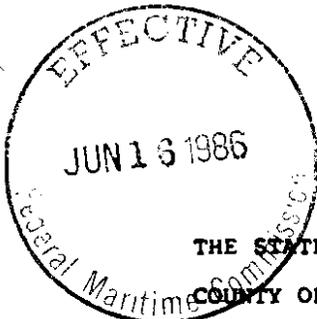


224-010946-001



FIRST AMENDMENT TO GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

THIS FIRST AMENDMENT TO GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES (herein called the "First Amendment") made and entered into as of the 6th day of June, 1985, by and between BRAZOS RIVER HARBOR NAVIGATION DISTRICT of Brazoria County, Texas, a conservation and reclamation district, a body politic, and a corporate and governmental agency of the State of Texas (herein called "Lessor") and AMERICAN RICE, INC., an agricultural marketing association organized under the laws of the State of Texas (herein called "Lessee");

W I T N E S S E T H :

WHEREAS, Lessor, as lessor, and Lessee, as lessee, made and entered into that certain Ground Lease and Definitive Agreement Regarding Port Facilities dated as of the 6th day of June, 1985 (herein called the "Lease"), a Memorandum of which is recorded in Volume 154, Page 298 of the Official Public Records of Real Property of Brazoria County, Texas; and

WHEREAS, Lessor and Lessee desire to amend the Lease as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises and the mutual benefits accruing and to accrue to each of them, Lessor and Lessee hereby covenant and agree that the Lease shall be and is hereby amended in the following respects:

(1) Section 13.3 of the Lease is hereby deleted therefrom and the following Section 13.3 is hereby substituted in lieu thereof:

"13.3 Mortgage. Lessee may mortgage, pledge or otherwise hypothecate Lessee's interest in the leasehold estate created hereby, including the fixing of a mechanic's or materialmen's lien solely upon

Lessee's leasehold estate; but every such mortgage, pledge, lien or encumbrance shall in nowise affect or encumber Lessor's fee title and estate in and to the Leased Premises, and shall be expressly subject and subordinate to the rights and estate of Lessor hereunder. Further, every such lienholder to whom Lessee shall grant a mortgage, pledge, lien or other encumbrance upon Lessee's leasehold estate hereunder must expressly agree that its said mortgage, pledge, lien or other encumbrance will be subject and subordinate to Lessor's rights and estate hereunder and will terminate and be of no further force or effect upon termination of this Lease as to the Leased Land and as to all Leasehold Improvements on the Leased Land as to which fee title is herein provided to pass to and vest in Lessor upon termination of this Lease. It is the intent of Lessor and Lessee that there will be no merger between Lessor's fee estate in the Leased Premises and the leasehold estate created under this Lease so long as there is any such mortgage, pledge, lien or other encumbrance upon the Lessee's leasehold estate in the Leased Premises, notwithstanding any transfer, conveyance, assignment or other disposition of such fee estate or such leasehold estate, by operation of law or otherwise, resulting in the ownership of such estates by one party, and no acts attempting to effect the merger of such estates or the cancellation or surrender of the Lease shall be effective without the prior written consent or approval of such lienholder so long as such mortgage, pledge, lien or encumbrance has not been released of record."

(2) Section 13.4 of the Lease is hereby deleted therefrom and the following Section 13.4 is hereby substituted in lieu thereof:

"13.4 Estoppel Affidavit. Upon request by either Lessee or any mortgagee of Lessee, Lessor shall, from time to time, but not more frequently than once every thirty (30) days, without additional consideration, execute and deliver to Lessee and such mortgagee an Estoppel Affidavit prepared and submitted by Lessee, or any such mortgagee of Lessee (as the case may be), consisting of statements, if true, that (i) this Lease is in full force and effect, with rental paid through _____ (date); (ii) this Lease has not been modified, altered or amended; and (iii) Lessee is not then in default under this Lease insofar as is known to Lessor; and such further instruments of a similar nature evidencing the agreement of Lessor to the mortgage or other hypothecation by the Lessee of the leasehold estate created hereby (subject to the conditions and stipulations set forth above and to the other terms and provisions of the Lease) as may be reasonably requested by Lessee or any mortgagee of Lessee."

(3) Article XX of the Lease is hereby deleted therefrom and the following Article XX is hereby substituted in lieu thereof:

"ARTICLE XX

RIGHTS OF LEASEHOLD MORTGAGEE

In the event Lessee, during the term of this Lease, should mortgage or otherwise encumber its leasehold estate in the Leased Premises or any leasehold estate of Lessee in any Leasehold Improvements now or hereafter situated upon the Leased Premises, Lessee shall give Lessor written notice of the same and the name and address of the mortgagee and/or trustee; and thereafter while said, mortgage, deed of trust or other encumbrance is in force, Lessor shall mail said mortgagee or trustee a duplicate copy of any and all notices of default or other notices or offers in writing which Lessor may give or serve upon Lessee pursuant to the terms of this Lease, and any such notice shall not be effective until said duplicate copy is mailed to such mortgagee or trustee at such address or at a changed address as below provided. A different address may be designated by such mortgagee or trustee by written notice delivered to Lessor from time to time. Any such mortgagee and/or trustee may, at its option, at any time before the rights of the Lessee shall have been forfeited to the Lessor as provided for in this Lease, pay any of the rents or other sums of money herein stipulated to be paid by Lessee or do any other act or thing required of the Lessee by the terms of this Lease; and all payments so made and all things so done or performed by such mortgagee and/or trustee shall be as effective to prevent a forfeiture of the rights of the Lessee hereunder as the same would have been if done and performed by the Lessee instead of by any such mortgagee or trustee. Further, in the event Lessee shall fail to pay any installment of rent or any other monies required to be paid under this Lease when due or shall fail to comply with any term, provision or covenant of this Lease, other than the payment of rent or other sums referred to above, such mortgagee and/or trustee shall have, at its option, the right to cure any such default by Lessee within the time allowed Lessee for cure under this Lease plus (a) in the case of a monetary default by Lessee, an additional fifteen (15) days, and (b) in the case of a non-monetary default by Lessee, an additional thirty (30) days; provided, however, if such non-monetary default by Lessee cannot reasonably be cured or remedied by such mortgagee or trustee within said additional thirty (30) day period, such period shall be extended (i) if such mortgagee or trustee shall have commenced in good faith to cure such default within said additional thirty (30) day period, for so long as such mortgagee or trustee shall proceed with due diligence to cure such default, or (ii) if such mortgagee or trustee is proceeding with a foreclosure action or sale under the mortgage or deed of trust against Lessee and agrees to commence to cure and proceed with due diligence to cure such default upon completion of such foreclosure action or sale, for so long as such foreclosure action or sale is proceeding, and thereafter, for so long as such mortgagee or trustee shall proceed with due diligence to cure such default.

Any such mortgage or deed of trust so given by the Lessee may, if the Lessee so desires, be so

conditioned as to provide that, as between any such mortgagee or trustee and the Lessee, said trustee or mortgagee, on making good and performing any such default or defaults on the part of the Lessee, shall be thereby subrogated to the rights of the person or persons to whom any payment is made by said mortgagee or trustee, and to all of the rights of the Lessee under the terms and provisions of this Lease. Any rights which such mortgagee may hold by subrogation shall be subject and inferior to Lessor's rights under this Lease to the same extent as if such rights were held by Lessee. No such mortgagee or trustee of the rights and interests of the Lessee hereunder shall be or become liable to Lessor as an assignee of this Lease until such time as said mortgagee or trustee shall by foreclosure or other appropriate proceedings in the nature thereof, or as the result of any other action or remedy provided for by such mortgage or deed of trust, or by proper conveyance from said Lessee, either acquire the rights and interests of the Lessee under the terms of this Lease or actually take possession of the Leased Premises.

So long as any such mortgage or deed of trust so given by Lessee has not been released of record, Lessor and lessee agree that no amendment or modification of this Lease, which would materially adversely affect the rights of the Lessee or such mortgagee hereunder, shall become effective unless such mortgagee shall have first approved the same in writing. Further, Lessor and Lessee agree promptly to deliver to such mortgagee duplicate copies of any and all amendments or modifications of this Lease, whether or not such mortgagee's approval thereof is required pursuant to the preceding sentence hereof. Lessor and Lessee further agree that, so long as any such mortgage or deed of trust so given by Lessee has not been released of record, no action by Lessee (whether pursuant to an election under this Lease or otherwise) to terminate this Lease shall be effective without the prior written consent and approval of such mortgagee. Any such mortgagee may, from time to time, appoint a nominee to act on its behalf in respect of this Lease, by delivering written notice of such appointment to Lessor and Lessee, provided that such mortgagee shall remain primarily liable for any undertaking by such nominee acting on its behalf.

Upon termination of this Lease for any reason other than expiration by passage of time of the stated term hereof, the holder of any first mortgage upon Lessee's leasehold estate shall have the option, upon written notice to Lessor delivered within ninety (90) days after receipt of written notice from Lessor of such termination (which ninety (90) day period shall not include any time during which such mortgagee or trustee is stayed by judicial proceedings from exercising any of its rights under such mortgage) to elect to receive from Lessor a new lease of the Leased Premises for the unexpired balance of the term of this Lease, or any renewal and extension hereof, on the same terms and conditions as in this Lease set forth, and Lessor agrees to execute and deliver such new lease within ten (10) days following receipt by Lessor of such written notice from said mortgagee, provided said mortgage holder

- (a) shall forthwith cure any monetary default of Lessee that occurred prior to the date of termination of this Lease and shall pay all rental and other amounts which would have accrued and become due from or by Lessee under this Lease after the date of termination of this Lease down to the effective date of the new lease, except, however, any damages against Lessee for or based on future rentals or other amounts which would have accrued under the terms of this Lease after the effective date of such new lease,
- (b) shall undertake forthwith to remedy any non-monetary default of Lessee, excluding only those which by their very nature are incapable of cure by any other person or corporation; and
- (c) shall thereafter observe and perform all covenants and conditions in this Lease contained on the part of Lessee to be observed and performed.

Any such new lease may, at the option of such mortgagee, be executed by a nominee of such mortgagee, provided that such mortgagee shall expressly agree to assume liability for all of the burdens and obligations of the lessee under such new lease, which agreement shall be in form reasonably acceptable to Lessor. The foregoing provisions shall be applicable to Lessor and any owner of the reversionary interest of Lessor under this Lease if such reversionary interest is conveyed by Lessor without Lessor's right, title and interest in and under this Lease.

So long as such mortgage or deed of trust so given by Lessee has not been released of record and in the absence of any other default (beyond any applicable notice or curing period) of the Lessee under this Lease, Lessor will not seek to terminate this Lease by reason of any default enumerated in items (3), (4) or (5) of Article XVIII of this Lease."

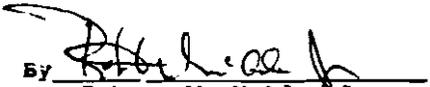
Except as modified and amended hereby, the Lease shall continue in full force and effect and Lessor and Lessee ratify and confirm the Lease as modified or amended hereby.

It is not contemplated that this First Amendment in its entirety will be recorded. Rather, both Lessor and Lessee agree upon request of the other to execute and acknowledge a written memorandum of this First Amendment, in recordable form, including specific quotations of or references to any of the terms or provisions of this First Amendment which may be requested by either Lessor or Lessee to be included in such

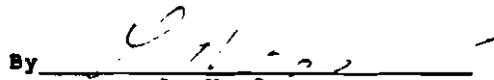
memorandum, which memorandum shall then be filed for record in Brazoria County, Texas.

IN WITNESS WHEREOF, the parties have executed this First Amendment in multiple counterparts, each of which shall be deemed an original but all of which shall constitute but one and the same instrument, as of the date and year first above written.

ATTEST:

By 
Robert W. McAda, Jr.,
Secretary, Navigation and
Canal Commission

BRAZOS RIVER HARBOR NAVIGATION
DISTRICT OF BRAZORIA COUNTY,
TEXAS

By 
L. H. Jones,
Chairman, Navigation and
Canal Commission

"LESSOR"

ATTEST:

By 
Robbie B. Champion,
Secretary

AMERICAN RICE, INC.

By 
Larry Dylla,
Group Vice President-Finance

"LESSEE"

2111K