Supplement or amendment from time to time entered into pursuant to the terms of the Lease

"Lease and Indenture Supplement" shall mean a Lease and Indenture Supplement by and between the Owner Trustee and the Lessee, substantially in the form of Exhibit A to the Indenture, covering a Railcar or Railcars included in the property of the Owner Trustee covered by the Trust Agreement and the Indenture.

"Lease Default" shall mean an event which with notice or lapse of time or both would become a Lease Event of Default

"Lease Event of Default" shall mean any of the events specified in Section 15 of the Lease

"Lease Term" shall have the meaning set forth in Section 2(b) of the Lease

"Lessee" shall mean A.E Staley Manufacturing Company, a Delaware corporation, and its successors and permitted assigns.

"Lessee Assumption" shall have the meaning set forth in Section 21(a) of the Participation Agreement.

"Lessee Indenture" shall have the meaning set forth in Section 21(a)(i)(B) of the Participation Agreement.

"Lessor" shall mean the Owner Trustee as lessor under the Lease.

"Lessor's Cost" shall have the meaning set forth in Section 1(a) of the Participation Agreement.

"Lessor's Lien" shall mean any Liens against the Railcars or any part of the Indenture Estate or the Trust Estate that result from acts of, or any failure to act by, or as a result of claims (including any taxes) against, the Trust Company, the Owner Trustee or the Owner Participant arising out of any event or condition unrelated to the ownership of a Railcar, the administration of the Trust Estate or the transactions contemplated by the Operative Documents, excluding Liens arising from any Tax for which the Lessee is obligated to indemnify, but has not yet indemnified, under the Tax Indemnification Agreement or the Participation Agreement

"Lien" shall mean any mortgage, lien, hypothecation, pledge or other security interest or other charge or encumbrance (statutory or otherwise)

"Loan Certificate Assumption Agreement" shall have the meaning set forth in Section 21(a)(i)(A) of the Participation Agreement.

"Loan Certificate Holder" or **"holder"** shall mean, at any time, any holder of one or more Loan Certificates

"Loan Certificate Register" shall have the meaning specified in Section 2 7 of the Indenture.

"Loan Certificates" shall mean the loan certificates issued pursuant to Section 2.2 (a) of the Indenture and any such certificates issued in exchange or replacement therefor pursuant to Section 2.7 or 2.8 of the Indenture.

"Loan Participant" shall mean State Farm Life Insurance Company, and its successors and registered assigns.

"Majority in Interest of Loan Certificate Holders" shall mean, as of any date of determination, the holders of not less than a majority in aggregate outstanding principal amount of all Loan Certificates For all purposes of the foregoing definition, in determining as of any date the then aggregate outstanding principal amount of Loan Certificates, there shall be excluded any Loan Certificates, if any, held by the Owner Trustee, the Owner Participant or the Lessee or any Affiliate of any thereof (unless the Owner Trustee, the Owner Participant, the Lessee or their respective Affiliates, as the case may be, own all Loan Certificates then outstanding), or any interest of the Owner Trustee or the Owner Participant in any Loan Certificate by reason of subrogation pursuant to Section 4.3 of the Indenture.

"Make-Whole Amount" shall mean, with respect to any Loan Certificate, an amount to be paid in respect of the prepayment of such Loan Certificate pursuant to Section 2.10(a) or 2.10(b)(ii) of the Indenture and equal (but not less than zero) to the excess, if any, of (i) the Present Value, as of the date of the relevant prepayment, of the respective installments of principal of and interest on such Loan Certificate that, but for such prepayment, would have been payable on Payment Dates after such prepayment over (ii) the principal amount of such Loan Certificate then being prepaid. The **"Present Value"** for such purpose shall be determined by discounting in accordance with generally accepted financial practice in the United States on a semiannual basis at a discount rate equal to the sum of the applicable Treasury Yield plus 0 50%; the **"Treasury Yield"** for such purpose shall be determined as of 11·00 A.M. New York City time on the third Business Day prior to the date of the prepayment of any Loan Certificate by reference to the yields of those actively traded "On The Run" United States Treasury securities having a maturity equal to the then-remaining weighted average life to maturity of such Loan Certificate as reported by the Telerate Access Service page 500 or the equivalent page provided by Telerate Systems Incorporated (or any nationally recognized publicly available on-line source of similar market data), provided that if such

remaining weighted average life to maturity is not equal to the maturity of an actively traded "On The Run" United States Treasury security, such yield shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields as so reported of actively traded "On The Run" United States Treasury securities having a maturity closest to such remaining weighted average life to maturity; and **"On the Run"** United States Treasury securities refers to those United States Treasury securities which are most recently auctioned, as determined in accordance with generally accepted financial practice in the United States

"Manufacturer" shall mean, with respect to any Covered Hopper Car, Power Flo Car or Tank Car, Trinity Industries, Inc., and, with respect to any Aluminum Hopper Car, Johnstown America Corporation.

"Net Return" shall mean the Owner Participant's nominal after-tax yield and aggregate after-tax cash flows, using a multiple investment sinking fund method, with respect to the transactions contemplate by the Operative Documents, computed on the basis of the same methodology and assumptions as were utilized in determining the schedules of Basic Rent and Stipulated Loss Values attached to the Lease on the Closing Date.

"New Loan Certificate" shall have the meaning set forth in Section 21(a) of the Participation Agreement

"Nonseverable Improvement" shall mean (i) any Improvement that shall not be "readily removable from a Railcar without causing material damage to it," within the meaning of Revenue Procedure 75-21 of the Internal Revenue Service, or (ii) any Improvement required by Applicable Law.

"Notated Certificate" shall have the meaning set forth in Section 21(a) of the Participation Agreement.

"Obligations" shall have the meaning set forth in Section 1of the Guarantee.

"Operative Documents" shall mean the Participation Agreement, the Lease, each Lease and Indenture Supplement, the Loan Certificates, the Guarantee, the Trust Indenture, the Tax Indemnification Agreement, the Bills of Sale, the Trust Agreement, the Original Trust Agreement and the Interim User Agreement.

"Order" shall mean any order, writ, injunction, decree, judgment, award, determination, direction or demand.

"Organic Documents" shall mean, with respect to any Person, the certificate of incorporation, by-laws and other organizational documents of such Person.

"**Overnight Investment Rate**" shall mean (i) for the first day following any Payment Date the Federal Reserve Discount Rate, and (ii) for each day thereafter the Federal Reserve Discount Rate plus 1% per annum

"**Owner Participant**" shall mean Fleet Capital Corporation, a Rhode Island corporation, and its successors and permitted assigns

"**Owner Trustee**" shall mean First Security Bank, National Association, a national banking association, and its successors and permitted assigns as owner trustee under the Trust Agreement.

"**Participant**" or "**Participants**" shall mean, individually or collectively, as the case may be, the Loan Participant and the Owner Participant

"**Participation Agreement**" shall mean the Participation Agreement dated as of July 31, 1996, among the Lessee, the Guarantor, the Owner Participant, the Loan Participant, the Owner Trustee and the Indenture Trustee.

"**Past Due Rate**" shall mean a rate per annum at all times equal to the greater of (i) 10.5% per annum and (ii) the rate which First Security Bank, National Association announces from time to time at its principal office in Salt Lake City, Utah as its prime or base lending rate, as in effect from time to time, plus 1%.

"**Payment Date**" shall mean each date for which a payment in respect of a Loan Certificate is scheduled as set forth on Schedule X to the Indenture, provided that if any such date shall not be a Business Day, then the relevant Payment Date shall be the next succeeding Business Day.

"**Permitted Investments**" shall mean (a) investments in direct obligations of the government of the United States or any instrumentality thereof the obligations of which are guaranteed by such government maturing within 90 days of the date of acquisition thereof, (b) investments in open market commercial paper issued by any corporation rated at least P-1 by Moody's Investors Service, Inc. and A-1 by Standard & Poor's Rating Group maturing within 90 days from the date of acquisition thereof, or (c) investments in certificates of deposit issued by, or bankers, acceptances of, or time deposits or a deposit account, in each case maturing within 90 days of the date of acquisition thereof, issued by any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or any State thereof having a combined capital and surplus of at least $500,000,000.

"**Permitted Liens**" shall mean (i) the respective rights of the Owner Trustee and Lessee as provided under the Lease, the lien created under the Trust Indenture and the rights of the Owner Participant, the Owner Trustee, the Loan Participant and the Indenture Trustee under the Trust Agreement, the Trust Indenture, and the Participation Agreement, (ii) Liens for Taxes either

not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any risk of the sale, forfeiture or loss of any Railcar or any interest therein, (iii) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of Lessee's business for amounts the payment of which is either not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any risk of the sale, forfeiture or loss of any Railcar or any interest therein, or (iv) Liens arising out of judgments or awards against the Lessee with respect to which an appeal or proceeding for review is being prosecuted in good faith (and for the payment of which adequate reserves have been provided) and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review

"Person" shall mean a corporation, a limited liability company, a firm, a joint venture, an association, a partnership, an organization, a business, a trust or other entity or enterprise, an individual, a government or political subdivision thereof or a Governmental Body, department or instrumentality

"Power Flo Cars" shall mean the 5,125 cubic feet power flo starch railcars of the type described in the specifications attached as Schedule 4 to the Lease

"Qualifying Institution" shall have the meaning set forth in Section 17(b)(ii) of the Participation Agreement

"Railcar" shall mean an Aluminum Hopper Car, a Covered Hopper Car, a Tank Car or a Power Flo Car acquired by the Owner Trustee pursuant to the transactions contemplated by the Participation Agreement.

"Redelivery Locations" shall have the meaning set forth in Section 4(b) of the Lease.

"Related Indemnitee Group" shall have the meaning set forth in Section 18(b) of the Participation Agreement.

"Renewal Term" shall mean the period of any extension of a Basic Term (or a prior Renewal Term) as provided in Section 4(a) of the Lease

"Renewal Term Commencement Date" shall have the meaning set forth in Section 4(a)(A) of the Lease.

"Rent" shall mean Basic Rent and Supplemental Rent, collectively

"Rent Payment Date" shall mean each date for which a payment of Basic Rent is scheduled as set forth on Schedule 2 to the Lease, provided that if any such date shall not be a Business Day, then the relevant Rent Payment Date shall be the next succeeding Business Day.

"Replacement Railcar" shall have the meaning set forth in Section 12(c) of the Lease

"Required Loan Certificate Holders" shall mean, as of any date of determination, the holders of not less than 66-2/3% in aggregate outstanding principal amount of all Loan Certificates, calculated in accordance with the second sentence of the definition of "Majority in Interest of Loan Certificate Holders."

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer who in the normal performance of his or her operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"Second Closing Date" shall have the meaning set forth in Section 2 of the Participation Agreement.

"Second Renewal Term" shall mean the period of any extension of the Lease Term following the Fixed Rate Renewal Term as provided in Section 4(a)(B) of the Lease

"Securities Act" shall mean the Securities Act of 1933, as amended

"Seller" shall mean The Bank of New York, as successor in interest to Wachovia Bank of North Carolina, N.A., as trustee under that certain Trust Agreement dated as of August 1, 1995 by and between The Bank of New York, as successor in interest to Wachovia Bank of North Carolina, N A., and the Lessee.

"Severable Improvement" shall mean any Improvement other than a Nonseverable Improvement.

"Staley" shall mean the Lessee

"Staley Trust Agreement" shall have the meaning set forth in the second recital of the Participation Agreement

"Staley Trustee" shall mean The Bank of New York, as successor in interest to Wachovia Bank of North Carolina, N.A., as trustee under the Staley Trust Agreement.

"State or Local Taxing Authority" shall have the meaning set forth in Section 19(b) of the Participation Agreement.

"Stipulated Loss Value" with respect to any Railcar as of any Rent Payment Date shall mean an amount determined by multiplying Lessor's Cost for such Railcar by the percentage specified in Schedule 1 to the Lease or the appropriate Lease and Indenture Supplement opposite such Rent Payment Date.

"Subsidiary" shall mean (1) with respect to any Person, any corporation, limited liability company, partnership, joint venture, association, trust or other entity of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interests in the capital or profits of such partnership, limited liability company, joint venture or association with ordinary voting power to elect a majority of the board of directors (or Persons performing similar functions) of such partnership, limited liability company, joint venture or association, or (c) the beneficial interests in Ouch trust or other entity with ordinary voting power to elect a majority of the board of trustees (or Persons performing similar functions) of such trust or other entity, is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries, or by one or more of such Person's other Subsidiaries.

"Substitution Date" shall have the meaning set forth in Section 12(c) of the Lease.

"Supplemental Rent" shall mean any and all amounts, liabilities and obligations (other than Basic Rent) that the Lessee assumes the obligation to pay or agrees to pay under the Lease, the Participation Agreement, the Indenture or under the Tax Indemnification Agreement to the Owner Trustee, the Owner Participant or others, including without limitation payments of indemnities, Stipulated Loss Value, amounts payable in respect of Make-Whole Amount pursuant to clause (ii) of Section 3(b) of the Lease and all amounts payable by Lessee pursuant to Section 3(b) of the Lease and all amounts calculated with reference thereto.

"Surface Transportation Board" shall mean the Surface Transportation Board or any successor thereof.

"Tank Cars" shall mean the 19,636 gallon corn syrup tank railcars of the type described in the specifications attached as Schedule 4 to the Lease.

"Tax" shall have the meaning set forth in Section 19(a) of the Participation Agreement.

"Tax Indemnitee" shall have the meaning set forth in Section 19(m) of the Participation Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of July 31, 1996, by and between the Owner Participant and the Lessee.

"Tax Law Change" shall mean any additions, amendments, modifications or changes in or to (a) the provisions of the Code (including for this purpose any noncodified provisions of legislation affecting the Code such as transition rules or effective date revisions, and including any change in corporate tax rates and/or any investment tax credit), which shall have become law prior to the Closing Date or (b) federal tax regulations (including temporary regulations) promulgated, enacted or issued prior to the Closing Date

"Taxing Authority" shall have the meaning set forth in Section 19(a) of the Participation Agreement

"Third Closing Date" shall have the meaning set forth in Section 2 of the Participation Agreement

"Transaction Costs" shall have the meaning set forth in Section 11 of the Participation Agreement.

"Transferee" all have the meaning set forth in Section 17(b)(i) of the Participation Agreement

"Trust Agreement" shall mean the Trust Agreement dated as of July 31, 1996, between the Trust Company and the Owner Participant.

"Trust Company" shall mean First Security Bank, National Association, a national banking association, in its individual capacity, and its successors and permitted assigns.

"Trust Estate" shall mean all estate, right, title and interest of the Owner Trustee in and to the Railcars and the Operative Documents to which it is a party (other than the Trust Agreement) or in which it otherwise has an interest, including (i) all amounts payable to the Owner Trustee under such Operative Documents and (ii) any and all payments or proceeds received by the Owner Trustee after the termination of the Lease with respect to all or any part of the Railcars as the result of the sale, lease or other disposition thereof.

"Type" with respect to a Railcar, shall mean an Aluminum Hopper Car, a Covered Hopper Car, a Power Flo Car or a Tank Car.

"Verifying Accountant" shall mean (i) a nationally recognized, "Big Six" accounting firm selected by the Lessee and reasonably acceptable to the Owner Participant (it being understood that the fact that an accounting firm provides or has provided accounting services to the Lessee, the Owner Participant or any of their Affiliates does not, by itself, disqualify such accounting firm) or (ii) a Person mutually agreeable to the Lessee and the Owner Participant.

EXHIBIT A
to
Lease Agreement

LEASE AND INDENTURE SUPPLEMENT NO. ___

Dated _____, _____

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
as Owner Trustee

and

A.E. STALEY MANUFACTURING COMPANY,
as Lessee

CERTAIN RIGHTS, TITLE AND INTEREST COVERED HEREBY HAVE BEEN ASSIGNED TO WILMINGTON TRUST COMPANY, AS INDENTURE TRUSTEE, UNDER A TRUST INDENTURE AND SECURITY AGREEMENT DATED AS OF JULY 31, 1996. NO SECURITY INTEREST IN THIS LEASE AND INDENTURE SUPPLEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF. THIS IS NOT THE ORIGINAL COUNTERPART.

THIS LEASE AND INDENTURE SUPPLEMENT NO. __
HAS BEEN FILED WITH THE
SURFACE TRANSPORTATION BOARD
PURSUANT TO 49 U.S.C. §11301 AND
DEPOSITED IN THE OFFICE OF THE
REGISTRAR GENERAL OF CANADA PURSUANT TO
SECTION 105 OF THE CANADA TRANSPORTATION ACT

LEASE AND INDENTURE SUPPLEMENT NO. ___

LEASE AND INDENTURE SUPPLEMENT No. _____ dated _____, _____ (this **"Lease and Indenture Supplement"**) between First Security Bank, National Association, not in its individual capacity, except as otherwise expressly provided in the Operative Documents, but solely as Owner Trustee (in such capacity, the **"Owner Trustee"**), under that certain Trust Agreement dated as of July 31, 1996 with Fleet Capital Corporation, a Rhode Island corporation, and A.E. Staley Manufacturing Company, a Delaware corporation (the **"Lessee"**).

W I T N E S S E T H

WHEREAS, the Trust Indenture and Security Agreement dated as of July __, 1996 (the **"Trust Indenture"**), between the Owner Trustee and Wilmington Trust Company, as Indenture Trustee (the **"Indenture Trustee"**), provides for the execution and delivery of a supplement thereto substantially in the form hereof which shall particularly describe the Railcars (such term and other defined terms in the Trust Indenture being herein used with the same meanings) included in the Trust Indenture Estate, and shall specifically subject such Railcars to the Lien of the Trust Indenture;

WHEREAS, the Lease Agreement dated as of July 31, 1996 (the **"Lease"**), between the Owner Trustee and the Lessee provides for the execution and delivery of a supplement thereto substantially in the form hereof for the purpose of leasing the Railcars under the Lease as and when delivered by the Owner Trustee to the Lessee in accordance with the terms of the Lease; and

WHEREAS,* each of the Trust Indenture and the Lease relates to the Railcars described below and this Lease and Indenture Supplement, together with the Trust Indenture and the Lease, is being filed for recordation on the date hereof with the Surface Transportation Board pursuant to the Act and with the Office of Registrar of Canada pursuant to the Canadian Act;

WHEREAS,** the Trust Indenture, the Lease and the Lease and Indenture Supplement dated _____ have been duly filed with the Surface Transportation Board pursuant to the Act and with the Office of Registrar of Canada pursuant to the Canadian Act, on _____, 1996;

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* This recital is to be included only in the first Lease and Indenture Supplement.

** This recital is to be included only in Lease and Indenture Supplements subsequent to the first.

ACCORDINGLY, this Lease and Indenture Supplement witnesseth as follows:

1. Delivery of Railcars under the Lease; Lessor's Cost. The Owner Trustee hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Owner Trustee, under the Lease as hereby supplemented, the Railcars listed on Schedule 1 hereto. The Lessee hereby confirms to the Owner Trustee and to the Indenture Trustee that the Lessee has accepted such Railcars for all purposes of the Lease as meeting and being in compliance in all material respects with the specifications attached as Schedule 4 to the Lease for such Railcars, and in good working order and in conformance with all provisions of the Lease. The Lessor's Cost of such Railcars is $_____.

2. Railcars Subject to the Trust Indenture. In order to secure the prompt payment of the principal of and Make-Whole Amount (if any) and interest on, and all other amounts due with respect to, all Loan Certificates from time to time outstanding under the Trust Indenture and the performance and observance by the Owner Trustee of all the agreements, covenants and provisions for the benefit of the Loan Participant and the Loan Certificate Holders in the Trust Indenture and in the Participation Agreement and the Loan Certificates contained therein, and the prompt payment of any and all amounts from time to time owing under the Trust Indenture or the Participation Agreement or the other Operative Documents by the Owner Trustee, the Owner Participant or the Lessee to the Loan Participant and the Loan Certificate Holders, and for the uses and purposes and subject to the terms and provisions of the Trust Indenture, and in consideration of the premises and of the covenants contained in the Trust Indenture, and of the acceptance of the Loan Certificates by the Loan Certificate Holders, and of the sum of $1 paid to the Owner Trustee by the Indenture Trustee at or before the delivery hereof, the receipt whereof is hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Indenture Trustee and its successors and assigns, for the security and benefit of the Loan Participant and the Loan Certificate Holders, in the trust created by the Trust Indenture, a first priority security interest in and first mortgage lien upon, all right, title and interest of the Owner Trustee in, to and under the Railcars described on Schedule 1 hereto, together with all parts, equipment and accessories thereto belonging, by whomsoever manufactured, owned by the Owner Trustee and installed in or appurtenant to said Railcars.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in

the property above described, whether the same are now owned by the Owner Trustee or shall hereafter be acquired by it.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Indenture Trustee, its successors and assigns, for the security and benefit of the Loan Participant and the Loan Certificate Holders, in the trust created by the Trust Indenture, all of the right, title and interest of the Owner Trustee in, to and under this Lease and Indenture Supplement (other than Excluded Payments, if any) covering the property described above.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the benefit and security of the Loan Participant and the Loan Certificate Holders for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

3. Ratification. This Lease and Indenture Supplement shall be construed as supplemental to the Trust Indenture and to the Lease and shall form a part thereof, and each of the Trust Indenture and the Lease is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

4. Acknowledgment of Owner Trustee. The Owner Trustee hereby acknowledges that the Railcars referred to in this Lease and Indenture Supplement have been delivered to the Owner Trustee and are included in the property of the Owner Trustee and are (i) covered by all the terms and conditions of the Trust Agreement, (ii) subject to the Lien of the Trust Indenture and (iii) subject to the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease and Indenture Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity, except as otherwise expressly provided in the Operative Documents, but solely as Owner Trustee

By: _____
Title:

A.E. STALEY MANUFACTURING COMPANY

By: _____
Title:

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 1996, before me personally appeared _____, to me personally known who, being by me duly sworn, says that _____ is _____ of A.E. STALEY MANUFACTURING COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and _____ acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
NOTARY PUBLIC

[Notarial Seal]

My Commission Expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On this ____ day of _____, 1996, before me personally appeared _____, to me personally known who, being by me duly sworn, says that _____ is _____ _____ of FIRST SECURITY BANK, NATIONAL ASSOCIATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and _____ acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
NOTARY PUBLIC

[Notarial Seal]

My Commission Expires:

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