

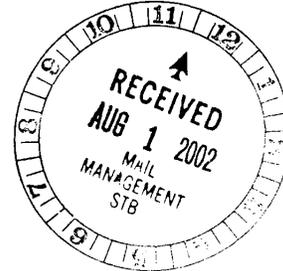


First Union Rail Corporation
 NC5811
 Commercial Leasing Group
 One O'Hare Centre
 6250 River Road, Suite 5000
 Rosemont, IL 60018
 Tel 847 318-7575
 847 318-7588

VIA UPS 2nd DAY AIR

July 30, 2002

RECORDATION NO. 24058 FILED
 AUG 1 '02 4-19PM
 SURFACE TRANSPORTATION BOARD



Mr. Vernon E. Williams
 Surface Transportation Board
 1925 K Street, N.W., Room 704
 Washington, DC 20423-0001
 Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated July 25, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation One O'Hare Center 6250 River Road, Suite 5000 Rosemont, IL 60018	Lessee: Penford Products Company 1001 First Street, S.W. Cedar Rapids, IA 52404
--	---

A description of the railroad equipment covered by the enclosed document is sixty-five (65) 5150 cubic foot covered hopper cars with gravity gates and trough hatch covers, with FURX and NDYX marks, (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,


 Amy Carone
 Manager of Documentation

Enclosures

(PEPR001)

RECORDATION NO. 24058 FILED

AUG 1 '02 4-19PM

ASSGN. NO.: PEPR001

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 25th day of July, 2002 by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Penford Products Company, a DELAWARE corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of July 12, 2002, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider") as described in more particular on Exhibit A attached hereto, effective as of March 24, 2002, and subject to the terms, conditions and provisions of the above mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: K.A. Dombrowski
Name: K.A. Dombrowski
Title: DIRECTOR OF DOCUMENTATION

By: Richard F. Seymour
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing

Executed on this 25th day of July, 2002

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 25th day of July, 2002.

Susan Grokulsky
Notary Public

My Commission Expires:
8-14-2004
(Notary Public)



LESSEE:

PENFORD PRODUCTS COMPANY

ATTEST:

By: _____
Name: _____
Title: _____

By: *Michael S. McCrory*
Name: MICHAEL S. McCrory
Title: Mgr. Supply Chain

Executed on this ___ day of _____, 2002.

[CORPORATE SEAL]

STATE OF TOWNSHIP

COUNTY OF WINN

I, Virginia L. McCreary, a Notary Public of the County and State aforesaid, certify that Michael S. McCrory personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 12 day of July, 2002.

Virginia L. McCreary
Notary Public

My Commission Expires:

10/15/02
(Notary Public)

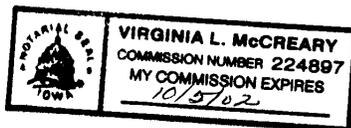


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Sixty-five (65)

DESCRIPTION OF CARS: 5150 cu. ft. Covered Hopper Cars with trough hatch covers and gravity gates

CAR NUMBERS: See below:

FURX 840506	FURX 843693
FURX 840507	FURX 843694
FURX 840510	NDYX 515013
FURX 840514	NDYX 515239
FURX 840519	NDYX 515308
FURX 840521	NDYX 515380
FURX 840531	NDYX 515386
FURX 840539	NDYX 515407
FURX 840551	NDYX 515425
FURX 840566	NDYX 515427
FURX 840632	NDYX 515480
FURX 843124	NDYX 515523
FURX 843551	NDYX 515712
FURX 843561	NDYX 515775
FURX 843562	NDYX 515777
FURX 843568	NDYX 515779
FURX 843571	NDYX 515780
FURX 843572	NDYX 515782
FURX 843575	NDYX 515784
FURX 843580	NDYX 515785
FURX 843583	NDYX 515787
FURX 843589	NDYX 515790
FURX 843598	NDYX 515794
FURX 843600	NDYX 515795
FURX 843604	NDYX 515796
FURX 843609	NDYX 515797
FURX 843610	NDYX 515798
FURX 843611	NDYX 515799
FURX 843637	NDYX 516081
FURX 843650	NDYX 516120
FURX 843661	Count: 65
FURX 843665	
FURX 843674	
FURX 843683	
FURX 843692	